



The Presentation of Pricing Information: Package Price

This edition of *Pricing for Researchers* is a review of a paper that examined how presentation order (e.g. \$29 for 70 items vs. 70 items for \$29) of package (i.e. multiple-item) price can affect consumers' perceptions of the product offering.

The paper was originally published in June 2012 in the *Journal of Consumer Research*. Titled, ["\\$29 for 70 items or 70 items for \\$29? How Presentation Order Affects Package Perceptions"](#), it is written by researchers Rajesh Bagchi and Derick F. Davis of Virginia Tech.

Background

This research is built on three research streams:

- Research on computation ease indicates that consumers use biased approaches to evaluate price difference when calculation is relatively difficult.
- Research on numerosity and number-encoding demonstrates that individuals use the magnitude of a number to infer size and other relevant cues sometimes are ignored. This guides the hypotheses that higher numerosity of price or quantity inherent in larger packages will have more impact on consumer perception.
- Anchoring research informs individuals often anchor on the first piece of information to form initial judgment, thus presentation order may make a difference.

Research Purpose

- To test if there is any difference in customers' evaluation of offerings when the price is presented first (e.g. \$29 for 70 items) or the item is presented first (e.g. 70 items for \$29).
- If there is any, what manageable factors will explain this effect?
- What types of consumer behavior will be influenced by such an effect of presentation order?

Research Method

- Three independent studies were conducted using participants recruited from online panels and undergraduate classes. Each consisted of 160-210 participants.
- Online television service, music download context and on-demand movie context were tested respectively.

- Full factorial designs with scenarios that presented various price presentation order, package size and calculation difficulty were employed. ANOVA analysis was performed to investigate how these 3 factors impacted Trial Likelihood, Perceived Value, Happiness with Offering, Liking for Promotion, Recommendation Likelihood and Choice.

Findings

- Presentation order makes one attribute more salient than the other when the package is larger and calculation of unit price is difficult. Consumers anchor on the first piece of information and adjust insufficiently for the second piece.
- Thus under certain conditions with constraints (e.g. time pressure), presenting the item quantity before price will lead to a more favorable assessment of the 'deal' value
- Consumer behavior influenced by the presentation order includes consumers' trial likelihood, value judgments, happiness, liking, recommendation likelihoods and choice.

Practical Implications

- Bigger packaging isn't always better! To achieve the best promotional result for large package pricing, quantity should be presented first, especially when the calculation is difficult or the unit price is not provided to the customers.
- This finding isn't limited to price vs. item quantity contexts only. It could also be generalized to contexts where two numerical components combine together to form a third decision criterion, and where per-unit calculation is difficult under certain circumstance (e.g. time pressure).