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# From willingness to pay to willingness to believe: the role of storytelling in driving true pricing in hospitality and tourism

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**ABSTRACT:** Research indicates that consumers are willing to pay for socially responsible and green attributes. Yet studies on the relationship between environment, society and governance (ESG) and financial performance report mixed findings regarding the impact of sustainability initiatives on risk and return. In this short viewpoint, we draw attention to true pricing, a broader framework for embedding sustainability principles into revenue and pricing management, which has not received much research attention in hospitality and tourism to date. We argue that the current approach to corporate social responsibility (CSR) implementation is insufficient to overcome the attitude-behaviour gap between willingness to pay and actual purchase behaviour. Emphasising the need to cultivate consumer belief in the responsibility to pay for environmental, social and economic externalities, we call for a broader discussion on the role of information networks and storytelling in pricing sustainability.

**KEYWORDS:** corporate social responsibility, ethics, sustainability

## Introduction

Incorporating externalities into pricing is not an entirely new concept. Over a century ago, Pigou (1920) proposed a taxation framework to internalise negative externalities, suggesting a tax that would account for such hidden impacts on society. This idea laid the groundwork for what was later called "true price", defined as "the sum of the market price [the price at which a product is offered] and the true price gap [the social and environmental costs caused by its production and consumption]" (Galgani et al., 2021, p. 7). Unlike Pigouvian taxation, which is policy driven and aimed at promoting sustainable market behaviour, true pricing focuses on consumer engagement, transparency and corporate accountability. This approach seeks to reshape both market behaviour and societal awareness by highlighting the broader sustainability impacts of consumption. However, much of the scholarly work to date has concentrated on costing methodologies to calculate true price (i.e. hidden unit costs) accurately (e.g. Baker et al., 2020; Pieper et al., 2020; Hendriks et al., 2021; Michalke et al., 2022). While literature reports positive relationships between green and responsible service attributes and willingness to pay, the assumption that such attitudes translate directly into actual purchases seems to fall short. Research on the financial impact of sustainability investments suggests that willingness alone does not predict consumer patronage. This gap highlights that, despite favourable attitudes, actual purchase behaviours may not align with intentions, revealing the need for effective communication strategies to drive consumer commitment to sustainable choices.

Legendre et al. (2024) call for new ways of delivering messages of responsibility using interdisciplinary means, and true pricing could offer such an avenue. Communicating the "story" behind true pricing might be what is missing to engage a whole network of consumers. Fair trade is an early example of such a networked approach, a narrative that has united consumers through the fair treatment of producers to voluntarily pay higher prices, and fair trade coffee has been one of the most popular ethically sourced products since the 90s (Naylor, 2018).

This viewpoint article draws attention to the idea that compared to willingness to pay and rational economic behaviour, the way we tell the story of sustainability and responsibility in hospitality and tourism can drive consumer patronage in a more effective way. Tying into Harari's (2024) ideas on how stories unite people to create significant change, we seek to spark a broader discussion on the role of information networks and narratives in sustainability and pricing, highlighting the persuasive power of storytelling and the need to cultivate consumer belief in their responsibility to pay a true price.

## The case for true pricing

In the food industry, the concepts of true price and true cost have recently emerged as practical suggestions to mitigate the hidden costs of sustainability (True Price Foundation, 2024). While the main users of this approach have so far been policy developers (DePillis et al., 2024), some individual businesses have experimented with charging their customers the true price. Examples include the Dutch organic and ethical supermarket

*De Aanzet* that offers true-priced vegetables, fruit, coffee and chocolate, supermarket chain *Albert Heijn*, which initiated a true price experiment to study consumer response, and *Bocca Coffee Roasters*, which recently established the true price of a cup of black coffee using the true price methodology (True Price, 2024a). While seemingly straightforward in theory, practising true pricing requires entities to evaluate all the relevant externalities to social and environmental stakeholders and to express them in monetary units (True Price Foundation, 2024). In the case of *Bocca Coffee*, 81%–97% of the true price, €3.70 for a cup, consists of environmental costs, depending on the origin of the coffee (True Price, 2024a).

In terms of results, the Dutch foodservice chain Vermaat offers an example of an empirical true price test, where for a period the true prices for three products – a glass of milk, a hard-boiled egg, and a croissant – were displayed to customers who could choose to pay for them (Vermaat, 2022). The results of this first trial did not support significantly higher willingness to pay (WTP), but the company plans another test around the subject. Taufik et al. (2023) studied two consumer samples, one from organic store shoppers who had an opportunity to buy true price products, and another representing Dutch consumers in general. They demonstrated that among both groups, promotional “appeals to social status and to the ‘green value’ that true pricing can deliver have the potential to boost consumers’ trust in true pricing and make them more inclined to ultimately purchase food products in which externalities are incorporated” (Taufik et al., 2023, p. 1), even if an immediate increase in purchase intention was not supported. Based on these limited existing results, it seems that the mere notion of true price is not enough to inspire consumers to pay extra. Yet earlier research indicates that consumers prefer to avoid situations where hidden costs affect others (Bartling et al., 2015), and true price – if presented in an enticing manner – could be a response to this preference. The most recent recommendations from the True Price Foundation propose alternatives between mandatory and voluntary true prices, or developing offers with smaller true price gaps (True Price, 2024b), but the notion of a powerful narrative is still missing.

Experiments with CO<sub>2</sub> emissions reveal that direct pricing in the form of taxes restricts emissions more efficiently compared with indirect measures, such as cap-and-trade systems (Ockenfels et al., 2020), supporting the concept of true pricing. In food production, externalities to be included in true cost include, for example, the use of pesticides and overuse of soils, social costs of food production, health costs of harmful foods, and economic costs such as food waste (Tideman & Plassmann, 2010; Hendriks et al., 2021). The aim of incorporating such costs into food systems has prompted attempts to estimate them, with Hendriks et al. (2021) incorporating environmental, human life and medical costs prompted by food production and unhealthy food. The valuation framework for true price assessment (Galvani et al., 2021) aims to formalise the calculation of true costs and is increasingly becoming a recognised standard, mostly in the agrifood industry at the moment. The strength of the true price methodology therefore lies in providing a detailed and reproducible guideline for how true price should be calculated, and it can provide an academic basis on which to build a narrative of fairness (i.e. just and proportional value distribution, equitability). Moreover, perceptions of excessive profits and the inability to understand pricing create unfairness perceptions among consumers (Bechwati et al., 2009). The

proposed methodology thus provides a solid foundation for mitigating these risks and promoting fair pricing to customers.

### Overcoming the barrier to consumer patronage

The notion that consumers are willing to pay more for responsible and sustainable lodging and food service has attracted research attention from consumer antecedents of purchase to the types of corporate social responsibility (CSR) initiatives that drive increased willingness to pay (e.g., Han, 2021; Kang & Nicholls, 2021; Kuokkanen & Sun, 2024). As a whole, this body of knowledge suggests that sustainable attributes are positively related to consumers’ willingness to pay, which through an upward shift in demand provides a business case for strategically investing in CSR (Porter & Kramer, 2006; Kuokkanen & Sun, 2024). However, it could be argued that the literature has failed to consider psychological distance and the time dimension of willingness to pay (Arenoe & Van der Rest, 2020).

Practical applications to extract this additional willingness to pay are scant. Among these, the hotel company Soneva adds a 2% carbon mitigation fee on top of room rates to offset emissions when travelling to the Maldives. Despite the higher price, the resort has maintained a high level of repeat customers, with the initiative running successfully since 2008 (Shivdasani & Oines, 2023). Literature indicates various practical barriers hindering the adoption of higher prices for sustainability. These include the attitude-behaviour gap, where consumers express a desire to support sustainable marketing offerings, but fail to translate that into purchases (Carrington et al., 2010), scepticism towards green washing that could erode consumer trust in claims about sustainable efforts (Papagiannakis et al., 2024), and the short-term focus of many executives who prioritise growth over sustainability (Jones et al., 2016). The CSR-financial performance link (more recently ESG-financial performance link) is still unclear and further research is required (Rhou & Singal, 2020; Gillan et al., 2021). To summarise, consumer responses to CSR are an established research theme in hospitality and tourism, playing a vital role in allowing increased profits, but new ideas are required to achieve this outcome in practice.

### Reframing sustainability: creating narratives for the future

The case for implementing CSR in hospitality and tourism is evolving along three research avenues: (1) persuasive communication; (2) co-creation of responsibility with guests; and (3) fostering experiential responsibility (Kuokkanen & Catrett, 2023). Given the attitude-behaviour gap between willingness to pay and actual buying behaviour, along with an unclear return on investment, it can be argued that the traditional approach to CSR communication has reached a limit in persuading customers to support sustainability initiatives, particularly when paying higher prices is implied. The true price method currently relies on this type of communication and this hinders it from reaching its potential. Yet, for businesses, attracting extra willingness to pay is essential to provide services that are environmentally, socially and financially sustainable. Building on the notion that stories create engaged networks of people (Harari, 2024), combined with the emerging trend of experiential responsibility (Estrada et al., 2023; Kuokkanen & Catrett, 2023), we call for more research on the role of narrative in true pricing. The goal is that guests and tourists experience, rather than simply witness,

the true price gap arising from environmental and social costs. In this context, fair trade serves as an early example of experiential responsibility in its capability to transform the mere act of paying extra for coffee or bananas into a story of supporting the small farmer in a remote country, as evidenced by the growth of fair trade product sales from €830m to €9.8b from 2004 to 2018 (Statista, 2024).

While it is too early to judge whether true pricing will succeed in transforming the agrifood industry, the success of fair trade supports the potential it has. The role of a story is central, as it adds significantly to the experience (Pine & Gilmore, 2013). In our view, hospitality and tourism businesses should promote true pricing as a story to develop consumer networks that acknowledge the rights of people to live safe and healthy lives in a sustainably developed natural environment. A vivid story can persuade the hesitant guest/tourist, who may indicate an intention to pay more for environmental and social sustainability, but fails to act accordingly. The aim is to transform the reason for paying extra from a vague (and mistrusted) "be better" to a firm experiential support for human rights and a transformed relationship with nature. The latter resonates with the notions of kinship and reciprocity with nature, an approach that many indigenous world views are built around (Kimmerer, 2015; Milgin et al., 2020). This approach, also known as ecocentrism, counterbalances the currently anthropocentric world view that considers nature merely as a resource for humans to use. Simultaneously, a powerful narrative can result in consumers wanting to avoid cognitive dissonance; Jedicke et al. (2025) demonstrated the impact this has on the moral reasoning process behind consumer boycotts, and we propose the same underlying mechanism can work in favour of true pricing when detailed data about costs are combined with a compelling narrative.

For businesses, adopting true price-based storytelling could be supported through a "fair hospitality and tourism" true pricing label that supports the experience. This label could justify higher prices by transparently covering the elevated costs, while enabling the businesses to develop a competitive advantage through a cutting-edge and responsible reputation. Here, the rigor of the true price method can help overcome consumer scepticism toward initiatives that could be perceived as greenwashing, while an increase in price based on true costs would still be perceived as fair. Existing literature shows that demand can be relatively inelastic (e.g. Enz et al., 2016), providing further support for the true pricing case. Beyond this, it could foster the co-creation of ethically transformative experiences (Kuokkanen & Kirillova, 2024) that could lead to changing customer purchase behaviours toward responsibility permanently, and could provide a public good – a responsible consumer – for society.

Implementing true pricing in hospitality and tourism calls for two immediate steps. First, a typology of true costs for the industry must be established, and we believe that restaurants provide a good starting point for this. While many aspects coincide with the earlier work around food, indirect stakeholders that incur costs may be even more widespread. Second, to support the narrative of the true menu pricing network, a formal valuation framework must be developed. The existence of such a framework will ensure that true pricing becomes a story that can attract and convince the demanding guest. Such a new era would easily follow the recent evidence that suggests,

against previous estimates, a low level of greenwashing in the hospitality and tourism domain (Papagiannakis et al., 2024), which is hopeful for the industry.

Storytelling, with its origins stretching back thousands of years, has been a powerful tool in various disciplines, such as anthropology, psychology, literature and history. In modern hospitality and tourism, storytelling should be considered as a means to engage with customers emotionally, to inspire change, and to build communities and trust, with the aim of challenging misconceptions and demonstrating the real value of true pricing. Such a story can resonate with the appeals and green values, unlocking extra spending among customers and starting a new movement in the field.

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