

# Price Discrimination under Uncertainty of Consumers' Fairness Concerns: Revisit the Long-Term Effects of Fairness

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## Abstract

This paper explores the effects of the uncertainty of consumers' fairness concerns on monopolistic third-degree price discrimination. We develop a simple repeated game framework to consider the monopolist's pricing strategy in the long run. In contrast to previous studies, we focus on an information disclosure mechanism the consumers' fairness concerns inherently have: the intensity of the resulting backlash is unknown until firms treat consumers unfairly. Although consumers' fairness concerns tend to lead to uniform pricing even in the absence of fairness uncertainty, this mechanism enhances this tendency and works to sustain uniform pricing in the long run.

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