<div align="justify">Posted by Brad Tuttle Wednesday, December 15, 2010 at 9:13 am

When retailers roll out flash sales and deep discounts, the actual price of the freshly marked-down merchandise is only one factor enticing shoppers to buy. Rather than carefully considering whether the item is worth the newly discounted asking price, consumers are often prompted to buy during a short-lived sale because stumbling upon one makes them feel special and lucky�even fortunate to have been chosen to participate�and because of worries they'll feel left out if they miss out on the discount when the sale expires. It's amazing how psychology and retail strategies work: When you think about it, these two pressures aren't that different than the familiar scene at middle school recess�when everybody wants to be chosen in a game of kickball, and nobody wants to be left out.

</div><div align="justify" /> �</div><div align="justify">While the best sales seem to pop up randomly, big retailers plot them carefully to maximize the likelihood of shoppers feeling the urgency to pull the trigger and spend. A USA Today story explains that �

��� retailers are being much more "strategic and smart" about their deals, says specialty retail analyst Amy Noblin. She notes that Gap's "buy one, get one 60% off" promotion last weekend sounded more impressive than if it only cut the second item by 50% � as most stores do � or offered both items at just 30% off.

It's funny that the focus always seems to be drawn away from the actual price of the item. Instead, while in the act of spending, the shopper is constantly reminded of how much he's "saving."

It's been reported, for instance, that during the first half of 2010 shoppers "saved" a whopping $57 million by using coupons. My thought is: Wow, you have to spend a ton of dough to save that much.

When the focus is on what's being saved, the most important issue can be overlooked: Is the item worth the asking price? Often, because of what's known as an anchoring pricing strategy, goods are listed with inflated "original" prices or "compare to" prices strictly so that the inevitable discounts can seem all the more impressive. It's all part of retail strategy intended to prod consumers into making ill-considered, irrational purchases.

Today's WSJ rounds up several more retail techniques that mess with consumers' minds, including discount upon discount (20% off plus an additional 25% off!?) and the ever-present use of .99 at the end of prices. Apparently, retailers do this because shoppers have limited attention spans�every limited attention spans:

��� "People tend to be cognitive misers," says Jeff Galak, assistant professor of marketing at Carnegie Mellon University's Tepper School of Business. "You don't have time to process every single digit that comes your way. So you use the left digit of a price."

Retailers also like to mix up the way deals are presented so that even if two or three kinds of sales result in basically the same prices for goods�20% off versus $10 off a $50 purchase�it seems like something fresh and new and exciting is happening from the consumer's perspective. In fact, what's happening is what's always happening at stores: They're constantly plotting and tweaking and adjusting in the hopes that shoppers will buy, and that they'll buy more stuff and more often.

The WSJ piece ends with a harsh assessment of short-lived deals and discounts:

��� "Perhaps one of the most serious socially irresponsible things marketers do is discounts," says Robert Schindler, professor of marketing at Rutgers University-Camden's school of business. "Marketers are playing on our weakness, to our detriment."

The problem for many consumers is that they're not aware that they're weak, nor even that there's a game being played.

Source: http://money.blogs.time.com/2010/12/15/why-for-a-limited-time-only-makes-shoppers-spend-like-crazy/#ixzz18FmByE00</div>