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THE HOME ECONOMIST: Quality versus value: Do you have to choose?

Brett Graff, www.TheHomeEconomist.com

At Whole Foods stores in South Florida and throughout the country, the wine selection includes bottles ranging in price from \$2.99 to \$1,000. To help shoppers choose, stores post descriptive signage for almost each variety. They also host classes, pass out tastings and in many locations build bars, where we can fully explore a vintage.

“We ask customers what they normally drink,” says Brian Welter, regional associate specialty coordinator for Whole Foods Markets. “We want to expand their thought processes.”

Investing more than a few minutes on wine-buying represents the time versus money tradeoff we consumers are constantly making. But new science shows that rarely does research win and instead, we set out to buy anything from vino to vehicles to a burgundy shade of lipstick by having in our minds a goal of buying either quality or value. If it’s quality we’re after, we’ll ignore our lower-priced options — even when they offer equal or superior features. But if we’re primed to pick up value, we’ll disregard our higher-priced selections, even though they might better suit our needs. Unless we’re accurate by accident, we’ll probably wind up misspending our money, says Susan Powell Mantel, a professor of marketing at Ball State University.

“There are these two competing theories out there — quality and value — and they’re not right from either perspective,” Mantel says. “We don’t have all of the information we need at any given time.”

Mantel asked more than 90 people to evaluate a magazine’s content. She gave each one an article on home décor, but half read that when it came to installing your floors, price was the No.1 indicator of quality, telling homeowners to choose the costliest and most exotic wood possible. The other half, meanwhile, read that expensive materials were not always better and when it came to resale value, good quality was more important than high price.

Then they asked subjects to try wine — one priced at \$39.99 a bottle and another at \$9.99. The people primed to favor high prices gave the expensive wine good reviews



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but shook their heads at the cheaper variety. Those who'd read about value, meanwhile, gave the exact opposite opinion. Remember: No one followed their deep-seated beliefs but instead responded to conditions created for them. All the groups were served the exact same wine.

"If you're not knowledgeable you can be manipulated by marketing," Mantel says. Buying the right product each time would mean researching each purchase, she says. So here, industry experts give us guidelines on maximizing quality while minimizing price.

Wine: Regardless of economic conditions or store location, Whole Foods' Welter says he's constantly asked, "What's the best bottle for \$10?" At the moment, he tells cost-conscious sippers seeking quality to select South American wines, particularly the Argentinian Malbecs. From France, choose wines from the Côtes Du Rhône region. Don't try to buy to find a low-priced Pinot Noir. "It's a difficult grape to grow," he says.

Steak: Look for cheaper cuts and learn to correctly cook them, says Derrick Roberts, chef de cuisine of Gotham Steak at the Fontainebleau in Miami Beach. Tri-tip, hanger steak, flank and skirt steak are great seared quickly on the grill — medium rare — and then sliced. Shoulder, short ribs or chuck flap are best stewed with vegetables until soft. Don't be afraid to ask the butcher for sales and specials. "At the end of the day, product sold at a discount is better than product thrown away," he says.

Cars: When it comes to daily driving — getting from home to work — vehicle breakdown stats won't vary greatly across manufactures, says Gregg Fidan, publisher of RealCarTips.com, though the more expensive cars offer additional luxuries and high-performance options. Pick a price point and remember that sticker price is more negotiable for some brands. Check truecar.com to see average lows. Also, never buy a new model immediately after its introduction and always make offers at the month's end, when dealers are meeting quotas, he says.

Make-up: When it comes to ingredients and color, lower priced cosmetic lines such as Revlon, Maybelline and Cover Girl are blended by some savvy scientists, says Sage, a Broward County-based make-up artist who's worked on faces modeling for Calvin Klein and Dillard's stores. "When you buy the more expensive products store you're paying for the packaging," she says. However, cruelty-free will always cost more.

Sunglasses: Look for two basic features when shade shopping, says Edward Beiner, who owns 12 eyewear boutiques. You'll want UV protection, which shields your eyes from the ultra-violent light causing wrinkles and cataracts, he says. Also get a properly ground lens for accurate vision. Those are made from either CR 39 (a polymer) glass or polycarbonate. Fishers will need a polarized lens and bikers should wear one that won't crack on impact, Beiner says. "A person might ask, 'Do I need to spend \$400,'" he says. "No. But stay away from glasses that are mass produced because they're unsafe."

This is a monthly column by Miamian **Brett Graff**, a former U.S. government economist who writes about how economic forces are affecting real people.

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THE HOME ECONOMIST: Supermarket psychology

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To help South Florida shoppers stock up for their Fourth of July barbecues, Publix supermarkets — and most likely grocers around the country — will prepare displays grouping together holiday favorites.

Some stores may cap aisles with marshmallows, chocolate and graham crackers so customers can buy S'more ingredients in seconds. While other locations could pair together chips and beer or ice cream and chocolate sauce. The different merchandising combinations will depend, says Publix media and community relations manager Kimberly Reynolds, on the sale items featured in weekly circulars.

“Our goal is to make shopping in our stores more convenient and enjoyable for our customers,” Reynolds says.

In addition to convenience, those combinations will have a subliminal effect that causes us to think products were perfectly paired together in the same way a sommelier selects a meal's wine or engineers code computer software, according to new research. In addition to our faith in displays, the research says we shoppers believe that our everyday brands design and test products — such as chips and salsa or toothpaste and toothbrushes — so they work best with the complimentary product of the same brand. Whether that's true — brand spokespeople swear it's fact while consumer experts laugh heartily — it's a bias that can in many cases cost us money this summer when throwing that big barbeque and stocking both the fridge and the bar.

“The more complimentary products a brand has the more you get hijacked by that brand to pay their prices,” says Ryan Rahinel, a researcher at the University of Minnesota who decided to study this effect after finding himself crossing the border to Canada so his over-the-counter skin therapy products were manufactured by the same company.

“This notion that things are tested together is over-generalized. We know it's true in some categories — such as with printers and ink. But the margarita mix probably isn't made anywhere near the tequila of the same brand.”

Rahinel and his team performed a series of experiments, first dividing subjects into four groups and serving each one a combination of chips and salsa from make-believe brands, Festivities and Party Time. While two groups ate one brand of chips dipped into another's salsa, the two groups that sampled both chips and salsa from the same brand reported much having higher levels of enjoyment. Even though all four groups were actually just served the exact same Tostitos chips and Tostitos salsa.

“We were able to create out of thin air that there is this idea that brand combination creates enjoyment,”

Rahinel says.

They also in the lab backed our supermarket's decision to display complimentary products using spreadable cheese and cracker snacks. By simply snipping the plastic and separating the two, they lowered their tasters' level of satisfaction.

Sounds unfounded, but beliefs are actually critical components to our enjoyment, says Joseph Redden, an assistant professor of marketing at University of Minnesota who coauthored the study.

"There's a top down process," Redden says. "You may like orange juice but if I gave you a glass, you'd enjoy it much less if I told you I spit in it first — even if that wasn't true. With the chips and the salsa, it's not a trick because if you consume brands together you will enjoy them more."

Tostitos, for its part, says its products actually are in fact designed to match. Frito-Lay spokesperson Chris Kuehenmeister points to its new Cantina line as proof. The thin and crispy tortilla chips are designed to pair with the brand's chipotle restaurant style salsa, while its thicker, traditional chip was baked especially for the brand's roasted garlic chunky salsa.

"I hope people enjoy them together," Kuehenmeister says. "We're trying to create the best flavor experience."

But the researchers say the experience involves actually knowing that brands match and when serving guests this summer — when most of us dump chips into the bowl, put buns and burgers on a platter and ice cream in dishes — it's lost entirely. What you likely have instead is a table topped with full-priced items — not a comparable store brand or sale selection — even if you stop at the supermarket's display. Stores know we buy more chips and beer when they're paired together, says Pat Fitzpatrick, president of Atlanta Retail Consulting.

"It increases sales because you don't forget them," Fitzpatrick says. "There's a lot of psychology to placement of items in the market."

That's why when considering displayed items, you should also check out the larger selection from the aisle, says Andrea Woroch, a consumer expert who contributes to couponsherpa.com. Because even if those hamburger buns are on sale it might not be the best sale. And don't forget to look not only at prices but also at price-per-unit, which is more telling, she says.

"There are so many tactics making a consumer think you need this product to go with that product," Woroch says. "You see it online also — when the site shows you 'people who bought this also bought..' But it's a marketing tactic and nothing more."

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