When the price just feels right: Do rounded numbers appeal to our emotions?
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Consumers usually look for the lowest price when shopping for a product. But can prices sometimes just feel right? According to a new study in the Journal of Consumer Research, consumers are drawn to prices with rounded numbers when a purchase is motivated by feelings.

"A rounded price ($100.00) encourages consumers to rely on feelings when evaluating products, while a non-rounded price ($98.76) encourages consumers to rely on reason. When a purchase is driven by feelings, rounded prices lead to a subjective experience of feeling right," write authors Monica Wadhwa (INSEAD, Singapore) and Kuangjie Zhang (Nanyang Technological University).

Five studies reveal that rounded prices ($100.00) make consumers more likely to buy a product when a purchase is primarily driven by feelings (buying a camera for a family vacation). However, non-rounded prices ($98.76) make consumers more likely to buy the same product when a purchase is rational or utilitarian (buying a camera for a class project).

Companies should be aware that small changes in pricing can have a big impact. Products that are purchased for recreational or personal reasons (vacation packages, clothing and handbags, or even houses) could benefit from rounded prices. Meanwhile, companies selling practical products (appliances, toothpaste) could benefit from using non-rounded prices.

"Past research has generally focused on how an increase in a product's price impacts perceptions related to the quality of the product. Ours is the first research to show that the mere roundedness of a price number could significantly influence consumer preferences, depending on whether a purchase is driven by feelings or has a more utilitarian purpose," the authors conclude.
