

pass, you enter again and again and every time, you feel more strongly that you are acting on the basis of your preferences. Buying coffee at Starbucks has become a habit with you.

BUT THE STORY doesn't end there. Now that you have gotten used to paying more for coffee, and have bumped yourself up onto a new curve of consumption, other changes also become simpler. Perhaps you will now move up from the small cup for \$2.20 to the medium size for \$3.50 or to the Venti for \$4.15. Even though you don't know how you got into this price bracket in the first place, moving to a larger coffee at a relatively greater price seems pretty logical. So is a lateral move to other offerings at Starbucks: Caffè Americano, Caffè Misto, Macchiato, and Frappuccino, for instance.

If you stopped to think about this, it would not be clear whether you should be spending all this money on coffee at Starbucks instead of getting cheaper coffee at Dunkin' Donuts or even free coffee at the office. But you don't think about these trade-offs anymore. You've already made this decision many times in the past, so you now assume that this is the way you want to spend your money. You've herded yourself—lining up behind your initial experience at Starbucks—and now you're part of the crowd.

HOWEVER, THERE IS something odd in this story. If anchoring is based on our initial decisions, how did Starbucks manage to become an initial decision in the first place? In other words, if we were previously anchored to the prices at Dunkin' Donuts, how did we move our anchor to Starbucks? This is where it gets really interesting.