

Containing big soda: Countering inducements to buy large size sugary drinks

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BACKGROUND

- Sugary soft drinks include very limited, if any, measure of nutritional value.
- Pricing strategies undertaken by vendors result in excessive volumes of these refreshments being consumed with large quantities appearing to be bargains and smaller ones seeming overpriced in comparison, therefore enticing the consumer to purchase greater amounts.

METHODOLOGY

- The model examines how the vendor uses a variety of sizes with the sole purpose of attracting numerous consumer segments. The model then considers how policy actions may cause the vendor to revise their sizing decisions, consequently shifting consumer's choices.
- The vendor's preferential sales approach is derived through considering the range of possible sizing strategies undertaken by vendors.
- Explanation regarding the social inefficiency of value pricing relating to each one of the optimal selling options.

KEY FINDINGS

- The optimal selling strategy depends on whether or not the willingness to pay of the Value-Conscious for a large size is larger or smaller than that of the Health-Conscious.
- Policy actions that principally affect the consumption of the over-sized sugary drinks are further justified on economic welfare grounds.

POLICY ISSUES

- Outlined is the detrimental effect to economic welfare in addition to the clear health concerns that arise because of this.

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