

Decision Processes Colloquia

Monday, November 6th

Where: JMHH G50

When: 12:00 – 1:30 pm

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Shrinkflation Aversion: When and Why Product Size Decreases are Seen as More Unfair Than Equivalent Price Increases

ABSTRACT:

Consumers worldwide have been struggling to keep up with rising costs of living. While many firms have (directly) increased their prices, others have engaged in the practice of product downsizing—decreasing the size or quantity of the product without changing its price. In this research, I investigate consumers' beliefs about the fairness of product downsizing compared with equivalent price increases (i.e., holding the price per unit of product constant). A series of pre-registered experiments demonstrate that, while the vast majority of people judge price increases in response to cost increases as fair, this pattern is attenuated—or even reversed—for product downsizing. Consequently, the proportion of consumers who view product downsizing as unfair is greater than the proportion who view an equivalent price increase as unfair. The experiments further test multiple alternative explanations and moderators of the phenomenon.

