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ARTÍCULO ORIGINAL

New Pricing Strategies: Exploring PAYW (Pay as You Wish) Innovations

Las nuevas estrategias de precios: Explorando las innovaciones PAYW (Paga cuánto Desees)

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Abstract
This research article examines the impact and applicability of innovative pricing strategies in today's market. With a particular focus on PAYW (Pay How Much You Want) innovations, we explore how this pricing model challenges traditional approaches. We investigated how the Pay As You Want model is being adopted by various companies in different sectors, evaluating its advantages and challenges. Also, it analyzes how this strategy can influence the consumer's perception of value and relationships with customers. Through an in-depth analysis of pricing dynamics and relevant case studies in global companies, we seek to provide a comprehensive understanding of the effectiveness and potential of PAYW Innovations in shaping future business strategies. It was identified that the implementation of PAYW poses a strategic challenge for companies: how to empower customers while maintaining profitability over time.

Palabras clave: Pricing strategies, New approaches, PAYW innova-tions, Pay as You Wish, Exploring pricing dynamics

Resumen
Este artículo de investigación examina el impacto y la aplicabilidad de las estrategias de precios innovadoras en el mercado actual. Con un enfoque particular en las innovaciones PAYW (Paga Cuánto Desees), se explora cómo este modelo de fijación de precios desafía los enfoques tradicionales. Se investigó cómo el modelo de Pago Cuánto Desees está siendo adoptado por diversas empresas en diferentes sectores, evaluando sus ventajas y desafíos. También se analiza cómo esta estrategia puede influir en la percepción del valor del consumidor y en las relaciones con los clientes. A través de un análisis profundo de las dinámicas de precios y casos de estudio relevantes en empresas globales, se busca proporcionar una comprensión integral de la efectividad y el potencial de las innovaciones PAYW en la configuración de las estrategias comerciales futuras. Se identificó que la implementación de PAYW plantea un desafío estratégico para las empresas: cómo empoderar a los clientes mientras se mantiene la rentabilidad a través del tiempo.

Keywords: Estrategias de precios, Nuevos enfoques, Innovaciones PAYW, Pago como Desees, Explorando dinámicas de precios.

1. Introduction

In today's dynamic business landscape, characterized by a highly competitive and ever-changing market, one of the fundamental elements that exerts a profound influence on decision-making and the establishment of consumer relationships is pricing policy (Meneses & Rueda, 2018). This strategy, intricately designed to determine how a company sets and adjusts the prices of its products or services, plays a crucial role in achieving business objectives and shaping customers' perception of value. Encompassing a wide range of approaches, from setting high prices to position products as luxury options to adopting more affordable pricing strategies aimed at capturing market share, pricing policy stands as a central component in a company's strategic formulation.

Substantively, pricing policy is intrinsically linked to both a company's profitability and its competitiveness in the market. In this regard, Kotler and Armstrong (2018) highlight that pricing is an essential element of the marketing mix and one of the most challenging and critical aspects for marketing managers. Through this tactic, organizations not only seek to optimize their profit margins but also aim to strategically position their products and services in the consumer's mind. The choice of a specific pricing strategy can influence the perception of quality, the target market segment, and ultimately, customer loyalty.

Now, in a constantly evolving market, adopting new perspectives and approaches is essential to remain competitive. In this context, innovative pricing strategies, such as the "Pay-As-You-Wish" (PAYW) model, have emerged as a response to the ongoing search for disruptive ways to engage consumers. According to Williams et al. (2022), innovative pricing strategies can transform customers' perception of value and foster lasting emotional connections. The growing consumer awareness of value and the demand for more personalized experiences have driven the exploration of alternative pricing approaches, redefining how businesses interact with their audience.

Traditionally, the microeconomic perspective considers that the price of a product or service is typically determined by the seller or, in certain cases, jointly by both the seller and the buyer. On the supply side, the seller aims to charge the buyer as much as possible, while on the demand side, the buyer seeks to pay as little as possible. This divergence in positions (seller-buyer) represents the potential conflict that generally characterizes a market-based transaction (Chen et al., 2017). However, in recent years, economic and management literature has identified and documented various cases where companies relinquish their role as price setters for consumers. Such marketing experiences, particularly in the entertainment, cultural, gastronomic, and even technological industries, have led to the emergence of various innovations in pricing schemes. Among these, the PAYW mechanism, "Pay-As-You-Wish," stands out as an alternative to the traditional PAAP model, "Pay-As-Asking-Pricing" (paying the requested price) (Chen & Liang, 2014; HBS, 2015; Chen et al., 2017).

According to Chen & Liang (2014), the "Pay-As-You-Wish" (PAYW) mechanism has recently emerged as a popular pricing strategy. Unlike the traditional fixed-price strategy (PAAP), PAYW gives buyers the freedom to choose the amount they wish to pay. In addition to its fundamental role as a means of price discrimination, PAYW also generates an advertising effect and saves sellers the hassle of determining the optimal price to charge, among other relevant aspects.

Similarly, HBS (2015) closely examined "Pay-As-You-Wish" (PAYW) pricing, noting that, at first glance, it appears to lack rational economic sense. This is because, when presented with an opportunity to receive something for free, "classical economic theory suggests that you should pay nothing." However, research has shown that when people can set their own prices, almost everyone pays something, and in some cases, significantly more than the suggested price. In this regard, PAYW is linked to strategic games and socially interdependent decision-making, which classify individuals based on their "social value orientation" (SVO). When making decisions about allocating resources between themselves and others, some individuals are "pro-social," meaning they tend to value more equitable distributions of resources, while others are "pro-self," meaning they seek to maximize value for themselves.

For Groening & Mills (2017), the PAYW mechanism provides valuable insights into how consumers perceive their interactions with businesses—specifically, how they might behave when they have control over pricing. This perspective is particularly significant in an era where the internet has empowered consumers, reducing the asymmetry in traditional buyer-seller relationships by increasing access to information and providing platforms for customers to voice their opinions. Consequently, as companies increasingly enable consumers to cocreate products and services, understanding how consumers might behave toward a company becomes crucial for strategic decision-making.

In line with the above, Chen et al. (2017), inspired by the famous Radiohead case an innovative marketing experience in which the British alternative rock band allowed fans to decide how much they would pay to download their new album In Rainbows—theoretically investigated why and where PAYW can be a profitable pricing strategy compared to the conventional "Pay-As-Asking-Pricing" (PAAP) strategy. They demonstrated that PAYW offers several advantages over PAAP, making it suitable for certain industries but not for others. Among the key advantages identified are the following: (1) PAYW enables a company to maximize market penetration by eliminating transactional friction; (2) it allows firms to engage in price discrimination among heterogeneous consumers based on their fairness concerns or social consciousness; and (3) it helps moderate price competition by encouraging competitive differentiation based on non-price factors.

Given these considerations, this research article delves into the broad field of pricing strategies, exploring both their traditional impact and emerging innovations, with a particular focus on PAYW innovations. Through a meticulous analysis supported by insights from prominent authors, this study aims to shed light on the complex interplay between pricing and business strategies. The ultimate goal is to provide a deep understanding of the ever-evolving dynamics that shape the relationship between companies and consumers, addressing the key question: How do PAYW (pay-as-you-wish) innovations impact customer value perception, purchasing behavior, and business profitability across different industries?

The literature on pricing policy and the Pay-As-You-Wish (PAYW) model provides a rich and diverse perspective on pricing strategies in today's business landscape. Pricing policy is a central topic in marketing and management literature and has been addressed from various perspectives. Kotler and Keller (2016) emphasize the importance of pricing policy within marketing strategy, highlighting that "price is the only element of the marketing mix that generates revenue; all others generate costs." Along these lines, Monroe (2003) underscores the complexity of pricing decision-making and its influence on customer value perception.

In the context of the PAYW strategy, Ariely, Gneezy, and Haruvy (2005) conducted pioneering research that revealed how consumers respond to having the power to set their own prices. These authors observed that customers often choose to pay higher-than-expected prices when given the option to determine the price of a product themselves. Similarly, Kim, Natter, and Spann (2009) explored the psychological factors that influence pricing decisions under the PAYW model. Their findings suggest that perceived gratitude and reciprocity play a fundamental role in consumers' pricing choices.

On the other hand, Chen et al. (2017) identified three essential conditions for the successful adoption of PAYW. First, the presence of fair-minded customers in a market and their sufficient generosity are necessary conditions for PAYW to be more profitable than PAAP. Additionally, when these conditions are met, the product's marginal cost should be relatively low, though not necessarily close to zero. Second, a high concentration of customers with either a low or high willingness to pay, combined with a higher marginal cost, influences the viability of PAYW. Third, the existence of a highly competitive market is crucial. In the extreme case of perfect competition, firms cannot compete on price but instead benefit from the willingness of impartial consumers to allow them a profit margin.

In contrast, research by Malhotra, Huang, and Mishra (2005) highlights certain inherent limitations of the PAYW (Pay-As-You-Wish) model. While this approach empowers consumers by granting them the freedom to set prices, it can also create uncertainties. The authors argue that consumers might experience discomfort due to a lack of clear guidance on what constitutes an appropriate price for a given product or service. The absence of a reference point may lead to uncertainty, potentially undermining the purchasing experience. To address this issue, these researchers emphasize the importance of incorporating a suggested price range, which could play a crucial role in mitigating ambiguities. By setting upper and lower price limits, businesses provide consumers with a framework that alleviates uncertainty and facilitates more confident and informed decision-making. Ultimately, the introduction of a price range represents a balance between the flexibility of PAYW and the need for structured guidance, fostering a more positive and seamless purchasing experience for consumers.

Lin and Lu (2022) investigated the impact of innovations, specifically the lottery mechanism, on PAYW revenue in the context of live streaming. The lottery consists of a system in which viewers can decide how much to pay for a product, service, or benefit within the platform, with the addition of a random incentive that increases engagement and contributions. Their findings indicate that the lottery, a novel feature in live streaming, enhances PAYW revenue by improving user interactivity. It offers new insights into audience opportunism and impulsive gifting behavior. The study revealed that the possibility of receiving a reward greater than the amount paid motivates users to contribute more than they initially intended. This research provides guidance for both platforms and hosts on leveraging the new lottery mechanism to generate greater popularity and revenue in the live-streaming business.

Chen et al. (2017) demonstrated that a firm can improve its profitability under PAYW by imposing a minimum price or suggesting a reference price. A minimum price can filter out free riders, while a suggested price can influence the payment behaviors of fair minded customers. In fact, they identified that any mechanism a company implements to encourage consumers to adopt a fairer mindset can achieve the same objective. This provides valuable insight into how a business can optimize profitability within this pricing strategy. The study underscores the feasibility of setting a minimum price or disclosing a suggested price. In the case of a minimum price, its implementation can serve a strategic role by filtering out consumers who might exploit the pricing freedom offered by PAYW. This tactic not only safeguards the company's profitability by establishing a financial baseline but also helps maintain the perceived value of the product or service.

Finally, Hou et al. (2023) investigated PAYW in a duopoly setting, comparing it with the traditional fixed-price (FP) strategy. They found that only symmetric equilibria exist, meaning that both sellers choose PAYW when the fairness ideal is sufficiently high in equilibrium; otherwise, both opt for FP. In stark contrast to previous literature, they discovered that multiple equilibria can exist and that a prisoner's dilemma situation may arise when the fairness ideal is at a moderate level. They also found that the fairness ideal has a non-monotonic impact on social welfare, and the presence of network externalities makes PAYW preferable under competitive conditions.

2. Methodology

The present research article on "New Pricing Strategies: Exploring PAYW (Pay What You Want) Innovations" will adopt a mixed-methods approach, combining documentary research and empirical analysis to gain an in-depth understanding of the impact and applicability of PAYW strategies in today's business environment.

1. **Literature and Documentation Review**: A comprehensive literature review will be conducted, covering academic studies, previous research, and reliable sources on traditional pricing policies and new innovations such as PAYW, following the model proposed by Meneses Cerón et al. (2024). Key concepts, theories, and relevant case studies will be identified to provide insights into the topic. This stage will establish a solid foundation for conceptual and contextual understanding.
2. **Selection of Empirical Cases**: Case studies of companies that have implemented the PAYW strategy in various sectors and contexts will be selected. These cases will serve as reference points for examining the effectiveness, outcomes, and challenges associated with PAYW adoption. A diversified selection of cases will allow for capturing a variety of approaches and results, enriching the overall understanding of the subject.
3. **Empirical Data Analysis**: Empirical data will be collected and analyzed using both qualitative and quantitative methods. Data sources may include financial reports, customer surveys, sales data, and comparative price analyses. This data will undergo rigorous analysis to identify patterns, trends, and relationships that shed light on the effects of PAYW on customer value perception, purchasing behavior, and profitability.
4. **Interviews and Surveys**: In-depth interviews will be conducted with executives and managers from compa-nies that have implemented PAYW to gain qualitative insights into the factors driving the adoption of this strategy, the challenges faced, and the observed outcomes. Additionally, consumer surveys will be carried out to understand their perception of this strategy, how it influences their purchasing decisions, and whether they perceive value in the freedom to set their own price.
5. **Comparative Analysis and Synthesis**: A comparative analysis will be conducted between the case studies and the collected empirical data to identify emerging patterns and trends. Through this analysis, the findings will be synthesized and linked to theoretical concepts and the reviewed literature. This will enable a comprehensive evaluation of how PAYW innovations are transforming pricing strategies and their impact on value perception and business profitability.

The combination of qualitative and quantitative approaches, along with documentary analysis, will allow for a comprehensive exploration of PAYW Innovations, providing a complete understanding of their potential and challenges in shaping future pricing strategies. Accordingly, the following research question is structured:

Research Question: How do PAYW (Pay What You Want) innovations impact customer value perception, purchasing behavior, and business profitability across different sectors?

This research question aims to explore the multifaceted effects of PAYW innovations in the current business environment. The adoption of PAYW strategies has disrupted how companies interact with consumers and determine the perceived value of their products and services. Investigating how these innovations influence customer value perception is essential to understanding how consumers appreciate the flexibility of setting their own price and how this impacts their willingness to purchase.

Furthermore, analyzing purchasing behavior within the PAYW context is crucial to understanding how customers respond to the freedom of price selection. What factors influence their payment decisions under this strategy? How does PAYW affect customer loyalty and repeat purchases? These questions pave the way for understanding how PAYW can reshape the consumer decision-making process and influence long-term relationship building.

Ultimately, profitability is a fundamental indicator of business success. The research question seeks to address how the implementation of PAYW Innovations affects corporate profitability. The possibility of setting a minimum or suggested price under PAYW, as suggested by Chen et al. (2017), may have significant implications for revenue and profits. Understanding how companies can optimize their PAYW strategies to balance consumer empowerment with strong profitability is essential to guiding business decisions in this new pricing paradigm.

3. Results

Figure 1. Statistical Descriptors of the Literature on PAYW

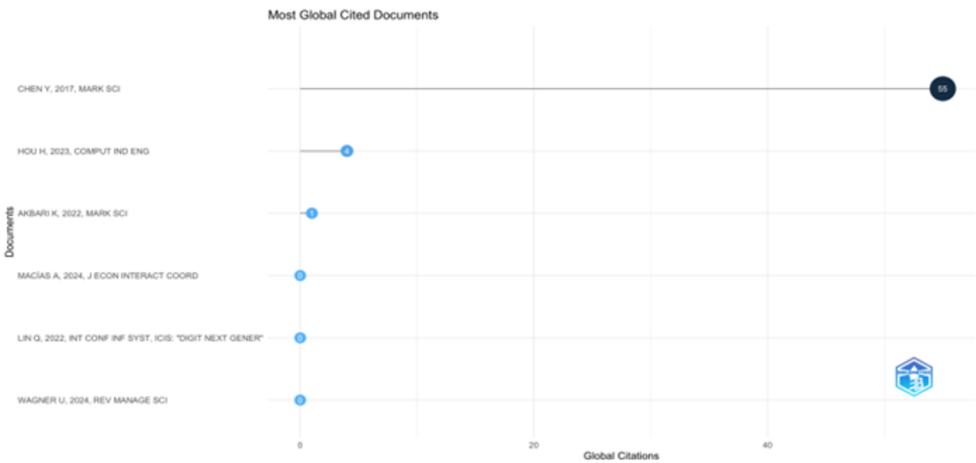
Source: Own elaboration based on Scopus and Bibliometrix

The study of the literature on the Pay-as-You-Wish (PAYW) model from 2017 to 2024 shows a steady annual increase of 10.41%, demonstrating a growing academic interest in the subject (see Figure 1). With six documents published across five different sources, scientific progress in this field is still in its early stages but exhibits an upward trend. Research has been conducted by 11 authors, with an average of 2.17 co-authors per document, reflecting strong academic collaboration, 50% of which is attributed to international co-authorship. The small number of single-author publications indicates that PAYW research requires interdisciplinary and collaborative methods for its future development.

The collection of studies, presented in Figure 2, provides a comprehensive overview of the emerging research in the field of PAYW Innovations (Pay-as-You-Wish). Each of these studies has explored different aspects of PAYW and its influence on customer value perception, purchasing behavior, and business profitability. These investigations address issues such as the psychology of price selection under PAYW, the importance of setting suggested price limits, and the optimization of profitability through the implementation of a minimum price. Additionally, research has examined how the adoption of PAYW affects perceived product quality and the emotional relationship between consumers and brands. These studies offer a deeper and more comprehensive understanding of how PAYW is redefining pricing strategies and how businesses can leverage these innovations to achieve stronger consumer engagement and sustainable profitability.

The voluntary payment model (Pay-as-You-Wish, PAYW) has been examined from multiple perspectives in the fields of economics and finance (see Figure 3), addressing fundamental topics such as optimal price determination, competition, and fairness in ecommerce platforms. This model has sparked discussions regarding its various impacts on consumer behavior, the incidence of opportunism (free riders), and its feasibility in selling digital products and live streaming. Additionally, research has explored the effect of PAYW on cost structure and the financial viability of business models, comparing it with fixed pricing strategies and mechanisms such as lotteries or distributive fairness incentives.

Figure 2. Recent Studies on PAYW



Source: Own elaboration based on Scopus and Bibliometrix

Figure 3. Keyword Cloud on PAYW

Source: Own elaboration based on Scopus and Bibliometrix

3.1 Case Study #1: Radiohead

Radiohead, the influential British band, chose to implement the pricing strategy known as "Pay What You Want" (PWYW) for the release of their album In Rainbows in 2007. This approach allowed fans to download the album from their website at a self-determined price, offering a bold alternative to traditional pricing models.

It is essential to acknowledge that Radiohead achieved significant financial success through this strategy, generating a total of $3 million in revenue from In Rainbows. By emphasizing digital downloads via their web platform, consumers were given the freedom to assign a monetary value based on their personal perception of worth. This approach enabled Radiohead to surpass the earnings they would have received through intermediaries such as a traditional record label ($2.25) or the iTunes distribution platform ($1.40).

However, this bold and successful financial maneuver was not without aspects worth examining. Despite the overall success of the PWYW strategy, it can be argued that certain optimizations could have further enhanced financial results. The introduction of a reference price, for instance, could have provided a comparison benchmark in consumers' minds, potentially influencing more equitable pricing decisions. Similarly, implementing a minimum price could have guided consumers toward an acceptable baseline value while maintaining the potential to increase the average contribution.

On a broader scale, Radiohead not only made an impact on the music industry but also sparked discussions and reflections among economists, analysts, and marketing professionals. The PWYW approach created a media phenomenon that resonated with fans, the press, and industry observers, leading to a thorough evaluation of the benefits and limitations of this financial strategy. Nevertheless, despite its success, it can be argued that additional opportunities could have been leveraged to further optimize the financial application of PWYW, including considerations of reference pricing, the establishment of a minimum price, and associations with charitable causes.

Radiohead's adoption of the PWYW pricing strategy for the release of In Rainbows was a bold and disruptive move that made an impact both in the music industry and financial circles. While the strategy proved successful in terms of revenue and media visibility, retrospective analysis highlights opportunities for optimization in specific areas. This case exemplifies how innovation in pricing strategies can have a significant financial impact and offers valuable lessons for the design and implementation of innovative pricing approaches in the business sector.

3.2 Case Study #2: The Metropolitan Museum of Art in New York City

The recent shift in the admission policy of the Metropolitan Museum of Art in New York sparked intense debate in financial and cultural circles following the adoption of the Pay What You Want (PWYW) model. This policy aimed to establish fair and sustainable relationships with visitors and patrons, encouraging them to contribute according to their means. Moreover, advancements in technology provided opportunities to address this challenge within the museum's commercial strategy.

In a historic turning point in 1970, the senior management of the Metropolitan Museum of Art implemented a groundbreaking practice in the cultural sector: the Pay What You Want pricing model. This bold strategy positioned the museum as an industry pioneer by eliminating the obligation of a fixed admission fee. At a time when most major museums required standard entry fees, the Met embraced a more inclusive and flexible approach, allowing visitors to determine their own financial contributions.

This innovative model not only transformed how visitors engaged with art and culture but also had a significant financial impact on the museum. As the PWYW policy took hold, revenues generated from admissions accounted for 14% of the museum's total budget, surpassing $300 million. Compared to other museums in the city, the Met's admission revenue remained remarkably low, demonstrating its commitment to ensuring equitable and affordable access to the arts for a diverse audience.

Over the years, the Metropolitan Museum of Art remained committed to its PWYW model, establishing itself as a beacon of innovation in the cultural and artistic world. By 2017, a key milestone was reached when city funding accounted for 10% of the museum's annual budget, amounting to $305 million. The PWYW approach continued to prove its worth, not only in terms of cultural accessibility but also as a potentially sustainable and diversified revenue source. Openness to innovation in the museum's income strategy had the potential to attract additional investments of over $3 million, highlighting its ability to adapt and thrive in an ever-evolving financial landscape.

The Met's transformation over decades—from the introduction of Pay What You Want to its continued focus on financial innovation—not only strengthened its financial sustainability but also paved an inspiring path for other cultural institutions seeking to balance accessibility with economic viability. In this context, the effectiveness of the PWYW model is evident in both for-profit enterprises and nonprofit organizations. The Metropolitan Museum of Art in New York implemented this strategy to shift from a transactional mindset to a relational one, emphasizing value over price in its pricing structure. This approach allowed for personalized payment levels based on each patron's perceived value, fostering cooperation and long-term engagement. The strategy benefited both the museum and its patrons, offering a more meaningful and equitable experience.

Both the release of Radiohead's In Rainbows album and the evolution of the Metropolitan Museum of Art provide valuable lessons in the music industry, cultural management, and financial strategy. Radiohead's approach of allowing fans to set their own price empowered consumers, encouraged experimentation with business models, generated media attention, and strengthened fan loyalty. On the other hand, the Metropolitan Museum of Art's Pay What You Want policy balanced accessibility and sustainability, demonstrating the importance of financial innovation, adaptability to change, and genuine community engagement. These cases highlight the necessity of adapting to shifting dynamics, empowering consumers, and fostering community commitment to achieve sustainable success across various sectors.

3.3 PAYW and Financial Outcomes

From a financial perspective, the studies by Lin and Lu (2022) and Akbari and Wagner (2017) concur that the primary contribution of the Pay-As-You-Wish (PAYW) model to a company's profitability lies in its ability to enhance customer satisfaction and foster loyalty, which, in the long term, could lead to increased revenues and a stronger reputation.

To enhance the effectiveness of PAYW, companies could implement measures such as reference prices, minimum price suggestions, payment incentives, clear communication, and reinforcement of customer trust. Additionally, incorporating feedback systems to understand customer expectations, ensuring cost transparency for informed decision-making, and providing incentives for equitable payments are essential strategies. Furthermore, integrating digital payment technologies can streamline transactions and improve the customer experience. These tactics align perceived value with willingness to pay, maximizing revenue without compromising the model's flexibility.

4. Discussion

The present study on innovations in PAYW (pay-what-you-want) pricing strategies provides a detailed analysis of their influence on customer value perception, purchasing behavior, and company profitability. Using a mixed-method approach that combines document review with empirical analysis, the study examined landmark cases such as the model adopted by Radiohead for the release of In Rainbows and the voluntary payment policy established by the Metropolitan Museum of Art in New York. The findings indicate that while PAYW can enhance consumer access and engagement, its effectiveness depends on elements such as reference price setting and communication strategies. In this regard, the following extensions are proposed for future research:

First, from a theoretical perspective, advancing the structuring of a taxonomy of PAYW pricing methods that is broader and more inclusive of updated frameworks based on recent experiences in industries such as video games, digital books, hospitality, technology, consulting, and finance, among others, is pertinent. In this regard, Groening & Mills (2017) propose documenting the following related mechanisms:

1. PWYW, but with a minimum (i.e., non-zero) amount
2. Subscription: access as much as you want
3. Name-your-own-price
4. Pay-what-you-can

5. Auctions
6. Buffet pricing (i.e., pay a fixed price and consume what you want)

Second, a detailed examination of the PAYW method through new experiences in specific industries can help provide a deeper and better understanding of consumer behavior in a special context that is projected for the long term, where consumers are gaining increasing market power. Therefore, it is worth exploring related experiences, such as:

- Service tipping (a purchasing behavior where consumers have significant freedom, ranging from leaving nothing to tipping more than the purchase amount).
- Charitable donations.
- Memberships and industry-specific schemes, particularly in the technology sector, aimed at combating digital piracy.

Third, microeconomic literature has investigated scenarios in which all consumers are aware of a product's marginal cost. However, this condition is not uniform across all industries. Consequently, it is relevant to analyze how consumer uncertainty regarding marginal costs can influence a company's incentives to adopt PAYW. Additionally, relaxing the assumption in the current PAYW model where only consumers have fairness concerns—by introducing corporate fairness concerns-could provide further insights. In reality, companies may also adopt impartial stances on commercial transactions in certain contexts.

Fourth, from a management perspective, the PAYW method highlights a broad research horizon concerning competitive strategy to establish and reinforce a superior market position. Once price competition is defined, further inquiry into market dynamics based on non-price competitive factors—such as cost leadership, innovation, value creation, and strategic focus—becomes relevant. This is particularly significant as companies have increasingly developed forms of non-price competition over the past decades, as documented by recent studies on the subject (Just, 2018; Ziari & Sajadieh, 2021), diverging from the orthodox literature in this field.

5. Conclusions

PAYW Innovations has proven capable of transforming how consumers perceive the value of products and services. By allowing customers to determine the price they consider fair, businesses have successfully engaged their audiences on an emotional level. This personalized interaction not only enhances customer satisfaction but also influences how consumers evaluate the quality and intrinsic value of what they purchase. The freedom to decide the price creates an emotional and empowering connection between customers and brands, resulting in a more meaningful perception of value.

PAYW has impacted consumer purchasing behavior by giving them control over pricing. Consumers become more active and engaged in their decision-making process, considering factors beyond price when evaluating their options. The PAYW model often generates greater attention and involvement, which can translate into a higher purchase intention. However, some consumers may feel overwhelmed by the lack of guidance, highlighting the importance of setting suggested price ranges or minimum thresholds to help guide their choices.

Implementing PAYW innovations presents a delicate strategic challenge for businesses: how to empower customers while maintaining profitability. The ability to establish a minimum or suggested price within the PAYW framework can play a crucial role in revenue management and profitability protection. Empirical results have demonstrated that businesses can leverage psychological principles, such as reciprocity, to influence consumers' price choices. In this regard, companies must strike a careful balance between providing flexibility and guidance in pricing, which can lead to greater engagement and sustainable profitability.

Future research on innovative pricing strategies and models like PAYW (Pay-What-You-Want) could delve into various dimensions. Investigating the long-term impact on customer loyalty, distinguishing PAYW from other novel pricing strategies, and examining cultural and contextual influences on consumer acceptance are all potential areas for exploration. Additionally, analyzing the sustained effects on profitability over time for businesses adopting PAYW and exploring how such models influence perceived product quality and value perception could provide deeper insights into their long-term viability and sustainability. By addressing these areas, researchers can contribute to a comprehensive understanding of the evolving landscape of innovative pricing and shed light on how businesses can effectively leverage these strategies to meet changing consumer preferences and market dynamics.

Author Contributions

Jorge Eduardo Orozco Alvarez: Conceptualization, investigation, formal analysis, review, editing and supervision,

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Stiven Alfredo Ortiz Miranda: Methodology, validation, visualization , writing—original draft.

Julián Darío Bolaños Caicedo: Methodology, validation, visualization , writing—original draft.

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