

Abstract

In behavioral economics, the endowment effect explains the difference between the stated value of the good that consumer already owns and the value of the good what he would be willing to pay to obtain it. On the basis of neoclassical economics, the value of one's willingness to pay (WTP) and willingness to accept to forgo it (WTA) should be equal. In practice the values differ and the difference has been demonstrated by many experimental studies on various types of goods. The core of this thesis is to verify the existence of the endowment effect for non-market goods, the account at free social network website Facebook, by the analysis of the relationship between WTA and WTP. Because of nonexistence of the market, the individual does not have any market experience with respect to economic valuation of the account. An economic evaluation study by the Contingent Valuation Method is designed. In the last part I analyze the variables which have impact on the stated values.

Keywords

endowment effect, willingness to pay, willingness to accept, Facebook, Contingent Valuation Method