

Psychological anchoring is a cognitive bias where people rely on the first piece of information encountered (the "anchor") when making decisions. Subsequent judgments are often biased in relation to that anchor, even if it's irrelevant. It's like your brain getting stuck on a reference point.

—bing

Psychological anchoring is a **cognitive bias** that affects the way people make decisions. It is a phenomenon in which people rely too heavily on the first piece of information they receive when making decisions, even if that information is irrelevant or arbitrary ¹. This initial piece of information is called the **anchor**. Once an anchor is set, subsequent judgments or estimates made by an individual may be influenced by it ¹.

For example, when purchasing a car, if the buyer sees a more expensive model first, they may be more likely to purchase a car that is priced higher than they would have otherwise ¹. Similarly, when estimating the value of an item, if the buyer is given a high price as an anchor, they may perceive lower prices as reasonable even if they are still relatively high ¹.

The anchoring effect has been observed in both numeric and non-numeric contexts ¹. In numeric anchoring, once the value of the anchor is set, subsequent arguments, estimates, etc. made by an individual may change from what they would have otherwise been without the anchor ¹. In non-numeric anchoring, the anchor can be completely irrelevant to the decision being made ¹.

The anchoring effect was first theorized by Amos Tversky and Daniel Kahneman in 1974 ¹. They found that participants who were asked to estimate the product of $1 \times 2 \times 3 \times 4 \times 5 \times 6 \times 7 \times 8$ gave different answers depending on whether they were given the sequence in order or reversed ¹. Participants who were given the sequence in order gave a lower estimate than those who were given it reversed ¹. $8 \times 7 \times 6 \times 5 \times 4 \times 3 \times 2 \times 1$