

The semantics behind the sale price: When does the 'original' price matter?

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Consumers love a sale. In fact, when asked what makes a sale appealing, most simply say, "The price was good." But this answer fails to acknowledge that subjective factors also contribute to the perceived value of a deal. According to new research published in the *Journal of Consumer Research*, it's possible to increase the perception of a good deal.

"We find that the more a consumer relies on the original price when trying to determine a product's worth, the more valuable they perceive the [deal](#) to be," write authors Christina Kan, Donald R. Lichtenstein (both University of Colorado), Susan Jung Grant (Boston University), and Chris Janiszewski (University of Florida). "If a retailer can get a consumer to pay more attention to a \$179 original list price, and less attention to a \$99 sale price, when assessing the worth of a winter jacket, then the \$99 sale price will seem like a better deal."

The study research summarizes three situations in which list prices have more influence on the estimated worth of a product and, by extension, the perceived value of the deal. In three different experiments, the authors reveal that when a consumer focuses on competing product similarities, they are more likely to consider all of the available information when judging the worth of a product. That is, both the original list price and the sale price are used to determine the perceived worth of the product. In contrast, when a consumer focuses on product dissimilarities, the consumer is more likely to consider only the sale price when determining the subjective value of the product.

"This research provides insights for both retailers and consumers. Retailers can make a sales event more effective by encouraging the consumer to rely on the original price when assessing both the value of the product and the value of the deal. Additionally, by comparing product prices at competing retailers, [consumers](#) can lessen the impact of the original price on their assessment of the products' overall worth," the authors conclude.

More information: Christina Kan, Donald R. Lichtenstein, Susan Jung Grant, and Chris Janiszewski. "Strengthening the Influence of Advertised Reference Prices through Information Priming." *Journal of Consumer Research*: April 2014.

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