we turned on the sound—in this case the irritating 30-second, 3,000-hertz squeal. Some of our participants grimaced. Others rolled their eyes.

When the screeching ended, each participant was presented with the anchoring question, phrased as a hypothetical choice: Would the participant be willing, hypothetically, to repeat the experience for a cash payment (which was 10 cents for the first group and 90 cents for the second group)? After answering this anchoring question, the participants were asked to indicate on the computer screen the lowest price they would demand to listen to the sound again. This decision was real, by the way, as it would determine whether they would hear the sound again—and get paid for doing so.*

Soon after the participants entered their prices, they learned the outcome. Participants whose price was sufficiently low "won" the sound, had the (unpleasant) opportunity to hear it again, and got paid for doing so. The participants whose price was too high did not listen to the sound and were not paid for this part of the experiment.

What was the point of all this? We wanted to find out whether the first prices that we suggested (10 cents and 90 cents) had served as an anchor. And indeed they had. Those who first faced the hypothetical decision about whether to listen to the sound for 10 cents needed much less money to be willing to listen to this sound again (33 cents on average) relative to those who first faced the hypothetical decision about whether to listen to the sound for 90 cents—this second group demanded more than twice the compensation (73

*To ensure that the bids we got were indeed the lowest prices for which the participants would listen to the annoying sounds, we used the "Becker-DeGroot-Marschak procedure." This is an auction-like procedure, in which each of the participants bids against a price randomly drawn by a computer.