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The big gulp: consumers avoid extremes in soda sizes

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As portion sizes have increased, Americans' waistlines have expanded. And as a new study in the *Journal of Consumer Research* demonstrates, consumers are tricked into drinking more soft drinks when retailers eliminate small drink sizes.

No matter what the volume of the soft drink, customers tend to avoid the largest and smallest options, according to authors Kathryn M. Sharpe, Richard Staelin, and Joel Huber (all Duke University). "Our basic premise is that consumer purchases are altered by the portfolio of drink sizes made available," the authors explain.

Fast-food restaurants, in an attempt to boost profit margins, have eliminated smaller drink sizes and added even larger sizes. The authors believe these policies have led to a 15 percent increase in the consumption of these high-calorie drinks. "Consumers who purchased a 16-ounce drink when a 12-ounce drink was available later chose a 21-ounce drink when the 12-ounce drink option was removed, since now the 16-ounce soda is the smallest option," they write. "This effect also occurred at the large end of the spectrum; people who purchased a 21-ounce drink when the 32-ounce drink was the largest size available moved up to the 32-ounce drink when a 44-ounce drink was added to the range of drink sizes available."

By adding the 44-ounce option, the restaurant is able to shift the demand curve upward, even though the authors believe customers still want 12-ounce drinks.

The researchers go on to simulate policy directions for slimming America's waistlines. Their models show that for flat taxation of soft drinks to reduce consumption by 10 percent, it would need to be 28 cents per drink and would reduce corporate profits by at least 7 percent.

But by simply reversing the trend they started in the first place, retailers could do their part to improve public health. If they eliminated the largest drink size and brought back the smallest, retailers could help curb soft drink consumption with only a slight reduction in profit (less than 2 percent).

Source: University of Chicago Press Journals