

Internet and the information empowered customer: Will price transparency destroy your margins?

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Managerial Article Abstract:

Consumers generally suffer from a condition referred to as asymmetry, which exists when sellers have valuable information about price and quality differences that is not readily available to their customers. For example, manufacturers often know which outlets and countries offer the lowest prices for their products. Because search costs - the time and effort required - are relatively high, most consumers pay the sellers asking price. Not surprisingly customer ignorance is often the biggest profit center in many companies.

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