

We did this to see if discounting the Kiss from two cents to one cent and the truffle from 27 cents to 26 cents would make a difference in the proportion of buyers for each. It didn't. But, once again, when we lowered the price of the Kiss to free, the reaction was dramatic. The shoppers overwhelmingly demanded the Kisses.

We decided that perhaps the experiment had been tainted, since shoppers may not feel like searching for change in a purse or backpack, or they may not have any money on them. Such an effect would artificially make the free offer seem more attractive. To address this possibility, we ran other experiments at one of MIT's cafeterias. In this setup, the chocolates were displayed next to the cashier as one of the cafeteria's regular promotions and the students who were interested in the chocolates simply added them to the lunch purchase, and paid for them while going through the cashier's line. What happened? The students still went overwhelmingly for the FREE! option.

WHAT IS IT about FREE! that's so enticing? Why do we have an irrational urge to jump for a FREE! item, even when it's not what we really want?

I believe the answer is this. Most transactions have an upside and a downside, but when something is FREE! we forget the downside. FREE! gives us such an emotional charge that we perceive what is being offered as immensely more valuable than it really is. Why? I think it's because humans are intrinsically afraid of loss. The real allure of FREE! is tied to this fear. There's no visible possibility of loss when we choose a FREE! item (it's free). But suppose we choose the item that's *not* free. Uh-oh, now there's a risk of having made a poor