decision—the possibility of a loss. And so, given the choice, we go for what is free.

For this reason, in the land of pricing, zero is not just another price. Sure, 10 cents can make a huge difference in demand (suppose you were selling millions of barrels of oil), but nothing beats the emotional surge of FREE! This, the *zero price effect*, is in a category all its own.

To be sure, "buying something for nothing" is a bit of an oxymoron. But let me give you an example of how we often fall into the trap of buying something we may not want, simply because of that sticky substance, FREE!

I recently saw a newspaper ad from a major electronics maker, offering me seven FREE! DVD titles if I purchased the maker's new high-definition DVD player. First of all, do I need a high-definition player right now? Probably not. But even if I did, wouldn't it be wiser to wait for prices to descend? They always do—and today's $600 high-definition DVD player will very quickly be tomorrow's $200 machine. Second, the DVD maker had a clear agenda behind its offer. This company's high-definition DVD system is in cutthroat competition with Blu-Ray, a system backed by many other manufacturers. Right now, Blu-Ray is ahead and could possibly dominate the market. So how much is FREE! when the machine being offered may find its way into obsolescence (like Betamax VCRs)? Those are two rational thoughts that might prevent us from falling under the spell of FREE! But, gee, those FREE! DVDs certainly look good!

GETTING SOMETHING FREE! is certainly a draw when we talk about prices. But what would happen if the offer was not a free price, but a free exchange? Are we as susceptible to free