

When do consumers think a freebie is more valuable than a discounted product?

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Consumers may value a free gift more than a deeply discounted promotional item, especially if it comes from a prestigious brand, according to a new study in the *Journal of Consumer Research*.

"Since consumers believe the value of a free product is likely to be consistent with the value of the purchased product, pairing a free product with a high-end product may very well increase perceptions of its value," write authors Mauricio M. Palmeira (Monash University) and Joydeep Srivastava (University of Maryland).

These days, companies often offer bonus products for free or at a low discounted price with a required [purchase](#). For example, high-end cosmetics companies like Lancôme or Clinique offer free gifts with the purchase of a full-priced product.

In one study, participants were offered a free or discounted package of spaghetti with the purchase of a jar of organic tomato sauce for \$8.95. They were then asked how much they would pay for the spaghetti individually. People offered free spaghetti were willing to pay an average of \$2.95 for it, but those offered the spaghetti for \$.50 were only willing to pay an average of \$1.83.

When a free product is paired with an expensive product, consumers assume it is worth more than if it was offered at a low discounted price. For example, if a luxury jeweler offers a free bottle of wine with a purchase, consumers assume it isn't cheap. But, according to the authors,

customers might assume the same wine is cheaper if the jeweler offers it for \$1.

"Promotions with low discounted prices devalue products more than free offers. In fact, free offers may not devalue products at all when they are paired with an expensive purchase, as [consumers](#) will use the price of the focal product to estimate the value of the supplementary product," the authors conclude. "If Mercedes-Benz promotes a car with a free GPS system, we expect the GPS to be high quality," the authors explain.

More information: Mauricio M. Palmeira and Joydeep Srivastava. "Free Offer ? Cheap Product: A Selective Accessibility Account on the Valuation of Free Offers." *Journal of Consumer Research*: December 2013.

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