



SHADOW PRICING AND HIDDEN MONETARY COSTS IN ONLINE TRANSACTIONS: A CONSUMER SURVEY IN COIMBATORE CITY

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Abstract: This study examines shadow pricing and hidden monetary costs in online transactions, focusing on consumer awareness, behaviour, and satisfaction. With the rapid growth of digital commerce, additional charges such as delivery fees, convenience fees, and service charges are often disclosed only at the final stage of payment, creating a gap between perceived and actual prices. The research is based on a consumer survey conducted among 125 respondents using a structured questionnaire. Analytical tools such as percentage analysis, chi-square tests and rank analysis are used to interpret the data. The findings reveal that while many consumers encounter hidden charges frequently, awareness remains moderate. These costs significantly influence purchasing decisions, reduce transparency, and negatively affect consumer trust and satisfaction. The study emphasizes the need for clear pricing practices and greater transparency to enhance consumer confidence in online platforms.

Key Words: Shadow Pricing, Hidden Costs, Online Transactions, Consumer Behavior, Pricing Transparency, Digital Commerce, Consumer Awareness, Purchase Decision

INTRODUCTION

The rapid expansion of digital commerce has transformed the way consumers engage in buying and selling activities, making online transactions more convenient, accessible, and time-efficient. E-commerce platforms, food delivery applications, travel booking websites, and subscription-based services have become integral to everyday life. However, along with these advantages, concerns have emerged regarding pricing practices, particularly the presence of shadow pricing and hidden monetary costs.

Shadow pricing refers to indirect or additional charges—such as delivery fees, convenience charges, service costs, and payment surcharges—that are not clearly disclosed at the initial stage of a transaction. These hidden costs often appear at the final payment stage, creating a gap between the expected and actual price. Such practices can influence consumer decision-making, reduce transparency, and affect overall satisfaction and trust in online platforms.

This study aims to analyse the prevalence and impact of shadow pricing and hidden costs through a consumer survey, highlighting the need for transparent pricing in digital transactions.

STATEMENT OF PROBLEM

The rapid growth of online transactions has made digital purchasing more convenient and accessible. However, it has also led to the rise of shadow pricing and hidden monetary costs, where additional charges such as delivery fees, service charges, and convenience fees are not disclosed at the initial stage. These charges are often revealed only during the final payment process, creating a difference between the expected and actual price. This lack of transparency can mislead consumers, influence their purchasing decisions, and reduce their trust and satisfaction with online platforms. Therefore, this study focuses on understanding the impact of hidden costs on consumer behaviour and highlights the need for greater pricing transparency in digital transactions.

OBJECTIVES OF THE STUDY

1. To examine the level of consumer awareness and understanding of hidden monetary charges in digital purchasing.
2. To assess the impact of shadow pricing on consumer purchasing decisions, spending behaviour and evaluate the transparency and disclosure practices of online platforms.

REVIEW OF LITERATURE

Several studies have examined the concepts of shadow pricing and hidden monetary charges in the context of digital transactions. **Mahendra Chhetri (2025)** explains that shadow pricing represents the true cost of a product or service, including indirect or hidden elements that are not reflected in the displayed price. This concept is relevant in online transactions where consumers often encounter additional charges at later stages.

Eric A. Greenleaf et al. (2025) discuss partitioned pricing, where the total price is divided into a base price and supplementary charges. Their study highlights that such pricing structures can lead consumers to underestimate the final cost, thereby influencing purchasing decisions.

Similarly, **Fabio Ancarani (2024)** focuses on supplementary fees such as service charges and handling costs, noting that while these may benefit firms, they raise concerns regarding fairness and transparency.

RESEARCH METHODOLOGY**Research Design**

The study adopts a **descriptive research design** to examine shadow pricing and hidden monetary costs in online transactions. It focuses on understanding consumer awareness, behaviour, and perception regarding additional charges and pricing transparency.

Data Collection

The study is based on both **primary and secondary data**. Primary data is collected through a structured questionnaire distributed to consumers who engage in online transactions. Secondary data is gathered from journals, articles, and previous research studies related to pricing strategies and digital commerce.

Tools used for Analysis

The collected data is analysed using

- **Percentage Analysis**- to understand response distribution and
- **Rank Analysis**- to know the main factors for impact on consumers by shadow prices.
- **Chi-square Test**- to examine relationships between variables.

These tools help in interpreting consumer behaviour and identifying patterns related to hidden costs.

DATA ANALYSIS AND INTERPRETATION

Objective 1: *To examine the level of consumer awareness and understanding of hidden monetary charges in digital purchasing.*

SIMPLE PERCENTAGE ANALYSIS

TABLE 1.1
AWARENESS OF SHADOW PRICING AMONG RESPONDENTS

S.NO	AWARENESS	RESPONSE	PERCENTAGE (%)
1	Highly Aware	62	50
2	Moderately Aware	63	50
TOTAL		125	100

INTERPRETATION: Exactly **50%** of the respondents are aware of the concept, while the remaining **50%** are not aware of it. This indicates a moderate level of awareness overall and highlights a significant knowledge gap among consumers regarding hidden or indirect costs involved in online transactions.

TABLE 1.2

THE TYPE OF PLATFORMS WHICH THE RESPONDENTS MOSTLY USE

S.NO.	PLATFORMS	RESPONSE	PERCENTAGE (%)
1	E-commerce	94	37
2	Food delivery apps	67	27
3	Travel and booking platforms	57	23
4	Subscription-based platforms	33	13
TOTAL		125	100

INTERPRETATION: It is observed that **e-commerce platforms** are the most widely used, accounting for **37%** of the responses, indicating a strong preference for online shopping.

TABLE 1.3

NOTICE OF ADDITIONAL CHARGES ADDED AT THE FINAL PAYMENT STAGE BY THE RESPONDENTS

S.NO.	OPINION	RESPONSE	PERCENTAGE (%)
1	Always	34	27
2	Often	42	34
3	Sometimes	45	36
4	Never	4	3
TOTAL		125	100

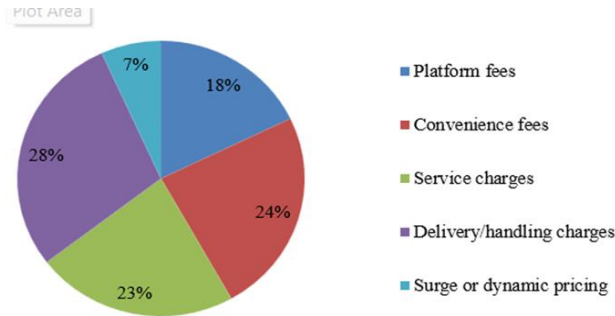
INTERPRETATION: Most of the respondents (36%) **sometimes** notice additional charges added at the final payment stage

TABLE 1.4

TYPE OF HIDDEN COSTS ENCOUNTERED BY THE RESPONDENTS

S.NO.	TYPE OF HIDDEN COSTS	RESPONSE	PERCENTAGE (%)
1	Platform fees	58	18
2	Convenience fees	78	24
3	Service charges	74	23
4	Delivery/handling charges	93	28
5	Surge or dynamic pricing	22	7
TOTAL		125	100

INTERPRETATION: The table shows that **delivery and handling charges** are the most commonly encountered hidden costs, reported by **28%** of respondents. Followed by **Convenience fees** with **24%**.



Objective 2: To assess the impact of shadow pricing on consumer purchasing decisions, spending behaviour and evaluate the transparency and disclosure practices of online platforms.

SIMPLE PERCENTAGE ANALYSIS

TABLE 1.5

IMPACT OF HIDDEN CHARGES ON ONLINE TRANSACTION CANCELLATIONS

S.NO	RESPONDENTS EXPERIENCE	RESPONSE	PERCENTAGE (%)
1	Experienced Cancellations	76	61
2	Not Experienced	49	39
TOTAL		125	100

INTERPRETATION: The table shows that **61% of respondents have cancelled an online transaction because of hidden charges**, while **39% have not**. This indicates that hidden charges strongly affect consumer decisions.

TABLE 1.6

METHODS USED BY RESPONDENTS TO ADDRESS UNEXPECTED CHARGES

S.NO.	METHODS	RESPONSE	PERCENTAGE (%)
1	Proceed with purchase	41	33
2	Compare alternatives	50	40
3	Cancel transaction	22	18
4	Delay purchase	12	9
TOTAL		125	100

INTERPRETATION: The largest group, **40%**, prefer to **compare alternatives**, indicating that unexpected costs encourage consumers to look for better or more transparent options.

TABLE 1.7

RESPONDENT EXPECTATIONS ABOUT THE ONLINE PLATFORMS

S.NO	OPINION	1	2	3	4	5
1	Hidden charges influence the purchasing decisions	4	8	38	49	26
2	Information of Hidden Charges	14	13	46	31	21
3	Online Platforms should disclose the costs upfront	3	7	28	31	56

Strongly Disagree = 1 Disagree = 2 Neutral = 3 Agree = 4 Strongly Agree = 5

INTERPRETATION: Hidden charges are a significant factor shaping consumer behaviour, though a notable group remains neutral, possibly indicating mixed experiences or tolerance depending on context. Many consumers feel they don't have enough clarity about hidden charges. The high neutral count shows respondents may not always notice or understand these charges until later. Transparency is overwhelmingly expected. Consumers want platforms to clearly disclose costs before purchase, showing this is a critical trust-building factor.

TABLE 1.8

EFFECT OF TRANSPARENT PRICING ON WILLINGNESS TO SHOP ONLINE

S.NO.	WILLINGNESS	RESPONSE	PERCENTAGE (%)
1	Increases Willingness	66	53
2	Does Not Increase Willingness	12	9
3	Not Sure	47	38
TOTAL		125	100

INTERPRETATION: The table indicates that transparent pricing would positively influence consumers' willingness to shop online.

RANK ANALYSIS

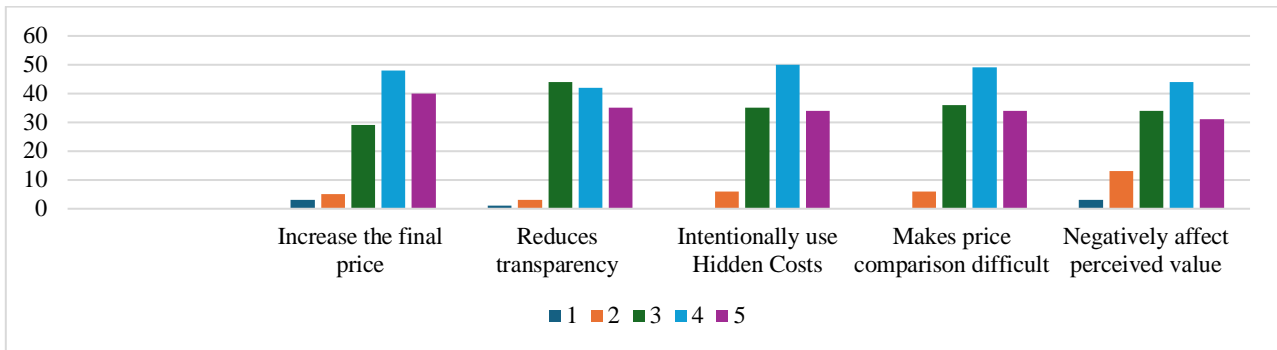
TABLE 2.1

IMPACT OF SHADOW PRICING ON CONSUMER DECISIONS, SPENDING BEHAVIOUR AND SATISFACTION AMONG 125 RESPONDENTS

S.NO	FACTORS	1	2	3	4	5	WEIGHTED SCORE	RANK
1	Hidden charges increase the final price significantly	3	5	29	48	40	492	1
2	Shadow pricing reduces transparency in online transactions	1	3	44	42	35	482	4
3	Online platforms intentionally use hidden pricing strategies	0	6	35	50	34	487	2
4	Shadow pricing makes price comparison difficult across platforms	0	6	36	49	34	486	3
5	The costs negatively affect the perceived value of the product	3	13	34	44	31	462	5

Weights used: Strongly Disagree = 1 Disagree = 2 Neutral = 3 Agree = 4 Strongly Agree = 5

5



INTERPRETATION: Hidden charges (Rank 1) emerge as the most influential factor, strongly shaping consumer decisions. This is followed by the belief that platforms intentionally use hidden pricing strategies (Rank 2). Issues like difficulty in price comparison (Rank 3) and lack of transparency (Rank 4) further affect consumers, while the impact on perceived value (Rank 5) is comparatively lower.

CHI SQUARE ANALYSIS

Null Hypothesis (H0): There is **no significant association** between Age Group and Frequency of Online Transactions.

TABLE 3.1

FREQUENCY OF RESPONDENTS OF USING ONLINE TRANSACTION WITHIN DIFFERENT AGE GROUP

S.NO.	FREQUENCY	BELOW 18	18-25	26-35	36-45	ABOVE 45	TOTAL
1	Very Often	3	32	6	8	4	53
2	Frequently	3	26	4	8	4	45
3	Occasionally	0	11	5	4	2	22
4	Rarely	0	4	0	1	0	5
TOTAL		6	73	15	21	10	125

DEGREE OF FREEDOM = 12

LEVEL OF SIGNIFICANCE = 5% or 0.05

TABLE VALUE = 21.026

CHI SQUARE VALUE = 6.16

INTERPRETATION: In the above analysis, the calculated value (6.16) < table value (21.026) at the level 5% significance. Hence, null hypothesis is accepted and thus, there is **no significant association** between Age Group and Frequency of Online Transactions.

Alternative Hypothesis (H1): There is a **significant association** between Gender and respondent's reaction to unexpected charges.

TABLE 3.2**RSPONDENTS USUALLY DEALING WITH UNEXPECTED CHARGES AMONG DIFFERENT GENDER**

S.NO.	RESPONSE	MALE	FEMALE	TOTAL
1	Proceed with purchase	19	22	41
2	Compare alternatives	28	22	50
3	Cancel transaction	3	19	22
4	Delay Purchase	4	8	12
TOTAL		54	71	125

DEGREE OF FREEDOM = 3**LEVEL OF SIGNIFICANCE = 5% or 0.05****TABLE VALUE = 7.815****CHI SQUARE VALUE = 11.80**

INTERPRETATION: In the above analysis, the calculated value (11.80) > table value (7.815) at the level 5% significance. Hence, null hypothesis is rejected and thus, there is a **significant association** between Gender and Respondent's approach to unexpected charges.

FINDINGS

The study indicates that a majority of consumers frequently encounter hidden monetary charges in online transactions, particularly at the checkout or final payment stage. Although some respondents are aware of shadow pricing, overall awareness remains moderate. The most common hidden costs include delivery charges, convenience fees, and service charges, which significantly increase the final payable amount.

These additional charges have a strong influence on consumer behaviour, as many respondents tend to compare different platforms, delay their purchases, or cancel transactions when unexpected costs appear. Furthermore, a considerable number of consumers feel dissatisfied and misled due to the lack of clear pricing, which reduces their trust in online platforms.

Overall, the findings highlight that hidden monetary costs play a major role in shaping consumer decisions and emphasize the importance of transparency in online pricing practices

SUGGESTIONS

The study suggests that online platforms should ensure **complete price transparency** by clearly displaying all charges, including delivery fees, service charges, and taxes, at the initial stage itself. This will help consumers make informed decisions and avoid confusion at the final payment stage.

Consumers should be made more aware of **shadow pricing practices** through educational initiatives and clear communication by platforms. Increasing awareness will enable users to better understand and evaluate the actual cost of transactions.

Online platforms should adopt **simplified and transparent pricing structures** to build trust and improve customer satisfaction. Providing a detailed price breakdown before checkout can enhance user experience.

Additionally, consumers are encouraged to **compare multiple platforms** before making a purchase and carefully review the final bill to avoid unexpected costs.

Overall, promoting transparency and awareness can help create a fairer and more trustworthy digital marketplace.



CONCLUSION

In conclusion, the study highlights that shadow pricing and hidden monetary costs are common in online transactions and have a significant impact on consumer behaviour. These additional charges, often revealed at the final stage, create a gap between the expected and actual price, leading to dissatisfaction among consumers. While online platforms offer convenience and accessibility, the lack of transparency in pricing reduces consumer trust and affects purchasing decisions.

The findings emphasize that hidden costs not only influence spending behaviour but also encourage consumers to compare alternatives or cancel transactions. Therefore, it is essential for online platforms to adopt clear and transparent pricing practices. Improving price disclosure and increasing consumer awareness will help build trust, enhance satisfaction, and promote a fair digital marketplace.

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