


# Why product bundling works: connecting psychology with sales



**Allan O'Donnell**  
April 3, 2024

Whether it's a McDonald's Happy Meal, a rehydrating skincare kit, or a non-stick frying pan with (not one but two) free sets of steak knives for callers in the next 15 minutes, product bundles seem to be everywhere. Even though the classic infomercials may warrant an eye roll, there's a reason why the ad from (possibly) 1994 still runs: because it works.

To understand why product bundling is such a successful strategy for all types of retailers—both in-store and online—it's important to look at three significant factors of the product bundling framework. In this article, we'll take a look behind the bundle to understand the psychology of choice overload, the pain of paying, and price anchoring.

## When it comes to choices—less is more

**Mashed** reports that the iconic ice cream brand Ben & Jerry's has 98 flavors. Even the Australian Gelato Messina chain boasts 40 flavors. Does this abundance of choices help consumers, though? How often do you see someone at an ice creamery or gelateria pacing up and down the counter, agonizing over their choice of flavors? They're likely suffering from "choice overload."

A [study](#) published in Nature Human Behaviour details an experiment to understand choice overload. Researchers gave volunteers a selection of pictures of scenic landscapes they could have printed on a souvenir like a coffee mug. They were shown either 6, 12, or 24 pictures in total. Researchers asked participants to choose their preferred pictures while lying in an MRI machine that allowed researchers to measure their brain activity.

Results of the experiment revealed activity in two regions of the brain while participants were making their decisions—the anterior cingulate cortex, where you weigh up costs and benefits, and the striatum, where you determine value. Brain activity was highest when subjects had 12 options rather than 6 or 24. What does this mean? We like to have choices. However, too many choices can cause mental strain and a state of "choice overload" that can actually impact our decision-making abilities.

## How product bundling reduces choice overload

Shoppers browsing your ecommerce store will likely assess several choices of individual, similar, and complimentary products. In short, they have a lot of choices to make. Many online retailers use [intelligent on-site search](#) functionality to show only the products buyers want (based on their observed behaviors) and [advanced filters](#) (AKA faceted search) to streamline decision-making.

Product bundling is one more way to help shoppers overcome the feeling of choice overload and simplify their decision-making process. Instead of looking at each product individually and assessing all similar items, shoppers only need to evaluate if the bundle as a whole meets their needs and delivers value.

Think about the popularity of "value meals" at fast food restaurants. A menu with dozens of items can be a lot to process in a short time. And remember, it's called fast food for a reason. Restaurants create bundles of items commonly purchased together, like a burger, fries, and a drink, to reduce choice overload, enable faster decisions, and keep customers getting to the checkout and enjoying their meals quickly.

## Excessive pricing can hurt more than your wallet

Scientific research provides key insights into how pain avoidance impacts shoppers' purchase decisions. In a [study](#) co-authored by scientists at Carnegie Mellon University, Stanford University, and the MIT Sloan School of Management, researchers used functional magnetic resonance imaging (fMRI) to determine which parts of the brain are active when people consider whether to purchase a product. They used the results of this research to reliably predict if those test subjects would choose to buy the products in the study.

Researchers gave volunteers \$20 to spend on products that would be shipped to them. If they made no purchases, they could keep the money. Products and prices appeared on a screen while the participants were lying in an fMRI scanner. When a product was shown to a participant, the researchers recorded activity in the nucleus accumbens that is associated with the anticipation of pleasure. However, when presented with excessive prices, a brain region known as the insula was activated—a region that plays an important role in the experience of pain.

## Reducing the pain of paying with product bundling

The [pain of paying](#), coined in 1996 by Ofer Zellermyer, is the emotionally negative reaction we feel when making a purchase. This discomfort happens because, as humans, we are loss-averse. We want to avoid losses wherever possible. It may sound counter-intuitive, but this notion particularly applies when making purchases, that is, the loss of funds in exchange for goods or services.

Fortunately, retailers using product bundling can help shoppers reduce this pain of paying. Consider this scenario: if you were to book a nice hotel for \$500 per night but then had to pay \$15 for WiFi, \$10 for pool access, and \$25 for a buffet breakfast option, this might make you squirm. However, \$550 a night, including WiFi, pool access, and a buffet breakfast, sounds like a much better deal—even though it's the same price. Why? Because instead of forking out four lots of funds for a trip, we're only making one purchase. Additionally, the inclusion of these "free" items can reinforce the feeling that we're getting a good deal on the purchase.

What additional products could you include in bundles to increase the perceived value of the total package? Think about how you can apply this same strategy to bundled offers that will reduce your shoppers' pain of paying and remind them they're securing a good deal.

## What are price anchors?

As we've seen in this article, buying pain occurs when a product price appears too steep. How do we, as consumers, make the differentiation between a fair price or an unreasonable price? It all comes down to [price anchoring](#).

When we're presented with pricing, we quickly make a judgment about it using something called "anchoring". Our brains typically store and anchor prices for different products, for example, a \$5 cup of coffee or \$3.50 carton of milk. If we see another brand of milk sold at a store for \$7 a carton, we instantly know it's expensive. We also use these predefined anchors to evaluate the value of other items. Importantly, these anchors affect our perceptions of value when evaluating multiple items together.

## Set your anchor down in the right spot

When used correctly, price anchoring can be an effective tool in setting product bundle prices. Buying pain increases when a product price seems excessive. However, how we come to that conclusion of what's excessive is heavily reliant on anchoring.

Product bundles that set individual price anchors down at the right places can make the bundle price seem like a much better deal. For example, a \$250 bundle including a coat worth \$200, jeans \$100, and a t-shirt \$50, can lead us to believe there is a significant discount in place. Additionally, setting the first item in the bundle at a high price gives the impression that a \$50 t-shirt is quite reasonable. However, judge those items individually and we may be far more critical of whether that t-shirt is really worth \$50.

Retailers can optimize their product bundle pricing strategy and value perception of individual items by placing their anchor in just the right place. Consider how valuable the bundle seems in relation to the individual products when deciding on the most appealing anchor price for customers.

## The bundling solution that savvy ecommerce retailers are tapping into

Product bundling can take time and a lot of thought to set up. However, new technology is helping merchandisers do more with much less effort.

How can an AI-powered product-bundling platform enable your brand to offer more relevant product bundles to customers—quickly and efficiently?

There's a product bundling tool that can suggest frequently bought-together products, tailored to the individual shopper's interests. It can also bundle complementary products to reduce the chance of choice overload and increase the appeal of bundled items.

[Predictive Product Bundling](#) from Searchspring offers five core ways to save merchandisers a heap of time and help shoppers get to the checkout faster:

- Product bundling recommendations
- Product recommendations
- Dynamic recommendations
- Product collections
- Google shopping bundling

Get in touch with the ecommerce experts at Searchspring to learn more about this AI-powered product bundling solution. In a quick, no-obligation chat, you'll learn how it can help your store save time and sell more—without needing to throw in a free set of steak knives.

### Share on social



## Related Resources

Article

### The Secret Sauce for Boosting Ecommerce Conversions: Key Insights from Searchspring's Conversion Clinic

Ecommerce is rapidly evolving, and businesses need cutting-edge tools and strategies to stay competitive. In our recent Conversion Clinic, industry leaders from Searchspring...

Keep reading

Article

### The Silent Killer of Ecommerce Sales: Search Abandonment

In the ecommerce world, cart abandonment has long been recognized as a critical problem, with countless strategies aimed at reducing those abandoned carts...

Keep reading

Article

### Generative Discovery Terms to Know: Defining How to Combat Search Abandonment in Ecommerce

In the evolving landscape of ecommerce, understanding the key concepts behind Generative Discovery and tackling search abandonment is essential for creating seamless shopping...

Keep reading

## Find Which Searchspring Product is Right for You

Get The Demo



Leading sites choose Searchspring to deliver the ultimate shopper experience

Get the demo

### Products

- Site Search
- Merchandising
- Personalization
- Predictive Product Bundling
- Reporting and Insights
- Pricing

### Partners

- Partner Program
- Partner Directory
- Ecommerce Platforms
- Partner Login

### Resources

- Customer Stories
- Blog
- Webinars
- Ebooks
- All Topics
- All Industries

### Company

- About
- Careers
- Contact
- News
- Login

