

participants with three different sounds, and following each, asked them if they would be willing to get paid a particular amount of money (which served as the price anchor) for hearing those sounds again. One sound was a 30-second high-pitched 3,000-hertz sound, somewhat like someone screaming in a high-pitched voice. Another was a 30-second full-spectrum noise (also called white noise), which is similar to the noise a television set makes when there is no reception. The third was a 30-second oscillation between high-pitched and low-pitched sounds. (I am not sure if the bankers understood exactly what they were about to experience, but maybe even our annoying sounds were less annoying than talking about investment banking.)

We used sounds because there is no existing market for annoying sounds (so the participants couldn't use a market price as a way to think about the value of these sounds). We also used annoying sounds, specifically, because no one likes such sounds (if we had used classical music, some would have liked it better than others). As for the sounds themselves, I selected them after creating hundreds of sounds, choosing these three because they were, in my opinion, equally annoying.

We placed our participants in front of computer screens at the lab, and had them clamp headphones over their ears.

As the room quieted down, the first group saw this message appear in front of them: "In a few moments we are going to play a new unpleasant tone over your headset. We are interested in how annoying you find it. Immediately after you hear the tone, we will ask you whether, hypothetically, you would be willing to repeat the same experience in exchange for a payment of 10 cents." The second group got the same message, only with an offer of 90 cents rather than 10 cents.

Would the anchor prices make a difference? To find out,