

Perceiving a difference when there is no difference - The impact of the reference unit on the valuation of a unit price

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## **Abstract**

Unit prices are a ubiquitous phenomenon. The respective legal norms leave a certain freedom of choice with regard to the reference unit. However, research on the impact of alternative measurement units on consumer behaviour is still in its infancy and its findings are inconclusive. Investigating the product category bottled beer and applying a Choice Based Conjoint experiment, it is discovered that a big compared to a small size unit of measurement leads to a significant shift of importance towards the product attribute price at the expense of the brand. In addition, consumers react more sensitively to price changes. At the strategic level, a retailer can use these insights to sharpen its positioning through a suitable unit price measure. When making operational decisions, retailers should bear in mind that the reference unit influences the likelihood of purchase, the scope for price increases and the opportunities for up-selling.