



**How to Spot a Rip-Off:
ANCHORING**

Have you ever wondered how some stores or companies can afford offering such **huge discounts** or **enticing, costly prizes** like free flights or trips? Well, the answer is simple: they exploit a psychological cognitive process called '**anchoring**'. Whenever confronted with **unfamiliar situations**, our mind tends to cling to the first piece of information we come across, thus causing us to rely on it and use it as a **yardstick** for the assessment of the situation itself.



Now, let's imagine a situation where someone who is not much of a shopaholic (and, accordingly, is not knowledgeable on shoe prices) steps into a store to buy a pair of sneakers displaying a price of 100\$. Since this is the first piece of information they are provided with, they will rely on it. Now, let's also imagine that a shop assistant addresses this customer to inform them there's a discount on those sneakers, and that the actual price is 50\$. In the light of the previous piece of information, the customer will most likely consider this as a **bargain**, no matter the actual value of those sneakers. Little do they suspect that **the original price had been rigged up** so as to elicit that reaction – and this is the psychological trick behind any huge discount. Bear this in mind the next time you are offered an amazing special price or are **haggling** over some overpriced holiday memento.

Click on the Picture to Watch a **VIDEO** on Anchoring