providers (who were only too happy to sell bandwidth to AOL—at the premium of snow shovels in a snowstorm). What Bob Pittman (the president of AOL at the time) didn't realize was that consumers would respond to the allure of FREE! like starving people at a buffet.

WHEN CHOOSING BETWEEN two products, then, we often overreact to the free one. We might opt for a FREE! checking account (with no benefits attached) rather than one that costs five dollars a month. But if the five-dollar checking account includes free traveler's checks, online billing, etc., and the FREE! one doesn't, we may end up spending more for this package of services with the FREE! account than with the five-dollar account. Similarly, we might choose a mortgage with no closing costs, but with interest rates and fees that are off the wall; and we might get a product we don't really want simply because it comes with a free gift.

My most recent personal encounter with this involved a car. When I was looking for a new car a few years ago, I knew that I really should buy a minivan. In fact, I had read up on Honda minivans and knew all about them. But then an Audi caught my eye, at first through an appealing offer—FREE! oil changes for the next three years. How could I resist?

To be perfectly honest, the Audi was sporty and red, and I was still resisting the idea of being a mature and responsible father to two young kids. It wasn't as if the free oil change completely swayed me, but its influence on me was, from a rational perspective, unjustifiably large. Just because it was FREE! it served as an additional allure that I could cling to.

So I bought the Audi—and the FREE! oil. (A few months later, while I was driving on a highway, the transmission