



sellingnomics

MAY 2022 | ISSUE 01

CHARM PRICING EXPLAINED
1.5 MILLION STORES ANALYSED
CATEGORY ANALYSIS
COUNTRY ANALYSIS
HOW TO IMPLEMENT

CHARM PRICING

KONIGLE ANSWERS THE QUESTION, DOES CHARM PRICING WORK ?



0.99\$

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preface

Welcome to **Sellingnomics**, a publication by **Konigle** to help explain, evaluate using data, and demonstrate how to implement cost effective growth strategies (aka scaling techniques) for online stores.

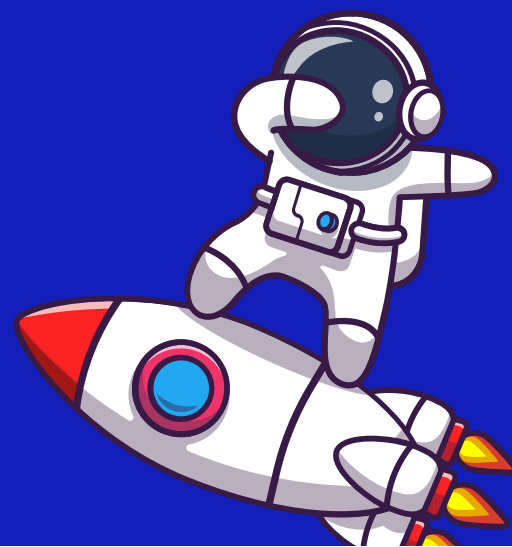
At **Konigle** our mission is to **make online selling profitable for every online seller**. We make seller tools to help online stores save time, cut costs and increase sales. We use data science extensively to automate most useful scaling tactics for online stores.

With every issue of Sellingnomics, we try to identify a selling technique that can help an online store grow cost effectively and use data and research to validate if the technique works.

This issue of Sellingnomics shares our analysis of over 1.5 million online stores across the world to evaluate the Charm Pricing Technique.

ABOUT THE STUDY

We analysed over 1.5 million stores across April of 2022. The stores spanned over 150 countries and 23 categories.



What is Charm Pricing ?

Research has shown a consumers' perceptions and evaluations are **disproportionately influenced by the left-most digit** of the product price.

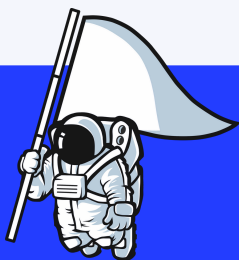
The left-digit effect and the magnitude of price has proven to have positive impact on purchase decisions for a very long time.

Studies have shown that consumers perceive just-below prices as being lower than they actually are. For the iPhone above, Apple prices it as \$999 and most shoppers psychologically round the price down to \$900 rather than rounding up to \$1000. Perceiving the iPhone to be almost 100 dollars cheaper !

Hence, these just-below prices (like .99, .95,.97) are believed to drive greater demand and work almost like a charm on buyers. Hence, the name **Charm Pricing**.



*Its not a coincidence that all products by **Apple** are priced ending in 9s or 5s*



WHO INVENTED CHARM PRICING ?

Charm Pricing is also called by other names such as the 99 pricing strategy, and is believed to have been first used by the Gold's when they started the 99 cents only stores in 1982.

Does it work ?

At Konigle we get asked a lot, does Charm Pricing work ? Over 76% of stores that use Konigle, use the Charm Pricing technique. We analyzed over 1.5 million online stores and found stores using some form of charm pricing technique end up **making 4% higher revenue** than those without.

Yes, there could be multiple reasons for these stores doing better, but we find **improved conversions** and **better brand recall** as two major outcomes of using charm pricing techniques.



Simon Miller - Orbit Top - Blue
\$215.00



UNISEX

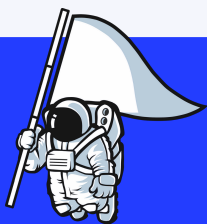
XS-3XL

EZY Jeans

\$S49.90

Sale

★★★★★ (64)

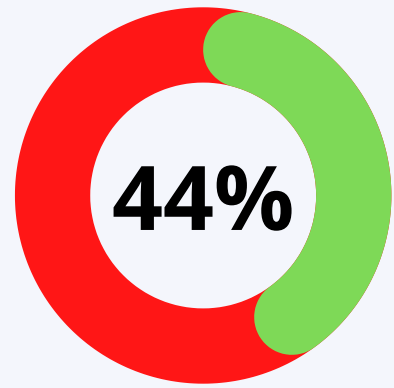


DIFFERENT ROUNDING TECHNIQUES

We have seen Charm Pricing evolve from 99 to 97, 95, 00. As you see below, we observe brands selling price-y items usually use 0 or 5 rounding, while those selling cheaper products usually use the 9s.

1.5 Million Stores

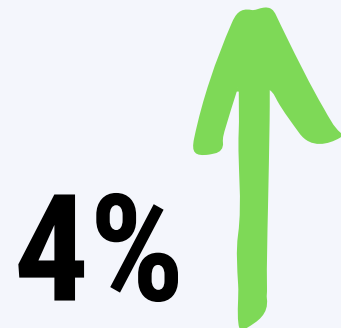
We analysed randomly selected **1.5 million online stores across the globe** to see if they were using a rounding technique for their prices. The different rounding techniques for which the stores were analysed were : **00, 95, 97, 99, 25, 45**



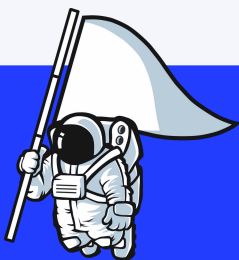
Approximately 44% of 1.5 million stores use some sort of rounding technique.

The stores were considered to be using the Charm pricing technique if **90% of products** were using one of the above mentioned rounding techniques. Approximately **44% of 1.5 million stores** were found to be using one of the above rounding techniques. It was also observed that **over 83% of the stores had only 25%** of their products rounded using one of the above techniques.

Stores meeting the 90% threshold were defined as tactic aware stores. While those not, were called tactic unaware stores for this analysis. Tactic aware stores were shown to have **4% higher revenue** on average than tactic unaware stores.



Stores that implement charm pricing on an average show 3% more revenue.



DOES CHARM PRICING WORK ?

Across 1.5 million stores we observed stores using charm pricing have 4% higher revenue on average.

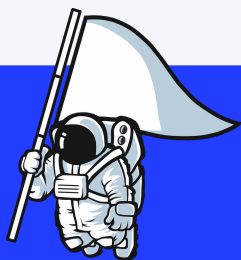
Charm pricing for your store category

Ok, charm pricing works but does it work equally for each store category ? We get this question a lot too. Here's what we found in our analysis.

We see various rounding methods being used by stores in each category. Here's a detailed breakdown on how stores in different categories are using various rounding techniques.

	0	0.5	0.95	0.99	5	9	0.25	0.45
Adult	25%	2%	14%	35%	12%	10%	0%	0%
Art And Entertainment	36%	3%	9%	22%	17%	10%	0%	0%
Automotive And Vehicles	31%	1%	10%	27%	14%	15%	0%	0%
Business And Industrial	32%	3%	10%	28%	17%	9%	0%	0%
Careers	38%	5%	7%	21%	17%	9%	0%	0%
Education	36%	2%	10%	24%	17%	8%	0%	0%
Family And Parenting	23%	2%	18%	34%	10%	10%	0%	0%
Finance	45%	2%	8%	17%	13%	13%	0%	0%
Food And Drink	29%	5%	12%	32%	12%	7%	0%	0%
Health And Fitness	27%	2%	14%	33%	13%	9%	0%	0%
Hobbies And Interests	33%	4%	12%	22%	20%	8%	0%	0%
Home And Garden	30%	2%	10%	27%	11%	17%	0%	0%
Law Govt And Politics	27%	2%	12%	31%	15%	10%	0%	0%
Pets	30%	2%	15%	31%	11%	8%	0%	0%
Real Estate	42%	3%	6%	16%	17%	13%	0%	0%
Religion And Spirituality	29%	1%	16%	26%	15%	10%	0%	0%
Science	33%	3%	12%	25%	13%	12%	0%	0%
Shopping	31%	3%	10%	28%	17%	9%	0%	0%
Society	36%	2%	10%	19%	16%	14%	0%	0%
Sports	26%	2%	12%	32%	12%	12%	0%	0%
Style And Fashion	28%	3%	10%	27%	19%	11%	0%	0%
Technology And Computing	25%	2%	13%	32%	10%	16%	0%	0%
Travel	31%	2%	11%	26%	15%	12%	0%	0%

The most common rounding technique for each category is highlighted in green in the above table.



ROUNDING TECHNIQUES

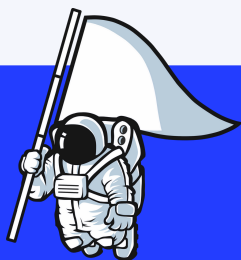
Most common rounding techniques we saw across most categories were rounding to 0 or 0.99

Charm pricing for your store category

Here's what we found in terms of revenue performance of stores by store category. Across all categories we observed a positive impact of charm pricing.

	Charm Pricing v/s not using Charm Pricing
Adult	+9%
Art And Entertainment	+7%
Automotive And Vehicles	+6%
Business And Industrial	+3%
Careers	+9%
Education	+9%
Family And Parenting	+8%
Finance	<0.5%
Food And Drink	+11%
Health And Fitness	+11%
Hobbies And Interests	+2%
Home And Garden	+10%
Law Govt And Politics	+7%
News	<0.5%
Pets	+9%
Real Estate	+26%
Religion And Spirituality	<0.5%
Science	+2%
Shopping	+5%
Society	<0.5%
Sports	<0.5%
Style And Fashion	+2%
Technology And Computing	+23%
Travel	+12%

Percentage increase in revenue with respect to non charm priced stores in the study.



DOES CHARM PRICING WORK ?

Across all categories we saw stores using charm pricing show relatively higher revenues except stores in Finance, News, Religion & Spirituality, Society and Sports goods.

Ranking Rounding Techniques by Impact

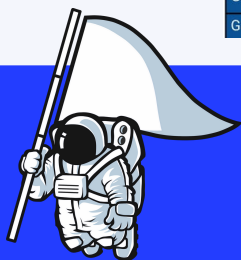
We also compared stores with at least 25k USD in monthly revenue and are using various rounding techniques to see which rounding technique statistically performs better.

Rank	Rounding Technique
1	0.95
2	9
3	0.99
4	0
5	5
6	0.25
7	0.45
8	0.5

Charm pricing for your store country

Here's what we found on how stores in different countries are using various rounding techniques.

	0	0.5	0.99	9	5	0.95
Afghanistan	100%	0%	0%	0%	0%	0%
Albania	71%	7%	7%	14%	0%	0%
Algeria	44%	0%	33%	0%	22%	0%
Andorra	25%	25%	25%	0%	0%	25%
Angola	100%	0%	0%	0%	0%	0%
Argentina	40%	4%	13%	19%	10%	12%
Armenia	100%	0%	0%	0%	0%	0%
Aruba	0%	50%	50%	0%	0%	0%
Australia	26%	2%	12%	17%	12%	27%
Austria	24%	5%	25%	23%	5%	15%
Azerbaijan	50%	0%	0%	0%	50%	0%
Bahamas	50%	0%	0%	50%	0%	0%
Bahrain	100%	0%	0%	0%	0%	0%
Bangladesh	68%	0%	13%	9%	9%	0%
Belgium	22%	8%	15%	11%	18%	22%
Belize	0%	100%	0%	0%	0%	0%
Bermuda	20%	0%	13%	0%	53%	13%
Bolivia (Plurinational State of)	80%	0%	20%	0%	0%	0%
Botswana	66%	0%	0%	0%	0%	33%
Brazil	19%	0%	19%	48%	12%	0%
Bulgaria	25%	6%	25%	29%	6%	6%
Burundi	100%	0%	0%	0%	0%	0%
Cambodia	66%	0%	33%	0%	0%	0%
Canada	25%	2%	37%	9%	14%	11%
Chile	99%	0%	0%	0%	0%	0%
China	19%	1%	60%	11%	3%	3%
Colombia	94%	0%	0%	4%	0%	2%
Costa Rica	83%	0%	0%	5%	11%	0%
Croatia	39%	0%	16%	33%	8%	1%
Cyprus	62%	0%	12%	12%	0%	12%
Czech Republic	51%	0%	3%	36%	2%	3%
Denmark	32%	0%	2%	46%	11%	6%
Dominican Republic	50%	0%	50%	0%	0%	0%
EL	0%	0%	0%	0%	100%	0%
Ecuador	60%	0%	0%	0%	20%	20%
Egypt	62%	0%	10%	0%	27%	0%
El Salvador	50%	0%	50%	0%	0%	0%
Estonia	38%	5%	5%	19%	8%	22%
Faroe Islands	75%	0%	0%	25%	0%	0%
Fiji	0%	0%	0%	50%	0%	50%
Finland	36%	4%	6%	29%	13%	9%
France	32%	3%	22%	18%	17%	5%
French Guiana	100%	0%	0%	0%	0%	0%
Gabon	100%	0%	0%	0%	0%	0%
Gambia	100%	0%	0%	0%	0%	0%



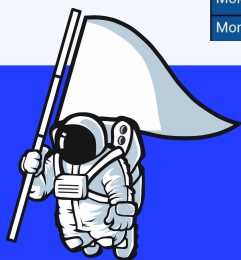
IS CHARM PRICING EASY TO IMPLEMENT ?

Across 1.5 million stores we found over 83% of stores implementing inconsistent charm pricing, which hints at it being cumbersome to implement.

Charm pricing for your store country

Here's what we found on how stores in different countries are using various rounding techniques.

	0	0.5	0.99	9	5	0.95
Georgia	33%	0%	0%	33%	33%	0%
Germany	13%	3%	31%	18%	6%	25%
Ghana	81%	0%	9%	0%	9%	0%
Gibraltar	0%	0%	0%	100%	0%	0%
Greece	31%	4%	15%	18%	23%	5%
Greenland	75%	0%	0%	0%	25%	0%
Guadeloupe	25%	8%	25%	16%	25%	0%
Guam	42%	0%	14%	14%	28%	0%
Guatemala	66%	0%	0%	5%	22%	5%
Guyana	100%	0%	0%	0%	0%	0%
Honduras	100%	0%	0%	0%	0%	0%
Hong Kong	48%	1%	24%	14%	5%	6%
Hungary	84%	0%	3%	5%	3%	1%
Iceland	94%	0%	1%	2%	2%	0%
India	41%	0%	2%	50%	4%	0%
Indonesia	92%	0%	1%	1%	2%	0%
Iraq	100%	0%	0%	0%	0%	0%
Ireland	27%	5%	19%	10%	16%	20%
Israel	58%	4%	12%	17%	4%	2%
Italy	36%	4%	17%	23%	15%	3%
Jamaica	75%	25%	0%	0%	0%	0%
Japan	96%	0%	0%	1%	1%	0%
Jersey	0%	0%	0%	100%	0%	0%
Jordan	80%	0%	0%	0%	0%	20%
Kazakhstan	100%	0%	0%	0%	0%	0%
Kenya	90%	0%	0%	9%	0%	0%
South Korea	61%	2%	17%	7%	9%	2%
Kuwait	57%	14%	0%	14%	14%	0%
Latvia	36%	6%	16%	12%	19%	7%
Lebanon	73%	0%	4%	0%	17%	4%
Libya	0%	0%	0%	0%	100%	0%
Liechtenstein	14%	0%	0%	71%	0%	14%
Lithuania	29%	3%	34%	19%	7%	5%
Luxembourg	33%	11%	25%	11%	11%	7%
Macedonia	83%	0%	0%	16%	0%	0%
Malawi	0%	0%	0%	0%	100%	0%
Malaysia	42%	2%	5%	40%	8%	0%
Maldives	100%	0%	0%	0%	0%	0%
Malta	35%	0%	15%	25%	10%	15%
Martinique	50%	0%	12%	12%	25%	0%
Mauritius	50%	0%	25%	12%	12%	0%
Mexico	59%	0%	2%	30%	6%	0%
Micronesia	0%	0%	0%	0%	100%	0%
Moldova	100%	0%	0%	0%	0%	0%
Monaco	37%	0%	12%	25%	25%	0%



IS CHARM PRICING EASY TO IMPLEMENT ?

Across 1.5 million stores we found over 83% of stores implementing inconsistent charm pricing, which hints at it being cumbersome to implement.

Charm pricing for your store country

Here's what we found on how stores in different countries are using various rounding techniques.

	0	0.5	0.99	9	5	0.95
Mongolia	100%	0%	0%	0%	0%	0%
Morocco	35%	0%	35%	14%	14%	0%
Mozambique	100%	0%	0%	0%	0%	0%
Myanmar	100%	0%	0%	0%	0%	0%
Nepal	60%	0%	0%	40%	0%	0%
Netherlands	11%	5%	16%	12%	8%	45%
New Caledonia	50%	0%	0%	50%	0%	0%
New Zealand	30%	3%	20%	21%	14%	9%
Nicaragua	100%	0%	0%	0%	0%	0%
Nigeria	90%	0%	0%	0%	9%	0%
Northern Mariana Islands	0%	0%	50%	0%	50%	0%
Norway	35%	0%	1%	52%	6%	2%
Pakistan	67%	0%	0%	26%	4%	0%
Panama	53%	0%	20%	6%	13%	6%
Paraguay	80%	0%	0%	0%	0%	20%
Peru	42%	0%	14%	42%	0%	0%
Philippines	62%	0%	9%	14%	7%	5%
Poland	29%	0%	17%	46%	4%	2%
Portugal	36%	7%	18%	11%	15%	9%
Puerto Rico	18%	2%	38%	5%	24%	10%
Qatar	70%	0%	0%	12%	16%	0%
Romania	36%	0%	11%	35%	12%	1%
Russian Federation	59%	2%	14%	14%	5%	3%
Rwanda	0%	0%	50%	50%	0%	0%
Réunion	15%	5%	15%	35%	20%	10%
Samoa	100%	0%	0%	0%	0%	0%
San Marino	0%	0%	0%	100%	0%	0%
Saudi Arabia	66%	0%	8%	16%	0%	8%
Senegal	100%	0%	0%	0%	0%	0%
Serbia	62%	4%	4%	16%	4%	8%
Singapore	47%	3%	12%	20%	10%	6%
Slovakia	41%	1%	13%	23%	13%	6%
Slovenia	37%	3%	25%	18%	6%	9%
South Africa	54%	0%	3%	27%	10%	3%
Spain	25%	4%	20%	13%	16%	18%
Sri Lanka	85%	3%	7%	0%	3%	0%
Sudan	100%	0%	0%	0%	0%	0%
Suriname	100%	0%	0%	0%	0%	0%
Sweden	26%	0%	5%	50%	13%	2%
Switzerland	32%	5%	10%	27%	13%	10%
Taiwan	70%	6%	6%	12%	0%	3%
Tanzania	100%	0%	0%	0%	0%	0%
Thailand	72%	0%	7%	14%	3%	1%
Tunisia	50%	0%	25%	25%	0%	0%
Turkey	56%	1%	6%	22%	11%	0%

Charm pricing for your store country

Here's what we found on how stores in different countries are using various rounding techniques.

	0	0.5	0.99	9	5	0.95
Turks and Caicos Islands	0%	0%	0%	0%	100%	0%
UK	0%	0%	0%	0%	100%	0%
Uganda	100%	0%	0%	0%	0%	0%
Ukraine	55%	0%	17%	13%	13%	0%
United Arab Emirates	51%	0%	3%	27%	15%	1%
United Kingdom	22%	5%	38%	7%	14%	11%
United States of America	24%	2%	35%	7%	15%	13%
Uruguay	63%	0%	15%	10%	5%	5%
Vanuatu	100%	0%	0%	0%	0%	0%
Venezuela	62%	0%	12%	0%	12%	12%
Viet Nam	86%	1%	8%	1%	2%	0%
Virgin Islands (U.S.)	35%	0%	11%	11%	35%	5%
Zambia	100%	0%	0%	0%	0%	0%
Zimbabwe	100%	0%	0%	0%	0%	0%
Åland Islands	100%	0%	0%	0%	0%	0%

Implementation Challenges

Interacting with hundred's of online stores and analysing over 1.5 million stores we found that over 83% stores have just 25% of products charm priced. Talking to hundreds of store operators we found the following challenges stores face in implementing charm pricing consistently.

Time consuming

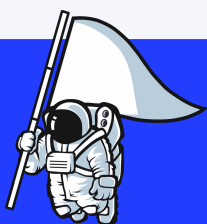
Manually repricing hundred's of thousand's of products and rounding them is time consuming and highly cumbersome.

Error prone

Rounding prices manually is mathematical gymnastics for most people and is very error prone. Who wants to think how to round \$16.92 while repricing thousands of products.

Promotions pricing

Even if a store spends hours to round off products to implement charm pricing as soon as we want to run a promotion and our prices change, the prices go haywire and aren't charm priced anymore.



CHALLENGES TO IMPLEMENT CHARM PRICING

Making sure prices are always rounded to be charm priced, is a challenge as it is very time consuming, error prone and usually when you're running a promotion, the rounding gets lost too.

Is it worth the hassle ?

After analysing over 1.5 million stores, we can safely say that having products charm priced **does have a positive impact on revenue**. We believe having prices well round off, is worth it.

Yes, there could be multiple reasons for these stores doing better, but we find **improved conversions** and **better brand recall** as two major outcomes of using charm pricing techniques, all of which leads to improved margins.

But surely it need not be cumbersome and a big hassle to maintain rounding techniques on an online store. To make it ridiculously easy to use the charm pricing technique, you can find the Charm Pricing seller tool inside Konigle that can help you implement the rounding technique of your choice, in under 3 minutes.

The screenshot shows the Shopify homepage. At the top is a dark green navigation bar with the Shopify logo and links for 'Start', 'Sell', 'Market', and 'Manage'. On the right, there are links for 'Pricing', 'Learn', 'Log in', and a 'Start free trial' button. The main content area is white and features the heading 'Set up your store, pick a plan later' with the subtext 'Try Shopify free for 14 days, no credit card required'. Below this is a 'Start your free trial' button. Three pricing plans are displayed in white boxes with green accents:

Basic	Shopify	Advanced
Best for new ecommerce businesses with occasional in-person sales	Best for growing businesses selling online or in-store	Best for scaling businesses that require advanced reporting
\$29 USD /mo	\$79 USD /mo	\$299 USD /mo

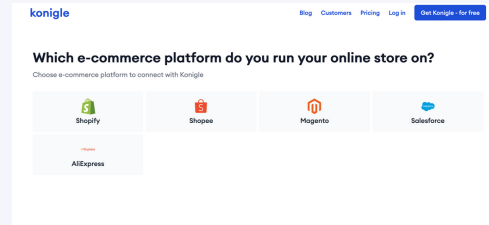
At the bottom of the plans section is a link that says '— Hide plan features'.

Even Shopify does it.

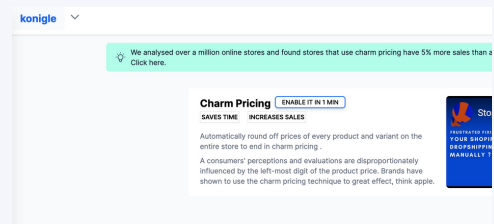
Charm Pricing using Konigle

Here's a no-brainer guide to implementing charm pricing on your store in under 3 minutes.

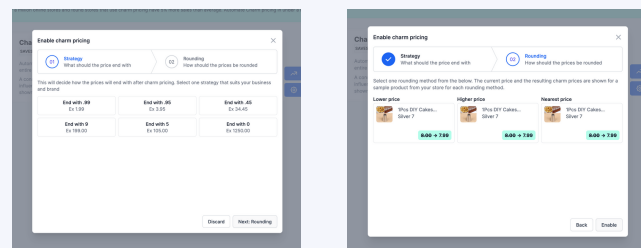
Step 1 : Connect your online store with Konigle.



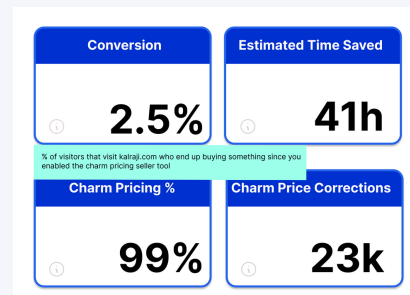
Step 2: Enable the charm pricing seller tool.



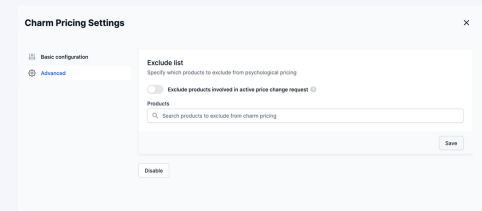
Step 3: Chose your rounding technique.



Step 4: Keep an eye on conversion rate, and other useful metrics.



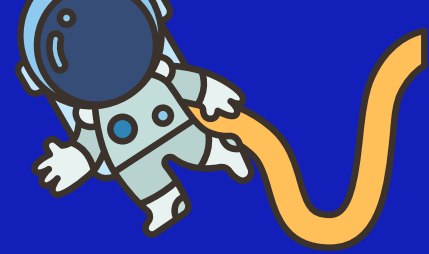
Step 5: Exclude products, exclude active reprice events & use the bulk price editor for custom needs.



WHERE TO SIGN UP ?

You can sign up at <https://konigle.com/signup>, to enable the seller tool on your store.

takeaways



1. HIGHER REVENUE

Stores using charm pricing have 4% more revenue on average.

2. IMPROVED CONVERSIONS

Charm pricing has shown improved conversions for stores.

3. BETTER BRAND RECALL

Simplified pricing leads to easier brand recall. Think 1\$ stores, Apple iTune songs

4. CUMBERSOME TO IMPLEMENT

Stores find it cumbersome to implement charm pricing across all their products.

5. AUTOMATE USING KONIGLE

Charm Pricing can be automated using Konigle in under 3 minutes.

sellingnomics

Sellingnomics, a publication by **Konigle** to help explain and evaluate cost effective growth strategies aka scaling tactics for online stores using research and data science.

At **Konigle** our mission is to **make online selling profitable for every online seller**. We use data to identify and validate scaling tactics for online selling and then automate validated tactics to help any online store implement these tactics with a click of a button.

konigle.com/sellingnomics

konigle.com/signup

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