

has huge implications, extending not only to discount prices and promotions, but also to how FREE! can be used to help us make decisions that would benefit ourselves and society.

If FREE! were a virus or a subatomic particle, I might use an electron microscope to probe the object under the lens, stain it with different compounds to reveal its nature, or somehow slice it apart to reveal its inner composition. In behavioral economics we use a different instrument, however, one that allows us to slow down human behavior and examine it frame by frame, as it unfolds. As you have undoubtedly guessed by now, this procedure is called an experiment.

IN ONE EXPERIMENT, Kristina Shampanier (a PhD student at MIT), Nina Mazar (a professor at the University of Toronto), and I went into the chocolate business. Well, sort of. We set up a table at a large public building and offered two kinds of chocolates—Lindt truffles and Hershey’s Kisses. There was a large sign above our table that read, “One chocolate per customer.” Once the potential customers stepped closer, they could see the two types of chocolate and their prices.*

For those of you who are not chocolate connoisseurs, Lindt is produced by a Swiss firm that has been blending fine cocoas for 160 years. Lindt’s chocolate truffles are particularly prized—exquisitely creamy and just about irresistible. They cost about 30 cents each when we buy them in bulk. Hershey’s Kisses, on the other hand, are good little chocolates, but let’s face it, they are rather ordinary: Hershey cranks out 80 million Kisses a day. In Hershey, Pennsylvania, even the streetlamps are made in the shape of the ubiquitous Hershey’s Kiss.

*We posted the prices so that they were visible only when people got close to the table. We did this because we wanted to make sure that we did not attract different types of people in the different conditions—avoiding what is called self-selection.