

The Psychology Behind Odd-Even Pricing: Cheat Sheet

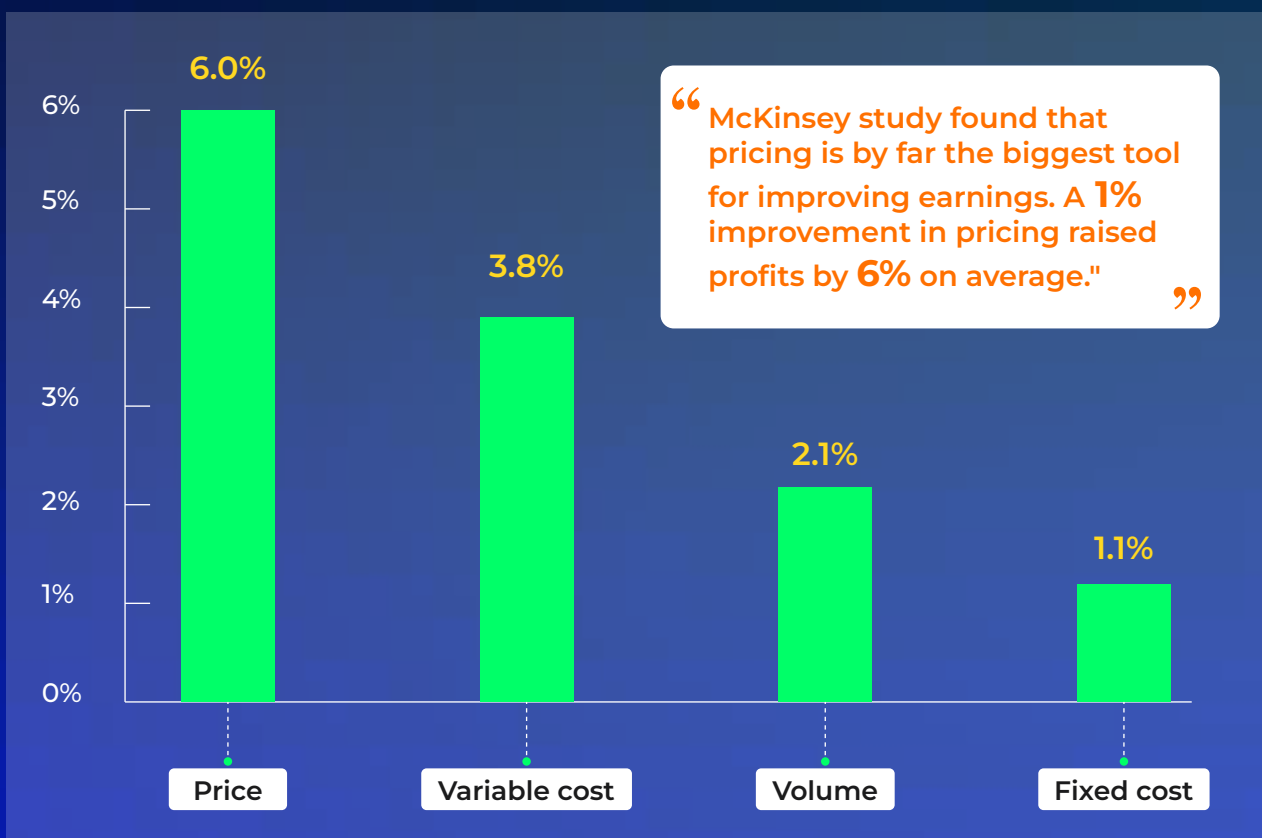
Did you know? - 95% of purchasing decision are made via THE SUBCONSCIOUS MIND

Odd

Odd pricing, such as **\$9.99**, taps into psychological perceptions, making products seem more affordable and driving impulse buys. It's ideal for promotions and everyday items where cost-consciousness is critical.

Even

Even pricing, like **\$10.00** or **\$20.00**, conveys a sense of simplicity and premium quality, often suited for higher-end products or when building brand prestige.



Psychological Triggers

Left-Digit Effect:

Consumers focus more on the first number in a price, making it appear significantly lower than it is.

Image Effect:

Odd prices signal a deal, while even prices create a sense of premium quality, even without explicit messaging.

Perceived Gain Effect:

Consumers overestimate price differences, perceiving a greater deal than the actual savings.

Price Tag Tricks: How They Work ?

“ It turns out that psychology is one of the main influences on successful pricing... the right psychological approach can increase revenues by more than **200%**. ”

Strategy	Description	Example	Effects on Consumers
Charm Pricing	Price ending with \$.99 make items seems cheaper	\$19.99 instead of \$20.00	Feels like a bargain
Anchoring Effect	Initial high price sets a reference point for discounts	Was \$100, now \$75	Makes the discount seem more significant
Decoy Pricing	An overpriced option makes middle option seem more reasonable.	Basic \$5, standard \$10, premium \$12	Encourages choice of the higher-priced option
Price Perception	Higher prices are associated with higher quality	\$200 Shoes Vs \$50 Shoes	Perceived as more valuable
Odd-Even Pricing	Odd numbers suggest deal, even numbers suggest reliability	\$7.97 Vs \$50.00	Odd = Bargain, Even = Quality
Bundle Pricing	Multiple items sold together at a lower price per item	3 for \$10	Feels like a better value
The Power of FREE	Offering something for free can increase perceived value	Buy one, get one free	Feels like a gift, and boosts appeal

Implementing Odd-Even Pricing Strategies For CPGs

Align with Target Audience: Understand consumer preferences and perceptions of odd-even pricing.



Create a Strong Value Perception: Ensure that the price reduction aligns with the perceived value of the product.



Avoid Overuse: Use odd-even pricing strategically to maintain its effectiveness.

Consider Competitive Landscape: Analyze competitors' pricing strategies to avoid price wars.



Monitor and Evaluate: Track sales and consumer behavior to assess the impact of odd-even pricing.



Experiment and Refine: Continuously test different odd-even pricing strategies to optimize results.

How Polestar's Profit Pulse Platform Can Boost Your RGM Decision Making



Sales

Supply Chain

Brand

Shopper Marketing

Media

Finance

RGM Suite

Market Channel Level Targets and Norms

Price, Promotion & Distribution Strategy

Optimize for Maximum ROAS

Profit Maximization Optimization

Accurate Forecast | Action Impact Simulation | Competition Game Theory | Investment Optimization

 All Marketing Levels

 Explainable AI

 Accurate at scale

Key Advantages

-  Encourages impulsive shopping
-  Increased Sales
-  Flexibility in Pricing Strategy
-  Competitive Advantage
-  Alignment with Consumer Expectations
-  Effective for Promotions and Discounts
-  Improved Profit Margins
-  Supports Market Segmentation