

we can open ourselves to new decisions—and the new opportunities of a new day. That seems to make sense.

ALL THIS TALK about anchors and goslings has larger implications than consumer preferences, however. Traditional economics assumes that prices of products in the market are determined by a balance between two forces: production at each price (supply) and the desires of those with purchasing power at each price (demand). The price at which these two forces meet determines the prices in the marketplace.

This is an elegant idea, but it depends centrally on the assumption that the two forces are independent and that together they produce the market price. The results of all the experiments presented in this chapter (and the basic idea of arbitrary coherence itself) challenge these assumptions. First, according to the standard economic framework, consumers' willingness to pay is one of the two inputs that determine market prices (this is the demand). But as our experiments demonstrate, what consumers are willing to pay can easily be manipulated, and this means that consumers don't in fact have a good handle on their own preferences and the prices they are willing to pay for different goods and experiences.

Second, whereas the standard economic framework assumes that the forces of supply and demand are independent, the type of anchoring manipulations we have shown here suggest that they are, in fact, dependent. In the real world, anchoring comes from manufacturer's suggested retail prices (MSRPs), advertised prices, promotions, product introductions, etc.—all of which are supply-side variables. It seems then that instead of consumers' willingness to pay influencing market prices, the causality is somewhat reversed and it is