

Do consumers prefer to pay \$29 for 70 items or get 70 items for \$29?

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Consumers can have vastly different reactions to the same package deal, depending on the order the price and quantity are listed, according to a new study in the *Journal of Consumer Research*.

"A shopper walking down the grocery aisle encounters a common promotion: '10 cans for \$10.' Elsewhere, another consumer is shopping for a prepaid cellphone and decides that 950 minutes for \$59.99 is the best offering for her," write authors Rajesh Bagchi and Derick F. Davis (both Virginia Tech). In both of these cases, a retailer or provider is communicating pricing on a multiple item basis, but the study found that how they are presented matters to [consumers](#).

"Buyer beware: the package that—at first glance—appears to be a great [deal](#), might be just the opposite. Presenting item quantity information before price (70 songs for \$29) may make the deal appear much more appealing than if the price were presented first (\$29 for 70 songs).

The authors investigated consumer responses to the order of quantity and price. They also looked at what happens when packages are large or small (70 songs or 7 songs) and when it is easy or difficult to calculate the per unit price.

"When the package is large and unit price calculation is difficult, different presentation orders result in dramatically different perceptions," the authors explain. "For most large packages, unit price calculations are difficult as marketers rarely price using round numbers.

In this situation, when item quantity comes first, consumers are more likely to try the package and indicate that the package represents a good deal." But when the price is presented first, the exact opposite occurs.

Consumers have difficulty processing the large numbers so they focus on the first piece of information presented, the authors explain. And when they are under time pressure, even easier calculations appear difficult, so they are even more likely to focus on the first piece of information to evaluate the deal.

"Consumers may encounter a large package where item quantity is presented first and believe they are receiving a great deal," the authors write. "However, our research suggests that they should take a step back and make the relevant unit price comparisons to properly assess the package."

More information: Rajesh Bagchi and Derick F. Davis. "\$29 for 70 Items or 70 Items for \$29? How Presentation Order Affects Package Perceptions." *Journal of Consumer Research*: June 2012 (published online August 19, 2011).

Provided by University of Chicago

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