

**Title:**

The Zero Price Effect(s). Why offering something for free can act as a double-edge sword.

**Abstract:**

The Zero Price Effect (Shampanier, Mazar, and Ariely 2007) describes the irrationally high demand for free offerings when consumers are asked to choose between a free and a cost option. Still, despite the increased attractiveness of the free option, studies on the Zero Price Effect typically report high numbers of individuals who pass up this choice opportunity (and thus forego a free offer). The present research looks into the latter and finds support for the ambivalent character of free offerings: While offering something for free definitely triggers demand, it also turns the offer less trustworthy—making consumers shy away from (possibly attractive) choice opportunities.

This is work in collaboration with Monika Leszczynska and Vicki Morwitz.