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Is Loss Aversion Causing "FREE!" to Flourish?

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“Buy one – get one free!” is one of hundreds of commercial messages you see every day. Recent research has concluded what salespeople have known for decades; there is something peculiar about offers involving the concept of free. Suddenly people start to behave irrationally and make choices far from the predictable safe havens of classical economic theory. This thesis tests the existence of a zero-price effect and examines if a person’s level of loss aversion is a possible cause for the effect. 291 respondents participated in two experiments conducted through an online survey. In each experiment the respondent took a loss aversion test and answered one of three randomized questions. The randomized questions differed between the two experiments; the loss aversion test did not. The results suggest that there is a significant zero-price effect when choosing between precise options. The effect is stronger amongst those with a higher level of loss aversion. Hence, people afraid of loss seem to be more receptive to free offers.

Keywords: zero-price effect, loss aversion, pricing, decision making

Introduction

In a society where people are exposed to hundreds of commercial messages every day, companies try all different types of offers in order to get more customers. One offer commonly used is the concept of free. "Buy one, get one free", "Try the first month for free" and "The service is free, but you can upgrade for a fee" are all well used pricing strategies. Research on how consumers react to offers involving free is starting to take off, but there is still a lot of work to be done. One interesting example of consumers' reaction to free offers is the case of Amazon France's shipping charges. Amazon decided to lower the price of shipping to zero when consumers purchased goods over a certain amount, resulting in a considerable increase in sales in all markets except one (Ariely, 2008, s. 59). This market was France and they barely experienced any change at all. This was due to the fact that the management in France decided to set the price to a very, very small amount (20 cents) instead of zero. When they changed the price to zero, sales spiked (Ibid). What is the allure of zero pricing? What causes consumers to react in such ways? One hypothesis regarding this is mentioned in Chris Anderson's book "Free!" (s. 64): "*it may have to do with people's tendency to be afraid of loss*". This quote sparked an idea that later on became the research question in this thesis: "*Does the level of loss aversion affect people's perception of zero pricing?*".

The psychology behind people's perception of zero pricing has not been subject for extensive research. Nor has the possible relationship between zero pricing and loss aversion been examined further. Hence there is not a profound theoretical framework to rely upon. This was evident before the work begun, and it was an active decision to try the rough path instead of the mainstream walk. In order to create the necessary theoretical foundation, the thesis combines different theories (both well cited sources and new contributions) that are used in the creation of the hypotheses.

Purpose

The purpose of this thesis is to test if people's level of loss aversion affects their perception of zero pricing.

Theoretical framework

In order to get a proper theoretical foundation, this thesis starts out by presenting some theories on decision-making. Later on in the theoretical framework, the theory of the zero-price effect is presented.

Expected Utility Theory. In the mid-eighteenth century the mathematician Bernoulli developed the theory of expected utility (EUT), concluding that the value of an item cannot be based on its price, but rather on its yielded utility. This due to the fact that price is equal for everyone whilst the utility is relative and depends on the person making the decision, here exemplified by Bernoulli himself: "*././ thus there is no doubt that a gain of one thousand ducats is more significant to a pauper than to a rich man though both gain the same amount.*". (Bernoulli, 1954). The theory uses a concave utility function suggesting risk aversion (ie. diminishing marginal utility) among individuals (Kahneman & Tversky, 1979).

In EUT, the person making the decision compares the expected utilities of the options by adding the utility values and multiplying them by their respective probabilities (Mongin, 1997).

Hence, the expected value of tossing a coin (heads: win \$2, tails: lose \$1) is \$0.5.¹ It is imperative to point out that the \$0.5 is of relative utility for different people (see example by Bernoulli on the previous page).

Prospect Theory and Loss Aversion. As a critique of EUT, the psychologists Daniel Kahneman and Amos Tversky developed an alternative model; the prospect theory (PT). Instead of assigning value to final assets, PT uses gains and losses relative to a set reference point. The theory suggests that people underweight probable outcomes compared to certain outcomes (the certainty effect), causing people to be risk averse in choices with sure gains whilst being risk seeking when involved with sure losses. The authors also presents the isolation effect; people's tendency to value something differently depending on the context (eg. valuing a new stereo equipment differently when it's presented next to another stereo equipment, as compared to being presented on its own), ie. the perceived value is dependent on a reference point (the y-axis in Figure 1). (Kahneman & Tversky, 1979)

PT presents a value function which concave for gains and convex for losses, where the value function is steeper when it comes to losses (see Figure 1), i.e. people tend to strongly prefer to avoid loss as opposed to acquire gain (Kahneman & Tversky, 1979). This is called loss aversion (Kahneman, Knetsch, & Thaler, 1990). Thaler (1999) exemplifies this as "losing \$100 hurts more than gaining \$100 yields pleasure". Loss aversion can be found within both risk-free and risky choices. The Endowment Effect is an example of the former, meaning that the value of a good increases for the person who owns it (Thaler, 1980). An example of the latter is that people tend to reject small-scale gambles if they involve losses, even if there is a positive expected value (Gächter, Johnson, & Herrmann, 2010).

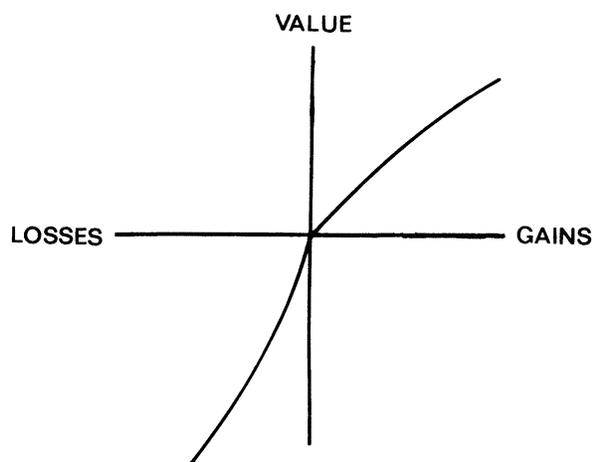


Figure 1. *The prospect theory - a hypothetical value function. The y-axis is the set reference point (Kahneman & Tversky, 1979).*

Mental Accounting. Mental Accounting (MA) "is the set of cognitive operations used by individuals and households to organize, evaluate, and keep track of financial activities" (Thaler, 1999). The theory consists of three major components: decision making and perception of outcomes, assignment of activities to specific "mental accounts" and the impact of time (Ibid). This section will only focus on the first component, since it is the only one connected to the

¹ $0,05*(2)+0,05*(-1)=0,5$

research topic. In order to illustrate an example of MA, please see the following experiment by Tversky & Kahneman (1981):

Example A. Imagine that you are about to purchase a jacket for \$125 and a calculator for \$15. The calculator salesman informs you that the calculator you wish to buy is on sale for \$10 at the other branch of the store, located 20 minutes drive away. Would you make the trip to the other store?

Example B. Imagine that you are about to purchase a jacket for \$15 and a calculator for \$125. The calculator salesman informs you that the calculator you wish to buy is on sale for \$120 at the other branch of the store, located 20 minutes drive away. Would you make the trip to the other store?

Most people would make the travel in example A, but not in example B, indicating that saving five dollars on a \$15 purchase is perceived as more valuable than saving five dollars on a \$120 purchase (Tversky & Kahneman, 1981). Rational decision-making, right? The experiment aligns with the assumption that people frame their decisions, i.e. that the decisions are influenced by their context in which they are made.

Free, Gratis and Zero. Free originates from two Latin words, liber, meaning "freedom", and gratis, meaning "without charge" (Anderson, 2009, s. 17). Commercially, free is used in many different ways, especially in different kinds of offers ("buy one, get one for free"). Many different experiments have showed that zero pricing causes, from a strict economic standpoint, irrational behavior among individuals. Cognitive Dissonance Theory (CDT), Festinger and Carlsmith (1959) showed that motivation for a task can increase if the rewards goes from a small sum to zero. They also showed that the liking of the task was higher if the reward was zero, as compared to a small sum (Festinger & Carlsmith, 1959). According to Heyman and Ariely (2004), this is because when prices are mentioned people apply market norms. When zero is involved, either as a reward or as a price, people often apply social norms (Heyman & Ariely, 2004).

In general economic theory, a decrease in price will be met with an increase in demand. However, when the price is zero, this is not always the case. In Ariely's subsequent work, he illustrated this by offering people candy at either 0 cents or 1 cent. In the free-condition, people averaged one piece of candy, compared to four pieces of candy in the cheap-condition of 1 cent (Shampanier, Mazar, & Ariely, 2007). One implication of this could be that more people consumes when something is free, but the quantities is lower due to the impact of social norms. The situation where more people consume when something is priced at zero, as compared to a very low price, has been named "the Penny Gap" (Anderson, 2009, s. 62). "The Penny Gap" is explained by charging money, even a very small sum, makes people think about the choice involved. Thoughts such as these can be called mental transaction costs, or the cost of thinking (Szabo, 1999).

The Zero-Price Model. Any transaction has two levels, costs and benefits. If you buy a sweater, for example, you will have to pay a price (i.e. the cost), but you will also reap some kind of utility or positive effect out of the purchase (i.e. the benefit). If the benefit exceeds the cost, you will have a net benefit. The higher net benefit, the more people want in (i.e. the demand increases). Let's say that there are two sweaters, one priced at USD 8 and one priced at USD 2 (you get more benefit from the more expensive sweater). Suddenly the price of these two items drops with USD 2, leaving the new prices at USD 6 and USD 0. According to a standard cost-benefit rationale, the net benefits increase by the same amount and the demand increases for both products. However, Shampanier et al (2007) have conducted research that suggests that this is not

always the case. When people are faced with a choice between two products, one of which being free, they tend to react as if the zero price meant not only a lower price, but also an increased benefit (Shampanier, Mazar, & Ariely, 2007). Hence, the demand for the free product increases whilst the demand for the other product *decreases* (according to the standard model, demand for both products should increase). They call this the “Zero-price model”. Shampanier et al tested the Zero-price model in a number of experiments in order to find out what caused people to behave irrationally when they are confronted with something priced at zero. These experiments suggest that the main contributor to the zero-price effect is affect, i.e. that products priced at zero invoke a more positive affective response (Ibid).

Hypotheses

Two different hypotheses have been constructed in order to test whether the level of loss aversion affects people’s perception of zero pricing. The existence of a zero-price effect is predicted in H1. If the null hypothesis is rejected for H1 (i.e. a significant zero-price effect), H2 predicts that loss aversion causes this effect. The two experiments are designed to test both H1 and H2 and they are described in the “Method”-section (H2 is only tested if H1 is accepted).

H1: There is a zero-price effect.

Research shows that people behave irrationally when presented with a free offer. Shampanier et al (2007) suggest that there is a zero-price effect in place, causing demand for free offers to increase more than what is predicted by standard cost-benefit models. Szabo (1999) suggest that charging money, even a very small sum, makes people think about the choice involved (referred to as “the Penny Gap” above), which might affect situations where free offers are involved. This hypothesis suggests that the experiments will show a significant zero-price effect.

H2: A higher level of loss aversion enhances the zero-price effect.

This hypothesis is based on a quote from Dan Ariely of MIT, saying that the allure of zero pricing may have to do with people’s tendency to be afraid of loss (Anderson, 2009, s. 64). No previous research on the relationship between loss aversion and the zero-price effect has been identified.

Loss aversion is people’s tendency to strongly prefer to avoid loss as opposed to acquire gain (Kahneman & Tversky, 1979). Or as Thaler (1999) puts it: “losing \$100 hurts more than gaining \$100 yields pleasure”. The rationale behind this hypothesis is that people might perceive a free offer as not being involved with any kind of loss, whilst an offer that has a price (even a very, very small one) might be perceived as having a potential loss. If the amount is very small, there might not be any significant financial loss, but the fact that the offer is not free might cause them to think about the choice involved. And if they think about the choice involved, there is a potential loss of having made a poor decision (Anderson, 2009, s. 64).

This hypothesis suggests that people that are more loss averse tries to avoid potential loss by choosing the free offer when it is available.

Method

Participants

A total of 291 respondents participated in the two conducted experiments, 131 in Experiment 1 and 160 in Experiment 2. The participants were US citizens registered on the crowdsourcing Internet marketplace Amazon Mechanical Turk (AMT). 43.6 % were men, 56.4 % women and the mean age was 35.3 years ($\sigma = 12.9$ years). The average annual income was approximately USD 36'900. Each participant received a payment of around USD 0.11.

Software

Two softwares were used in order to conduct the experiments. AMT was the source for recruiting the participants, whilst the survey-software LimeSurvey was used to conduct the experiments. Research suggests that the demographics of AMT members are more representative and diverse than the samples that students typically use in experiments (Berinsky, Lenz, & Huber, 2011). Research trying to evaluate the suitability of using AMT in experimental research argues that it is a valuable recruitment tool and that "potential problems such as heterogeneous treatment effects, subject attentiveness and the prevalence of habitual survey takers are not large problems in practice" (Ibid). Results of past studies where convenience and national samples were used were similar to the results received when replicating those studies on AMT (Ibid).

LimeSurvey is an open-source survey application software provided for free via www.limesurvey.org. The software was installed on a private server (www.romell.se) and customized in order to facilitate the experiment. A script was created in order to randomize the different conditions. Furthermore, the survey was hidden so it could not be accessed via search engines.

Procedure

Initially, only one experiment was planned for the thesis. However, a second experiment was decided upon after identifying flaws in Experiment 1. These flaws are described in the section "Randomized Conditions" below.

The two experiments were designed using the same structure (see Table 1). First, the participants were prompted with a start page explaining that participation is anonymous and voluntary. The next page was the test for loss aversion, followed by a decoy question about which color the participant rates as his or hers favorite. In the third step the participant was prompted with one of three randomized conditions. The last page consisted of questions regarding age, gender and income. The last page also had a text field where the participant had to write a code that corresponded to the details submitted on AMT in order to receive their payment. This made sure that the participants indeed were part of the recruited sample.

Table 1. Survey design, Experiment 1 & 2.



Loss Aversion Test. The design of the loss aversion test originated from a research paper by Gächter et al. (2010). The test was an imaginary lottery where the participant had two options; either be a part of the lottery (accept) or not (reject). Each lottery was about tossing a coin, hence there was a 50 % chance of winning (or losing). The first question was: "If the coin turns up heads, then you lose USD 0; if the coin turns up tails, you win USD 5". If the participant rejected the lottery, he or she was presented with the decoy question. If the participant accepted the lottery, the next question was presented. The loss increased by USD 1 for every lottery whilst the potential win was fixed at USD 5. The maximum potential loss was USD 6. The sum of the amount of rejections was calculated and used as a loss aversion scale, ranging from 0 (least loss averse) to 7. The sum of the amount of rejections was the total level of loss aversion with a maximum value of seven. Hence, a participant only accepting two of the lotteries was considered to be very loss averse with a loss aversion level of five. The loss aversion test was identical for both experiments. An overview of the Loss Aversion Test can be found in Table 2 below.

Table 2. Overview, the Loss Aversion Test.

#	Question	If accept	If reject
1	<i>If the coin turns up heads, then you lose USD 0; if the coin turns up tails, you win USD 5</i>	# 2	Decoy question
2	<i>If the coin turns up heads, then you lose USD 1; if the coin turns up tails, you win USD 5</i>	# 3	Decoy question
3	<i>If the coin turns up heads, then you lose USD 2; if the coin turns up tails, you win USD 5</i>	# 4	Decoy question
4	<i>If the coin turns up heads, then you lose USD 3; if the coin turns up tails, you win USD 5</i>	# 5	Decoy question
5	<i>If the coin turns up heads, then you lose USD 4; if the coin turns up tails, you win USD 5</i>	# 6	Decoy question
6	<i>If the coin turns up heads, then you lose USD 5; if the coin turns up tails, you win USD 5</i>	# 7	Decoy question
7	<i>If the coin turns up heads, then you lose USD 6; if the coin turns up tails, you win USD 5</i>	Decoy question	Decoy question

Randomized Conditions. In both experiments the participants were prompted with one of three randomized conditions. Each experiment had two options, a low-value product or a high-value product. In Experiment 1, the options were vague. The only difference between the two options were that the high-value product was stated to be “more interesting” than the low-value product. What is “more interesting” and how can you rate it when you do not know what it is? This possible source of confusion was identified after Experiment 1 already had been conducted; hence a decision of conducting a follow up experiment, Experiment 2, was made. Experiment 1 was designed as followed:

“Imagine that you have registered your credit card on a newspaper’s website. As a frequent customer, you get a special deal of buying access to one out of two sections of the website. Section B is interesting for you, but Section A is more interesting. The price for Section A is [17 / 16 / 15] cents, whilst Section B is priced at [2 / 1 / Free] cents. You can only buy one of the Sections and the purchase is only one click away.”

In order to increase the reliability of Experiment 2, the setup was replicated from the paper by Schampanier et al (2007). Instead of having vague options, the options were now clearly defined. The choice was now between two types of chocolates (presented with pictures, see Appendix), both well known in the United States. The low-value good was one Hershey’s kiss and the high-value good was one Ferrero Rocher (the latter is more expensive than the former). The question in Experiment 2 was:

“Imagine that you are about to buy a newspaper with your credit card. As a frequent customer, you get a special deal of buying one of two products: <picture of the low-value good (one Hershey’s kiss) and the high-value good (one Ferrero Rocher)>. You can only buy one of the products and the purchase is only one click away. <price of the options>”

One confounder when doing research on zero pricing is that subjects might choose the free options due to laziness, i.e. not having to “pick up their wallet”. In order to eliminate that effect, the conditions are presented as a no-hassle to go for any of the two alternatives (i.e. the credit card is already registered and the purchase is only one click away). Another confounder might be diminishing marginal utility. According to mental accounting, the difference between \$10 and \$20 seems bigger than the difference between \$1000 and \$1010 (Thaler, 1999). In order to minimize the impact of this, the amounts in the experiment are very, very small.

Table 3. Overview, Randomized conditions, Experiment 1 & 2.

Experiment	Condition	Low-value good	High-value good
Experiment 1 [Vague options]	2c	Interesting newspaper section for 2 cents	More interesting newspaper section for 17 cents
	1c	Interesting newspaper section for 1 cent	More interesting newspaper section for 16 cents
	Free	Interesting newspaper section for free	More interesting newspaper section for 15 cents
Experiment 2* [Precise options]	2c	Hershey's kiss for 2 cents	Ferrero Rocher for 17 cents
	1c	Hershey's kiss for 1 cent	Ferrero Rocher for 16 cents
	Free	Hershey's kiss for free	Ferrero Rocher for 15 cents

* Experiment 2 was a follow up experiment due to flaws in the design of Experiment 1.

Results

Experiment 1

The first experiment involved a vague definition of the high-value good and the low-value good, where the goods were defined as “interesting sections within a newspaper” and the high-value good was stated to be “more interesting” to the respondent. A chi-square test for independence (with Yates Continuity Correction) indicated no significant difference between the 2c and the 1c conditions $\chi^2(1, n = 80) = 0.004, p = .476$. There was no significant difference between the 1c and the Free conditions $\chi^2(1, n = 86) = 1.286, p = .1285$. These results did not support the first hypothesis (“More people will choose the cheaper option when priced at zero”). Since there was no support of the effect of zero price, the second hypothesis was not examined in Experiment 1. Figure 2 illustrates the choices of the respondents in Experiment 1.

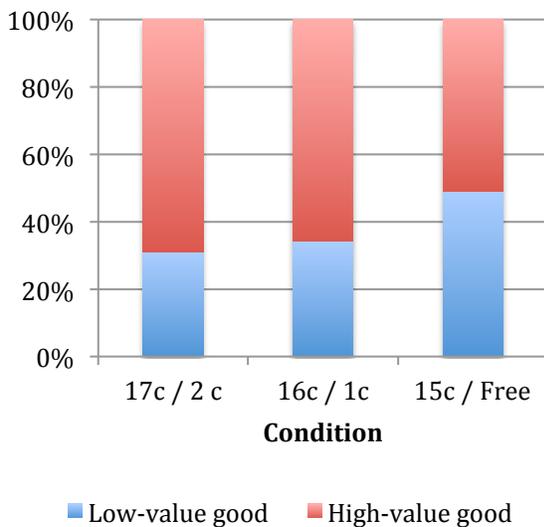


Figure 2. Experiment 1, respondents choosing low-value good vs. high value good.

Experiment 2

The second experiment involved a more precise definition of the high-value and low-value good. The low-value good was a cheaper chocolate (one Hershey’s Kiss) and the high-value good was a more expensive chocolate (one Ferrero Rocher). A chi-square test for independence (with Yates Continuity Correction) indicated no significant difference between the 2c and the 1c conditions $\chi^2(1, n = 111) = 1.083, p = .149$. There was a significant difference with a medium effect between the 1c and the Free conditions $\chi^2(1, n = 112) = 5.966, p = .0075$. These results support the first hypothesis (“More people will choose the cheaper option when priced at zero”). Figure 3 illustrates the choices of the respondents in Experiment 1.

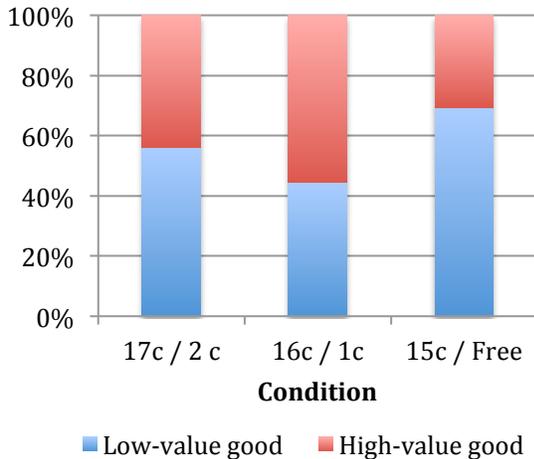


Figure 3. Experiment 2, respondents choosing low-value good vs. high value good.

Since there was a significant zero price effect, the second hypothesis was tested (“A higher level of loss aversion enhances the effect of zero price”). A two-way between-groups analysis of variance was conducted to explore if there is a relationship between the individual’s level of loss aversion and the perception of zero price. To facilitate this, the results from the 2c- and the 1c-condition were grouped into one category, named “Not Free” (the Free-condition was consequently named “Free”). The results suggests that the level of loss aversion is higher among individuals choosing the low-value good in the free-condition, which is in line with the second hypothesis. The mean loss aversion among those choosing the low-value good (i.e. the free good) was 4.18 compared to 3.53 among those choosing the high-value good in the free-condition. There was a significant interaction effect between choice and condition, $F(4, 156) = 183.255, p = .000$. The effect size was very large (partial eta squared = 0.825), according to Cohen’s criteria. Figure 4 illustrates the relationship between the respondents level of loss aversion, condition and choice.

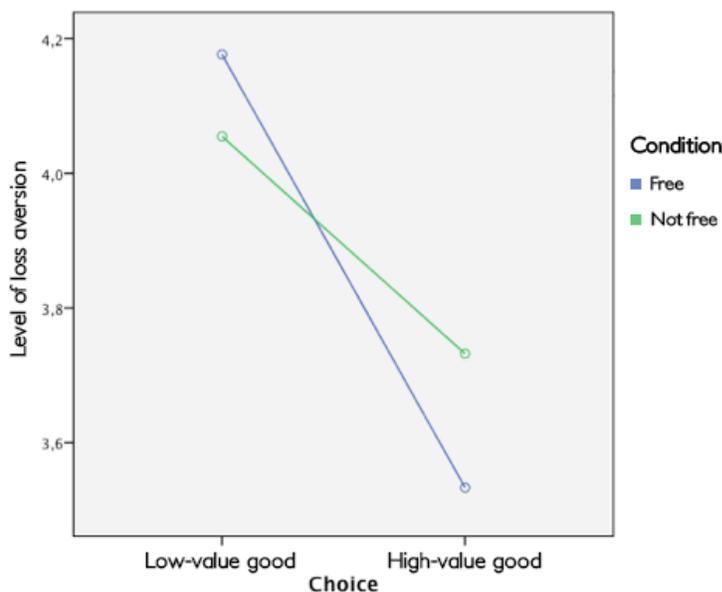


Figure 4. Mean Loss Aversion level for Choice & Condition.

Discussion

The experiments were designed to see whether there was a significant difference in respondents choosing the low-value good when lowering the price to zero. Hypothesis 1 suggested there would be no significant difference in choice when lowering the price of both the high value and the low value good with one cent (i.e. no difference between the 2c- and 1c-conditions). If there were a significant difference when the concept of free was introduced, i.e. more people choosing the low value good in the Free-condition, the zero-price effect would have been proven.

The zero-price effect was proven in Experiment 2, but not in Experiment 1. This might have been due to the vagueness of the options in Experiment 1. The respondents might not have been able to properly assess the options since they did not know what they consisted of. Experiment 2 had precise options where the respondents knew exactly what each option was (one piece of regular chocolate or one piece of fancy chocolate). This might have been a factor that made the zero-price effect possible. One could argue that this could be a result of diminishing marginal utility (see Expected Utility Theory), i.e. the difference between 17 cents and 16 cents is smaller than the difference between 16 cents and 15 cents. That potential confounder (diminishing marginal utility) was the reason for working with very small amounts. Also, the potential impact of that specific confounder was decreased even further by using a high value good that was significantly more expensive than the low value good (the difference in price between one Hershey's Kiss and one Ferrero Rocher is a lot more than just 15 cents, hence people "should" choose the high-value option).

The results are consistent with the findings of Shampanier et al (2007). Their zero-price model suggest that when the price drops from something to nothing, there will be switching from the high-value to the low-value good (which indeed occurred in Experiment 2). One explanation for this behavior could be the non-presence of a "Penny Gap", i.e. no mental transaction costs (Szabo, 1999). The switch in demand could also be due to affect, meaning that the low-value good (priced at zero) invoke a more positive affective response, as suggested by Shampanier et al (2007). The results in Experiment 2 also shows that the allure of zero pricing might have to do with people's tendency to be afraid of loss, as suggested by Dan Ariely (Anderson, 2009, s. 64). Kahneman and Tversky (1979) states that people tend to strongly prefer to avoid loss as opposed to acquire gain. This might explain why some people choose the free-option when they "should" choose the high-value good. They might think that there is a potential loss involved with the option that is not free, hence choosing the free-option (where there is no potential monetary loss).

The preciseness when quantifying human behavior can always be discussed. What exactly is a loss aversion level of five, for example? Is a scale from zero to seven an adequate measurement? What is the optimal measurement? Concluding this would be a thesis in itself. The loss aversion test had however been used in research before, which increases the reliability of the method. The design of Experiment 1, using vague options, might have been confusing for the respondents. The respondents did not know what content they were buying, just that one option was "more interesting" than the other. This uncertainty might have had an effect on the result, since the respondents' level of curiosity might have influenced their choice.

The generality of the results can be questioned since the choice may have been influenced by predefined personal preferences regarding the chocolates (people might just be very, very fond of Ferrero Rocher?). Maybe the results would have been different if other kind of goods were used? With this being said, the external validity is strong due to previous research on the zero-price effect as well as the fact that randomization was used. One potential problem is that most

research on the effect of zero pricing (including this) has been experimenting with relatively unimportant decisions such as the choice of chocolates. This might mean that the results cannot be generalized onto more important decisions, such as buying a car or a house. The generality may also be limited due to the demographics of the respondents. All respondents were members on the website AMT and got to choose themselves whether or not to participate in the experiment. There was no randomization involved when picking the respondents. Also, the mean wage among the respondents was lower than the average wage in the United States. Hence the results may only be generalized to a low-income population in the United States.

Proving the zero-price effect had been done in previous research. Hypothesis 2 broke new grounds, suggesting that a higher level of loss aversion causes the zero-price effect. It was only tested in Experiment 2, since the zero-price effect was found there. The rationale behind the hypothesis was that a free option is not involved with any financial or potential loss. If you are afraid of loss, i.e. having a high level of loss aversion, you would be more inclined to go for the free option. The results suggest that this is the case; “cowards go for the free option”.

Further research

These findings may work as an inspiration to further research about what causes the zero-price effect. Is there a relationship between loss aversion and the perception of free when choosing other type of products as well? Is there a different result when the experiment is conducted in a real life situation, not only hypothetical? Also, it is interesting to do further research about what kind of people that possess high level of loss aversion. For example, past findings show that higher education decreases loss aversion, whilst gender has no significant effect (Gächter, Johnson, & Herrmann, 2010). When the most loss averse has been identified, we may know more about which kind of people that are more receptive to offers involving free. These results can be used in both commercial and public interests.

Conclusions

The purpose of this thesis was to test if people’s level of loss aversion affects their perception of zero pricing. The results cannot answer that question, but it can be concluded that there is a significant zero-price effect when choosing between precise options and the effect is stronger amongst those with a higher level of loss aversion.

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Appendix

Appendix 1 – Experiment 2

The following picture was presented for the respondents in Experiment 2:



Hershey's kiss



Ferrero Rocher

The left chocolate is the low-value good and the right chocolate is the high-value good.