



**Advertising Standards Authority**  
**Consumer understanding of reference pricing in advertising**

Qualitative research report

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## **Executive Summary**

The Advertising Standards Authority (ASA) is the UK's advertising regulator. The ASA commissioned this research into consumer understanding of reference pricing in advertising. Reference pricing refers to demonstrating savings by comparing one price to a different, typically higher, price. Examples include 'was/now' pricing or comparing an advertised price to one recommended by the manufacturer or supplier.

Reference prices can be a useful tool to help consumers decide whether or not an offer is good value, but in order to make informed decisions, it is important that they understand what the price represents. The ASA is often asked to decide whether a reference pricing claim in an ad is likely to mislead consumers - and considers a range of factors when making this decision. This research includes the most common factors that relate to reference pricing claims and their varied use in ads:

- how recently the higher reference price was charged
- for how long the product was sold at the higher reference price
- the quantities sold at the higher reference price
- the sales channel through which the product was sold at the higher reference price – e.g. was it sold for the higher price online, in-store, etc.
- how widely the higher reference price was charged – e.g. were other retailers selling at the higher price

This research considers consumer responses to seven reference pricing scenarios. Some of the ads included in this research use the same reference pricing technique, but within a different context. The report looks at how participants responded to the ads initially and whether their views changed once they were provided with information about the selling history of the products in the ads.

## Summary of key points

### **1. Participants' understanding of the presentation of reference prices was limited.**

Regardless of gender, age/ life stage and socio-economic group, participants were initially reluctant to engage with the detail of pricing practices. They felt that it was the role of 'somebody, somewhere' to make sure that reference pricing was accurately presented and fair to the consumer, and that rules existed that advertisers had to follow. Participants showed little interest in interrogating reference pricing themselves.

When prompted, participants set out the assumptions they used to help them interpret specific offers. These were based on perceived knowledge about how retail pricing works and personal consumer experience. However, as became evident through the research, their understanding of the range of reference pricing techniques was not as detailed as they had assumed. Although they reported that they *felt* like informed consumers, it transpired that they were not scrutinising detailed information about the specific pricing of offers.

### **2. Once made aware about how reference prices had been used in a number of example ads, many participants reassessed their perception of offers as worse value than they had originally thought.**

Participants were mainly shown ads that the ASA had investigated, and asked for their perceptions about the value of the offer. For almost all of the ads, the majority felt that the offer offered them 'good value'. The consistently positive reaction to the example ads suggests that it is relatively easy for advertisers to create a perception of good value.

When participants were then provided with detailed information about the pricing history of the products being advertised in the example ads – whether this was in relation to recommended retail prices (RRPs), where the product had been sold,

quantities that were sold, or how long a product was sold at a higher price – perceptions of value changed. The extent to which they changed varied by ad -

- A majority of participants felt that the products advertised in 4 of the 7 example ads offered them 'worse value' than they had originally thought.
- A majority of participants felt that the products advertised in 2 of the 7 example ads still offered them 'good value'. In these cases, participants considered the promotional price constituted particularly good value in context of the advertised product.
- For 1 of the 7 ads, participants' perceptions were split between those who said the extra information 'doesn't change my mind' and those who felt the offer was 'worse value'.

Responses showed that whether or not participants changed their view of the value of the offer depended on the specific context of each of the claims.

**3. Having been through a research process which revealed the pricing history of a number of different products, a high proportion of participants believed the ASA should be concerned about the examples of pricing practices included in the research.**

For each of the examples, a sizeable proportion of participants felt that the ASA should be concerned about the pricing technique used. The proportion of participants who felt the ASA should be concerned ranged by ad from 4 in 10 to 7 in 10. Socio-economic background influenced participants' level of concern.

Participants who may be classed as financially vulnerable were the largest group to feel 'very concerned' about 4 out of 7 of the example ads. This finding suggests that those on the lowest incomes may feel particularly strongly about the potential of pricing practices to mislead.

Participants felt that the ASA should be concerned – to a greater or lesser extent – about the pricing practices used in each of the example ads because they did not feel

that consumers would be fully aware of the pricing techniques used when making a purchase decision. They wanted consumers to be able to make their own purchase decisions, influenced by perceptions of value, based on information that was not likely to mislead.

## **Research methodology**

These findings are based on research that combined qualitative and quantitative methods. The research included focus groups, cognitive depth interviews and hall tests. The hall tests were the main stage of the research and included qualitative and quantitative interviews in four locations.

The research involved participants looking at a range of ads that used reference pricing. The research was designed to capture responses to a range of examples – and therefore included –

- a selection of recent ads across a range of media (e.g. TV, press and online)
- advertising that covered a range of products – from everyday items to items that are more expensive and bought less frequently<sup>1</sup>
- advertising that included a range of different types of reference pricing techniques

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<sup>1</sup> The majority of ads used in the research were taken from complaints the ASA had investigated. Some ads, or the additional information provided, were altered to allow easier and clearer focus on the technique used. Participants were informed that not all ads were shown as they originally appeared.

## **1. Introduction**

### **1.1 Project background**

The Advertising Standards Authority (ASA) is the UK's advertising regulator. The ASA commissioned this research into consumer understanding of reference pricing in advertising. Reference pricing refers to demonstrating savings by comparing one price to a different, typically higher, price. Examples include 'was/now' pricing, comparing an advertised price to one recommended by the manufacturer or supplier, or comparing an advertised price to one charged by another trader for the same product.

This research follows the publication of the Chartered Trading Standards Institute (CTSI)'s new Guidance for Traders on Pricing Practices.<sup>2</sup> That guidance is designed to help businesses comply with consumer protection legislation relating to pricing practices, particularly the Consumer Protection from Unfair Trading Regulations 2008 (CPRs).<sup>3</sup>

The CPRs prohibit unfair business-to-consumer commercial practices, including misleading advertising. Whenever the ASA considers complaints that an ad is likely to mislead consumers, it must apply the tests included in the CPRs which require an assessment of whether the average consumer is likely to be misled into taking a transactional decision they would not otherwise have taken.

The CTSI guidance follows a principles-based approach, illustrated with examples of best practice: with the exception of certain practices that are always regarded to be unfair, it does not exhaustively prescribe or proscribe approaches to making price claims in advertising, as these must be assessed on a case-by-case basis.

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<sup>2</sup>Chartered Trading Standards Institute, *Guidance for Traders on Pricing Practices* (2016), p14.  
<https://www.businesscompanion.info/sites/default/files/Guidance-for-Traders-on-Pricing-Practices-2016.pdf>

<sup>3</sup> The Consumer Protection from Unfair Trading Regulations 2008  
<https://www.legislation.gov.uk/ukxi/2008/1277/contents/made>

This research has been designed to help inform the ASA's interpretation of the guidance when considering complaints about price claims in advertising. The findings will also inform any recommendations the ASA may provide to the industry to ensure that pricing information included in ads is not likely to mislead consumers.

## **1.2 Research Objectives**

Reference prices can be a useful tool to help consumers decide whether or not an offer is good value, but in order to make informed decisions, it is important that they understand what the price represents.

The principal aim of the research was to explore how consumers interpret the use and presentation of reference prices in the context of an ad, in particular:

- What do consumers understand from price claims in ads?
- How do the different ways of presenting prices in advertising affect consumer understanding?

The research also examines whether understanding or expectation differs across groups (based on demographic or socio-economic background) and to identify what factors are likely to help or hinder consumer understanding of pricing in adverts.

The detailed research objectives can be found in Appendix A.

## **1.3 Research scope**

The research looked at consumer expectations and understanding of the following -

- how recently the higher reference price was charged
- for how long the product was sold at the higher reference price
- the quantities sold at the higher reference price

- the sales channel through which the product was sold at the higher reference price – e.g. was it sold for the higher price online, in-store, etc.
- how widely the higher reference price was charged – e.g. were other retailers selling at the higher price

Additionally, the research considered the presentation of reference prices in relation to consumer understanding. Advertisers use various approaches to this, such as -

- ‘was – now’ pricing: compares a price with a previous price the trader has charged for the product, e.g. “was £12, now £10”
- ‘strikethrough’ pricing: similar to ‘was – now’ prices, with the ‘was’ price shown as crossed out, e.g. “~~£12~~ £10”
- ‘normal’ price: a reference to the price at which a product is usually sold, “£10, Normally £12
- ‘worth’ price: a reference to the price which a product is said by the retailer to be ‘worth’, e.g., “Price: £10, worth £12”
- recommended retail price (RRP) / manufacturer recommended price (MRP) / designer recommended price or list prices: describes a price that the producer or wholesaler of a product suggests that it should be sold for in shops, e.g. “RRP £148, our price £128”
- savings: a reference to the amount that will be saved, e.g. “£6, save 50%”

The examples included in the research used a range of pricing presentations.

## **2. Research methodology and sample**

### **2.1 Methodology**

This research considers consumer responses to different reference pricing scenarios. Some of the ads included in this research use the same reference pricing technique, but within a different context. The research examined how participants responded to ads initially and whether their views changed once they were provided with information about the selling history of the products in the ads.

The research included qualitative and quantitative components. The qualitative elements were used to gather a range of interpretations of examples of reference pricing. The quantitative element assessed the weight of these responses, providing an indication of how commonly a certain example of reference pricing was likely to be interpreted in a certain way.

In total, 218 respondents were interviewed for research. The research was split into two stages. The first stage was exploratory – and designed to pilot the approach for testing a wide range of materials and concepts. This stage consisted of focus groups and cognitive interviews. The second stage was based on qualitative and quantitative ‘hall test’ interviews. More information on each of these stages is set out below.

#### **2.1.2 Focus groups and cognitive interviews**

The research began with two focus groups. These were pilot sessions that informed the design of the subsequent research stages. It was clear from these group discussions that a one-to-one approach would better allow individuals the space to consider the range of issues under review. It would also allow moderators to probe assumptions to a greater degree.

The second qualitative phase of fieldwork comprised 18 one-to-one, face-to-face cognitive depth interviews (45 minutes each). These interviews were used to pilot

and develop the quantitative survey questionnaire. They allowed us to design a survey questionnaire (both questions and pre-coded answers) that reflected an authentic consumer reaction to different examples of reference prices

In the cognitive depth interviews, respondents were presented with a range of different types of reference price advertising. The moderator asked a scripted series of prompts about each example (the topic guide in Appendix B), which asked respondents to consider their reactions to each reference price example.

The cognitive depth interviews succeeded in focusing respondents on specific examples of reference pricing information. Moderators were able to probe responses in a controlled and careful way, without pressing respondents for answers if none were forthcoming. Moderators were also able to introduce additional prompts to examine whether new information about pricing history changed respondents' interpretations. In short, the cognitive depth interviews gave respondents an opportunity to articulate how they interpreted each ad.

### **2.1.3 Hall tests**

The next stage of the research consisted of hall test interviews in four locations. For a hall test, respondents are recruited from the street and asked to participate in an interview in a central venue.

The hall tests interviews for this project consisted of -

- 186 quantitative interviews (10-15 minutes each)
- Including 40 qualitative interviews (30 minutes each)

The qualitative evidence gathered helps to explain the quantitative findings. The topic guide is included in Appendix C.

After the hall tests were completed, a small number of cognitive interviews were conducted. These focused on examples of ads that were for lower-priced items.

The research approach can be summarised as follows:

<b>2 focus group discussions (pilot)</b>	Appraisal of method
<b>18 cognitive depth interviews</b>	Draft survey questionnaire
<b>4 hall days: comprising 146 quantitative interviews, plus 40 quantitative/qualitative interviews)</b>	Quantitative survey data, plus supporting qualitative data
<b>6 cognitive depth interviews</b>	Qualitative data to amplify quantitative survey data

#### 2.1.4. Research sample

The sample included a mix of respondents by gender, age and socio-economic group.<sup>4</sup> As the research wanted to look at how those in different financial circumstances interpret reference pricing claims, the sample was also divided into three main groupings –

- those who feel financially comfortable
- those who may be defined as ‘just about managing’ (JAMs)<sup>5</sup>

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<sup>4</sup> Socio-economic groups are a way of drawing comparisons between people from different socio-economic situations. The groups are based on the occupation of the head of the household, defined as: A- Higher managerial, administrative, professional e.g. Chief executive, senior civil servant, surgeon; B - Intermediate managerial, administrative, professional e.g. bank manager, teacher; C1- Supervisory, clerical, junior managerial e.g. shop floor supervisor, bank clerk, sales person; C2 - Skilled manual workers e.g. electrician, carpenter; D- Semi-skilled and unskilled manual workers e.g. assembly line worker, refuse collector, messenger; and E - Casual labourers, pensioners, unemployed e.g. pensioners without private pensions and anyone living on basic benefits.

<sup>5</sup> The acronym ‘JAM’ has been defined by the Resolution Foundation as “low and middle income families of working age, not reliant on benefits and not in the top half of the income distribution.” They identified JAMs from population-based statistics (distinguished from the ‘benefit dependent’ and ‘higher income earners’) <http://www.resolutionfoundation.org/app/uploads/2016/09/Hanging-On.pdf>

- those who may be classed as financially vulnerable. This group was based on a sample of the DE socio-economic group<sup>6</sup>

The key difference between those classed as ‘just about managing’ (JAMs) and those classed as financially vulnerable is that the former may be on higher incomes than those from socio-economic groups D and E, but are still struggling to manage financially due to the demands on their money.

In this study, JAMs were sampled by using attitudinal questions that relate to household finances. The recruitment questionnaire can be found in Appendix D.

More details on the sample for each stage of the research is in Appendix E.

#### **2.1.5 A note on method and sample**

The quantitative findings presented in this report are not described as specific percentages for the following reasons:

- The number of responses to each question was not sufficient to provide a basis for robust statistical analysis (which the reporting of percentages always suggests). Instead, the results reflect the weight of opinion expressed by those asked, e.g. ‘over half’ or ‘just under a third’.
- The quantitative element of the method had a sampling quota for those in different financial circumstances.

Where relevant, the findings are referred to in qualitative terms, referring to groups within the sample (e.g. people classed as financially vulnerable).

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<sup>6</sup> Socio-economic background D covers unskilled manual workers and E covers the unemployed.

### **2.1.6 Locations**

Fieldwork took place across nine locations: St Albans (focus groups); Bridgend, Leeds, North London (cognitive interviews); Blyth, Glasgow, Lichfield and Taunton (hall test interviews); Hertfordshire and North London (final cognitive interviews).

### **2.1.7 Stimulus**

The research was designed to capture responses to a range of reference pricing examples, which included:

- a selection of recent ads across a range of media (e.g. TV, press and online)
- advertising that covered a range of products - from everyday items to items that are more expensive and bought less frequently
- advertising that included a range of different types of reference pricing (as described in section 1.3)

The hall tests included seven ads in total. Each participant looked at three separate ads. The ads included in the research are in Appendix F.

### **3. Detailed findings**

This section outlines the findings from the research. It begins with a brief overview of key points from the first stage of the research (focus groups and cognitive interviews). It then sets out the detailed findings for each of the ads included in the four hall tests.

#### **3.1 Participant engagement with reference pricing**

##### **Focus groups**

The initial stage of the research found that participant understanding of the presentation of prices was fairly limited. Participants showed little interest in discussing the pricing practices set out in ads. They struggled to identify or communicate their assumptions.

There was also a view among participants that they did not need to make an effort to understand the use of a reference price – as somebody, somewhere would be taking care of this issue. Some participants were therefore more willing to take reference prices at ‘face-value’ – it was not something they felt the need to question.

Participants in the focus groups felt information about reference pricing should be transparent, so that consumers could make their own decisions about the accuracy of the pricing information quoted.

##### **Cognitive interviews**

The cognitive interviews found that participants often felt like informed consumers – without necessarily understanding or scrutinising the detailed information about the specific reference pricing offers. The two reasons for this were –

- Assumed knowledge about how retail pricing works. Participants felt that they understood the techniques used by retailers.

- Personal consumer experience. Familiarity with a product, or similar products, affected the value participants assigned to the advertised items.

These two reasons at times shaped the views of participants when looking at reference pricing in ads. However, assumed knowledge meant that participants felt more informed about the range of reference pricing practices than they sometimes were – which could make consumers more vulnerable to being misled. Relying on personal consumer experience could also mean consumers were vulnerable to being misled when a product they were less familiar with was being advertised.

### **3.2 Participant response to individual ads**

Set out below are the findings from the seven ads included in the hall tests. For each ad, participants were asked about –

- what they noticed first about the price information in the ad
- their thoughts on the value of the offer
- their understanding of the price claim
- their response to further information about the pricing history of the advertised product
- whether the ASA should be concerned about the pricing practice used

#### **3.2.1 Cloakroom suite – ‘RRP’**

This was an online ad for a bathroom suite that included an RRP (recommended retail price), a ‘then’ price and the price it was currently on sale for. The focus of the research questions related to the inclusion of RRP and what participants understood this to mean.

The participants in the hall test were shown the following –



### What participants noticed

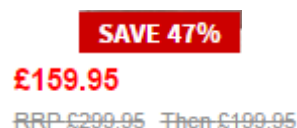
When participants were asked to tell us the first thing(s) that they had noticed about the price information in the above ad, responses focused on:

- 'Save 47%' – this was mentioned by around 4 out of 10 participants
- Advertised sale price (£159.99) – this was mentioned by 3 out of 10 participants

Only a small number of participants picked out the smaller print referring to 'RRP £299.95' (around 1 out of 10) as one of the first things that they had noticed.

### Perceived value of the offer

Participants were then asked to have a look at the pricing information in more detail. They were shown the following -



Participants were asked to imagine that they had just seen this offer on the retailer's website and asked about the extent to which, if at all, they thought that the offer provided customers with good value.

Around 8 out of 10 participants felt that this offer provided good value ('very good value' or quite good value'), with very few stating it was not good value.

Qualitative feedback suggests that participants decided the item provided 'good value' largely based on the belief that "47%" constituted a good reduction:

*"It's quite good value because of the amount it has dropped by. 47% is a good proportion." (Male, B)*

*"It says 47% and best seller. If it says 'best seller' then I should believe them. I wouldn't say it's very good value, it's good value at the reduced price." (Female, C1)*

### **Understanding of the pricing claim**

Participants were then asked about the meaning of 'RRP' – specifically, what, if anything, 'RRP' said about this item. Many participants did not understand the basis of RRP; they were divided in their interpretation of the term, with only a few stating that it was the price at which the manufacturer recommends that the retailer sell the product:

- Around 4 out of 10 felt that the 'RRP' in this ad meant that the retailer had originally sold the item for £229.95.

Smaller numbers of participants thought it meant that either:

- several retailers had sold the item for £229.95, including this retailer
- or several retailers had sold this item for £299.95, but not necessarily this retailer

By contrast, only around 3 out of 10 participants answered that 'RRP' did not necessarily mean that the item had been sold by anyone for £229.95 – that it was just a suggested price ('recommended retail price').

The language respondents used when answering the question 'What does 'RRP' mean?' suggests that this was not a subject that participants were used to thinking about:

*"I don't think it would have been sold for that price. It's a suggested price."  
(Male, D)*

*"I assume it is the original price and that several retailers might have sold it at this price including this one – an RRP is universal." (Female, C1)*

### Response to further information

Participants were provided with further information about the offer (set out below). This explained that the item had never been sold by this retailer (or other retailers) at the RRP price.<sup>7</sup>



Participants were then asked about the extent to which, if at all, this information changed their mind about whether the offer provided customers with good value.

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<sup>7</sup> This ad was taken from a previous ASA investigation. The additional information that was shared with participants was acquired during the investigation and included in the published ASA ruling.

The additional information changed participants' views about the saving being presented in the ad.

- More than 6 in 10 respondents thought that the saving in the ad provided worse value than they had previously thought.
- Nearly 3 in 10 respondents said that the extra information on the pricing did not change their mind.
- A very small number felt that the saving provided better value than they had previously thought.

Qualitative responses indicated that those who changed their mind did so because the use of 'RRP' was not as they had expected:

*"It's very misleading that the item was never sold by anyone at the RRP. You would automatically assume if the RRP is mentioned that it would have been."*  
(Female, B)

This was particularly true for those who thought that 'RRP' meant that a retailer would have sold the item at the quoted price:

*"I'm disappointed that this retailer has never sold it at the RRP. They shouldn't have been allowed to do that."* (Female, C2)

*"It makes me question what RRP actually means, I mean what's the point of it if no-one has sold it for that price?"* (Female, DE)

Others chose to focus on the advertised sale price rather than the new information they had been given:

*"It's still good value."* (Male, C1)

### **Level of concern**

When asked, around 6 out of 10 participants said that the ASA should be concerned about the presentation of the savings in this ad. This was divided evenly between those who felt the ASA should be 'very concerned' and those who felt ASA should be 'quite concerned'.

About 3 in 10 participants felt that the ASA should not be concerned about the presentation of the savings in this ad, with a small number answering that they did not know.

Qualitative findings showed this concern about the presentation of the savings in this ad was driven by the item never having been sold at the RRP, which was generally understood as a previous selling price rather than a recommended price. Participants who were concerned felt this mattered:

*"Yes, it concerns me a little bit, because they've got more control over it, I suppose. They can recommend any price, because they're the ones selling it. It looks to me like they're marketing heavily overpriced." (Female, C1)*

### **Summary**

The meaning of RRP was not well understood by participants. Many participants thought it would be a price the item had previously been sold at by this retailer, or other retailers.

Participants' perception of the value of this product was initially high, but decreased when they learned that the item had not been sold by the advertiser or other retailers at the RRP.

#### **3.2.2 Mini car – 'was'/'now'**

This was a press ad for a children's mini car that included a 'was' ('were') price. The focus of the research questions related to the pricing history of the item and, in

particular, what assumptions participants made about how long the item had been on sale at the 'was' ('were') price and the sale price respectively.

The participants in the hall test were shown the following -



### **What participants noticed**

When participants were asked to tell us the first thing(s) that they had noticed about the price information in the above ad, responses focused on:

- 'Half price' – this was mentioned by around 5 in 10 participants
- Advertised sale price (£129.99) – this was mentioned by around 3 in 10 participants

A small number of participants picked out the smaller print referring to 'were £259.99 each' as one of the first things that they had noticed.

### **Perceived value of the offer**

Participants were then asked to have a look at the pricing information in more detail. They were shown the following -



Participants were asked to imagine that they had just seen this offer in the press and asked about the extent to which, if at all, they thought that the offer provided customers with good value.

Around 8 in 10 participants felt that this offer provided good value ('very good value' or 'quite good value'), with very few stating it was not good value (fewer than 2 in 10 participants).

Qualitative feedback suggests that participants picked up on the idea that the item was reduced to half price, which encouraged them to feel confident that the offer provided good value:

*"Half price is a good deal." (Female, C2)*

*"It's good value, very good value. It's half price." (Male, D)*

### **Understanding of the pricing claim**

Participants were then asked about whether they would expect the mini car to have been on sale for longer at the current price (£129.99) or the 'was' ('were') price (£259.99):

- About 7 in 10 thought either that –
  - the mini car would have been on sale for longer at the ‘was’ (‘were’) price, or
  - the mini car was on sale at the ‘was’ price and the ‘now’ price for similar periods of time
- About 3 in 10 thought that the offer would have been on sale for longer at the ‘now’ price (£129.99)

The qualitative research found that some participants were basing their answers on a belief that there were rules about how long items were required to be on sale before being reduced:

*“I think by law the item has to be at a higher price for 4 weeks before they can reduce it. I’m fairly sure that this is the case for all items.” (Female, C1)*

*“I’m aware that something has to be at a normal price for a few weeks before it can be reduced.” (Male, B)*

This group felt confident that there were some rules in place about how long items needed to be on sale before being reduced.

### **Response to further information**

Participants were provided with further information about the offer (as illustrated below). This explained that the item was sold at the ‘was’ (‘were’) price (£259.99) for 28 days before the sale and at the ‘now’ price (£159.99) for 42 out of 52 weeks prior to that.<sup>8</sup>

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<sup>8</sup> This ad was taken from a previous ASA investigation. The additional information that was shared with participants was acquired during the investigation and included in the published ASA ruling.



Participants were then asked about the extent to which, if at all, this information changed their mind about whether the offer provided customers with good value.

The extra information changed participants' views on the saving being presented in the ad:

- Around 5 in 10 said that the offer provided worse value than they had previously thought.
- About 3 in 10 said that this information did not change their perception that the offer provided good value.
- About 1 in 10 said that the offer provided them with better value than they had previously thought.

Qualitative responses indicated that those participants who thought the offer provided less value did so because the price had been increased before the sale period, and because the lower price had been charged for a longer period of time than the higher price.

*“It’s worse value. It was that price [the ‘was’ price, £259.99] for less time, and it was that other price most of the time anyway [£129.99].” (Female, C1)*

The qualitative feedback therefore reiterated that ‘half price’ looked different to participants when it became clear that the item had been sold at ‘half price’ for most of the previous year.

### **Level of concern**

When asked, around 5 in 10 participants said that the ASA should be concerned about the presentation of the savings in this ad. Of these participants, around half felt the ASA should be ‘very concerned’ (half of whom were classed as financially vulnerable) and around half felt that ASA should be ‘quite concerned’.

About 4 in 10 participants felt that the ASA should not be concerned about the presentation of the savings in this ad (most of whom had reported feeling financially comfortable), with a small number answering that they did not know.

In the qualitative responses, concern was driven by the fact that the item had been sold for a shorter period of time at the ‘was’ price than the ‘now’ price. Participants who were concerned felt that this mattered because the saving was not genuine.

*“It’s not good that they increased the price and then dropped it – you’re not actually saving money.” (Female, D)*

### **Summary**

Participants found it difficult to articulate their expectations around how the reference price was established and when it was last charged. A majority felt that the item would have been sold at the ‘was’ price for at least the same number of weeks, or longer, than the reduced price. For many of them, perception of the value of the offer decreased upon learning that the reference price had been charged for a substantially shorter period than the sales price (28 days vs. 42 weeks respectively).

The fact that the higher price was charged for 28 consecutive days before the start of the offer did not alleviate consumer concern about this.

### 3.2.3 Men's shirts – 'normally'

This was an ad for men's shirts that included a sale price and a price at which the shirts were 'normally' sold. The ad was included in a brochure inserted into a newspaper. The focus of the research questions related to where participants expected the shirts to have been 'normally' sold (e.g. online, in-store) and what 'normally' meant to them in this context.

The participants in the hall test were shown the following<sup>9</sup> -



#### What participants noticed first

When participants were asked to tell us the first thing(s) that they had noticed about the price information in the above ad, responses focused on –

<sup>9</sup> When shown to participants, this also included the retailer's name at the top of the ad.

- 'Shirts £22.95' – this was mentioned by 5 out of 10 participants and was particularly focussed on by JAMs and those who were classed as financially vulnerable.
- A small number of participants (around 1 in 10) picked out the smaller print referring to 'Normally £50 or £60' as one of the first things that they had noticed.

### **Perceived value of the offer**

Participants were then asked to have a look at the pricing information in more detail. They were shown the following –



Participants were asked to imagine that they had just seen this offer in a brochure inserted into a newspaper and asked about the extent to which, if at all, they thought the offer provided customers with good value.

More than 8 in 10 participants felt that this offer provided good value ('very good value' or quite good value'), with very few stating it was not good value.

The qualitative response focused on a perception that this was a quality product, communicated by the brand and the positioning of the brochure in a broadsheet newspaper. Respondents typically said that £22.95 was a very good price to pay for a quality men's shirt, based on their previous experience, as well as the discount:

*“It’s good value, yes. If it used to be £60 or £50 for a shirt, and you’re paying £22.95, it’s a cracking deal.” (Female, D)*

*I’m looking at the price which has drawn me in, and then I can see how much it was and how much I have saved and it’s good. We’d be walking in there and buying a shirt.” (Male, C1)*

### **Understanding of the pricing claim**

Participants were then asked about the meaning of ‘normally’ – specifically, what, if anything, ‘normally’ said about this item:

- Around 6 in 10 participants answered that ‘normally’ meant that the item was ‘generally sold’ at the quoted price.
- Around 1 in 10 answered that it meant the pre-sale price.

Participants were also asked about where they would expect the shirts to have been sold for £50 or £60:




- About 5 in 10 felt that the shirts would have been on sale at £50 or £60 in store.
- About 4 in 10 felt that the shirts would have been on sale at £50 or £60 in store, on the retailer’s website and in the brochure.
- 1 in 10 felt that the shirts would have been on sale at £50 or £60 on the retailer’s website.

Findings from the qualitative research suggest that some respondents were not particularly confident in answering the question about where the shirts would have been on sale – and that their response was dependent on where the ad was placed:




*“Anywhere really. Could be online. If I found this through my computer I’d think online, but I could see a poster like that being in a shop window, to get people into the shop, so maybe in store?” (Male, C2)*

## Response to further information

Participants were provided with further information about the offer (as illustrated below). This explains that the shirts were sold online and in store at £50 or £60, but not in the brochure.<sup>10</sup>

	Between 20 Jan – 5 Feb	
Online		Shirts sold at £50 or £60
In store		Shirts sold at £50 or £60
Brochure		Shirts not sold

	From 6 February	
Online		Shirts sold at £50 or £60
In store		Shirts sold at £50 or £60
Brochure		Shirts sold at £22.95 Advert says “normally £50 or £60”

Participants were then asked about the extent to which, if at all, this information changed their mind about whether the offer provided customers with good value. The extra information changed some, but not all, participants’ minds about the saving being presented in the ad:

- Around 5 in 10 said that this information did not change their view.
- Around 2 in 10 said that the offer provided worse value than they had previously thought.

<sup>10</sup> This ad was taken from a previous ASA investigation. The additional information that was shared with participants was based on information that was acquired during the investigation and included in the published ASA ruling. Some of the information was simplified to focus on the issues to be tested.

Qualitative responses indicated that participants did not change their view because they felt that the advertised sale price (£22.95) was a still a good offer.

However, although participants were not initially surprised by the information, after thinking about it for a little while some became more uncomfortable:

*“I don’t really mind ... but is it lawful?” (Female, D)*

*“It’s a bit backhanded to offer it via only one channel.” (Male, C1)*

### **Level of concern**

When asked, around 4 in 10 participants said that the ASA should be concerned about the presentation of the savings in this ad. Of these participants, around half felt the ASA should be ‘very concerned’ (of whom half were classed as financially vulnerable) and around half felt that ASA should be ‘quite concerned’.

About 5 in 10 participants felt that the ASA should not be concerned about the presentation of savings in this ad (of whom half had reported feeling financially comfortable), with a small number answering that they did not know.

Qualitatively, lack of concern was driven by a perception that the ‘now’ price (£22.95) was a still a good offer. In this context, the fact that the shirts had not been sold at £50 or £60 in the brochure was not particularly perceived to matter:

*“You don’t feel cheated or conned, you do feel like you’re getting a deal.”  
(Female, C2)*

### **Summary**

A majority of participants thought that ‘normally’ referred to the price at which the product was usually sold. A majority of people thought that the product would have

been sold for the 'normal' price in store only, or in store, on the retailer's website and in the brochure.

The majority of participants did not report that it had changed their perception of the value of the offer to learn that the product had not been sold for the higher 'normal' price in the brochure before the start of the promotion – as the higher price had been used in-store and online.

### 3.2.4 Boys' bike – 'was'/'now'

This was an online ad for a children's bike that included a 'was' price as well as a saving. The focus of the research questions was participants' expectations about how widely and through which sales channels the product had been available at the 'was' price.

The participants in the hall test were shown the following -



### What participants noticed

When participants were asked to tell us the first thing(s) that they had noticed about the price information in the above ad, responses focused on:

- Advertised sale price (£99.99) – this was mentioned by around 5 out of 10 participants.
- A small number of participants picked out the red print referring to ‘SAVE £100.00 (50%)’ and the ‘then’ price of £199.99 as one of the first things that they had noticed.

### **Perceived value of the offer**

Participants were then asked to have a look at the pricing information in more detail. They were shown the following –



Participants were asked to imagine that they had just seen this offer on the retailer’s website and asked about the extent to which, if at all, they thought the offer provided customers with good value.

About 8 in 10 participants felt that this offer provided good value (‘very good value’ or quite good value’), with very few stating it was not good value.

The qualitative research found that participants felt the offer provided good value largely based on their previous knowledge about the price of children’s bikes and because the bike was advertised as half price:

*“That’s good value for a bike.” (Female, C2)*

*“That’s literally half price, £100 saved.” (Female, D)*

### **Understanding of the pricing claim**

Participants were then asked where they would expect the bike to have been sold at the ‘was’ price:

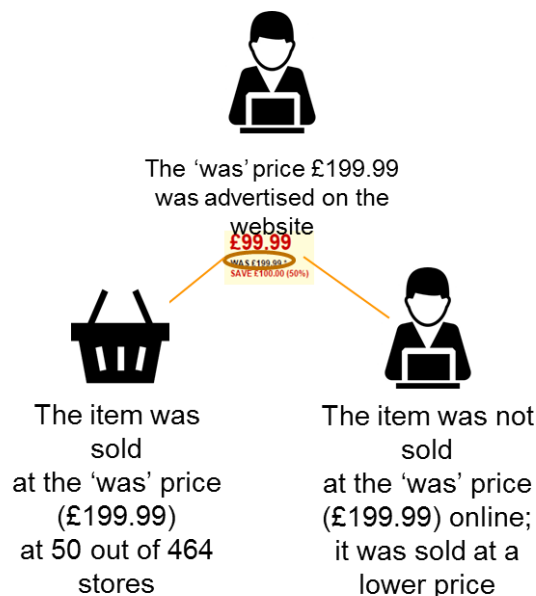
- Over half thought that the bike would have been sold at the 'was' price (£199.99) on the retailer's website and in store.
- Just over a third thought that the bike would have been sold at the 'was' price (£199.99) in store.
- A small number felt that the bike would have been sold at the 'was' price on the retailer's website (under a tenth).

Almost all participants felt confident the bike would have been sold at the 'was' price in store. Opinions were somewhat more divided about whether it would have been sold online too:

*"I would say in the stores, normally." (Male, C1)*

### Response to further information

Participants were provided with further information about the offer (as illustrated below). This explained that the bike had been sold at the 'was' price (£199.99) at 50 out of the 464 stores and that it had not been sold at the 'was' price online.<sup>11</sup>



<sup>11</sup> This ad was taken from a previous ASA investigation. The additional information that was shared with participants was acquired during the investigation and included in the published ASA ruling. The ad was slightly altered to focus on the issue to be tested.

Participants were then asked about the extent to which, if at all, this information changed their mind about whether the offer provided customers with good value.

The extra information changed participants' views about the saving being presented in the ad:

- Around 6 in 10 participants felt that the offer provided worse value than they had originally thought.
- However, around 3 in 10 participants did not feel that the information had changed their mind.
- The remaining participants felt that it provided better value or they answered 'not sure'.

The qualitative research found that respondents who thought the offer provided less value based their decision on the fact that the product wasn't as widely sold as they had expected, particularly since the item had only been sold at the higher price in selected stores and not online. This meant that the saving did not feel as genuine as they had originally thought:

*"It clearly wasn't that price at other stores. If they can't charge that at 400 stores, then it's not worth that. You're not getting a bargain." (Female, C2)*

*"If this is an online advert for it, they can only advertise that it was £199.99 if they had sold it online at that price." (Male, C1)*

### **Level of concern**

When asked, about 6 in 10 participants said that the ASA should be concerned about the presentation of the savings in this ad. About 3 in 10 participants felt that the ASA should not be concerned about the presentation of the savings in this ad, with a small number answering that they did not know.

The qualitative research illustrated that concern was driven by a perception that selling the bike at the 'was' price at 50 out of 464 did not meet expectations. The difference between participants' expectations and reality was felt to matter:

*"I'm not impressed. They're using savings from a different shop." (Male, B)*

### Summary

Based on the presented information, the majority of participants thought the product would have been on sale for the higher price in stores and on the retailer's website.

Participants' perception of the value of the offer decreased upon learning that the higher reference price had been charged only in a small number of stores, and not on the website.

### 3.2.5 TV – 'was'/'now'

This was a broadcast ad for a TV that included a 'was' price as well as a saving. The focus of the research questions related to the pricing history of the TV and, in particular, what assumptions participants made about how recently and for how long the item had been on sale at the 'was' price.

The participants in the hall test were shown the following TV ad -



### What participants noticed

When participants were asked to tell us the first thing(s) that they had noticed about the price information in the above ad, responses focused on –

- ‘Now’ price (£199) – this was mentioned by around 3 in 10 participants
- ‘Save £200’ – this was mentioned by around 2 in 10 participants

A very small number of participants picked out the smaller print referring to ‘was £399’ as one of the first things that they had noticed.

### Perceived value of the offer

Participants were then asked to have a look at the pricing information in more detail (via screenshots taken from the TV ad). They were shown the following –



Participants were asked to imagine that they had just seen this offer on the TV and asked about the extent to which, if at all, they thought that the offer provided customers with good value.

About 9 out of 10 participants felt that this offer provided good value (‘very good value’ or ‘quite good value’), with very few stating it was not good value.

The qualitative feedback suggests that participants felt the offer was ‘good value’, based on the size of the discount:

*“This is cheap. Save £200 is most important. The price is very cheap with a £200 discount.” (Male, B)*

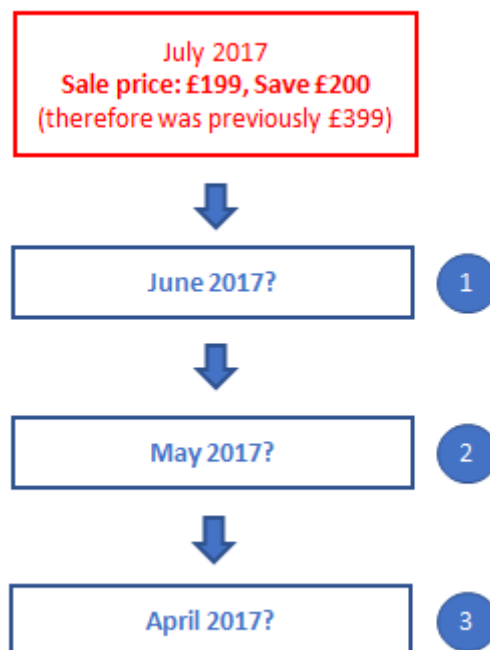
*“Save £200. It’s a lot of money you’re saving.” (Female, C2)*

### Understanding of the pricing claim

Participants were then asked about the pricing history of the TV – specifically, how many different prices participants thought the retailer had sold the item for in the three months before the sale.

- Around 3 in 10 participants thought that the retailer had sold the TV at two prices.
- Around 3 in 10 participants thought that the retailer had sold the TV at several prices.

Participants were then asked which month or months they thought that the TV had been on sale at £399:



- Around 6 in 10 participants felt that the retailer had sold the TV at £399 in April.
- Around 4 in 10 participants felt that the retailer had sold the TV at £399 in May.
- Smaller numbers felt that the retailer had sold the TV at £399 in June.

The qualitative research illustrated participants' uncertainty about how many prices were charged prior to the sale - and the belief among some that the higher price would have been the only price charged in the months leading up to the sale<sup>12</sup>:

*"I assumed it would have been a higher price in April and the ad was in July, so I'd say probably the prices changed just in July." (Male, C1)*

*"I should believe them and say May, and that it would be the whole time since May." (Female, C2)*

### **Response to further information**

Participants were provided with further information about the offer (as shown below). This explained that the TV was sold at £399 for 60 days two months before the offer, but that within the two months before the sale, the TV had also been sold at various other prices (£279 and £249).<sup>13</sup>

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<sup>12</sup> The pricing history of this product was more varied and complicated than we chose to include in this example for participants. There were more price changes than was shared with those looking at the ad. We chose to simplify this to reduce the example's complexity. However, the extent of changes over this period is worth noting here. The full pricing history for the TV was: sold at £299 in October 2016; sold at £269, £179, £199 and £209 during November-December 2016; from late December to early March the product was sold at £189; from early March to late March it was sold at £299; it was sold at £399 between 30th March and 29th May; sold at £349 from 30th May to 6th June; sold at £279 from 7th -28th June; sold at £249 from 29th June to 5th July, and sold at £199 in July. It is this type of practice that can be seen in the example in the 'additional interviews' section on p.40.

<sup>13</sup> This ad was a live TV ad at the time and not taken from an ASA investigation. The pricing history that was shared with participants was acquired online. For a copy of the pricing history, please contact the ASA.

July 2017  
**Sale price: £199, Save £200**  
(therefore was previously  
£399)

**£249 (29 June – 5 July)**

**£279 (7 June – 28 June)**

**£399 (until 30 May)**

**£399 (from 30 March)**

Participants were then asked about the extent to which, if at all, this information changed their mind about whether the offer provided customers with good value. Many of the participants had not changed their view -

- Almost 6 in 10 participants felt that this information did not change their view.
- Around 2 in 10 participants felt that the offer provided worse value than they had previously thought.

Those who changed their mind did so because would have expected the higher price to have been charged until the start of the offer, while those who didn't change their mind felt that the period of time for which the item was sold at the higher price was still reasonably recent:

*"I would have thought £399 'til the 30th June. We're being misled." (Male, C1)*

*"I'm not bothered by the fact that the price point has changed a couple of times immediately before the 'now' price. The period of time that it was at the*

*higher price is still relatively recent, so there's no reason to be disgruntled."*  
(Male, C1)

Qualitative responses also indicated that, for some, the electrical sector was associated with fluctuating prices.

### **Level of concern**

When asked, about 5 in 10 said the ASA should be concerned about the presentation of the savings in this ad. About 4 in 10 participants felt that the ASA should not be concerned about the presentation of savings in this ad, with a small number answering that they did not know.

The qualitative research found that concern was driven by a perception that consumers would not be fully aware of the pricing history of the item at the point of purchase. This mattered to some of the participants:

*"I would have bought the telly for £199, but now I'm not so sure. I'd say I'm quite concerned."* (Male, C1)

### **Additional interviews on a similar pricing technique**

After the hall tests were completed, the final cognitive interviews were conducted. In these interviews, a similar ad to the above was looked at by participants. The ad was for kettles and toasters (lower priced products than the TV) and used a similar pricing practice.



The order of the questions mirrored those used in the hall tests. Participants were asked what they noticed first and the value of the offer. After these questions, they were provided with the following information on the pricing history of these products:



Having seen this, respondents felt concerned that retailers were increasing their prices temporarily to create the impression of a sale – and that this technique may be commonly used:

*“I think that’s quite bad to be honest with you. It’s a lot of money that they’ve changed it by and for less than a month. It’s only so that they can say it’s a sale.”* (Female, DE)

### Summary

The previous selling history of an ad such as this may not be immediately clear to consumers – with varying answers among participants about how many prices the product in this ad would have been sold for before the start of the offer.

The perception of the value of the offer did not decrease for many of the participants upon learning that the product had been sold at other prices than the higher

reference price before the start of the offer. Some participants, however, assumed that the higher reference price would have been charged immediately before the beginning of the offer.

### 3.2.6 Beer – ‘was’/‘now’

This was an online ad for beer that included a ‘was’ price as well as a saving. The focus of the research questions related to the pricing history of the beer and, in particular, what assumptions participants made about how recently and for how long the item had been on sale at the ‘was’ price.

The participants in the hall test were shown the following –



#### What participants noticed

When participants were asked to tell us the first thing(s) that they had noticed about the price information in the above ad, responses focused on:

- ‘Save 49p’ – this was mentioned by more than 4 in 10 participants and was particularly focussed upon by those who had reported to feel financially comfortable
- ‘SAVE’ – this was mentioned by almost 3 in 10 participants

A small number of participants picked out the ‘now’ price and the ‘was’ price as one of the first things that they had noticed.

### Perceived value of the offer

Participants were then asked to have a look at the pricing information in more detail. They were shown the following –



Participants were asked to imagine that they had just seen this offer on the retailer's website and asked about the extent to which, if at all, they thought that the offer provided customers with good value.

Around 5 in 10 did not feel that this offer provided good value ('not particularly good value' or 'not at all good value'. Those stating that the offer was 'not at all good value' were mainly those classed as financially vulnerable. About 4 in 10 stated it was good value ('very good value' or 'quite good value').

Qualitatively, participants felt that the size of the saving influenced perceptions of value. They felt confident about saying that the offer did not provide very good value, based on the fact that they were only saving 49p:

*"My eye is drawn first to the 'SAVE' in bright colours, then to the fact of a saving – but it's not great value as its only 49p." (Male, C1)*

### Understanding of the pricing claim

Participants were then asked about the pricing history of the beer – specifically, in the three months before the offer, whether they thought the beer would have been on sale for longer at a price higher than the 'now' price, for longer at a price lower than the 'now' price, or at the same price as the 'now' price:

- Around 6 in 10 expected the item to have been sold for longer at a price higher than the 'now' price (i.e. more than £4.50).

- Around 2 in 10 felt that the item would have been on sale at the same price as the 'now' price (i.e. £4.50).
- Around 2 in 10 felt that the item would have been on sale for longer at a price lower than the 'now' price (i.e. less than £4.50).

The qualitative interviews found that most participants were confident in their response to this question. There was an expectation among many participants that the advertiser had to follow rules to establish a reference price:

*"It needs to be advertised for at least 4 weeks at the higher price." (Female, C1)*

However, some were less certain:

*"About the same. I don't know, I don't think about these things." (Male, C1)*

### **Response to further information**

Participants were provided with further information about the offer (as illustrated below). This explained that the beer had been sold at a price (£4.00) that was lower than the sale price (£4.50) two months prior to the offer.<sup>14</sup> Participants were then asked about the extent to which, if at all, this information changed their mind about whether the offer provided customers with good value.

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<sup>14</sup> This ad was taken from a previous ASA investigation. The additional information that was shared with participants was acquired during the investigation and included in the published ASA ruling.

Was £4.99 **Now £4.50**  
SAVE 49p

For 21 days *before* the offer

**Price: £4.99**

(the 'was' price presented in  
the advert)

For 2 months *before that*

**Price: £4.00**

The additional information about the offer changed the views on the savings being presented in the ad for a majority of participants:

- Around 8 in 10 said that the offer provided worse value than they had previously thought.

Qualitatively, responses indicated that those who changed their minds did so because the price had been increased before lowering it again for the offer:

*"It's either very confusing or very devious because they'd already sold it at the lower price." (Female, C1)*

### **Level of concern**

When asked, about 7 in 10 said that the ASA should be concerned about the presentation of the savings in this ad. This was divided evenly between those who felt the ASA should be 'very concerned' (half of whom were classed as financially vulnerable) and those who felt it should be 'quite concerned'.

About 3 in 10 participants felt that the ASA should not be concerned about the presentation of savings in this ad, with a small number answering that they did not know.

Qualitative responses focused on the fact that the beer had been on sale for a price lower than the offer being presented, which mattered to those who felt concerned:

*“I think they should be quite concerned. There’s something underhand about this one.” (Female, C2)*

### **Summary**

The majority of participants thought the product would have been sold at the higher reference price for a longer period than at the promotional price.

Participants’ perception of the value of the offer decreased after learning that the product was sold at a price lower than the promotional price for a longer period than the higher reference price – even though the higher reference price was charged for 21 consecutive days immediately before the start of the offer.

#### **3.2.7 Shower speaker – ‘worth’**

This was an online ad for a shower speaker that included text claiming that the item was ‘worth £69.99’. The focus of the research questions related to the inclusion of ‘worth’ and what participants understood this to mean.

The participants in the hall test were shown the following -



### What participants noticed

When participants were asked to tell us the first thing(s) that they had noticed about the price information in the above ad, responses focused on:

- 'Now' price (£10.99) – this was mentioned by more than about 6 in 10 participants
- 'Discount 86%' – this was mentioned by about 2 in 10 participants

A very small number of participants picked out the print referring to 'worth' as one of the first things that they had noticed.

### Perceived value of the offer

Participants were then asked to have a look at the pricing information in more detail. They were shown the following –

£10.99  
 Discount: 86%   Worth: £69.99

Participants were asked to imagine that they had just seen this offer online and were asked about the extent to which, if at all, they thought the offer provided customers with good value.

About 6 in 10 felt that this offer provided 'very good value' and almost 3 in 10 felt that this offer provided 'quite good value'. Very few stated that it was not good value.

In the initial cognitive depth interviews, participants queried the quality of the product (based on its visual appearance, as well as the scale of the discount), but in the hall test interviews, many still felt that it provided good value, based on the amount they were saving:

*"It's hard not to say that 86% off isn't good value." (Female, C2)*

*"It was £69.99, now it's £10.99, so it's an absolute bargain." (Female, D)*

### **Understanding of the pricing claim**

Participants were then asked about the meaning of 'worth' – specifically, what, if anything, 'worth' says about this item:

- Around 4 in 10 felt that it was just a suggested price.
- Around 2 in 10 felt that it meant the retailer normally sold the item for £69.99.
- Around 1 in 10 felt that it meant other retailers sold the item for £69.99.
- 1 in 10 felt that 'worth' didn't really mean anything.
- The very small number who said that they 'did not know' what 'worth' meant were all classed as financially vulnerable.

When asked how confident they felt about their answers, it became clear that participants felt that 'worth' was a term that was open to interpretation:

*"It doesn't really mean anything. Some random person who is trying to sell this has decided that's the worth." (Female, C2)*

*“Worth depends on how much it costs to make and what kind of company is selling it.” (Male, C1)*

*“I would read it very quickly as RRP but it is a very open word.” (Female, D)*

### Response to further information

Participants were provided with further information about the offer (as illustrated below). This explained that although three retailers had advertised the item at £69.99 (and the advertiser had sold three items at £69.99), more retailers had advertised the item at a substantially lower price.<sup>15</sup>



Participants were asked about the extent to which, if at all, this information changed their mind about whether the offer provided customers with good value.

The additional information changed some participants' views on the saving being presented in the ad:

<sup>15</sup> This ad was taken from a previous ASA investigation. The additional information that was shared with participants was acquired during the investigation and included in the published ASA ruling.

- Around 4 in 10 participants said that the new information did not change their minds, a view strongly expressed by respondents who had reported to feel financially comfortable.
- Around 4 in 10 participants felt that the offer provided worse value than they had previously thought.

The qualitative research found little sense of surprise about the information participants had been given. Participants tended to have made their mind up about the offer prior to being given this information:

*“I wouldn’t care what price it had been sold at, because I’d be thinking, I’ve just saved myself a fortune. I’m going to tell the kids I spent £70 and it cost me £11, that’s great!” (Female, D)*

*“It doesn’t surprise me, to be honest. I wouldn’t pay £69.99 to listen to music in the shower, I’d just turn my phone on.” (Female, C1)*

### **Level of concern**

When asked, more than 6 in 10 said that the ASA should be concerned about the presentation of the savings in this ad. Of the 3 in 10 who said they were ‘very concerned’, half were classed as financially vulnerable. About 3 in 10 felt that the ASA should not be concerned about the presentation of savings in this ad, with a small number answering that they did not know.

Qualitatively, concern was focused on the small number of consumers who had bought the item at full price, which mattered to those who felt concerned:

*“I feel sorry for the people who bought it at £69.99. If I’d pay £69.99, and if I go online the next day and it’s £10.99, I’d be gutted.” (Female, C1)*

## **Summary**

There were varying views about the meaning of the word 'worth' in the context of this ad. The majority of participants thought it would be either a suggested price or the price the retailer or other retailers normally sold the product for.

Participants' perception of the value of the offer decreased upon learning that more retailers had advertised the product at a price substantially lower than the reference price before the start of the offer, and only a very small number of items had been sold by the retailer at the higher reference price.

#### **4. Conclusions**

##### **a) Participants' understanding of the presentation of reference prices was limited.**

- Irrespective of gender, age/ lifestage and socio-economic group, participants were initially reluctant to engage with the detail of pricing practices. They felt that it was the role of 'somebody, somewhere' to make sure that reference pricing was accurately presented and fair to the consumer, and that rules existed that advertisers had to follow. Participants showed little interest in interrogating reference pricing themselves.
- Participants used working assumptions (based on perceived knowledge about how retail pricing works and personal consumer experience) to interpret the presentation of prices in advertising, focussing on headline offer information and the current or 'now' price.
- However, it became evident that participants' understanding of the range of reference pricing techniques was not as detailed as they had assumed. Consumers did not spontaneously engage with or want to engage with the detail of reference pricing information.

##### **b) Once made aware about how reference prices had been used in a number of example ads, many participants reassessed their perception of offers as worse value than they had originally thought.**

- The consistently positive reaction to nearly all of the offers presented in the example ads suggests that it is relatively easy for advertisers to create a perception of good value, particularly on more expensive, less frequently purchased items. (The only offer which did not impress was a small amount of money off an everyday item – 49p off beer).

- Responses showed that the extent to which participants changed their view of the value of an offer when given the pricing history of a product depended on the specific context of each of the claims.
  - For 4 out of 7 of the example ads, a majority of participants changed their view on the value of the offer when provided with the pricing history of the product. In these cases, participants judged the offer less favourably as they felt that the reference pricing techniques had created an inaccurate impression of value.
  - However, participants felt that the products advertised in 2 of the 7 example ads still offered them 'good value'. In these cases, participants considered the promotional price constituted particularly good value in context of the advertised product.
  - For 1 of the 7 ads, participants' perceptions were split between those who said the extra information 'doesn't change my mind' and those who felt the offer was 'worse value'.
- c) Having been through a research process which revealed the pricing history of a number of different products, a high proportion of participants believed the ASA should be concerned about the examples of pricing practices included in the research.**
- For each of the examples, a sizeable proportion of participants felt that the ASA should be concerned about the pricing technique used. The proportion of participants who felt the ASA should be concerned ranged by ad from 4 in 10 to 7 in 10.
  - Participants who were classed as financially vulnerable were the largest group to feel 'very concerned' about 4 out of 7 of the example ads. This finding suggests that those on the lowest incomes feel particularly strongly about the potential of pricing practices to mislead.

- Participants felt that the ASA should be concerned – to a greater or lesser extent – about the pricing practices used in each of the example ads because they did not feel that consumers would be fully aware of the pricing techniques used when making a purchase decision. They wanted consumers to be able to make their own purchase decisions, influenced by perceptions of value, based on information that was not likely to mislead.