JED: Hey Bridget, check out my new invention: it’s a piggy bank that tells stories!

BRIDGET: Ooh, how does it work?

JED: Well, every penny that you put in gives you the next word in a story. Watch.

(SFX - COIN CLINK)

TINNY VOICE: Once…

(SFX - COIN CLINK)

TINNY VOICE: upon...

(SFX - COIN CLINK)

TINNY VOICE: a...

(SFX - COIN CLINK)

TINNY VOICE: time...

(SFX - COIN CLINK)

TINNY VOICE: unicorns...

JED: Ah nuts, I’m out of coins.

BRIDGET: That’s cool, but it’s kind of a lot of work to get a story. Why’d you think this was a good idea?

JED: Well, you know when you spend a dollar on something that costs 99 cents? I was just trying to figure out a good use for all the pennies people get back.

BRIDGET: That’s clever. How much do you have in there? Remember, you owe some money.

JED: Huh, so I’ll need to open it… Where’s my football helmet?

(SFX - ZIPPING AND CLICKING OF FOOTBALL HELMET)

BRIDGET: Whoa, why are you putting on all that protective gear?

JED: The other thing I did with this bank was make it really hard to open up.

TINNY VOICE: Halt intruder!

(SFX - TARGETING BEEPS, PNEUMATIC & METAL LEGS AND WHIRRING SAWBLADES)

TINNY VOICE MORPHING TO MEAN VOICE: Welcome back, Jed. Shall I remind you of what happened last time you tried to get money out?

JED: Storytime’s over, Piggytron. Let’s do this!!!

(BACKGROUND SFX - JED WAGES EPIC BATTLE AGAINST THE PIGGY BANK)

BRIDGET: Wow, that thing is mean! Forget it, Jed! It’s not worth it!

**---Theme Music---**

**Intro - JED**

JED: It’s Million Bazillion. I’m Jed.

PICKUP BRIDGET: I’m Bridget, and we’re here to help dollars make more sense. Today’s episode is a real good one...and it’s also the last in our season! So a quick reminder...you can get on our email list at Marketplace dot org/ BONUS. We’ve got a newsletter, and you’ll be the first to know what’s next for Million Bazillion. Okay, I think it’s time we get back to the show, right?

JED: Yup, and we’ve got a doozy of a question to answer. Here it is.

ELI: *“Hi my name is Eli, I’m from Philadelphia, Pennsylvania. I want to know why some prices are 99 cents instead of one dollar. Because why would they give you one cent for change?”*

JED: This is such a great question, because it’s one of those things that I totally just took for granted. Yeah, tons of prices end in 99 cents. Don’t even bat an eyelash at it -- despite the fact that it’s totally weird!

BRIDGET: Totally weird. But it turns out there’s a very interesting reason it exists. It all has to do with the way our brains work when we’re shopping. We’ll explain more about that after this.

**--ARK--**

**And now it’s time for asking random kids not so random questions. Today’s question is:**

**If you could invent a product that would make being a kid easier, what would it be?**

**This has been asking Random Kids Not So Random Questions.**

**----**

BRIDGET: We’re answering Eli’s question about why so many prices end in 99-cents, today.We looked into it, and we’ve got some great answers coming up for you.

JED: One thing we couldn’t figure out, though, is how 99-cent pricing began. A lot of times, when something started a long time ago, we don’t have historical records that say, “This is how it began.” There are a lot of theories out there, some of which are pretty fun.

(SPOOKY UNSOLVED-MYSTERIES-TYPE MUSIC BEGINS)

VOICE 1: Tonight, the mystifying origin of the 99-cent price tag. Its use is widespread throughout America, but how did it begin? Here are two actual ideas that people have come up with to explain it.

VOICE 2: Number one.

VOICE 1: It’s 1875, and the Chicago Daily News begins printing newspapers. The price? One cent. But most people aren’t carrying pennies in their pockets, so the paper’s owner convinces local stores to drop their prices by one cent. That leaves shoppers with the penny they need to buy a newspaper. And that’s how 99-cent prices began. Or was it?

VOICE 2: Number two.

VOICE 1: It’s more than a hundred ago, and shopkeepers have a problem: their sneaky clerks are pocketing dollar bills instead of putting them in the cash drawer. So the store owners come up with an idea: Stop using flat dollar amounts for prices. That means customers will always get some coins back. Then, all the store owners have to do is sit back and listen for the clink of coins hitting the cash drawer. That sound tells them the money is going where it's supposed to.

(SFX - COINS CLINKING INTO A DRAWER)

VOICE 1: We've offered you two **theories.** Was it one of these ideas that led to the prices we know today? Was it something completely different? You be the judge.

(MUSIC ENDS)

JED: We may never know what actually began the 99-cent price thing, but one thing’s for sure: it’s not going anywhere. And that’s because it’s a super effective trick that’s used to get us to buy things.

BRIDGET: It has to do with what’s known as consumer behavior. That means the way shoppers or “consumers” behave when shopping. So, how they decide what they’re going to buy. We spoke with an expert in it.

THOMAS 1: My name is Manoj Thomas. I'm a professor at Cornell University. And I study consumer behavior. I study the kinds of things people buy, I study why they buy it, and what makes them buy it? (:17)

BRIDGET: Manoj says that changing the price of something from, say, $2 dollars to $1.99, makes us think the price is cheaper, not just by a cent... but a lot more.

THOMAS 2:So as you all know, when we read things, we read things from left to right. And when we are reading prices, also we start reading prices from left to right. And our brains are really, really smart. So as we read from left to right, we start making judgments even before we complete reading. I see $1.99, even before I finish reading the 99 cents and make sense of how big or small The price is, my judgment is anchored on the dollar value. And I feel Oh, it's about $1, something more than $1. (:46)

BRIDGET: That first digit is really important. That’s why you always see $19.99 instead of $20 or $99.99 instead of $100. You see the number ONE first, and you’ve already decided it’s cheaper than it actually is.

JED: This trick works really well on our brains, which is kind of weird, because right now, you’re just sitting there, you’re probably thinking, “Nineteen-ninety-nine is not that different from 20 dollars.” Manoj says a lot of people think they’re too smart to be fooled by this.

THOMAS 3: Oh, this affects only people who do not know math, I am very good at math. I don't fall prey to this. And from all the data that we have seen, that is not true. In fact, I would even go as far as to venture that. Peopl me who are very good at math, because their brain kind of works too fast, they're probably more susceptible to this… (:22)

BRIDGET: Basically, when you’re really good with numbers, your brain processes them really quickly. So you skim and skip ahead, and that’s where this tricks you. Can you imagine? Being more easily fooled because you’re better at math?!

JED: Now, some of you may be thinking, but what about the penny that stores miss out on by pricing things like this? Aren’t they potentially losing money? Manoj says it’s a minor sacrifice they make to get a whole lot more. Like, if there’s a store that’s selling a notebook for two dollars but decides to charge a dollar-ninety-nine instead...

THOMAS 4: It's losing out one cent on the notebook, right? But if the dollar 99 appears much smaller than $2, and it appears like a big de al, then more people are buying likely to buy the notebook. And they will buy more notebooks. So overall, the money that they make will be much more than the money they're going to lose by pricing it a cent lower. (:22)

PICKUP JED: Eli, you asked why so many prices end in 99 cents. The answer is, it has to do with what stores know about the way our brains work when we’re shopping. That’s something they study, because they want to make the most money possible. Coming up, we’re going to tell you the story of someone who tried to make shopping much clearer and simpler...only to have it backfire.

**---Midroll---**

JED: And we’re back! Because there’s more to Eli’s question than a simple answer about our brains reading left to right! We’ve already told you about the prices-ending-in-99-cents thing… Now, let’s talk about another really effective tactic: sales.

BRIDGET: See, our brains just LOVE a good discount...so much that they can get a little silly about them. Jed, how do you feel when you see a sale?

JED: Oh man. My brain gets so excited. And then I stop thinking clearly. I just want to buy things, because I feel like I’m getting a great deal. And then I spend a whole bunch of money.

BRIDGET: I know that feeling! Here’s what’s happening...The truth is, we shoppers tend to have a hard time understanding why things cost what they do. Say, for example, you’re looking at a shirt in a department store. And the price tag says…$12.

$12 SHIRT: And what a nice shirt I am! 12 bucks? I’m a steal!

JED: Okay, yeah, seems about right.

BRIDGET: Okay...now picture another shirt...but this one is $45.

$45 SHIRT: Uh, yeah. And worth every penny. I’m a shirt who knows my worth.!

BRIDGET Can you really tell me why one is worth $45 and why one is worth $12?

JED: Maybe it’s better quality? Like, maybe the pricier one is made of like, fancy cotton? Or it’s guaranteed not to shrink in the wash?

BRIDGET: It could be, but it’s probably hard to really know just by looking at the shirt on the rack. But what happens is, our brains will sometimes assume that the one with the higher price tag must be a nicer shirt. Because they must be charging us more for something, right? Now, what if the $45 dollar shirt is on sale for $20 dollars?

JED: More than half off? Oh, that’s a great deal. Maybe I should get two…

$45 SHIRT: Why not get three of me? One in every color!

BRIDGET: But you could also buy the $12 shirt! It looks like a perfectly good shirt!

$12 SHIRT: Well thank you! I am perfectly good.

PICKUP BRIDGET: And it still costs less than one on sale for $20.

PICKUP JED: Yeah, but if I buy the more expensive shirt on sale, I’m getting a high quality shirt AND I’m not paying $45 dollars for it. [DELIVER MORE OVER THE TOP]

$45 SHIRT: Oh yeah, you’re actually SAVING $25! It’s almost criminal to sell me so low.

BRIDGET: Well that’s your brain on discounts. Because that’s just another way of saying...I’m SPENDING $20 instead of $12.

JED: [Reaction sound/or says something]

$45 SHIRT: [TONE IS SOMEONE CAUGHT IN A LIE, BACK PEDDLING]: Well, I mean (awkward laugh).

BRIDGET: And here’s another thing. There’s a chance the store always knew it wasn’t going to sell you that shirt at $45. They were always going to try to sell it to you for $20, but when you see the original price is $45, you get really excited to buy it for the “lower” price. And you’re not thinking about whether the now $20 shirt is actually worth the extra 8 bucks you’re paying because you didn’t buy the $12 shirt.

PICKUP JED: Ugh. They got me. We should make sales illegal.

PICKUP BRIDGET: Uhhh, well, about that. Actually, there REALLY was a store....that once tried to get rid of sales. I won’t name names but...they were like:

HUCKSTER VOICE: Hit the road, SALES! From this day onward, we’re gonna start off pricing everything at its ACTUAL, low low price! Our customers don’t need sales stickers. [SAID WITH DISGUST] They’ll just know we’re giving them quality merchandise at a decent cost! No more horsefeather discounts! No more tricks! I reckon we’ll become the most popular store of all time!

JED: And...is that what happened?

BRIDGET: Nope.

HUCKSTER VOICE: By jiminy, where is everybody? My stores are empty!

BRIDGET: Customers kinda stopped buying from them. Turns out, we want to see that sale price, next to the higher original price we \*don’t have to pay. That’s how we KNOW we’re getting a good deal for our money. The whole plan flopped and....the store had to bring sales back.

JED: Wow, I guess we kinda like to be tricked then. But maybe this all makes sense. We spend a lot of time thinking about how to be smart with our money. It makes sense that our brains are always looking for ways to do that.It’s a tough world out there for a guy who just wants to spend his money wisely and is OK owning 13 jump ropes he bought on sale.

**--INTERSTITIAL--**

JED: I feel so much smarter about how stores set their prices and how my brain responds. I’m going to be such a great shopper now! Think of all the money I’ll save!

BRIDGET: You want to try out your new powers? Let’s go to a store and watch you resist buying as much as you can!

JED: Well, I guess I’ve got a free hour. Oh, here’s a grocery store. Let’s try this place.

QUIRKY LADY: NOT SO FAST!

BRIDGET & JED: Ahh, who are you? Where did this lady come from??

QUIRKY LADY: I’ve been watching you both! And I’m here to warn you….don’t go inside that grocery store!!

JED: Why not?

QUIRKY LADY: You think you’ve mastered the mind games that stores play on you to get you to buy more? YOU HAVE NO IDEA! 99 cent pricing and sales are just the start!

JED: What are you talking about? We’re smart shoppers, we’re not scared!

QUIRKY LADY: If you go in there, there’s gonna be...there’s gonna be...okay, look, I’ll just say it. MUSIC. [FADE UP TBD MUSIC]

JED: Well, yeah, I mean, who doesn’t like a little background music when they’re shopping, am I right??

QUIRKY LADY: No. This music is going to be chosen based on what will get you to shop more. They do studies!

BRIDGET: What do you mean, who’s they??

QUIRKY LADY: The stores! The retailers! The people who run them! And they know exactly how the music playing in a store or restaurant can change your spending behavior! Flower shops play romantic music to get you to buy the pricier flowers! Restaurants play fast music so you hurry up and eat! Grocery stores play slower music so you linger...and think about throwing a few more things in your cart!

JED: No way, I’m not going to be tricked by adult contemporary! Well, not again!

QUIRKY LADY: And then, you think you’re in there to buy ONE LITTLE THING but you have to walk all the way through the store! They did that on purpose!

JED: Oh, come on!

BRIDGET: Maybe they just want us to get our steps in?

QUIRKY LADY: Oh yes, it’s “steps” they want. More like, they want you to walk through as many aisles as possible so you’ll see something you wouldn’t have bought and just think “well, while I’m here…” DON’T FALL FOR IT!

BRIDGET: I never go off list. Unless it’s something I REALLY need.

QUIRKY LADY: But while you’re looking ahead, pushing your humongous cart...they’re coming at you from all sides! I’m talking about the shelves!

JED: [Start out hyped/scared] (Gasp) Not THE -- [tone shift] wait a second, what does that even mean, the shelves?

QUIRKY LADY: The stores are crafty about exactly how they stack their shelves. Look at the second and third ones from the top...that’s right about at eye-line for most grown ups. First thing they see. And those items get bought more often. So stores will put the more expensive version of something RIGHT THERE. Some brands even pay money to the stores so their products get that super special shelf space.

JED & BRIDGET: [Respond...with surprise? Indignation?]

QUIRKY LADY: And then a little lower down...right at eye line for kids...those are where they put the stuff that kids want! So then kids see it and say “Mom, Dad, Nana, GET THIS FOR ME!” -- it was a trap the whole time!

JED: WHAT? I KNEW IT! No, I didn’t. But I DO NOW!!!

QUIRKY LADY: They call it “Eye level is BUY level!” And then comes the worst part. THE CHECK OUT LINE. They make you stand in a little narrow space, WAITING forever and ever...and you’re just surrounded by little things to buy, things that feel handy, but small, you probably wouldn’t have thought to get it, but then you see it there, what’s the harm, toss it into the basket--

JED: OHhh, suddenly all those mini-sunblocks that Bridget always gets when she leaves the store make sense.

BRIDGET: Jed, you know I burn easily and those little bottles just clip so well to my bag, see?

JED: Hmm...maybe we shouldn’t go into that store today…

BRIDGET: Yeah, let’s go to your house and try to get all those pennies out of that piggy bank you invented instead. Thanks, um, lady!

QUIRKY LADY: Oh! Yes. You’ve heeded my warning!

---INTERSTITIAL: Kids Have a Say---

JED: I know some people really have it in for in-store music, but I gotta say, muzak is BUMPIN’! Let’s listen to some as we get ready to head out for the season.

(MUSIC STARTS)

JED: Oh, that’s my jam.

BRIDGET: Dancing? Really? All right, listeners. Today we’ve learned about consumer behavior. It’s something that a lot of people study -- including a lot of stores. They’ve learned a lot of really effective tricks to make us more willing to give them our money.

JED: Yeah, and while some of their tricks might not work on you, others probably will. For example, I am a total sucker for sales. Checkout line impulse buys? Not so much.

BRIDGET: As you go into stores and do some shopping, pay attention to the things that catch your eye and that you can’t help wanting to get. Is there a consumer behavior trick that’s working its charms on you?

JED: The better you know yourself as a shopper, the better prepared you’ll be to spend your money the way you want. This muzak is awesome, but now I really want to buy something. I wonder if there are any sales...

**Credits & Close**

BRIDGET: Thanks for listening to Million Bazillion -- where we help dollars make more sense! This was our season finale episode! Thank you for listening and sending us your questions!

JED: We’re still figuring out our next season but if you sign up for our newsletter, you’ll be the first to know when there’s more Million Bazillion ready for you. Get your name on the list at Marketplace dot org slash BONUS.

BRIDGET: And in the meantime, keep sending us the money questions you want answered, the money skills you want to learn, and the money problems or mysteries you want solved. Send THOSE to us at our website, marketplace dot org slash million.

JED: This episode, we want to thank Kimberly Adams, Chris Julin, Kristina Lopez, Melody Perkins, Danny Robles, Alison Ver Meulen, Bekah Wineman, and Catherine Winter, for lending us their voices.

JED: And this season, we want to thank our family and friends who helped us along the way… I want to thank Eloise and Eliot for lending us their voices; my parents for letting me record in their basement; and Megan and Bruce for being the absolute best.

BRIDGET: And I want to thank Chris, Zuzu, Mimi, and Patricia. They know what they did and how they helped! Thank you!

JED: Million Bazillion is brought to you by Marketplace in collaboration with Brains On! And American Public Media.

I’m your host, Jed Kim…

The senior producer is my co-host, Bridget Bodnar

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BRIDGET: To all the grown-ups listening right now – we hope that you and the kids in your life are having some good conversations about money thanks to Million Bazillion. We created this podcast to help kids get an early start on learning about the economy – and to keep it going, we’re counting on your support. Donate today at marketplace-dot-org-slash-givemillion, and thanks for chipping in to make our work possible.