



## Priceless: The Myth of Fair Value (and How to Take Advantage of It)

By William Poundstone



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Prada stores carry a few obscenely expensive items in order to boost sales for everything else (which look like bargains in comparison). People used to download music for free, then Steve Jobs convinced them to pay. How? By charging 99 cents. That price has a hypnotic effect: the profit margin of the 99 Cents Only store is twice that of Wal-Mart. Why do text messages cost money, while e-mails are free? Why do jars of peanut butter keep getting smaller in order to keep the price the "same"? The answer is simple: prices are a collective hallucination.

In *Priceless*, the bestselling author William Poundstone reveals the hidden psychology of value. In psychological experiments, people are unable to estimate "fair" prices accurately and are strongly influenced by the unconscious, irrational, and politically incorrect. It hasn't taken long for marketers to apply these findings. "Price consultants" advise retailers on how to convince consumers to pay more for less, and negotiation coaches offer similar advice for businesspeople cutting deals. The new psychology of price dictates the design of price tags, menus, rebates, "sale" ads, cell phone plans, supermarket aisles, real estate offers, wage packages, tort demands, and corporate buyouts. Prices are the most pervasive hidden persuaders of all. Rooted in the emerging field of behavioral decision theory, *Priceless* should prove indispensable to anyone who negotiates.

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**Bibliography**

- Sales Rank: #34266 in Books
- Brand: Hill Wang
- Published on: 2011-01-04
- Released on: 2011-01-04
- Original language: English
- Number of items: 1
- Dimensions: 8.20" h x .95" w x 5.48" l, .69 pounds
- Binding: Paperback
- 352 pages

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### Editorial Review

From Publishers Weekly

Poundstone (*Gaming the Vote*) dives into the latest psychological findings to investigate how and why prices are allocated. Beginning with the controversial lawsuit in which a jury awarded \$2.9 million in damages to a woman who had spilled a scalding cup of McDonald's coffee on herself, the author presents a readable history of how we are subtly manipulated into paying more (or less) for goods and services—and the research that attempts to explain our baffling and irrational susceptibility to pricing. The idea of anchoring and adjustment—setting an arbitrary number to subconsciously drive higher or lower estimates—is just one of many research areas explained at length. While Poundstone's case studies are vivid, the abundance of theories and experiments might prove overwhelming for the casual reader. Nevertheless, the scope of the analysis—its attention to economic abstractions as well as real-world consequences—braids together theory and practice to leave an indelible impression on the reader. Grocery shopping will never seem so simple again when one realizes how much work goes into assigning a price to a box of cereal. (*Jan.*)

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From [Booklist](#)

Poundstone, author and columnist, reviews innovative work in psychology called behavioral decision theory, or the study of how people make decisions. We learn how people estimate numbers, the process of making wild guesses, jotting down offers and counteroffers, and rating anything on a scale of 1 to 10. Extensive research on pricing strategies has been conducted, and marketers have learned what people will pay is changeable and consumers can be manipulated. The book cites numerous experiments, including how juries award damages in court; reserve price research, or the maximum a buyer will pay; the way smart people are influenced by mere words and by the way choices are framed; sale prices are more powerful motivators than charm prices (those slightly below a round number); and money and chocolate are the most popular motivators in behavioral decision experiments. This collection of experiments and related findings is essentially an academic work for a variety of students. --Mary Whaley

### Review

“*Priceless* is an instructive and entertaining romp through the hits of recent research on decision making, which will leave you amused, smarter, and wondering about what money and prices really mean.” ?*Daniel Kahneman, professor emeritus, Princeton University, and winner of the 2002 Nobel Prize in Economics*

“A powerful argument that should be a wake-up call to everyone who still subscribes to the old model of economics.” ?*Dan Ariely, author of Predictably Irrational: The Hidden Forces that Shape Our Decisions*

“Poundstone has managed to write a book that is fun to read and yet well-researched and substantive. Without a minute of suffering the reader gets to know nearly all the key contributors to the science of decision making. Recommended for anyone who has to make decisions.” ?*Richard H. Thaler, coauthor (with Cass R. Sunstein) of Nudge: Improving Decisions on Health, Wealth and Happiness*

“The psychology of prices is, to an extent, the psychology of life, and thus the lessons of *Priceless* are indeed life lessons. Poundstone's lively descriptions of the irrational quirks that characterize our behavior are engaging and enlightening. Take it with you when you're thinking of buying (or selling) something. It might save you a bundle.” ?*John Allen Paulos, author of Innumeracy: Mathematical Illiteracy and Its*

*Consequences and Irreligion: A Mathematician Explains Why the Arguments for God Just Don't Add Up*

“If you can get this book for under \$100, grab it! After you read it, you will better understand why the price you paid felt like a bargain.” ?*Max Bazerman, professor of business administration, Harvard Business School, and coauthor of Judgment in Managerial Decision Making*

“Much of behavioral economics . . . has focused on the seemingly crazy ways in which people and prices interact. In his new book *Priceless*, William Poundstone offers a thoroughly accessible and enjoyable tour of this research . . . Poundstone is an engaging intellectual historian who traces the development of behavioral economics from its roots in the 1960s discipline called psychophysics, an offshoot of psychology . . . It was more than century ago that Oscar Wilde famously observed that ‘people know the price of everything and the value of nothing.’ In *Priceless*, we now have the proof.” ?*Steven Pearlstine, Washington Post*

“Pricing is a richer subject than you might imagine. The smile that creeps onto your face when a shameless marketing gambit reminds you of something you read in Poundstone's book? *Priceless*.” ?*Peter Coy, Business Week*

“[Poundstone] makes complicated economic and psychological concepts palatable by using a numble, colloquial style in refreshingly short chapters . . . Dozens of fascinating topics are explored . . . At the end you will be left wondering what money and prices really mean--the dizzying quirky irrational sort of wonder that Alice found in ‘Wonderland.’” ?*Roger Miller, The Denver Post*

“Bright analysis of the psychology of pricing . . . readable and revealing.” ?*Kirkus Reviews*

## **Users Review**

### **From reader reviews:**

#### **Rebecca Clark:**

The book *Priceless: The Myth of Fair Value (and How to Take Advantage of It)* can give more knowledge and also the precise product information about everything you want. Why must we leave the great thing like a book *Priceless: The Myth of Fair Value (and How to Take Advantage of It)*? A few of you have a different opinion about publication. But one aim that book can give many info for us. It is absolutely proper. Right now, try to closer using your book. Knowledge or info that you take for that, you are able to give for each other; you are able to share all of these. Book *Priceless: The Myth of Fair Value (and How to Take Advantage of It)* has simple shape however, you know: it has great and massive function for you. You can appear the enormous world by start and read a e-book. So it is very wonderful.

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Take Advantage of It) become your own starter.

**Debra Shortt:**

Reading a book for being new life style in this yr; every people loves to go through a book. When you study a book you can get a great deal of benefit. When you read books, you can improve your knowledge, because book has a lot of information in it. The information that you will get depend on what kinds of book that you have read. In order to get information about your study, you can read education books, but if you act like you want to entertain yourself look for a fiction books, these us novel, comics, in addition to soon. The Priceless: The Myth of Fair Value (and How to Take Advantage of It) offer you a new experience in reading a book.

**Anne Simons:**

It is possible to spend your free time you just read this book this guide. This Priceless: The Myth of Fair Value (and How to Take Advantage of It) is simple bringing you can read it in the park your car, in the beach, train in addition to soon. If you did not possess much space to bring typically the printed book, you can buy the actual e-book. It is make you quicker to read it. You can save the particular book in your smart phone. Consequently there are a lot of benefits that you will get when you buy this book.

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