To replicate this experience in our chocolate experiment, we told our customers that they could choose only a single sweet—the Kiss or the truffle. It was an either-or decision, like choosing one kind of athletic sock over another. That's what made the customers' reaction to the FREE! Kiss so dramatic: Both chocolates were discounted by the same amount of money. The relative price difference between the two was unchanged—and so was the expected pleasure from both.

According to standard economic theory (simple cost-benefit analysis), then, the price reduction should not lead to any change in the behavior of our customers. Before, about 27 percent chose the Kiss and 73 percent chose the truffle. And since nothing had changed in relative terms, the response to the price reduction should have been exactly the same. A passing economist, twirling his cane and espousing conventional economic theory, in fact, would have said that since everything in the situation was the same, our customers should have chosen the truffles by the same margin of preference.*

And yet here we were, with people pressing up to the table to grab our Hershey's Kisses, not because they had made a reasoned cost-benefit analysis before elbowing their way in, but simply because the Kisses were FREE! How strange (but predictable) we humans are!

THIS CONCLUSION, INCIDENTALLY, remained the same in other experiments as well. In one case we priced the Hershey's Kiss at two cents, one cent, and zero cents, while pricing the truffle correspondingly at 27 cents, 26 cents, and 25 cents.

*For a more detailed account of how a rational consumer should make decisions in these cases, see the appendix to this chapter.