

by FREE! About 70 percent of them gave up the better deal, and took the worse deal just because it was FREE!

Just in case you think Kristina, Nina, and I make a habit of picking on kids, I'll mention that we repeated the experiment with bigger kids, in fact students at the MIT student center. The results replicated the pattern we saw on Halloween. Indeed, the draw of zero cost is not limited to monetary transactions. Whether it's products or money, we just can't resist the gravitational pull of FREE!

SO DO YOU think you have a handle on FREE!?

OK. Here's a quiz. Suppose I offered you a choice between a free \$10 Amazon gift certificate and a \$20 gift certificate for seven dollars. Think quickly. Which would you take?

If you jumped for the FREE! certificate, you would have been like most of the people we tested at one of the malls in Boston. But look again: a \$20 gift certificate for seven dollars delivers a \$13 profit. That's clearly better than getting a \$10 certificate free (earning \$10). Can you see the irrational behavior in action?*

LET ME TELL you a story that describes the real influence of FREE! on our behavior. A few years ago, Amazon.com started offering free shipping of orders over a certain amount. Someone who purchased a single book for \$16.95 might pay an additional \$3.95 for shipping, for instance. But if the cus-

*We also conducted the experiment offering the \$10 gift certificate for one dollar and the \$20 certificate for eight dollars. This time most of the participants jumped for the \$20 certificate.