

Anchoring

Anchoring (or focalism) is a cognitive bias that describes the common human tendency to rely too heavily on the first piece of information offered (the "anchor") when making decisions. During decision-making, anchoring occurs when one uses an initial piece of information to make subsequent judgments.¹ Once an anchor is set, other judgments are made by adjusting away from that anchor, and there is a bias toward interpreting other information around the anchor. For example, the initial price offered for a used car sets the standard for the rest of the negotiations, so that prices lower than the initial price seem more reasonable even if they are still higher than the car's actual value.²

In their original study, Tversky and Kahneman put forth a view later termed anchoring-as-adjustment. According to this theory, once an anchor is set, people adjust away from it to get to their eventual answer; however, they adjust insufficiently, resulting in their final guess being closer to the anchor than it would be otherwise.³

A third explanation of anchoring has been proposed concerning attitude change. According to this theory, providing an anchor changes someone's attitudes to be more favorable to the attributes of that anchor, biasing future answers to have similar characteristics as the anchor.⁴

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¹ Anchoring Definition, Investopedia, retrieved September 29, 2015.

² <https://en.wikipedia.org/wiki/Anchoring>.

³ Tversky, Amos; Kahneman, Daniel (1992). "Advances in prospect theory: Cumulative representation of uncertainty". *Journal of Risk and Uncertainty*. 5 (4): 297–323.

⁴ Wegener, Duane T.; Petty, Richard E.; Detweiler-Bedell, Brian T.; Jarvis, W.Blair G. (2001). "Implications of Attitude Change Theories for Numerical Anchoring: Anchor Plausibility and the Limits of Anchor Effectiveness". *Journal of Experimental Social Psychology*. 37 (1): 62–69.