Instructions Appendix

Instructions Appendix. Treatments

Each treatment first shows the first round that participants encounter. This is done for illustrative purposes but the actual experiment did not have that first screen.

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Probabilistic Treatment

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Question 1/20

Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 20 B = 120

Your price is:

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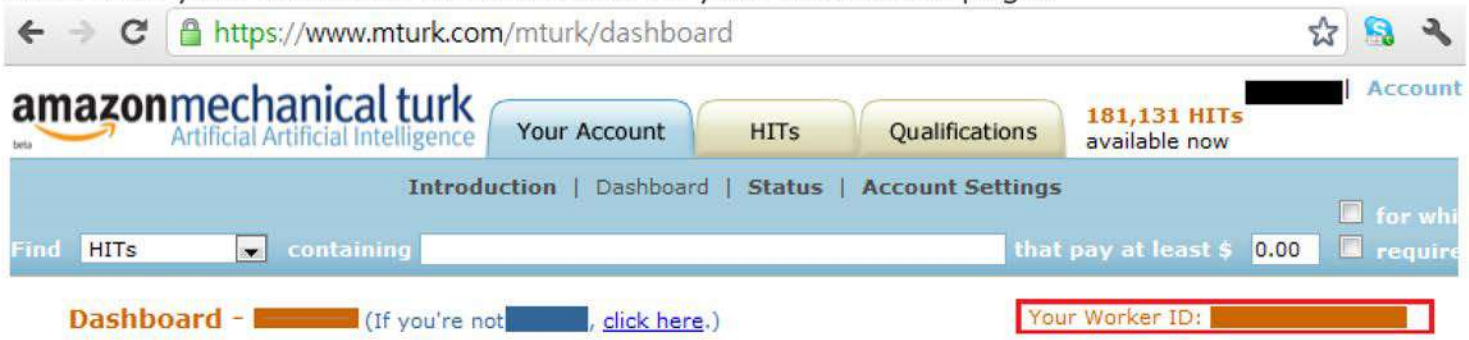
We will start with a brief instruction period. During the instruction period you will be given a description of the main features of the experiment. Please pay attention. While reading the instructions, you will be asked questions regarding these instructions.

Before continuing please write down your MTurk ID:

Please see below for where you can find your Worker ID. Your WorkerID starts with the letter A and has 12-14 letters or numbers. It must be all CAPITAL letters and no spaces. It is NOT your email address.

Note that your WorkerID can be found on your dashboard page:



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- You are being asked to take part in a research study.
- If you choose to be in the study, you will complete a survey. This survey will help us learn more about what factors influence individual decisions and behavior. The survey will take you about 1 hour.
- All payments and procedures will be implemented in exactly the manner they are described in this survey and on the Amazon Mechanical Turk platform.
- You may stop the survey at any time.
- The survey is anonymous, and no one will be able to link your answers back to you. Please do not include your name or other information that could be used to identify you in the survey responses. Please make sure to mark your Amazon Profile as private if you do not want it to be found from your Mechanical Turk Worker ID.
- Being in this study is voluntary. Please exit the webpage if you do not want to participate.
- You may print a copy of this information sheet for your own records.
- If you want to participate in this study, click the arrow below to start the survey.
- Questions, Concerns, or Complaints: If you have any questions, concerns or complaints about this research study, its procedures, risks and benefits, you should ask the Protocol Director, Muriel Niederle, niederle@stanford.edu
- Independent contact: If you are not satisfied with how this study is being conducted, or if you have any concerns, complaints, or general questions about the research or your rights as a participant, please contact the Stanford Institutional Review Board (IRB) to speak to someone independent of the research team at (650)-723-2480 or toll free at 1-866-680-2906. You can also write to the Stanford IRB, Stanford University, 3000 El Camino Real, Five Palo Alto Square,4th Floor, Palo Alto, CA 94306.

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- We start by providing you with instructions on the rules of the study. **We will ask you questions to check that you understand the rules. You should be able to answer all these questions correctly.**
- Please follow the instructions closely and carefully. If you make three mistakes in the understanding questions, you will not be allowed to complete the study.
- After you finish with the instructions we will check whether you made 2 or fewer mistakes in the understanding questions. In that case, you will start with the main part of the study.

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Stanford

- We start by providing you with instructions on the rules of the study. We will ask you questions to check that you understand the rules. You should be able to answer all these questions correctly.
- Please follow the instructions closely and carefully. If you make three mistakes in the understanding questions, you will not be allowed to complete the study.
- After you finish with the instructions we will check whether you made 2 or fewer mistakes in the understanding questions. In that case, you will start with the main part of the study.
- **If you complete the main part of the study, you receive a bonus payment of $4.**
- **In addition, your choices will result in profits. These profits will turn into an additional bonus payment. Some choices can result in losses. While almost all participants so far made additional gains above and beyond $4, it is possible to lose part of the $4 bonus that you receive for completing the main part of the study.**
- **Please pay attention to understand the rules of the study.**

>>

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- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.

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Stanford

- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
- **The buyer submits a price for the company. The price is a number from 0 to 150.**
- **The buyer buys the company if the price is higher than or equal to V.**
- **If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.**

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Stanford

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- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
- The buyer submits a price for the company. The price is a number from 0 to 150.
- The buyer buys the company if the price is higher than or equal to V.
- If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.
- **If the buyer buys, the profit for the buyer is:**

1.5 x V - Price.

- **If the buyer does not buy, the profit for the buyer is 0.**

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Stanford

- In this experiment you will have to decide whether to buy companies or not.
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- If the buyer buys, the profit for the buyer is:

$$1.5 \times V - \text{Price}.$$

- If the buyer does not buy, the profit for the buyer is 0.

Suppose that V = 60. What is the company's value to the buyer if the buyer buys the company?

- ○ 90
- ○ 60
- ○ 120
- ○ 100

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Stanford

- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
- The buyer submits a price for the company. The price is a number from 0 to 150.
- The buyer buys the company if the price is higher than or equal to V.
- If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.
- If the buyer buys, the profit for the buyer is:

$$1.5 \times V - \text{Price}.$$

- If the buyer does not buy, the profit for the buyer is 0.

Suppose that V = 60. Suppose that the buyer offers a price of 100. What is the buyer's profit?

- ○ 0
- ○ -10
- ○ 10
- ○ 100

Suppose that V = 60. Suppose that the buyer offers a price of 50. What is the buyer's profit?

- ○ 0
- ○ -10
- ○ 50
- ○ 100

Suppose that V = 60. Suppose that the buyer offers a price of 70. What is the buyer's profit?

- ○ 0
- ○ -20
- ○ 20
- ○ 100

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- Now you know how to compute profits when you buy a company.
- The study will have 5 main parts in total. In each part you can receive additional bonus payments that depend on your choices.
- We are now ready to continue with the instructions of Part 1 of the study.
- Please read the instructions carefully.
- If you make more than two mistakes in the questions that you are about to see, you cannot continue with the study after you complete the instructions for part 1.

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Part 1 of the experiment consists of 20 rounds.

- **In each round you face the situation described next.**
- **There is a company for sale. You can buy one company or none.**

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

- **In each round you face the situation described next.**
- **There is a company for sale. You can buy one company or none.**

How many companies can you buy?

- ○ Up to two
- ○ None
- ○ Up to one

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.

- **The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.**
- **In each round you will learn the value A and B that the company may have.**
- **With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.**
- **You will not know which of the two values is selected.**
- **You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.**
- **You do not know if the company for sale is of value A or of value B.**

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Stanford

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There is a company for sale. You can buy one company or none.

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- **You will not know which of the two values is selected.**
- **You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.**
- **You do not know if the company for sale is of value A or of value B.**

Do you know the value of the company when you submit the price?

- ○ No, the company's value could be A or B
- ○ Yes

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.

- **The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.**
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- **You will not know which of the two values is selected.**
- **You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.**
- **You do not know if the company for sale is of value A or of value B.**

How likely is it that the company is of value A?

- ○ The company is equally likely to be of value A or of value B
- ○ No chance that the company is of value A
- ○ The company is of value A for sure

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
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You will not know which of the two values is selected.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.
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- **Transaction for the company:**
  - **If the price you submit is higher than or equal to the value of the company, you buy the company.**
  - **If you buy, you increase the company's value by 50%. This means that if you buy the company of value A, the value to you is *1.5 x A*. If you buy the company of value B, the value to you is *1.5 x B*.**
  - **If you buy the company, your profit is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose that the value of the company is 80. If you buy the company, the value of the company to you is:

- ○ 120
- ○ 80
- ○ 100
- ○ 160

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

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The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
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  - **If you buy the company, your profit is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose that A = 40 and B = 70

Suppose you offer a price of 30. You then learn that the value of the company is 40. Do you buy the company?

- ○ No
- ○ Yes

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round you will learn the value A and B that the company may have.
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  - **If you buy the company, your profit is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose that A = 40 and B = 70

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- ○ No
- ○ Yes

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Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
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  - **If you buy the company, your profit is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose that A = 40 and B = 70

Suppose you offer a price of 50. You then learn that the value of the company is 70. Do you buy the company?

- ○ Yes
- ○ No

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round you will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
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  - **If you buy, you increase the company's value by 50%. This means that if you buy the company of value A, the value to you is *1.5 x A*. If you buy the company of value B, the value to you is *1.5 x B*.**
  - **If you buy the company, your profit is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose that A = 40 and B = 70

Suppose you offer a price of 80. You then learn that the value of the company is 70. Do you buy the company?

- ○ No
- ○ Yes

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round you will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
You will not know which of the two values is selected.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.
You do not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the company of value A, the value to you is *1.5 x A*. If you buy the company of value B, the value to you is *1.5 x B*.
If you buy the company, your profit is: 2 times (*1.5 x value of the company - price)*
If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

Your payoff for the round is the profit from the transaction.

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round you will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
You will not know which of the two values is selected.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.
You do not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the company of value A, the value to you is *1.5 x A*. If you buy the company of value B, the value to you is *1.5 x B*.
If you buy the company, your profit is: 2 times (*1.5 x value of the company - price)*
If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

Your payoff for the round is the profit from the transaction.

Suppose you buy the company. What is your profit from the transaction?

- ○ 2 times (0 - price you offer)
- ○ 2 times (1.5 x value of the company)
- ○ 2 times (1.5 x value of the company – price you offer)
- ○ 0
- ○ 2 times (value of the company – price you offer)

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round you will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
You will not know which of the two values is selected.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.
You do not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the company of value A, the value to you is *1.5 x A*. If you buy the company of value B, the value to you is *1.5 x B*.
If you buy the company, your profit is: 2 times (*1.5 x value of the company - price)*
If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

Your payoff for the round is the profit from the transaction.

Suppose you do not buy the company. What is your profit from the transaction?

- ○ 0
- ○ 2 times (0 - price you offer)

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round you will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
You will not know which of the two values is selected.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.
You do not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the company of value A, the value to you is *1.5 x A*. If you buy the company of value B, the value to you is *1.5 x B*.
If you buy the company, your profit is: 2 times (*1.5 x value of the company - price)*
If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
Your payoff for the round is the profit from the transaction.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. Your payoff for part 1 is equal to the payoff of the selected round in points. Each point is worth 3 cents.**

How many cents do you earn for each point?

- ○ 1 cent
- ○ 3 cents
- ○ 5 cents

>>

Stanford

Now we will proceed to **Part 1** of the experiment.

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Stanford

Question 1/20

Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 20 B = 120

Your price is:

>>

Stanford

Question 2/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 16 B = 106

Your price is:

>>

Stanford

Question 3/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 18 B = 80

Your price is:

>>

Stanford

Question 4/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 10 B = 96

Your price is:

>>

Stanford

Question 5/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 16 B = 98

Your price is:

>>

Stanford

Question 6/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 14 B = 122

Your price is:

>>

Stanford

Question 7/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 20 B = 130

Your price is:

>>

Stanford

Question 8/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 12 B = 136

Your price is:

>>

Stanford

Question 9/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 24 B = 128

Your price is:

>>

Stanford

Question 10/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 22 B = 106

Your price is:

>>

Stanford

Question 11/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 24 B = 126

Your price is:

>>

Stanford

Question 12/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 18 B = 90

Your price is:

>>

Stanford

Question 13/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 12 B = 138

Your price is:

>>

Stanford

Question 14/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 12 B = 112

Your price is:

>>

Stanford

Question 15/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 18 B = 122

Your price is:

>>

Stanford

Question 16/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 14 B = 140

Your price is:

>>

Stanford

Question 17/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 18 B = 86

Your price is:

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Stanford

Question 18/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 28 B = 126

Your price is:

>>

Stanford

Question 19/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 10 B = 86

Your price is:

>>

Stanford

Question 20/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 24 B = 134

Your price is:

>>

Stanford

Now we will proceed to **Part 2** of the experiment where you will play 5 additional rounds with the same rules as before.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. Your payoff for part 2 is equal to the payoff of the selected round in points. Each point is worth 1 cent.**

How many cents do you earn for each point?

- ○ 1 cent
- ○ 3 cents
- ○ 5 cents

>>

Stanford

Question 1/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 48 B = 54

Your price is:

>>

Stanford

Question 2/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 54 B = 58

Your price is:

>>

Stanford

Question 3/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 50 B = 54

Your price is:

>>

Stanford

Question 4/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 52 B = 58

Your price is:

>>

Stanford

Question 5/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 52 B = 64

Your price is:

>>

Stanford

Now we will proceed to **Part 3** of the experiment.

>>

Stanford

Now, given your experience with this environment, you have the possibility of making extra money by giving advice.

After you finish this experiment another MTurker –who we call the Advisee- will face one round like the ones you faced before, with values:
A = 20 and B = 120

In the box below you can provide advice on what price you think the advisee should submit and a justification for your recommendation.

Before making any choices, the advisee will read your advice and that of two other participants. After the advisee has submitted a price, he/she will choose the piece of advice that was most useful to him/her. If the advisee selects your advice, we will add to your earnings whatever amount the advisee earns in the round. Each point that the advisee earns is worth 3 cents to you.

>>

Stanford

Now we will proceed to **Part 4** of the experiment. The rules in this part are different. Please pay attention.

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

- **In each round you face the situation described next.**
- **There are two companies for sale. You can buy two companies, one or none.**

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

- **In each round you face the situation described next.**
- **There are two companies for sale. You can buy two companies, one or none.**

How many companies can you buy?

- ○ None
- ○ Up to one
- ○ Up to two

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.

- **The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.**
- **In each round, you will learn the value A of the first company and the value B of the second company.**
- **You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.**
- **You do know that the two companies for sale are the first company of value A and the second company of value B.**

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.

- **The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.**
- **In each round, you will learn the value A of the first company and the value B of the second company.**
- **You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.**
- **You do know that the two companies for sale are the first company of value A and the second company of value B.**

Do you know the value of the companies when you submit the price?

- ○ Yes, one company is of value A and the other is of value B
- ○ Yes, both companies are of value B
- ○ No, you do not know the values of either company
- ○ Yes, both companies are of value A

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, you will learn the value A of the first company and the value B of the second company.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.
You do know that the two companies for sale are the first company of value A and the second company of value B.

- **Transaction for each company:**
  - **If the price you submit is higher than or equal to the value of the company, you buy the company.**
  - **If you buy, you increase the company's value by 50%. This means that if you buy the first company of value A, the value to you is *1.5 x A*. If you buy the second company of value B, the value to you is *1.5 x B* .**
  - **For each company you buy, your profit is:**

1.5 x value of the company - price

  - **For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose that the value of one of the companies is 80. If you buy that company, the value to you is:

- ○ 120
- ○ 80
- ○ 100
- ○ 160

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, you will learn the value A of the first company and the value B of the second company.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.
You do know that the two companies for sale are the first company of value A and the second company of value B.

- **Transaction for each company:**
  - **If the price you submit is higher than or equal to the value of the company, you buy the company.**
  - **If you buy, you increase the company's value by 50%. This means that if you buy the first company of value A, the value to you is *1.5 x A*. If you buy the second company of value B, the value to you is *1.5 x B* .**
  - **For each company you buy, your profit is:**

1.5 x value of the company - price

- **For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose the value of the first company is A = 40 and the value of the second company is B = 70

Suppose you offer a price of 30. Which companies do you buy?

- ○ None
- ○ Only the first company
- ○ Only the second company
- ○ Both companies

Suppose the value of the first company is A = 40 and the value of the second company is B = 70

Suppose you offer a price of 40. Which companies do you buy?

- ○ Both companies
- ○ Only the first company
- ○ None
- ○ Only the second company

Suppose the value of the first company is A = 40 and the value of the second company is B = 70

Suppose you offer a price of 80. Which companies do you buy?

- ○ Only the second company
- ○ Only the first company
- ○ None
- ○ Both companies

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, you will learn the value A of the first company and the value B of the second company.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.
You do know that the two companies for sale are the first company of value A and the second company of value B.
Transaction for each company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the first company of value A, the value to you is *1.5 x A*. If you buy the second company of value B, the value to you is *1.5 x B* .
For each company you buy, your profit is: *1.5 x value of the company - price*
For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

- **The price you submit is the same for both transactions. You can make money from both transactions.**
- **Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, you will learn the value A of the first company and the value B of the second company.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.
You do know that the two companies for sale are the first company of value A and the second company of value B.
Transaction for each company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the first company of value A, the value to you is *1.5 x A*. If you buy the second company of value B, the value to you is *1.5 x B* .
For each company you buy, your profit is: *1.5 x value of the company - price*
For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

- **The price you submit is the same for both transactions. You can make money from both transactions.**
- **Your payoff for the round is the sum of the profit of the two transactions, the transaction of the first company and the transaction of the second company.**

Suppose you buy two companies. What is your payoff for the round?

- ○ (1.5 x value of the first company - price you offer) + (1.5 x value of the second company - price you offer)
- ○ ½ (0 - price you offer) + ½ (0 - price you offer)
- ○ 0
- ○ (1.5 x value of the first company) + (1.5 x value of the second company)
- ○ (value of the first company - price you offer) + (value of the second company - price you offer)

Suppose you buy only the first company. What is your payoff for the round?

- ○ 1.5 x value of the first company - price you offer
- ○ (1.5 x value of the first company - price you offer) + (0 - price you offer)
- ○ 1.5 x value of the first company
- ○ value of the first company - price you offer
- ○ (0 - price you offer) + (0 - price you offer)
- ○ 0

Suppose you do not buy either company. What is your payoff for the round?

- ○ (0 - price you offer) + (0 - price you offer)
- ○ 0

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, you will learn the value A of the first company and the value B of the second company.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.
You do know that the two companies for sale are the first company of value A and the second company of value B.
Transaction for each company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the first company of value A, the value to you is *1.5 x A*. If you buy the second company of value B, the value to you is *1.5 x B* .
For each company you buy, your profit is: *1.5 x value of the company - price*
For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
The price you submit is the same for both transactions. You can make money from both transactions.
Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. Your payoff for part 4 is equal to the payoff of the selected round in points. Each point is worth 1 cent.**

How many cents do you earn for each point?

- ○ 1 cent
- ○ 3 cents
- ○ 5 cents

>>

Stanford

Question 1/10

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 20 B = 120

Your price is:

>>

Stanford

Question 2/10

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 10 B = 110

Your price is:

>>

Stanford

Question 3/10

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 10 B = 82

Your price is:

>>

Stanford

Question 4/10

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 14 B = 98

Your price is:

>>

Stanford

Question 5/10

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 26 B = 96

Your price is:

>>

Stanford

Question 6/10

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 28 B = 92

Your price is:

>>

Stanford

Question 7/10

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 16 B = 80

Your price is:

>>

Stanford

Question 8/10

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 24 B = 122

Your price is:

>>

Stanford

Question 9/10

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 28 B = 96

Your price is:

>>

Stanford

Question 10/10

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 30 B = 88

Your price is:

>>

Stanford

Now we will proceed to **Part 5** of the experiment.

>>

Stanford

In the next part of the experiment you will be asked three questions:

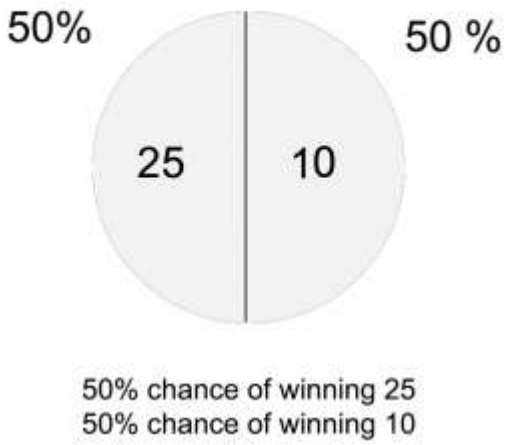
- **In each question you have to select one of two possible lotteries.**
- **At the end of the experiment one of the three questions in this part will be chosen randomly (all questions are equally likely to be selected). The lottery that you chose in the selected question will be used to determine your payoff for this part in points. Each point is worth 3 cents.**

How many cents do you earn for each point?

- ○ 1 cent
- ○ 5 cents
- ○ 3 cents

>>

This is an example of how a lottery looks like.



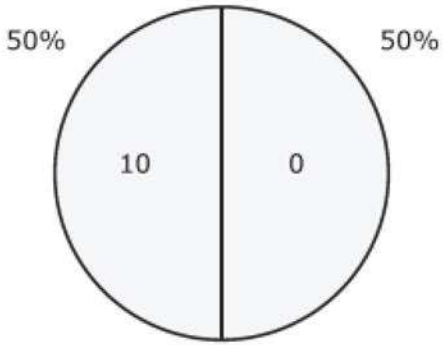
How likely is it that you receive 25 points?

- ○ No chance that you receive 25 points
- ○ You are equally likely to receive 25 points or 10 points
- ○ You receive 25 points for sure

>>

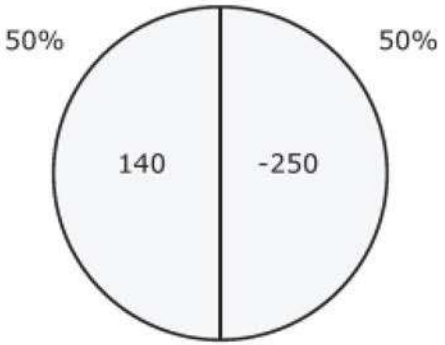
Stanford

Select the lottery that counts for payment



50% chance of winning 10
50% chance of winning 0

O



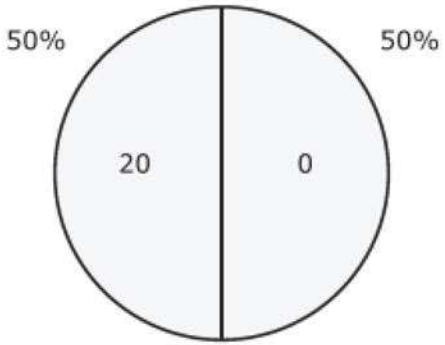
50% chance of winning 140
50% chance of losing 250

O

>>

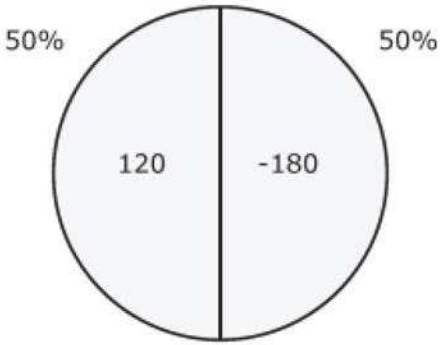
Stanford

Select the lottery that counts for payment



50% chance of winning 20
50% chance of winning 0

O



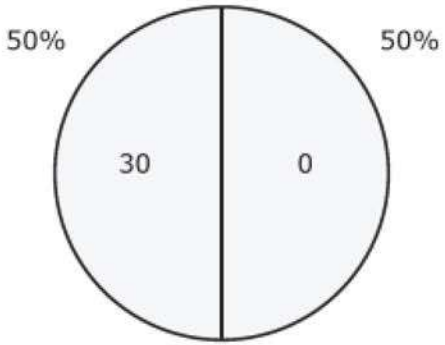
50% chance of winning 120
50% chance of losing 180

O

>>

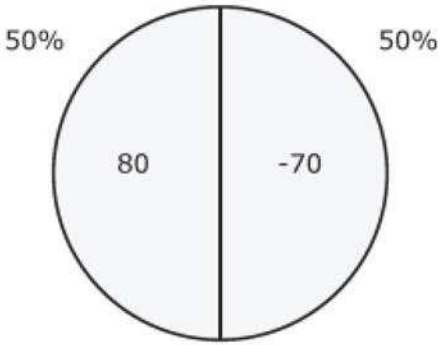
Stanford

Select the lottery that counts for payment



50% chance of winning 30
50% chance of winning 0

O



50% chance of winning 80
50% chance of losing 70

O

>>

Stanford

To finish the study, please answer the following questions about yourself.

What is your sex?

Male	Female	Prefer not to tell
○	○	○

How old are you (in years)?

Please specify your ethnicity.

- ○ White
- ○ Hispanic
- ○ African American or Black
- ○ Asian
- ○ Native American
- ○ Native Hawaiian or Pacific Islander
- ○ Other

Please select the state in which you currently reside.

Please select the highest level of education that you have completed.

- ○ Elementary school
- ○ Middle school
- ○ High school or equivalent
- ○ Some college
- ○ College graduate with Associate's Degree (2 year)
- ○ College graduate with Bachelor's Degree (4 year)
- ○ Master's Degree (MS)
- ○ Doctoral Degree (PhD)
- ○ Professional Degree (MD, JD, etc.)

Please tell us any comments you may have about this study, thank you.

>>

Stanford

This is the end of the study. Thanks for taking this survey.

Please enter 9635 as the survey code.

Deterministic Treatment

Stanford

Question 1/20

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 20 B = 120

Your price is:

>>

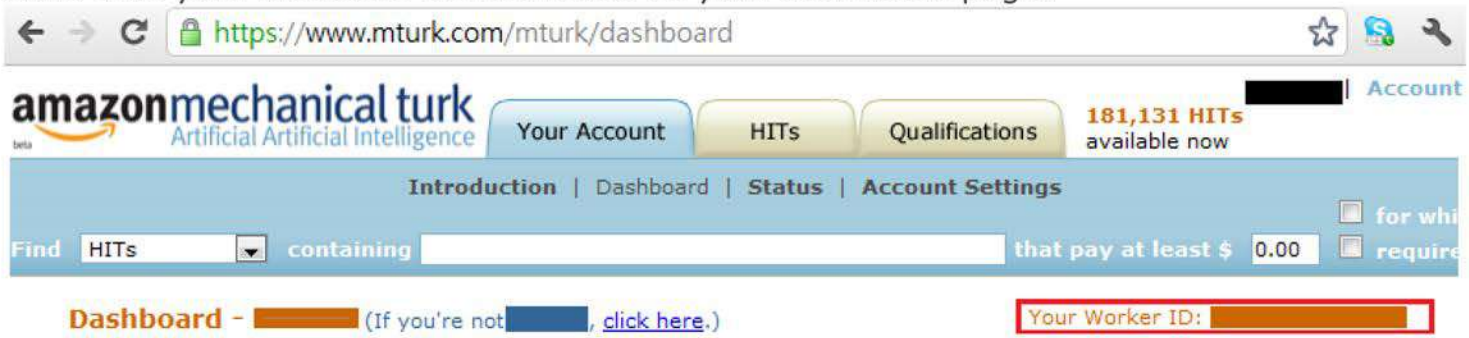
Stanford

We will start with a brief instruction period. During the instruction period you will be given a description of the main features of the experiment. Please pay attention. While reading the instructions, you will be asked questions regarding these instructions.

Before continuing please write down your MTurk ID:

Please see below for where you can find your Worker ID. Your WorkerID starts with the letter A and has 12-14 letters or numbers. It must be all CAPITAL letters and no spaces. It is NOT your email address.

Note that your WorkerID can be found on your dashboard page:



>>

Stanford

- You are being asked to take part in a research study.
- If you choose to be in the study, you will complete a survey. This survey will help us learn more about what factors influence individual decisions and behavior. The survey will take you about 1 hour.
- All payments and procedures will be implemented in exactly the manner they are described in this survey and on the Amazon Mechanical Turk platform.
- You may stop the survey at any time.
- The survey is anonymous, and no one will be able to link your answers back to you. Please do not include your name or other information that could be used to identify you in the survey responses. Please make sure to mark your Amazon Profile as private if you do not want it to be found from your Mechanical Turk Worker ID.
- Being in this study is voluntary. Please exit the webpage if you do not want to participate.
- You may print a copy of this information sheet for your own records.
- If you want to participate in this study, click the arrow below to start the survey.
- Questions, Concerns, or Complaints: If you have any questions, concerns or complaints about this research study, its procedures, risks and benefits, you should ask the Protocol Director, Muriel Niederle, niederle@stanford.edu
- Independent contact: If you are not satisfied with how this study is being conducted, or if you have any concerns, complaints, or general questions about the research or your rights as a participant, please contact the Stanford Institutional Review Board (IRB) to speak to someone independent of the research team at (650)-723-2480 or toll free at 1-866-680-2906. You can also write to the Stanford IRB, Stanford University, 3000 El Camino Real, Five Palo Alto Square,4th Floor, Palo Alto, CA 94306.

>>

Stanford

- We start by providing you with instructions on the rules of the study. **We will ask you questions to check that you understand the rules. You should be able to answer all these questions correctly.**
- Please follow the instructions closely and carefully. If you make three mistakes in the understanding questions, you will not be allowed to complete the study.
- After you finish with the instructions we will check whether you made 2 or fewer mistakes in the understanding questions. In that case, you will start with the main part of the study.

>>

Stanford

- We start by providing you with instructions on the rules of the study. We will ask you questions to check that you understand the rules. You should be able to answer all these questions correctly.
- Please follow the instructions closely and carefully. If you make three mistakes in the understanding questions, you will not be allowed to complete the study.
- After you finish with the instructions we will check whether you made 2 or fewer mistakes in the understanding questions. In that case, you will start with the main part of the study.
- **If you complete the main part of the study, you receive a bonus payment of $4.**
- **In addition, your choices will result in profits. These profits will turn into an additional bonus payment. Some choices can result in losses. While almost all participants so far made additional gains above and beyond $4, it is possible to lose part of the $4 bonus that you receive for completing the main part of the study.**
- **Please pay attention to understand the rules of the study.**

>>

Stanford

- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.

>>

Stanford

- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
- **The buyer submits a price for the company. The price is a number from 0 to 150.**
- **The buyer buys the company if the price is higher than or equal to V.**
- **If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.**

>>

Stanford

- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
- The buyer submits a price for the company. The price is a number from 0 to 150.
- The buyer buys the company if the price is higher than or equal to V.
- If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.
- **If the buyer buys, the profit for the buyer is:**

1.5 x V - Price.

- **If the buyer does not buy, the profit for the buyer is 0.**

>>

Stanford

- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
- The buyer submits a price for the company. The price is a number from 0 to 150.
- The buyer buys the company if the price is higher than or equal to V.
- If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.
- If the buyer buys, the profit for the buyer is:

$$1.5 \times V - \text{Price}.$$

- If the buyer does not buy, the profit for the buyer is 0.

Suppose that V = 60. What is the company's value to the buyer if the buyer buys the company?

- ○ 90
- ○ 60
- ○ 120
- ○ 100

>>

Stanford

- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
- The buyer submits a price for the company. The price is a number from 0 to 150.
- The buyer buys the company if the price is higher than or equal to V.
- If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.
- If the buyer buys, the profit for the buyer is:

$$1.5 \times V - \text{Price}.$$

- If the buyer does not buy, the profit for the buyer is 0.

Suppose that V = 60. Suppose that the buyer offers a price of 100. What is the buyer's profit?

- ○ 0
- ○ -10
- ○ 10
- ○ 100

Suppose that V = 60. Suppose that the buyer offers a price of 50. What is the buyer's profit?

- ○ 0
- ○ -10
- ○ 50
- ○ 100

Suppose that V = 60. Suppose that the buyer offers a price of 70. What is the buyer's profit?

- ○ 0
- ○ -20
- ○ 20
- ○ 100

>>

Stanford

- Now you know how to compute profits when you buy a company.
- The study will have 5 main parts in total. In each part you can receive additional bonus payments that depend on your choices.
- We are now ready to continue with the instructions of Part 1 of the study.
- Please read the instructions carefully.
- If you make more than two mistakes in the questions that you are about to see, you cannot continue with the study after you complete the instructions for part 1.

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

- **In each round you face the situation described next.**
- **There are two companies for sale. You can buy two companies, one or none.**

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

- **In each round you face the situation described next.**
- **There are two companies for sale. You can buy two companies, one or none.**

How many companies can you buy?

- ○ None
- ○ Up to one
- ○ Up to two

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.

- **The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.**
- **In each round, you will learn the value A of the first company and the value B of the second company.**
- **You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.**
- **You do know that the two companies for sale are the first company of value A and the second company of value B.**

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.

- **The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.**
- **In each round, you will learn the value A of the first company and the value B of the second company.**
- **You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.**
- **You do know that the two companies for sale are the first company of value A and the second company of value B.**

Do you know the value of the companies when you submit the price?

- ○ Yes, both companies are of value A
- ○ No, you do not know the values of either company
- ○ Yes, both companies are of value B
- ○ Yes, one company is of value A and the other is of value B

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, you will learn the value A of the first company and the value B of the second company.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.
You do know that the two companies for sale are the first company of value A and the second company of value B.

- **Transaction for each company:**
  - **If the price you submit is higher than or equal to the value of the company, you buy the company.**
  - **If you buy, you increase the company's value by 50%. This means that if you buy the first company of value A, the value to you is *1.5 x A*. If you buy the second company of value B, the value to you is *1.5 x B* .**
  - **For each company you buy, your profit is:**

1.5 x value of the company - price

- **For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose that the value of one of the companies is 80. If you buy that company, the value of the company to you is:

- ○ 120
- ○ 80
- ○ 100
- ○ 160

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, you will learn the value A of the first company and the value B of the second company.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.
You do know that the two companies for sale are the first company of value A and the second company of value B.

- **Transaction for each company:**
  - **If the price you submit is higher than or equal to the value of the company, you buy the company.**
  - **If you buy, you increase the company's value by 50%. This means that if you buy the first company of value A, the value to you is *1.5 x A*. If you buy the second company of value B, the value to you is *1.5 x B* .**
  - **For each company you buy, your profit is:**

1.5 x value of the company - price

  - **For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose the value of the first company is A = 40 and the value of the second company is B = 70

Suppose you offer a price of 30. Which companies do you buy?

- ○ Only the first company
- ○ Only the second company
- ○ None
- ○ Both companies

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, you will learn the value A of the first company and the value B of the second company.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.
You do know that the two companies for sale are the first company of value A and the second company of value B.

- **Transaction for each company:**
  - **If the price you submit is higher than or equal to the value of the company, you buy the company.**
  - **If you buy, you increase the company's value by 50%. This means that if you buy the first company of value A, the value to you is *1.5 x A*. If you buy the second company of value B, the value to you is *1.5 x B* .**
  - **For each company you buy, your profit is:**

1.5 x value of the company - price

  - **For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose the value of the first company is A = 40 and the value of the second company is B = 70

Suppose you offer a price of 40. Which companies do you buy?

- ○ None
- ○ Only the second company
- ○ Only the first company
- ○ Both companies

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, you will learn the value A of the first company and the value B of the second company.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.
You do know that the two companies for sale are the first company of value A and the second company of value B.

- **Transaction for each company:**
  - **If the price you submit is higher than or equal to the value of the company, you buy the company.**
  - **If you buy, you increase the company's value by 50%. This means that if you buy the first company of value A, the value to you is *1.5 x A*. If you buy the second company of value B, the value to you is *1.5 x B* .**
  - **For each company you buy, your profit is:**

1.5 x value of the company - price

  - **For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose the value of the first company is A = 40 and the value of the second company is B = 70

Suppose you offer a price of 80. Which companies do you buy?

- ○ Both companies
- ○ None
- ○ Only the first company
- ○ Only the second company

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, you will learn the value A of the first company and the value B of the second company.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.
You do know that the two companies for sale are the first company of value A and the second company of value B.
Transaction for each company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the first company of value A, the value to you is *1.5 x A*. If you buy the second company of value B, the value to you is *1.5 x B* .
For each company you buy, your profit is: *1.5 x value of the company - price*
For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

- **The price you submit is the same for both transactions. You can make money from both transactions.**
- **Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, you will learn the value A of the first company and the value B of the second company.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.
You do know that the two companies for sale are the first company of value A and the second company of value B.
Transaction for each company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the first company of value A, the value to you is *1.5 x A*. If you buy the second company of value B, the value to you is *1.5 x B* .
For each company you buy, your profit is: *1.5 x value of the company - price*
For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

- **The price you submit is the same for both transactions. You can make money from both transactions.**
- **Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

Suppose you buy two companies. What is your payoff for the round?

○ (1.5 x value of the first company - price you offer) + (1.5 x value of the second company - price you offer)

○ (0 - price you offer) + (0 - price you offer)

○ (value of the first company - price you offer) + (value of the second company - price you offer)

○ 0

○ (1.5 x value of the first company) + (1.5 x value of the second company)

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, you will learn the value A of the first company and the value B of the second company.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.
You do know that the two companies for sale are the first company of value A and the second company of value B.
Transaction for each company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the first company of value A, the value to you is *1.5 x A*. If you buy the second company of value B, the value to you is *1.5 x B* .
For each company you buy, your profit is: *1.5 x value of the company - price*
For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

- **The price you submit is the same for both transactions. You can make money from both transactions.**
- **Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

Suppose you buy only the first company. What is your payoff for the round?

- ○ value of the first company - price you offer
- ○ 0
- ○ 1.5 x value of the first company - price you offer
- ○ 1.5 x value of the first company
- ○ (1.5 x value of the first company - price you offer) + (0 - price you offer)
- ○ (0 - price you offer) + (0 - price you offer)

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, you will learn the value A of the first company and the value B of the second company.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.
You do know that the two companies for sale are the first company of value A and the second company of value B.
Transaction for each company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the first company of value A, the value to you is *1.5 x A*. If you buy the second company of value B, the value to you is *1.5 x B* .
For each company you buy, your profit is: *1.5 x value of the company - price*
For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

- **The price you submit is the same for both transactions. You can make money from both transactions.**
- **Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

Suppose you do not buy either company. What is your payoff for the round?

- ○ 0
- ○ (0 - price you offer) + (0 - price you offer)

>>

Stanford

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, you will learn the value A of the first company and the value B of the second company.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.
You do know that the two companies for sale are the first company of value A and the second company of value B.
Transaction for each company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the first company of value A, the value to you is *1.5 x A*. If you buy the second company of value B, the value to you is *1.5 x B* .
For each company you buy, your profit is: *1.5 x value of the company - price*
For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
The price you submit is the same for both transactions. You can make money from both transactions.
Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. Your payoff for part 1 is equal to the payoff of the selected round in points. Each point is worth 3 cents.**

How many cents do you earn for each point?

- ○ 3 cents
- ○ 1 cent
- ○ 5 cents

>>

Stanford

Now we will proceed to **Part 1** of the experiment.

>>

Stanford

Question 1/20

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 20 B = 120

Your price is:

>>

Stanford

Question 2/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 18 B = 122

Your price is:

>>

Stanford

Question 3/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 22 B = 106

Your price is:

>>

Stanford

Question 4/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 24 B = 128

Your price is:

>>

Stanford

Question 5/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 20 B = 130

Your price is:

>>

Stanford

Question 6/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 12 B = 112

Your price is:

>>

Stanford

Question 7/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 12 B = 138

Your price is:

>>

Stanford

Question 8/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 24 B = 126

Your price is:

>>

Stanford

Question 9/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 14 B = 122

Your price is:

>>

Stanford

Question 10/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 10 B = 96

Your price is:

>>

Stanford

Question 11/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 18 B = 80

Your price is:

>>

Stanford

Question 12/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 16 B = 98

Your price is:

>>

Stanford

Question 13/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 18 B = 86

Your price is:

>>

Stanford

Question 14/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 16 B = 106

Your price is:

>>

Stanford

Question 15/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 24 B = 134

Your price is:

>>

Stanford

Question 16/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 14 B = 140

Your price is:

>>

Stanford

Question 17/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 12 B = 136

Your price is:

>>

Stanford

Question 18/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 18 B = 90

Your price is:

>>

Stanford

Question 19/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 10 B = 86

Your price is:

>>

Stanford

Question 20/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 28 B = 126

Your price is:

>>

Stanford

Now we will proceed to **Part 2** of the experiment where you will play 5 additional rounds with the same rules as before.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. Your payoff for part 2 is equal to the payoff of the selected round in points. Each point is worth 1 cent.**

How many cents do you earn for each point?

- ○ 1 cent
- ○ 3 cents
- ○ 5 cents

>>

Stanford

Question 1/5

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 52 B = 58

Your price is:

>>

Stanford

Question 2/5

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 50 B = 54

Your price is:

>>

Stanford

Question 3/5 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 48 B = 54

Your price is:

>>

Stanford

Question 4/5

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 54 B = 54

Your price is:

>>

Stanford

Question 5/5 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 52 B = 64

Your price is:

>>

Stanford

Now we will proceed to **Part 3** of the experiment.

>>

Stanford

Now, given your experience with this environment, you have the possibility of making extra money by giving advice.

After you finish this experiment another MTurker –who we call the Advisee- will face one round like the ones you faced before, with values:
A = 20 and B = 120

In the box below you can provide advice on what price you think the advisee should submit and a justification for your recommendation.

Before making any choices, the advisee will read your advice and that of two other participants. After the advisee has submitted a price, he/she will choose the piece of advice that was most useful to him/her. If the advisee selects your advice, we will add to your earnings whatever amount the advisee earns in the round. Each point that the advisee earns is worth 3 cents to you.

>>

Stanford

Now we will proceed to **Part 4** of the experiment. The rules in this part are different. Please pay attention.

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

- **In each round you face the situation described next.**
- **There is a company for sale. You can buy one company or none.**

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

- **In each round you face the situation described next.**
- **There is a company for sale. You can buy one company or none.**

How many companies can you buy?

- ○ Up to one
- ○ None
- ○ Up to two

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.

- **The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.**
- **In each round you will learn the value A and B that the company may have.**
- **With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.**
- **You will not know which of the two values is selected.**
- **You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.**
- **You do not know if the company for sale is of value A or of value B.**

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.

- **The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.**
- **In each round you will learn the value A and B that the company may have.**
- **With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.**
- **You will not know which of the two values is selected.**
- **You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.**
- **You do not know if the company for sale is of value A or of value B.**

Do you know the value of the company when you submit the price?

- ○ Yes
- ○ No, the company's value could be A or B

How likely is it that the company is of value A?

- ○ No chance that the company is of value A
- ○ The company is of value A for sure
- ○ The company is equally likely to be of value A or of value B

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round you will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
You will not know which of the two values is selected.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.
You do not know if the company for sale is of value A or of value B.

- **Transaction for the company:**
  - **If the price you submit is higher than or equal to the value of the company, you buy the company.**
  - **If you buy, you increase the company's value by 50%. This means that if you buy the company of value A, the value to you is *1.5 x A*. If you buy the company of value B, the value to you is *1.5 x B*.**
  - **If you buy the company, your profit is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose that the value of the company is 80. If you buy the company, the value to you is:

- ○ 120
- ○ 80
- ○ 100
- ○ 160

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round you will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
You will not know which of the two values is selected.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.
You do not know if the company for sale is of value A or of value B.

- **Transaction for the company:**
  - **If the price you submit is higher than or equal to the value of the company, you buy the company.**
  - **If you buy, you increase the company's value by 50%. This means that if you buy the company of value A, the value to you is *1.5 x A*. If you buy the company of value B, the value to you is *1.5 x B*.**
  - **If you buy the company, your profit is:**

2 times (*1.5 x value of the company - price*)

- **If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose that A = 40 and B = 70

Suppose you offer a price of 30. You then learn that the value of the company is 40. Do you buy the company?

- ○ Yes
- ○ No

Suppose that A = 40 and B = 70

Suppose you offer a price of 40. You then learn that the value of the company is 40. Do you buy the company?

- ○ No
- ○ Yes

Suppose that A = 40 and B = 70

Suppose you offer a price of 50. You then learn that the value of the company is 70. Do you buy the company?

- ○ No
- ○ Yes

Suppose that A = 40 and B = 70

Suppose you offer a price of 80. You then learn that the value of the company is 70. Do you buy the company?

- ○ Yes
- ○ No

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round you will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
You will not know which of the two values is selected.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.
You do not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the company of value A, the value to you is *1.5 x A*. If you buy the company of value B, the value to you is *1.5 x B*.
If you buy the company, your profit is: 2 times (*1.5 x value of the company - price)*
If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

Your payoff for the round is the profit from the transaction.

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round you will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
You will not know which of the two values is selected.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.
You do not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the company of value A, the value to you is *1.5 x A*. If you buy the company of value B, the value to you is *1.5 x B*.
If you buy the company, your profit is: 2 times (*1.5 x value of the company - price)*
If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

Your payoff for the round is the profit from the transaction.

Suppose you buy the company. What is your profit from the transaction?

- ○ 2 times (0 - price you offer)
- ○ 2 times (1.5 x value of the company)
- ○ 2 times (value of the company – price you offer)
- ○ 2 times (1.5 x value of the company – price you offer)
- ○ 0

Suppose you do not buy the company. What is your profit from the transaction?

- ○ 0
- ○ 2 times (0 - price you offer)

>>

Stanford

Part 4 of the experiment consists of 10 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round you will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
You will not know which of the two values is selected.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.
You do not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the company of value A, the value to you is *1.5 x A*. If you buy the company of value B, the value to you is *1.5 x B*.
If you buy the company, your profit is: 2 times (*1.5 x value of the company - price)*
If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
Your payoff for the round is the pfrofit from the transaction.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. Your payoff for part 1 is equal to the payoff of the selected round in points. Each point is worth 1 cent.**

How many cents do you earn for each point?

- ○ 1 cent
- ○ 3 cents
- ○ 5 cents

>>

Stanford

Question 1/10

Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 20 B = 120

Your price is:

>>

Stanford

Question 2/10

Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 14 B = 98

Your price is:

>>

Stanford

Question 3/10

Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 24 B = 122

Your price is:

>>

Stanford

Question 4/10

Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 30 B = 88

Your price is:

>>

Stanford

Question 5/10

Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 28 B = 92

Your price is:

>>

Stanford

Question 6/10

Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 16 B = 80

Your price is:

>>

Stanford

Question 7/10

Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 26 B = 96

Your price is:

>>

Stanford

Question 8/10

Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 28 B = 96

Your price is:

>>

Stanford

Question 9/10

Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 10 B = 110

Your price is:

>>

Stanford

Question 10/10

Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 10 B = 82

Your price is:

>>

Stanford

Now we will proceed to **Part 5** of the experiment.

>>

Stanford

In the next part of the experiment you will be asked three questions:

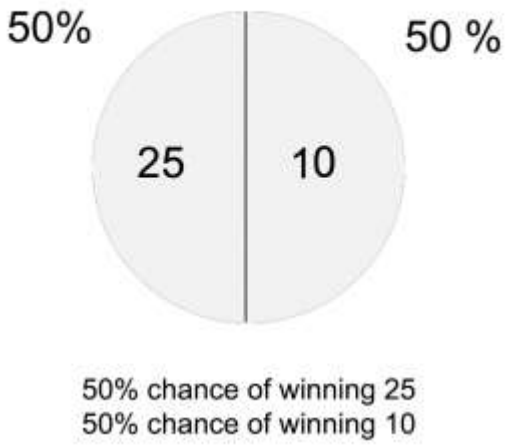
- **In each question you have to select one of two possible lotteries.**
- **At the end of the experiment one of the three questions in this part will be chosen randomly (all questions are equally likely to be selected). The lottery that you chose in the selected question will be used to determine your payoff for this part in points. Each point is worth 3 cents.**

How many cents do you earn for each point?

- ○ 1 cent
- ○ 5 cents
- ○ 3 cents

>>

This is an example of how a lottery looks like.



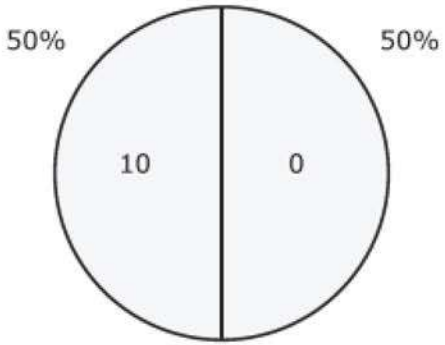
How likely is it that you receive 25 points?

- ○ No chance that you receive 25 points
- ○ You are equally likely to receive 25 points or 10 points
- ○ You receive 25 points for sure

>>

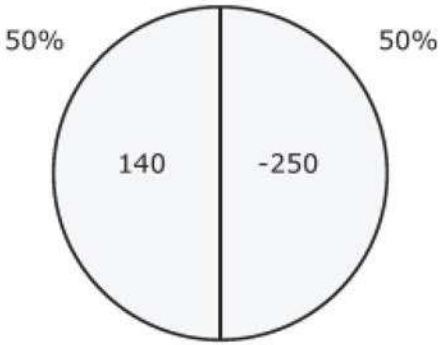
Stanford

Select the lottery that counts for payment



50% chance of winning 10
50% chance of winning 0

O



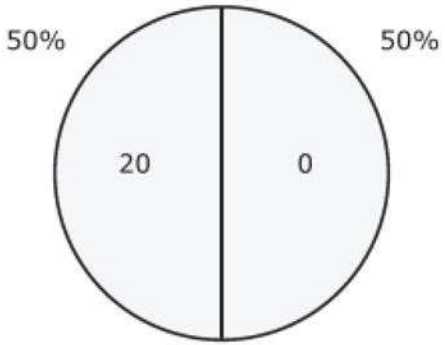
50% chance of winning 140
50% chance of losing 250

O

>>

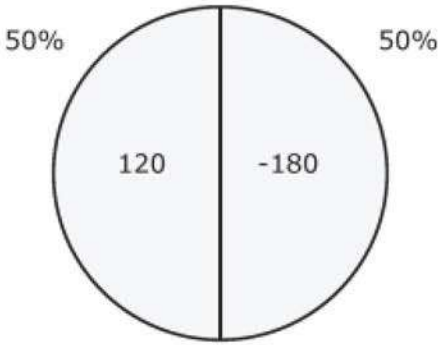
Stanford

Select the lottery that counts for payment



50% chance of winning 20
50% chance of winning 0

O



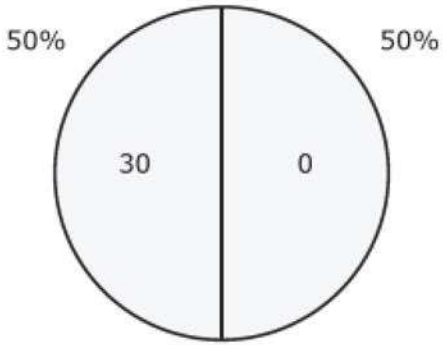
50% chance of winning 120
50% chance of losing 180

O

>>

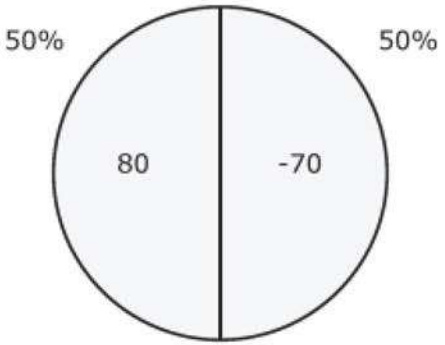
Stanford

Select the lottery that counts for payment



50% chance of winning 30
50% chance of winning 0

O



50% chance of winning 80
50% chance of losing 70

O

>>

Stanford

To finish the study, please answer the following questions about yourself.

What is your sex?

Male	Female	Prefer not to tell
○	○	○

How old are you (in years)?

Please specify your ethnicity.

- ○ White
- ○ Hispanic
- ○ African American or Black
- ○ Asian
- ○ Native American
- ○ Native Hawaiian or Pacific Islander
- ○ Other

Please select the state in which you currently reside.

Please select the highest level of education that you have completed.

- ○ Elementary school
- ○ Middle school
- ○ High school or equivalent
- ○ Some college
- ○ College graduate with Associate's Degree (2 year)
- ○ College graduate with Bachelor's Degree (4 year)
- ○ Master's Degree (MS)
- ○ Doctoral Degree (PhD)
- ○ Professional Degree (MD, JD, etc.)

Please tell us any comments you may have about this study, thank you.

>>

Stanford

This is the end of the study. Thanks for taking this survey.

Please enter 8739 as the survey code.

Advice Probabilistic Treatment

Question 1/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 20 B = 120

Your price is:

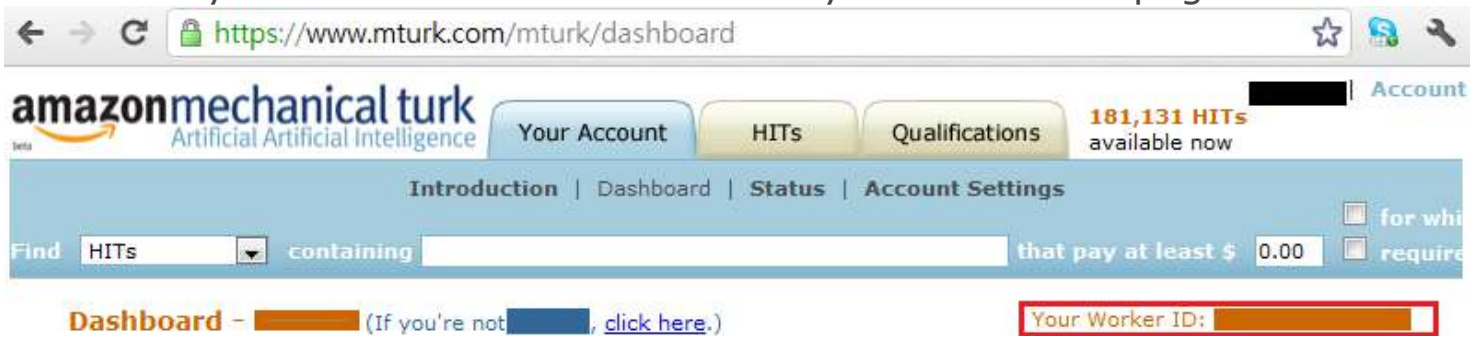
>>

We will start with a brief instruction period. During the instruction period you will be given a description of the main features of the experiment. Please pay attention. While reading the instructions, you will be asked questions regarding these instructions.

Before continuing please write down your MTurk ID:

Please see below for where you can find your Worker ID. Your WorkerID starts with the letter A and has 12-14 letters or numbers. It must be all CAPITAL letters and no spaces. It is NOT your email address.

Note that your WorkerID can be found on your dashboard page:



>>

- You are being asked to take part in a research study.
- If you choose to be in the study, you will complete a survey. This survey will help us learn more about what factors influence individual decisions and behavior. The survey will take you about 1 hour.
- All payments and procedures will be implemented in exactly the manner they are described in this survey and on the Amazon Mechanical Turk platform.
- You may stop the survey at any time.
- The survey is anonymous, and no one will be able to link your answers back to you. Please do not include your name or other information that could be used to identify you in the survey responses. Please make sure to mark your Amazon Profile as private if you do not want it to be found from your Mechanical Turk Worker ID.
- Being in this study is voluntary. Please exit the webpage if you do not want to participate.
- You may print a copy of this information sheet for your own records.
- If you want to participate in this study, click the arrow below to start the survey.
- Questions, Concerns, or Complaints: If you have any questions, concerns or complaints about this research study, its procedures, risks and benefits, you should ask the Protocol Director, Muriel Niederle, niederle@stanford.edu
- Independent contact: If you are not satisfied with how this study is being conducted, or if you have any concerns, complaints, or general questions about the research or your rights as a participant, please contact the Stanford Institutional Review Board (IRB) to speak to someone independent of the research team at (650)-723-2480 or toll free at 1-866-680-2906. You can also write to the Stanford IRB, Stanford University, 3000 El Camino Real, Five Palo Alto Square,4th Floor, Palo Alto, CA 94306.

>>

- **We start by providing you with instructions on the rules of the study. We will ask you questions to check that you understand the rules. You should be able to answer all these questions correctly.**
- **Please follow the instructions closely and carefully. If you make three mistakes in the understanding questions, you will not be allowed to complete the study.**
- **After you finish with the instructions we will check whether you made 2 or fewer mistakes in the understanding questions. In that case, you will start with the main part of the study.**

>>

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- Please follow the instructions closely and carefully. If you make three mistakes in the understanding questions, you will not be allowed to complete the study.
- After you finish with the instructions we will check whether you made 2 or fewer mistakes in the understanding questions. In that case, you will start with the main part of the study.
- **If you complete the main part of the study, you receive a bonus payment of $4.**
- **In addition, your choices will result in profits. These profits will turn into an additional bonus payment. Some choices can result in losses. While almost all participants so far made additional gains above and beyond $4, it is possible to lose part of the $4 bonus that you receive for completing the main part of the study.**
- **Please pay attention to understand the rules of the study.**

>>

- **In this experiment you will have to decide whether to buy companies or not.**
- **We start by describing how a buyer of companies can make a profit or loss from buying a company.**
- **Suppose that the company's value is V, where V represents a number.**

>>

- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
- **The buyer submits a price for the company. The price is a number from 0 to 150.**
- **The buyer buys the company if the price is higher than or equal to V.**
- **If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.**

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- The buyer buys the company if the price is higher than or equal to V.
- If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.
- **If the buyer buys, the profit for the buyer is:**

1.5 x V - Price.

- **If the buyer does not buy, the profit for the buyer is 0.**

>>

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- If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.
- If the buyer buys, the profit for the buyer is:

$$1.5 \times V - \text{Price}.$$

- If the buyer does not buy, the profit for the buyer is 0.

Suppose that V = 60. What is the company's value to the buyer if the buyer buys the company?

- ○ 90
- ○ 60
- ○ 120
- ○ 100

>>

- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
- The buyer submits a price for the company. The price is a number from 0 to 150.
- The buyer buys the company if the price is higher than or equal to V.
- If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.
- If the buyer buys, the profit for the buyer is:

$$1.5 \times V - \text{Price}.$$

- If the buyer does not buy, the profit for the buyer is 0.

Suppose that V = 60. Suppose that the buyer offers a price of 100. What is the buyer's profit?

- ◯ 0
- ◯ -10
- ◯ 10
- ◯ 100

Suppose that V = 60. Suppose that the buyer offers a price of 50. What is the buyer's profit?

- ◯ 0
- ◯ -10
- ◯ 50
- ◯ 100

Suppose that V = 60. Suppose that the buyer offers a price of 70. What is the buyer's profit?

- ◯ 0
- ◯ -20
- ◯ 20
- ◯ 100

>>

- **Now you know how to compute profits when you buy a company.**
- **The study will have 2 main parts in total. In each part you can receive additional bonus payments that depend on your choices.**
- **We are now ready to continue with the instructions of Part 1 of the study.**
- **Please read the instructions carefully.**
- **If you make more than two mistakes in the questions that you are about to see, you cannot continue with the study after you complete the instructions for part 1.**

>>

Part 1 of the experiment consists of 20 rounds.

- **In each round you face the situation described next.**
- **There is a company for sale. You can buy one company or none.**

>>

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- **There is a company for sale. You can buy one company or none.**

How many companies can you buy?

- ○ None
- ○ Up to two
- ○ Up to one

>>

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.

- **The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.**
- **In each round you will learn the value A and B that the company may have.**
- **With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.**
- **You will not know which of the two values is selected.**
- **You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.**
- **You do not know if the company for sale is of value A or of value B.**

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- **You will not know which of the two values is selected.**
- **You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.**
- **You do not know if the company for sale is of value A or of value B.**

Do you know the value of the company when you submit the price?

- ○ Yes
- ○ No, the company's value could be A or B

>>

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- **You do not know if the company for sale is of value A or of value B.**

How likely is it that the company is of value A?

- ○ No chance that the company is of value A
- ○ The company is of value A for sure
- ○ The company is equally likely to be of value A or of value B

>>

Part 1 of the experiment consists of 20 rounds.

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You do not know if the company for sale is of value A or of value B.

- **Transaction for the company:**
  - **If the price you submit is higher than or equal to the value of the company, you buy the company.**
  - **If you buy, you increase the company's value by 50%. This means that if you buy the company of value A, the value to you is *1.5 x A*. If you buy the company of value B, the value to you is *1.5 x B*.**
  - **If you buy the company, your profit is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose that the value of the company is 80. If you buy the company, the value of the company to you is:

- ○ 120
- ○ 80
- ○ 100
- ○ 160

>>

Part 1 of the experiment consists of 20 rounds.

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  - **If you buy the company, your profit is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose that A = 40 and B = 70

Suppose you offer a price of 30. You then learn that the value of the company is 40. Do you buy the company?

- ○ Yes
- ○ No

>>

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
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  - **If you buy the company, your profit is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose that A = 40 and B = 70

Suppose you offer a price of 40. You then learn that the value of the company is 40. Do you buy the company?

- ○ No
- ○ Yes

>>

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
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  - **If you buy the company, your profit is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose that A = 40 and B = 70

Suppose you offer a price of 50. You then learn that the value of the company is 70. Do you buy the company?

- ○ Yes
- ○ No

>>

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
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  - **If you buy the company, your profit is:**

    2 times (*1.5 x value of the company - price*)

- **If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose that A = 40 and B = 70

Suppose you offer a price of 80. You then learn that the value of the company is 70. Do you buy the company?

- ○ Yes
- ○ No

>>

Part 1 of the experiment consists of 20 rounds.

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If you buy the company, your profit is: 2 times (*1.5 x value of the company - price)*
If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

Your payoff for the round is the profit from the transaction.

>>

Part 1 of the experiment consists of 20 rounds.

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If you buy the company, your profit is: 2 times (*1.5 x value of the company - price)*
If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

Your payoff for the round is the profit from the transaction.

Suppose you buy the company. What is your profit from the transaction?

- ○ 2 times (1.5 x value of the company – price you offer)
- ○ 0
- ○ 2 times (value of the company – price you offer)
- ○ 2 times (1.5 x value of the company)
- ○ 2 times (0 - price you offer)

>>

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
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Transaction for the company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the company of value A, the value to you is *1.5 x A*. If you buy the company of value B, the value to you is *1.5 x B*.
If you buy the company, your profit is: 2 times (*1.5 x value of the company - price)*
If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

Your payoff for the round is the profit from the transaction.

Suppose you do not buy the company. What is your profit from the transaction?

- ○ 2 times (0 - price you offer)
- ○ 0

>>

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There is a company for sale. You can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round you will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
You will not know which of the two values is selected.
You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for the company.
You do not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price you submit is higher than or equal to the value of the company, you buy the company.
If you buy, you increase the company's value by 50%. This means that if you buy the company of value A, the value to you is *1.5 x A*. If you buy the company of value B, the value to you is *1.5 x B*.
If you buy the company, your profit is: 2 times (*1.5 x value of the company - price)*
If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
Your payoff for the round is the profit from the transaction.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. Your payoff for part 1 is equal to the payoff of the selected round in points. Each point is worth 3 cents.**

How many cents do you earn for each point?

- ○ 1 cent
- ○ 3 cents
- ○ 5 cents

>>

Now we will proceed to **Part 1** of the experiment.

- Before answering you will see different advice from previous MTurkers who took this survey.
- The first question in Part 1 is shown below:

Question 1/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 20 B = 120
Your price is:

>>

- You should write your price as 20 just to be safe!

Did you find this advice useful?

- ◯ Very useful
- ◯ Somehow useful
- ◯ Not useful at all

>>

- I would advise that for the first round you go back and forth between bidding enough for the higher price and bidding enough for the lower one. In the second round I would just bid the higher price every time because the prices are much closer together so your profit should be good no matter what.

Did you find this advice useful?

- ◯ Very useful
- ◯ Somehow useful
- ◯ Not useful at all

>>

- Put a higher number so you have a chance of winning

Did you find this advice useful?

- ◯ Very useful
- ◯ Somehow useful
- ◯ Not useful at all

>>

- I picked a number that was greater than the smallest number but smaller than the biggest number.

Did you find this advice useful?

- ○ Very useful
- ○ Somehow useful
- ○ Not useful at all

>>

- I would go with a lower offer of 20 because the higher that you offer the less you will earn because of the formula used in the study to calculate your profit. I don' t think bidding higher is worth it. Then again, if you are feeling like going for it, offer up 120.

Did you find this advice useful?

- ◯ Very useful
- ◯ Somehow useful
- ◯ Not useful at all

>>

Which one did you find more helpful?

- ○ You should write your price as 20 just to be safe!
- ○ I would advise that for the first round you go back and forth between bidding enough for the higher price and bidding enough for the lower one. In the second round I would just bid the higher price every time because the prices are much closer together so your profit should be good no matter what.
- ○ Put a higher number so you have a chance of winning
- ○ I picked a number that was greater than the smallest number but smaller than the biggest number.
- ○ I would go with a lower offer of 20 because the higher that you offer the less you will earn because of the formula used in the study to calculate your profit. I don' t think bidding higher is worth it. Then again, if you are feeling like going for it, offer up 120.

>>

Now we will proceed to **Part 1** of the experiment.

>>

Question 1/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 20 B = 120

Your price is:

>>

Question 2/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 16 B = 98

Your price is:

>>

Question 3/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 24 B = 134

Your price is:

>>

Question 4/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 18 B = 86

Your price is:

>>

Question 5/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 18 B = 90

Your price is:

>>

Question 6/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 10 B = 96

Your price is:

>>

Question 7/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 18 B = 122

Your price is:

>>

Question 8/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 12 B = 112

Your price is:

>>

Question 9/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 20 B = 130

Your price is:

>>

Question 10/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 18 B = 80

Your price is:

>>

Question 11/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 22 B = 106

Your price is:

>>

Question 12/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 10 B = 86

Your price is:

>>

Question 13/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 24 B = 128

Your price is:

>>

Question 14/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 16 B = 106

Your price is:

>>

Question 15/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 14 B = 122

Your price is:

>>

Question 16/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 12 B = 136

Your price is:

>>

Question 17/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 28 B = 126

Your price is:

>>

Question 18/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 12 B = 138

Your price is:

>>

Question 19/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 24 B = 126

Your price is:

>>

Question 20/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 14 B = 140

Your price is:

>>

Now we will proceed to **Part 2** of the experiment where you will play 5 additional rounds with the same rules as before.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. Your payoff for part 2 is equal to the payoff of the selected round in points. Each point is worth 1 cent.**

How many cents do you earn for each point?

- ○ 1 cent
- ○ 3 cents
- ○ 5 cents

>>

Question 1/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 52 B = 64

Your price is:

>>

Question 2/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 50 B = 54

Your price is:

>>

Question 3/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 52 B = 58

Your price is:

>>

Question 4/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 48 B = 54

Your price is:

>>

Question 5/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your payoff is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- Your payoff for the round is the payoff from the transaction of the company.

The values for this round are: A = 54 B = 58

Your price is:

>>

To finish the study, please answer the following questions about yourself.

What is your sex?

Male	Female	Prefer not to tell
○	○	○

How old are you (in years)?

▾

Please specify your ethnicity.

- ○ White
- ○ Hispanic
- ○ African American or Black
- ○ Asian
- ○ Native American
- ○ Native Hawaiian or Pacific Islander
- ○ Other

Please select the state in which you currently reside.

▾

Please select the highest level of education that you have completed.

- ○ Elementary school
- ○ Middle school
- ○ High school or equivalent
- ○ Some college
- ○ College graduate with Associate's Degree (2 year)
- ○ College graduate with Bachelor's Degree (4 year)
- ○ Master's Degree (MS)
- ○ Doctoral Degree (PhD)
- ○ Professional Degree (MD, JD, etc.)

>>

This is the end of the study. Thanks for taking this survey.

Please enter 2290 as the survey code.

Advice Deterministic Treatment

Question 1/20

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 20 B = 120

Your price is:

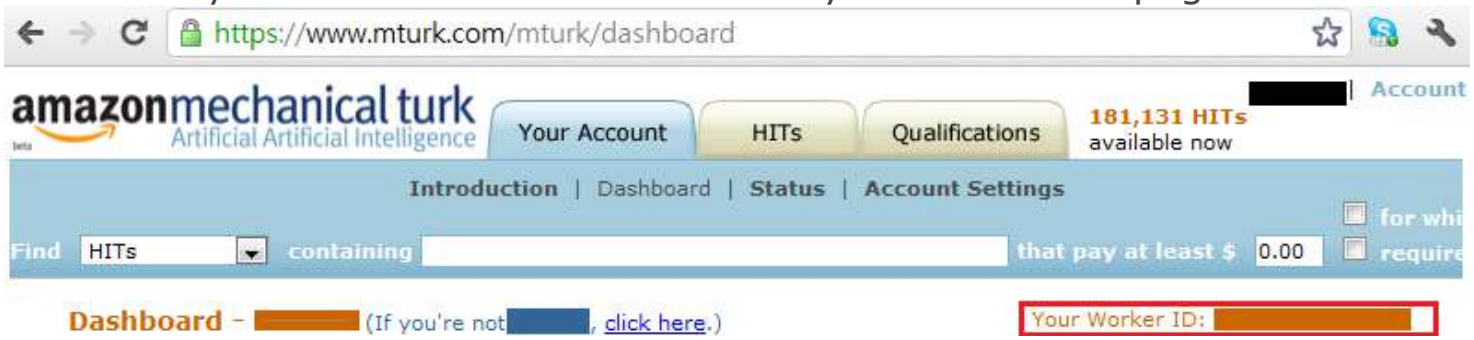
>>

We will start with a brief instruction period. During the instruction period you will be given a description of the main features of the experiment. Please pay attention. While reading the instructions, you will be asked questions regarding these instructions.

Before continuing please write down your MTurk ID:

Please see below for where you can find your Worker ID. Your WorkerID starts with the letter A and has 12-14 letters or numbers. It must be all CAPITAL letters and no spaces. It is NOT your email address.

Note that your WorkerID can be found on your dashboard page:



>>

- You are being asked to take part in a research study.
- If you choose to be in the study, you will complete a survey. This survey will help us learn more about what factors influence individual decisions and behavior. The survey will take you about 1 hour.
- All payments and procedures will be implemented in exactly the manner they are described in this survey and on the Amazon Mechanical Turk platform.
- You may stop the survey at any time.
- The survey is anonymous, and no one will be able to link your answers back to you. Please do not include your name or other information that could be used to identify you in the survey responses. Please make sure to mark your Amazon Profile as private if you do not want it to be found from your Mechanical Turk Worker ID.
- Being in this study is voluntary. Please exit the webpage if you do not want to participate.
- You may print a copy of this information sheet for your own records.
- If you want to participate in this study, click the arrow below to start the survey.
- Questions, Concerns, or Complaints: If you have any questions, concerns or complaints about this research study, its procedures, risks and benefits, you should ask the Protocol Director, Muriel Niederle, niederle@stanford.edu
- Independent contact: If you are not satisfied with how this study is being conducted, or if you have any concerns, complaints, or general questions about the research or your rights as a participant, please contact the Stanford Institutional Review Board (IRB) to speak to someone independent of the research team at (650)-723-2480 or toll free at 1-866-680-2906. You can also write to the Stanford IRB, Stanford University, 3000 El Camino Real, Five Palo Alto Square,4th Floor, Palo Alto, CA 94306.

>>

- **We start by providing you with instructions on the rules of the study. We will ask you questions to check that you understand the rules. You should be able to answer all these questions correctly.**
- **Please follow the instructions closely and carefully. If you make three mistakes in the understanding questions, you will not be allowed to complete the study.**
- **After you finish with the instructions we will check whether you made 2 or fewer mistakes in the understanding questions. In that case, you will start with the main part of the study.**

>>

- We start by providing you with instructions on the rules of the study. We will ask you questions to check that you understand the rules. You should be able to answer all these questions correctly.
- Please follow the instructions closely and carefully. If you make three mistakes in the understanding questions, you will not be allowed to complete the study.
- After you finish with the instructions we will check whether you made 2 or fewer mistakes in the understanding questions. In that case, you will start with the main part of the study.
- **If you complete the main part of the study, you receive a bonus payment of $4.**
- **In addition, your choices will result in profits. These profits will turn into an additional bonus payment. Some choices can result in losses. While almost all participants so far made additional gains above and beyond $4, it is possible to lose part of the $4 bonus that you receive for completing the main part of the study.**
- **Please pay attention to understand the rules of the study.**

>>

- **In this experiment you will have to decide whether to buy companies or not.**
- **We start by describing how a buyer of companies can make a profit or loss from buying a company.**
- **Suppose that the company's value is V, where V represents a number.**

>>

- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
- **The buyer submits a price for the company. The price is a number from 0 to 150.**
- **The buyer buys the company if the price is higher than or equal to V.**
- **If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.**

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- **If the buyer buys, the profit for the buyer is:**

1.5 x V - Price.

- **If the buyer does not buy, the profit for the buyer is 0.**

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- If the buyer buys, the profit for the buyer is:

$$1.5 \times V - \text{Price}.$$

- If the buyer does not buy, the profit for the buyer is 0.

Suppose that V = 60. What is the company's value to the buyer if the buyer buys the company?

- ○ 90
- ○ 60
- ○ 120
- ○ 100

>>

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- Suppose that the company's value is V, where V represents a number.
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- If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.
- If the buyer buys, the profit for the buyer is:

$$1.5 \times V - \text{Price}.$$

- If the buyer does not buy, the profit for the buyer is 0.

Suppose that V = 60. Suppose that the buyer offers a price of 100. What is the buyer's profit?

- ◯ 0
- ◯ -10
- ◯ 10
- ◯ 100

Suppose that V = 60. Suppose that the buyer offers a price of 50. What is the buyer's profit?

- ◯ 0
- ◯ -10
- ◯ 50
- ◯ 100

Suppose that V = 60. Suppose that the buyer offers a price of 70. What is the buyer's profit?

- ◯ 0
- ◯ -20
- ◯ 20
- ◯ 100

>>

- **Now you know how to compute profits when you buy a company.**
- **The study will have 2 main parts in total. In each part you can receive additional bonus payments that depend on your choices.**
- **We are now ready to continue with the instructions of Part 1 of the study.**
- **Please read the instructions carefully.**
- **If you make more than two mistakes in the questions that you are about to see, you cannot continue with the study after you complete the instructions for part 1.**

>>

Part 1 of the experiment consists of 20 rounds.

- **In each round you face the situation described next.**
- **There are two companies for sale. You can buy two companies, one or none.**

>>

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- **In each round you face the situation described next.**
- **There are two companies for sale. You can buy two companies, one or none.**

How many companies can you buy?

- ○ Up to two
- ○ Up to one
- ○ None

>>

Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.

- **The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.**
- **In each round, you will learn the value A of the first company and the value B of the second company.**
- **You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.**
- **You do know that the two companies for sale are the first company of value A and the second company of value B.**

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Part 1 of the experiment consists of 20 rounds.

In each round you face the situation described next.
There are two companies for sale. You can buy two companies, one or none.

- **The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.**
- **In each round, you will learn the value A of the first company and the value B of the second company.**
- **You will submit one price. You can submit any price from 0 to 150. This is the price that you are willing to pay for each company.**
- **You do know that the two companies for sale are the first company of value A and the second company of value B.**

Do you know the value of the companies when you submit the price?

- ○ Yes, one company is of value A and the other is of value B
- ○ No, you do not know the values of either company
- ○ Yes, both companies are of value B
- ○ Yes, both companies are of value A

>>

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  - **If the price you submit is higher than or equal to the value of the company, you buy the company.**
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  - **For each company you buy, your profit is:**

1.5 x value of the company - price

- **For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose that the value of one of the companies is 80. If you buy that company, the value of the company to you is:

- ○ 120
- ○ 80
- ○ 100
- ○ 160

>>

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- **For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose the value of the first company is A = 40 and the value of the second company is B = 70

Suppose you offer a price of 30. Which companies do you buy?

- ○ Both companies
- ○ None
- ○ Only the first company
- ○ Only the second company

>>

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  - **For each company you buy, your profit is:**

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- **For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.**

Suppose the value of the first company is A = 40 and the value of the second company is B = 70

Suppose you offer a price of 40. Which companies do you buy?

- ○ Only the second company
- ○ None
- ○ Both companies
- ○ Only the first company

>>

Part 1 of the experiment consists of 20 rounds.

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There are two companies for sale. You can buy two companies, one or none.
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Suppose the value of the first company is A = 40 and the value of the second company is B = 70

Suppose you offer a price of 80. Which companies do you buy?

- ○ None
- ○ Only the first company
- ○ Both companies
- ○ Only the second company

>>

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For each company you buy, your profit is: *1.5 x value of the company - price*
For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

- **The price you submit is the same for both transactions. You can make money from both transactions.**
- **Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

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For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

- **The price you submit is the same for both transactions. You can make money from both transactions.**
- **Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

Suppose you buy two companies. What is your payoff for the round?

- ○ (value of the first company - price you offer) + (value of the second company - price you offer)
- ○ 0
- ○ (1.5 x value of the first company - price you offer) + (1.5 x value of the second company - price you offer)
- ○ (0 - price you offer) + (0 - price you offer)
- ○ (1.5 x value of the first company) + (1.5 x value of the second company)

>>

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For each company you buy, your profit is: *1.5 x value of the company - price*
For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.

- **The price you submit is the same for both transactions. You can make money from both transactions.**
- **Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

Suppose you buy only the first company. What is your payoff for the round?

- ○ 1.5 x value of the first company - price you offer
- ○ value of the first company - price you offer
- ○ (1.5 x value of the first company - price you offer) + (0 - price you offer)
- ○ 1.5 x value of the first company
- ○ 0
- ○ (0 - price you offer) + (0 - price you offer)

>>

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- **Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

Suppose you do not buy either company. What is your payoff for the round?

- ○ (0 - price you offer) + (0 - price you offer)
- ○ 0

>>

Part 1 of the experiment consists of 20 rounds.

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Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. Your payoff for part 1 is equal to the payoff of the selected round in points. Each point is worth 3 cents.**

How many cents do you earn for each point?

- ○ 3 cents
- ○ 1 cent
- ○ 5 cents

>>

Now we will proceed to **Part 1** of the experiment.

- Before answering you will see different advice from previous MTurkers who took this survey.
- The first question in Part 1 is shown below:

Question 1/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
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- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 20 B = 120

Your price is:

>>

- This is a hard situation to make much profit off of. If you want to buy both companies, you will need to pay at least 120 for each one, and at that price you come out with a profit of -30. So the best thing to do is make some profit off of the lower value company, and base your price on that calculation only.

Did you find this advice useful?

- ○ Very useful
- ○ Somehow useful
- ○ Not useful at all

>>

- I think that you should always buy both companies because you will make more profit this way.

Did you find this advice useful?

- ○ Very useful
- ○ Somehow useful
- ○ Not useful at all

>>

- Don't forget that if your offer is high enough you buy both companies. So if a company is worth only 20 and you offer 120 because you also want to buy company b, you will pay 120 for company a which will result in a negative profit.

Did you find this advice useful?

- ◯ Very useful
- ◯ Somehow useful
- ◯ Not useful at all

>>

- Offer 20. If you buy both, you'll be losing a good bit. 1.5x20-120=-90. With a profit of 60 from B (1.5x120-120), you're still in the red at -30.

Did you find this advice useful?

- ○ Very useful
- ○ Somehow useful
- ○ Not useful at all

>>

- If the cost of one company is too high, it will make it impossible to profit from the second company, in which case I should only buy the cheaper company. If the margin is more than 20 points apart I should only buy one company.

Did you find this advice useful?

- ○ Very useful
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- ○ Somehow useful
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>>

- I think that you should always buy both companies because you will make more profit this way.

Did you find this advice useful?

- ○ Very useful
- ○ Somehow useful
- ○ Not useful at all

>>

- Don't forget that if your offer is high enough you buy both companies. So if a company is worth only 20 and you offer 120 because you also want to buy company b, you will pay 120 for company a which will result in a negative profit.

Did you find this advice useful?

- ◯ Very useful
- ◯ Somehow useful
- ◯ Not useful at all

>>

- Offer 20. If you buy both, you'll be losing a good bit. 1.5x20-120=-90. With a profit of 60 from B (1.5x120-120), you're still in the red at -30.

Did you find this advice useful?

- ○ Very useful
- ○ Somehow useful
- ○ Not useful at all

>>

- If the cost of one company is too high, it will make it impossible to profit from the second company, in which case I should only buy the cheaper company. If the margin is more than 20 points apart I should only buy one company.

Did you find this advice useful?

- ○ Very useful
- ○ Somehow useful
- ○ Not useful at all

>>

Which one did you find more helpful?

- This is a hard situation to make much profit off of. If you want to buy both companies, you will need to pay at least 120 for each one, and at that price you come out with a profit of -30. So the best thing to do is make some profit off of the lower value company, and base your price on that calculation only.
- I think that you should always buy both companies because you will make more profit this way.
- Don't forget that if your offer is high enough you buy both companies. So if a company is worth only 20 and you offer 120 because you also want to buy company b, you will pay 120 for company a which will result in a negative profit.
- Offer 20. If you buy both, you'll be losing a good bit. 1.5x20-120=-90. With a profit of 60 from B (1.5x120-120), you're still in the red at -30.
- If the cost of one company is too high, it will make it impossible to profit from the second company, in which case I should only buy the cheaper company. If the margin is more than 20 points apart I should only buy one company.

>>

Now we will proceed to **Part 1** of the experiment.

>>

Question 1/20

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 20 B = 120

Your price is:

>>

Question 2/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 12 B = 138

Your price is:

>>

Question 3/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 24 B = 126

Your price is:

>>

Question 4/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 14 B = 122

Your price is:

>>

Question 5/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 22 B = 106

Your price is:

>>

Question 6/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 18 B = 90

Your price is:

>>

Question 7/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 24 B = 134

Your price is:

>>

Question 8/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 18 B = 86

Your price is:

>>

Question 14/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 14 B = 140

Your price is:

>>

Question 15/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 12 B = 112

Your price is:

>>

Question 16/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 28 B = 126

Your price is:

>>

Question 17/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 12 B = 136

Your price is:

>>

Question 18/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 18 B = 80

Your price is:

>>

Question 19/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 20 B = 130

Your price is:

>>

Question 20/20 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 18 B = 122

Your price is:

>>

Now we will proceed to **Part 2** of the experiment where you will play 5 additional rounds with the same rules as before.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. Your payoff for part 2 is equal to the payoff of the selected round in points. Each point is worth 1 cent.**

How many cents do you earn for each point?

- ○ 1 cent
- ○ 3 cents
- ○ 5 cents

>>

Question 1/5

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 52 B = 64

Your price is:

>>

Question 2/5

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 52 B = 58

Your price is:

>>

Question 3/5

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 54 B = 58

Your price is:

>>

Question 4/5

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 50 B = 54

Your price is:

>>

Question 5/5 Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your payoff is: *1.5x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your payoff is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the payoff of the two transactions, the transaction of the first company and the transaction of the second company.

The values for this round are: A = 48 B = 54

Your price is:

>>

To finish the study, please answer the following questions about yourself.

What is your sex?

Male	Female	Prefer not to tell
○	○	○

How old are you (in years)?

▾

Please specify your ethnicity.

- ○ White
- ○ Hispanic
- ○ African American or Black
- ○ Asian
- ○ Native American
- ○ Native Hawaiian or Pacific Islander
- ○ Other

Please select the state in which you currently reside.

▾

Please select the highest level of education that you have completed.

- ○ Elementary school
- ○ Middle school
- ○ High school or equivalent
- ○ Some college
- ○ College graduate with Associate's Degree (2 year)
- ○ College graduate with Bachelor's Degree (4 year)
- ○ Master's Degree (MS)
- ○ Doctoral Degree (PhD)
- ○ Professional Degree (MD, JD, etc.)

>>

This is the end of the study. Thanks for taking this survey.

Please enter 3990 as the survey code.

One Firm Probabilistic Treatment

Question 1/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 20

Your price is:

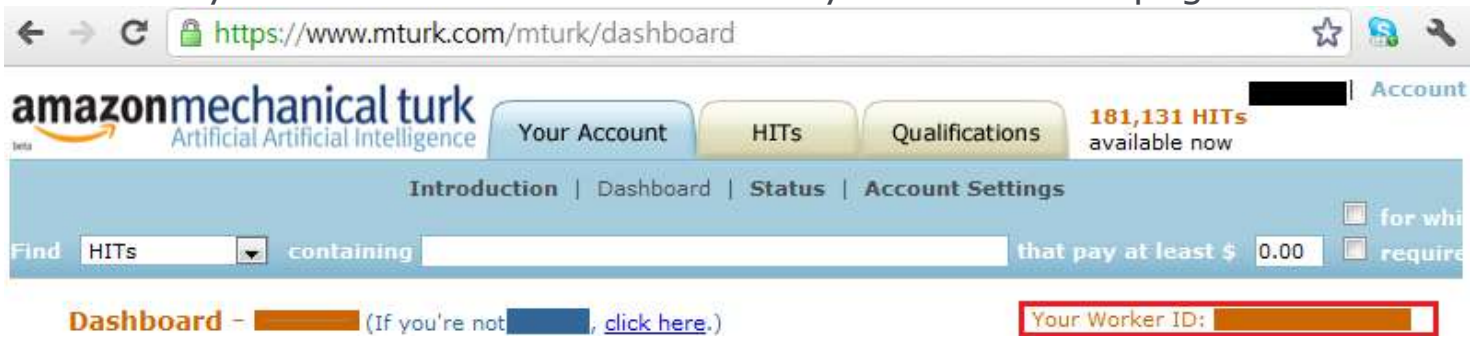
>>

We will start with a brief instruction period. During the instruction period you will be given a description of the main features of the experiment. Please pay attention. While reading the instructions, you will be asked questions regarding these instructions.

Before continuing please write down your MTurk ID:

Please see below for where you can find your Worker ID. Your WorkerID starts with the letter A and has 12-14 letters or numbers. It must be all CAPITAL letters and no spaces. It is NOT your email address.

Note that your WorkerID can be found on your dashboard page:



>>

- You are being asked to take part in a research study.
- If you choose to be in the study, you will complete a survey. This survey will help us learn more about what factors influence individual decisions and behavior. The survey will take you about 1 hour.
- All payments and procedures will be implemented in exactly the manner they are described in this survey and on the Amazon Mechanical Turk platform.
- You may stop the survey at any time.
- The survey is anonymous, and no one will be able to link your answers back to you. Please do not include your name or other information that could be used to identify you in the survey responses. Please make sure to mark your Amazon Profile as private if you do not want it to be found from your Mechanical Turk Worker ID.
- Being in this study is voluntary. Please exit the webpage if you do not want to participate.
- You may print a copy of this information sheet for your own records.
- If you want to participate in this study, click the arrow below to start the survey.
- Questions, Concerns, or Complaints: If you have any questions, concerns or complaints about this research study, its procedures, risks and benefits, you should ask the Protocol Director, Muriel Niederle, niederle@stanford.edu
- Independent contact: If you are not satisfied with how this study is being conducted, or if you have any concerns, complaints, or general questions about the research or your rights as a participant, please contact the Stanford Institutional Review Board (IRB) to speak to someone independent of the research team at (650)-723-2480 or toll free at 1-866-680-2906. You can also write to the Stanford IRB, Stanford University, 3000 El Camino Real, Five Palo Alto Square,4th Floor, Palo Alto, CA 94306.

>>

- **We start by providing you with instructions on the rules of the study. We will ask you questions to check that you understand the rules. You should be able to answer all these questions correctly.**
- **Please follow the instructions closely and carefully. If you make three mistakes in the understanding questions, you will not be allowed to complete the study.**
- **After you finish with the instructions we will check whether you made 2 or fewer mistakes in the understanding questions. In that case, you will start with the main part of the study.**

>>

- We start by providing you with instructions on the rules of the study. We will ask you questions to check that you understand the rules. You should be able to answer all these questions correctly.
- Please follow the instructions closely and carefully. If you make three mistakes in the understanding questions, you will not be allowed to complete the study.
- After you finish with the instructions we will check whether you made 2 or fewer mistakes in the understanding questions. In that case, you will start with the main part of the study.
- **If you complete the main part of the study, you receive a bonus payment of $4.**
- **In addition, your choices will result in profits. These profits will turn into an additional bonus payment. Some choices can result in losses. While almost all participants so far made additional gains above and beyond $4, it is possible to lose part of the $4 bonus that you receive for completing the main part of the study.**
- **Please pay attention to understand the rules of the study.**

>>

- **In this experiment you will have to decide whether to buy companies or not.**
- **We start by describing how a buyer of companies can make a profit or loss from buying a company.**
- **Suppose that the company's value is V, where V represents a number.**

>>

- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
- **The buyer submits a price for the company. The price is a number from 0 to 150.**
- **The buyer buys the company if the price is higher than or equal to V.**
- **If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.**

>>

- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
- The buyer submits a price for the company. The price is a number from 0 to 150.
- The buyer buys the company if the price is higher than or equal to V.
- If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.
- **If the buyer buys, the profit for the buyer is:**

1.5 x V - Price.

- **If the buyer does not buy, the profit for the buyer is 0.**

>>

- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
- The buyer submits a price for the company. The price is a number from 0 to 150.
- The buyer buys the company if the price is higher than or equal to V.
- If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.
- If the buyer buys, the profit for the buyer is:

$$1.5 \times V - \text{Price}.$$

- If the buyer does not buy, the profit for the buyer is 0.

Suppose that V = 60. What is the company's value to the buyer if the buyer buys the company?

- ○ 90
- ○ 60
- ○ 120
- ○ 100

>>

- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
- The buyer submits a price for the company. The price is a number from 0 to 150.
- The buyer buys the company if the price is higher than or equal to V.
- If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.
- If the buyer buys, the profit for the buyer is:

$$1.5 \times V - \text{Price}.$$

- If the buyer does not buy, the profit for the buyer is 0.

Suppose that V = 60. Suppose that the buyer offers a price of 100. What is the buyer's profit?

- ◯ 0
- ◯ -10
- ◯ 10
- ◯ 100

Suppose that V = 60. Suppose that the buyer offers a price of 50. What is the buyer's profit?

- ◯ 0
- ◯ -10
- ◯ 50
- ◯ 100

Suppose that V = 60. Suppose that the buyer offers a price of 70. What is the buyer's profit?

- ◯ 0
- ◯ -20
- ◯ 20
- ◯ 100

>>

- **Now you know how to compute profits when you buy a company.**
- **The study will have 5 main parts in total. In each part you can receive additional bonus payments that depend on your choices.**
- **We are now ready to continue with the instructions of Part 1 of the study.**
- **Please read the instructions carefully.**
- **If you make more than two mistakes in the questions that you are about to see, you cannot continue with the study after you complete the instructions for Part 1.**

>>

Part 1 of the experiment consists of 20 rounds.

- **In this experiment you will have to decide whether to buy companies or not.**
- **In each round you face a situation based on the following problem.**
- **There is a company for sale. The buyer can buy one company or none.**

>>

Part 1 of the experiment consists of 20 rounds.

- **In this experiment you will have to decide whether to buy companies or not.**
- **In each round you face a situation based on the following problem.**
- **There is a company for sale. The buyer can buy one company or none.**

How many companies can the buyer buy?

- ○ None
- ○ Up to two
- ○ Up to one

>>

Part 1 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.

- **The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.**
- **In each round the buyer will learn the value A and B that the company may have.**
- **With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.**
- **The buyer will not know which of the two values is selected.**
- **The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.**
- **The buyer does not know if the company for sale is of value A or of value B.**

>>

Part 1 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.

- **The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.**
- **In each round the buyer will learn the value A and B that the company may have.**
- **With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.**
- **The buyer will not know which of the two values is selected.**
- **The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.**
- **The buyer does not know if the company for sale is of value A or of value B.**

Does the buyer know the value of the company when submitting the price?

- ○ No, the company's value could be A or B
- ○ Yes

>>

Part 1 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.

- **The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.**
- **In each round the buyer will learn the value A and B that the company may have.**
- **With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.**
- **The buyer will not know which of the two values is selected.**
- **The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.**
- **The buyer does not know if the company for sale is of value A or of value B.**

How likely is it that the company is of value A?

- ○ No chance that the company is of value A
- ○ The company is equally likely to be of value A or of value B
- ○ The company is of value A for sure

>>

Part 1 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.

- **Transaction for the company:**
  - **If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.**
  - **If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.**
  - **If the buyer buy the company, the profit of the buyer is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose that the value of the company is 80. If the buyer buys the company, the value of the company to the buyer is:

- ○ 120
- ○ 80
- ○ 100
- ○ 160

>>

Part 1 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.

- **Transaction for the company:**
  - **If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.**
  - **If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.**
  - **If the buyer buy the company, the profit of the buyer is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose that A = 40 and B = 70

Suppose the buyer offers a price of 30. The buyer then learns that the value of the company is 40. Does the buyer buy the company?

- ○ No
- ○ Yes

>>

Part 1 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.

- **Transaction for the company:**
  - **If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.**
  - **If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.**
  - **If the buyer buy the company, the profit of the buyer is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose that A = 40 and B = 70

Suppose the buyer offers a price of 40. The buyer then learns that the value of the company is 40. Does the buyer buy the company?

- ◯ Yes
- ◯ No

>>

Part 1 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.

- **Transaction for the company:**
  - **If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.**
  - **If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.**
  - **If the buyer buy the company, the profit of the buyer is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose that A = 40 and B = 70

Suppose the buyer offers a price of 50. The buyer then learns that the value of the company is 70. Does the buyer buy the company?

- ◯ Yes
- ◯ No

>>

Part 1 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.

- **Transaction for the company:**
  - **If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.**
  - **If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.**
  - **If the buyer buy the company, the profit of the buyer is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose that A = 40 and B = 70

Suppose the buyer offers a price of 80. The buyer then learns that the value of the company is 70. Does the buyer buy the company?

- ○ Yes
- ○ No

>>

Part 1 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.
If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.
If the buyer buy the company, the profit of the buyer is: 2 times (*1.5 x value of the company - price)*If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.

- **The payoff of the buyer for the round is the profit from the transaction.**

>>

Part 1 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.
If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.
If the buyer buy the company, the profit of the buyer is: 2 times (*1.5 x value of the company - price)*If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.

- **The payoff of the buyer for the round is the profit from the transaction.**

Suppose the buyer buys the company. What is the profit of the buyer from the transaction?

- ○ 2 times (value of the company – buyer's price)
- ○ 2 times (1.5 x value of the company – buyer's price)
- ○ 2 times (1.5 x value of the company)
- ○ 0
- ○ 2 times (0 - buyer's price)

>>

Part 1 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.
If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.
If the buyer buy the company, the profit of the buyer is: 2 times (*1.5 x value of the company - price)*If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.

- **The payoff of the buyer for the round is the profit from the transaction.**

Suppose the buyer does not buy the company. What is the profit of the buyer from the transaction?

- ○ 0
- ○ 2 times (0 - buyer's price)

>>

Part 1 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.
If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.
If the buyer buy the company, the profit of the buyer is: 2 times (*1.5 x value of the company - price)*If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.
The payoff of the buyer for the round is the profit from the transaction.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. The payoff of the buyer for Part 1 is equal to the payoff of the selected round in points. Each 2 points are worth 3 cents.**

How many cents does the buyer earn for each 2 points?

- ○ 1 cent
- ○ 3 cents
- ○ 5 cents

>>

- **Part 1 consists of 20 rounds. In each round you face the problem just described with ONE DIFFERENCE.**
- **The difference is that YOU WILL KNOW the value of the company before submitting your price.**

>>

Now we will proceed to **Part 1** of the experiment.

>>

Question 1/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 20

Your price is:

>>

Question 2/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 12

Your price is:

>>

Question 3/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 24

Your price is:

>>

Question 4/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 10

Your price is:

>>

Question 5/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 90

Your price is:

>>

Question 6/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 106

Your price is:

>>

Question 7/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 112

Your price is:

>>

Question 8/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 126

Your price is:

>>

Question 9/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 16

Your price is:

>>

Question 10/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 16

Your price is:

>>

Question 11/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 140

Your price is:

>>

Question 12/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 134

Your price is:

>>

Question 13/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 18

Your price is:

>>

Question 14/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 106

Your price is:

>>

Question 15/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 28

Your price is:

>>

Question 16/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 138

Your price is:

>>

Question 17/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 14

Your price is:

>>

Question 18/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 80

Your price is:

>>

Question 19/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 14

Your price is:

>>

Question 20/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 86

Your price is:

>>

Now we will proceed to **Part 2** of the experiment where you will play 5 additional rounds with the same rules as before.

>>

Now we will proceed to **Part 2** of the experiment where you will play 5 additional rounds with the same rules as before.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. Your payoff for Part 2 is equal to the payoff of the selected round in points. Each 2 points are worth 1 cent.**

How many cents do you earn for each 2 points?

- ○ 1 cent
- ○ 3 cents
- ○ 5 cents

>>

Question 1/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 52

Your price is:

>>

Question 2/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 50

Your price is:

>>

Question 3/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 54

Your price is:

>>

Question 4/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 58

Your price is:

>>

Question 5/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- You will know the value of the company. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company.
- Transaction for the company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The value of the company for this round is: 64

Your price is:

>>

Now we will proceed to **Part 3** of the experiment.

In this part of the experiment the company available for you to buy can take two different values. Before you start with this part we will go over the instructions again.

>>

Part 3 of the experiment consists of 20 rounds.

- **In this experiment you will have to decide whether to buy companies or not.**
- **In each round you face a situation based on the following problem.**
- **There is a company for sale. The buyer can buy one company or none.**

>>

Part 3 of the experiment consists of 20 rounds.

- **In this experiment you will have to decide whether to buy companies or not.**
- **In each round you face a situation based on the following problem.**
- **There is a company for sale. The buyer can buy one company or none.**

How many companies can the buyer buy?

- ○ Up to two
- ○ None
- ○ Up to one

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.

- **The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.**
- **In each round the buyer will learn the value A and B that the company may have.**
- **With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.**
- **The buyer will not know which of the two values is selected.**
- **The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.**
- **The buyer does not know if the company for sale is of value A or of value B.**

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.

- **The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.**
- **In each round the buyer will learn the value A and B that the company may have.**
- **With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.**
- **The buyer will not know which of the two values is selected.**
- **The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.**
- **The buyer does not know if the company for sale is of value A or of value B.**

Does the buyer know the value of the company when submitting the price?

- ○ Yes
- ○ No, the company's value could be A or B

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.

- **The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.**
- **In each round the buyer will learn the value A and B that the company may have.**
- **With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.**
- **The buyer will not know which of the two values is selected.**
- **The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.**
- **The buyer does not know if the company for sale is of value A or of value B.**

How likely is it that the company is of value A?

- ○ The company is equally likely to be of value A or of value B
- ○ No chance that the company is of value A
- ○ The company is of value A for sure

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.

- **Transaction for the company:**
  - **If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.**
  - **If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.**
  - **If the buyer buy the company, the profit of the buyer is:**

2 times (*1.5 x value of the company - price*)

- **If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose that the value of the company is 80. If the buyer buys the company, the value of the company to the buyer is:

- ○ 120
- ○ 80
- ○ 100
- ○ 160

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.

- **Transaction for the company:**
  - **If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.**
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  - **If the buyer buy the company, the profit of the buyer is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose that A = 40 and B = 70

Suppose the buyer offers a price of 30. The buyer then learns that the value of the company is 40. Does the buyer buy the company?

- ◯ Yes
- ◯ No

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.

- **Transaction for the company:**
  - **If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.**
  - **If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.**
  - **If the buyer buy the company, the profit of the buyer is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose that A = 40 and B = 70

Suppose the buyer offers a price of 40. The buyer then learns that the value of the company is 40. Does the buyer buy the company?

- ○ No
- ○ Yes

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.

- **Transaction for the company:**
  - **If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.**
  - **If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.**
  - **If the buyer buy the company, the profit of the buyer is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose that A = 40 and B = 70

Suppose the buyer offers a price of 50. The buyer then learns that the value of the company is 70. Does the buyer buy the company?

- ○ No
- ○ Yes

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.

- **Transaction for the company:**
  - **If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.**
  - **If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.**
  - **If the buyer buy the company, the profit of the buyer is:**

    2 times (*1.5 x value of the company - price*)

  - **If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose that A = 40 and B = 70

Suppose the buyer offers a price of 80. The buyer then learns that the value of the company is 70. Does the buyer buy the company?

- ○ No
- ○ Yes

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.
If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.
If the buyer buy the company, the profit of the buyer is: 2 times (*1.5 x value of the company - price)*If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.

- **The payoff of the buyer for the round is the profit from the transaction.**

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.
If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.
If the buyer buy the company, the profit of the buyer is: 2 times (*1.5 x value of the company - price)*If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.

- **The payoff of the buyer for the round is the profit from the transaction.**

Suppose the buyer buys the company. What is the profit of the buyer from the transaction?

- ○ 2 times (1.5 x value of the company – buyer's price)
- ○ 2 times (0 - buyer's price)
- ○ 2 times (1.5 x value of the company)
- ○ 0
- ○ 2 times (value of the company – buyer's price)

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.
If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.
If the buyer buy the company, the profit of the buyer is: 2 times (*1.5 x value of the company - price)*If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.

- **The payoff of the buyer for the round is the profit from the transaction.**

Suppose the buyer does not buy the company. What is the profit of the buyer from the transaction?

- ○ 0
- ○ 2 times (0 - buyer's price)

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There is a company for sale. The buyer can buy one company or none.
The company's value is either A or B. A and B represent two numbers. The numbers change from round to round.
In each round the buyer will learn the value A and B that the company may have.
With equal chance the company's value is A or B. In each round, the interface is programmed to toss a coin and assign value A if heads comes up and value B if tails comes up.
The buyer will not know which of the two values is selected.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for the company.
The buyer does not know if the company for sale is of value A or of value B.
Transaction for the company:
If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.
If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the company of value B, the value to the buyer is *1.5 x B*.
If the buyer buy the company, the profit of the buyer is: 2 times (*1.5 x value of the company - price)*If the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.
The payoff of the buyer for the round is the profit from the transaction.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. The payoff of the buyer for Part 1 is equal to the payoff of the selected round in points. Each 2 points are worth 3 cents.**

How many cents does the buyer earn for each 2 points?

- ○ 1 cent
- ○ 3 cents
- ○ 5 cents

>>

Question 1/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the company for this round are: A = 20 B = 120

Your price is:

>>

Question 2/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 24 B = 126

Your price is:

>>

Question 3/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 16 B = 106

Your price is:

>>

Question 4/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 14 B = 122

Your price is:

>>

Question 5/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 24 B = 134

Your price is:

>>

Question 6/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 18 B = 80

Your price is:

>>

Question 7/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 14 B = 140

Your price is:

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Question 8/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 18 B = 90

Your price is:

>>

Question 9/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 22 B = 106

Your price is:

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Question 10/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 28 B = 126

Your price is:

>>

Question 11/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 10 B = 86

Your price is:

>>

Question 12/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 20 B = 130

Your price is:

>>

Question 13/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 12 B = 136

Your price is:

>>

Question 14/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 18 B = 122

Your price is:

>>

Question 15/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 16 B = 98

Your price is:

>>

Question 16/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 24 B = 128

Your price is:

>>

Question 17/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 12 B = 138

Your price is:

>>

Question 18/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 18 B = 86

Your price is:

>>

Question 19/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 10 B = 96

Your price is:

>>

Question 20/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 12 B = 112

Your price is:

>>

Now we will proceed to **Part 4** of the experiment where you will play 5 additional rounds with the same rules as before.

>>

Now we will proceed to **Part 4** of the experiment where you will play 5 additional rounds with the same rules as before.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. Your payoff for Part 4 is equal to the payoff of the selected round in points. Each 2 points are worth 1 cent.**

How many cents do you earn for each 2 points?

- ○ 1 cent
- ○ 3 cents
- ○ 5 cents

>>

Question 1/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 52 B = 58

Your price is:

>>

Question 2/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 54 B = 58

Your price is:

>>

Question 3/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 48 B = 54

Your price is:

>>

Question 4/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 50 B = 54

Your price is:

>>

Question 5/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values for this round are: A = 52 B = 64

Your price is:

>>

Now we will proceed to **Part 5** of the experiment.

>>

In the next part of the experiment you will be asked three questions:

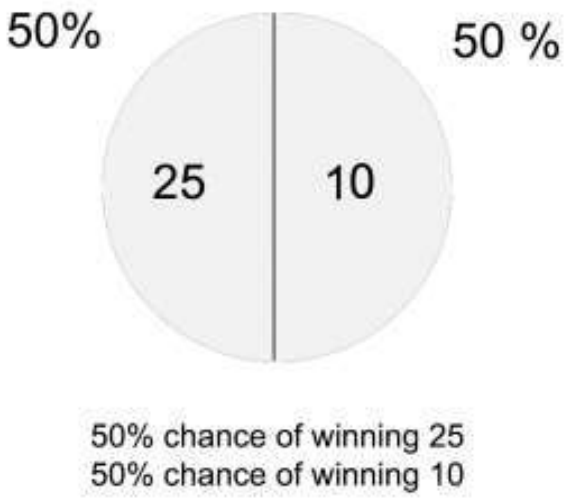
- **In each question you have to select one of two possible lotteries.**
- **At the end of the experiment one of the three questions in this part will be chosen randomly (all questions are equally likely to be selected). The lottery that you chose in the selected question will be used to determine your payoff for this part in points. Each point is worth 3 cents.**

How many cents do you earn for each point?

- ○ 1 cent
- ○ 5 cents
- ○ 3 cents

>>

This is an example of how a lottery looks like.

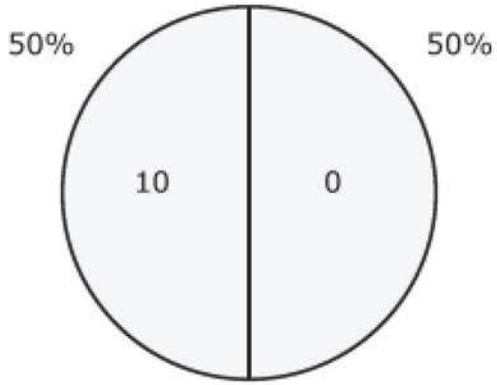


How likely is it that you receive 25 points?

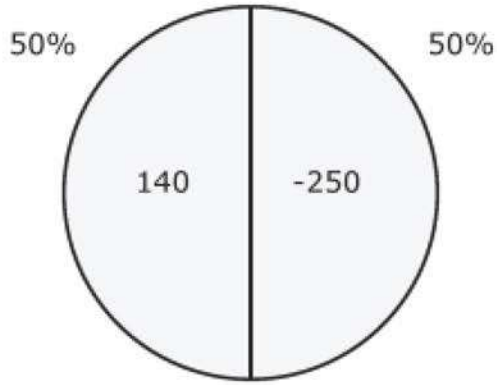
- ○ No chance that you receive 25 points
- ○ You are equally likely to receive 25 points or 10 points
- ○ You receive 25 points for sure

>>

Select the lottery that counts for payment



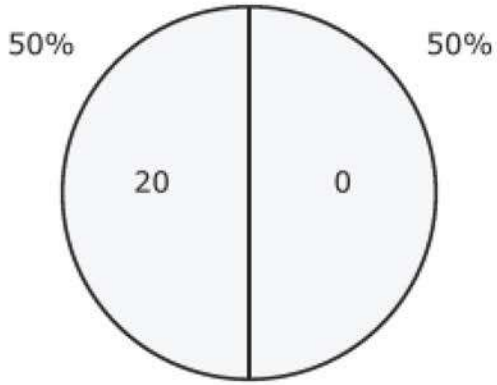
50% chance of winning 10
50% chance of winning 0



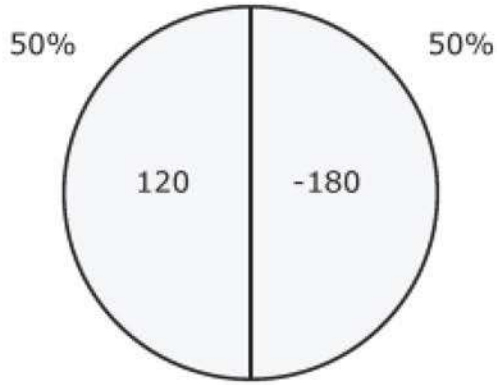
50% chance of winning 140
50% chance of losing 250

>>

Select the lottery that counts for payment



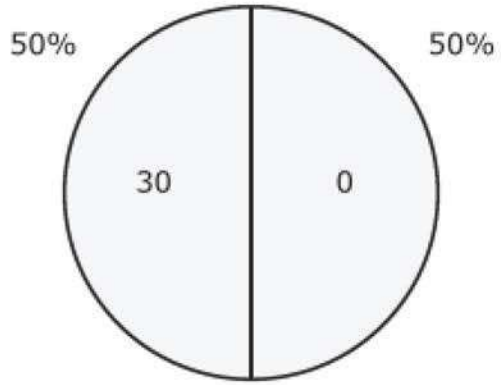
50% chance of winning 20
50% chance of winning 0



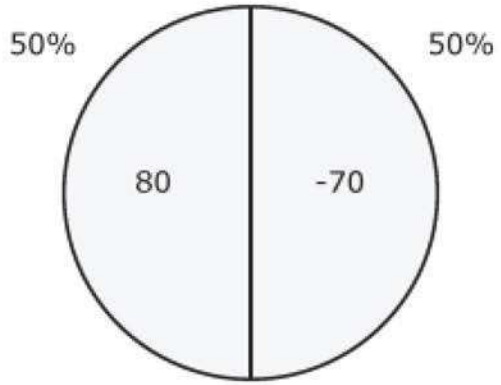
50% chance of winning 120
50% chance of losing 180

>>

Select the lottery that counts for payment



50% chance of winning 30
50% chance of winning 0



50% chance of winning 80
50% chance of losing 70

>>

To finish the study, please answer the following questions about yourself.

What is your sex?

Male	Female	Prefer not to tell
○	○	○

How old are you (in years)?

▾

Please specify your ethnicity.

- ○ White
- ○ Hispanic
- ○ African American or Black
- ○ Asian
- ○ Native American
- ○ Native Hawaiian or Pacific Islander
- ○ Other

Please select the state in which you currently reside.

▾

Please select the highest level of education that you have completed.

- ○ Elementary school
- ○ Middle school
- ○ High school or equivalent
- ○ Some college
- ○ College graduate with Associate's Degree (2 year)
- ○ College graduate with Bachelor's Degree (4 year)
- ○ Master's Degree (MS)
- ○ Doctoral Degree (PhD)
- ○ Professional Degree (MD, JD, etc.)

Please tell us any comments you may have about this study, thank you.

>>

This is the end of the study. Thanks for taking this survey.

Please enter 552 as the survey code.

One Firm Deterministic Treatment

Question 1/20

Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 120

Your price is:

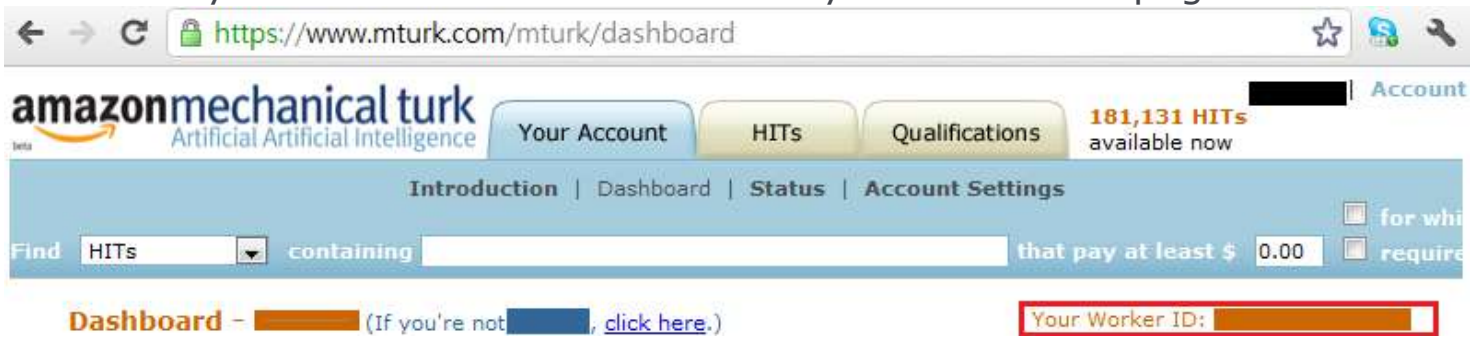
>>

We will start with a brief instruction period. During the instruction period you will be given a description of the main features of the experiment. Please pay attention. While reading the instructions, you will be asked questions regarding these instructions.

Before continuing please write down your MTurk ID:

Please see below for where you can find your Worker ID. Your WorkerID starts with the letter A and has 12-14 letters or numbers. It must be all CAPITAL letters and no spaces. It is NOT your email address.

Note that your WorkerID can be found on your dashboard page:



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- You are being asked to take part in a research study.
- If you choose to be in the study, you will complete a survey. This survey will help us learn more about what factors influence individual decisions and behavior. The survey will take you about 1 hour.
- All payments and procedures will be implemented in exactly the manner they are described in this survey and on the Amazon Mechanical Turk platform.
- You may stop the survey at any time.
- The survey is anonymous, and no one will be able to link your answers back to you. Please do not include your name or other information that could be used to identify you in the survey responses. Please make sure to mark your Amazon Profile as private if you do not want it to be found from your Mechanical Turk Worker ID.
- Being in this study is voluntary. Please exit the webpage if you do not want to participate.
- You may print a copy of this information sheet for your own records.
- If you want to participate in this study, click the arrow below to start the survey.
- Questions, Concerns, or Complaints: If you have any questions, concerns or complaints about this research study, its procedures, risks and benefits, you should ask the Protocol Director, Muriel Niederle, niederle@stanford.edu
- Independent contact: If you are not satisfied with how this study is being conducted, or if you have any concerns, complaints, or general questions about the research or your rights as a participant, please contact the Stanford Institutional Review Board (IRB) to speak to someone independent of the research team at (650)-723-2480 or toll free at 1-866-680-2906. You can also write to the Stanford IRB, Stanford University, 3000 El Camino Real, Five Palo Alto Square,4th Floor, Palo Alto, CA 94306.

>>

- **We start by providing you with instructions on the rules of the study. We will ask you questions to check that you understand the rules. You should be able to answer all these questions correctly.**
- **Please follow the instructions closely and carefully. If you make three mistakes in the understanding questions, you will not be allowed to complete the study.**
- **After you finish with the instructions we will check whether you made 2 or fewer mistakes in the understanding questions. In that case, you will start with the main part of the study.**

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- After you finish with the instructions we will check whether you made 2 or fewer mistakes in the understanding questions. In that case, you will start with the main part of the study.
- **If you complete the main part of the study, you receive a bonus payment of $4.**
- **In addition, your choices will result in profits. These profits will turn into an additional bonus payment. Some choices can result in losses. While almost all participants so far made additional gains above and beyond $4, it is possible to lose part of the $4 bonus that you receive for completing the main part of the study.**
- **Please pay attention to understand the rules of the study.**

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- **In this experiment you will have to decide whether to buy companies or not.**
- **We start by describing how a buyer of companies can make a profit or loss from buying a company.**
- **Suppose that the company's value is V, where V represents a number.**

>>

- In this experiment you will have to decide whether to buy companies or not.
- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
- **The buyer submits a price for the company. The price is a number from 0 to 150.**
- **The buyer buys the company if the price is higher than or equal to V.**
- **If the buyer buys, the company's value increases by 50%. This means that if the buyer buys, the company's value is 1.5 x V.**

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- **If the buyer buys, the profit for the buyer is:**

1.5 x V - Price.

- **If the buyer does not buy, the profit for the buyer is 0.**

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- If the buyer buys, the profit for the buyer is:

$$1.5 \times V - \text{Price}.$$

- If the buyer does not buy, the profit for the buyer is 0.

Suppose that V = 60. What is the company's value to the buyer if the buyer buys the company?

- ○ 90
- ○ 60
- ○ 120
- ○ 100

>>

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- We start by describing how a buyer of companies can make a profit or loss from buying a company.
- Suppose that the company's value is V, where V represents a number.
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- If the buyer buys, the profit for the buyer is:

$$1.5 \times V - \text{Price}.$$

- If the buyer does not buy, the profit for the buyer is 0.

Suppose that V = 60. Suppose that the buyer offers a price of 100. What is the buyer's profit?

- ◯ 0
- ◯ -10
- ◯ 10
- ◯ 100

Suppose that V = 60. Suppose that the buyer offers a price of 50. What is the buyer's profit?

- ◯ 0
- ◯ -10
- ◯ 50
- ◯ 100

Suppose that V = 60. Suppose that the buyer offers a price of 70. What is the buyer's profit?

- ◯ 0
- ◯ -20
- ◯ 20
- ◯ 100

>>

- **Now you know how to compute profits when you buy a company.**
- **The study will have 5 main parts in total. In each part you can receive additional bonus payments that depend on your choices.**
- **We are now ready to continue with the instructions of Part 1 of the study.**
- **Please read the instructions carefully.**
- **If you make more than two mistakes in the questions that you are about to see, you cannot continue with the study after you complete the instructions for Part 1.**

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Part 1 of the experiment consists of 20 rounds.

- **In this experiment you will have to decide whether to buy companies or not.**
- **In each round you face a situation based on the following problem.**
- **There are two companies for sale. The buyer can buy two companies, one or none.**

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Part 1 of the experiment consists of 20 rounds.

- **In this experiment you will have to decide whether to buy companies or not.**
- **In each round you face a situation based on the following problem.**
- **There are two companies for sale. The buyer can buy two companies, one or none.**

How many companies can the buyer buy?

- ◯ Up to two
- ◯ Up to one
- ◯ None

>>

Part 1 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There are two companies for sale. The buyer can buy two companies, one or none.

- **The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.**
- **In each round, the buyer will learn the value A of the first company and the value B of the second company.**
- **The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.**
- **The buyer does know that the two companies for sale are the first company of value A and the second company of value B.**

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In each round you face a situation based on the following problem.
There are two companies for sale. The buyer can buy two companies, one or none.

- **The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.**
- **In each round, the buyer will learn the value A of the first company and the value B of the second company.**
- **The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.**
- **The buyer does know that the two companies for sale are the first company of value A and the second company of value B.**

Does the buyer know the value of the companies when submitting the price?

- ○ Yes, one company is of value A and the other is of value B
- ○ Yes, both companies are of value B
- ○ Yes, both companies are of value A
- ○ No, the buyer does not know the values of either company

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In each round, the buyer will learn the value A of the first company and the value B of the second company.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.
The buyer does know that the two companies for sale are the first company of value A and the second company of value B.

- **Transaction for each company:**
  - **If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.**
  - **If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the first company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the second company of value B, the value to the buyer is *1.5 x B* .**
  - **For each company the buyer buys, the profit of the buyer is:**

1.5 x value of the company - price

  - **For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose that the value of one of the companies is 80. If the buyer buys that company, the value of the company to the buyer is:

- ○ 120
- ○ 80
- ○ 100
- ○ 160

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  - **For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose the value of the first company is A = 40 and the value of the second company is B = 70

Suppose the buyer offers a price of 30. Which companies does the buyer buy?

- ○ None
- ○ Both companies
- ○ Only the second company
- ○ Only the first company

>>

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In each round you face a situation based on the following problem.
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Suppose the value of the first company is A = 40 and the value of the second company is B = 70

Suppose the buyer offers a price of 40. Which companies does the buyer buy?

- ◯ None
- ◯ Only the second company
- ◯ Only the first company
- ◯ Both companies

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1.5 x value of the company - price

  - **For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose the value of the first company is A = 40 and the value of the second company is B = 70

Suppose the buyer offers a price of 80. Which companies does the buyer buy?

- ○ Only the first company
- ○ Only the second company
- ○ None
- ○ Both companies

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For each company the buyer buys, the profit of the buyer is: *1.5 x value of the company - price*
For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.

- **The price the buyer submits is the same for both transactions. The buyer can make money from both transactions.**
- **The payoff of the buyer for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

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- **The price the buyer submits is the same for both transactions. The buyer can make money from both transactions.**
- **The payoff of the buyer for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

Suppose the buyer buys two companies. What is the payoff of the buyer for the round?

- ○ (1.5 x value of the first company) + (1.5 x value of the second company)
- ○ (value of the first company - buyer's price) + (value of the second company - buyer's price)
- ○ (0 - buyer's price) + (0 - buyer's price)
- ○ 0
- ○ (1.5 x value of the first company - buyer's price) + (1.5 x value of the second company - buyer's price)

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For each company the buyer buys, the profit of the buyer is: *1.5 x value of the company - price*
For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.

- **The price the buyer submits is the same for both transactions. The buyer can make money from both transactions.**
- **The payoff of the buyer for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

Suppose the buyer buys only the first company. What is the payoff of the buyer for the round?

- ○ 1.5 x value of the first company - buyer's price
- ○ value of the first company - buyer's price
- ○ (1.5 x value of the first company - buyer's price) + (0 - buyer's price)
- ○ (0 - buyer's price) + (0 - buyer's price)
- ○ 0
- ○ 1.5 x value of the first company

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Part 1 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There are two companies for sale. The buyer can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, the buyer will learn the value A of the first company and the value B of the second company.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.
The buyer does know that the two companies for sale are the first company of value A and the second company of value B.
Transaction for each company:
If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.
If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the first company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the second company of value B, the value to the buyer is *1.5 x B* .
For each company the buyer buys, the profit of the buyer is: *1.5 x value of the company - price*
For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.

- **The price the buyer submits is the same for both transactions. The buyer can make money from both transactions.**
- **The payoff of the buyer for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

Suppose the buyer does not buy either company. What is the payoff of the buyer for the round?

- ○ (0 - buyer's price) + (0 - buyer's price)
- ○ 0

>>

Part 1 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There are two companies for sale. The buyer can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, the buyer will learn the value A of the first company and the value B of the second company.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.
The buyer does know that the two companies for sale are the first company of value A and the second company of value B.
Transaction for each company:
If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.
If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the first company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the second company of value B, the value to the buyer is *1.5 x B* .
For each company the buyer buys, the profit of the buyer is: *1.5 x value of the company - price*
For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.
The price the buyer submits is the same for both transactions. The buyer can make money from both transactions.
The payoff of the buyer for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. The payoff of the buyer for part 1 is equal to the payoff of the selected round in points. Each point is worth 3 cents.**

How many cents does the buyer earn for each point?

- ○ 5 cents
- ○ 1 cent
- ○ 3 cents

>>

- **Part 1 consists of 20 rounds. In each round you face the problem just described with ONE DIFFERENCE.**
- **The difference is that ONLY ONE of the two companies is for sale. You WILL KNOW the value of the company available for sale before submitting your price.**

>>

- **Part 1 consists of 20 rounds. In each round you face the problem just described with ONE DIFFERENCE.**
- **The difference is that ONLY ONE of the two companies is for sale. You WILL KNOW the value of the company available for sale before submitting your price.**

How many companies can you buy?

- ○ None
- ○ Up to one
- ○ Up to two

>>

Now we will proceed to **Part 1** of the experiment.

>>

Question 1/20

Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 120

Your price is:

>>

Question 2/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 106

Your price is:

>>

Question 3/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 24

Your price is:

>>

Question 4/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 96

Your price is:

>>

Question 5/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 98

Your price is:

>>

Question 6/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 10

Your price is:

>>

Question 7/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 126

Your price is:

>>

Question 8/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: *1.5 x value of company - Price*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 24

Your price is:

>>

Question 9/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 18

Your price is:

>>

Question 10/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 18

Your price is:

>>

Question 11/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 90

Your price is:

>>

Question 12/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 136

Your price is:

>>

Question 13/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 86

Your price is:

>>

Question 14/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 10

Your price is:

>>

Question 15/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 140

Your price is:

>>

Question 16/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 16

Your price is:

>>

Question 17/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 14

Your price is:

>>

Question 18/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 138

Your price is:

>>

Question 19/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 18

Your price is:

>>

Question 20/20 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 20

Your price is:

>>

Now we will proceed to **Part 2** of the experiment where you will play 5 additional rounds with the same rules as before.

>>

Now we will proceed to **Part 2** of the experiment where you will play 5 additional rounds with the same rules as before.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. Your payoff for Part 2 is equal to the payoff of the selected round in points. Each point is worth 1 cent.**

How many cents do you earn for each point?

- ○ 1 cent
- ○ 3 cents
- ○ 5 cents

>>

Question 1/5

Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 58

Your price is:

>>

Question 2/5

Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 50

Your price is:

>>

Question 3/5 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 54

Your price is:

>>

Question 4/5

Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 48

Your price is:

>>

Question 5/5 Summary of the instructions:

- Only one company is available for you to buy.
- You will submit one price from 0 to 150. This is the price that you are willing to pay for the available company.
- Transaction for the available company:
    - If the price you submit is higher than or equal to the value of the company, you buy the company.
    - If you buy, your profit is: *1.5 x value of company - Price*
    - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the sum of the profit from the transactions.

The value of the company for this round is: 52

Your price is:

>>

Now we will proceed to **Part 3** of the experiment.

In this part of the experiment both companies are available for you to buy.
Before you start with this part we will go over the instructions again.

>>

Part 3 of the experiment consists of 20 rounds.

- **In this experiment you will have to decide whether to buy companies or not.**
- **In each round you face a situation based on the following problem.**
- **There are two companies for sale. The buyer can buy two companies, one or none.**

>>

Part 3 of the experiment consists of 20 rounds.

- **In this experiment you will have to decide whether to buy companies or not.**
- **In each round you face a situation based on the following problem.**
- **There are two companies for sale. The buyer can buy two companies, one or none.**

How many companies can the buyer buy?

- ○ None
- ○ Up to two
- ○ Up to one

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There are two companies for sale. The buyer can buy two companies, one or none.

- **The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.**
- **In each round, the buyer will learn the value A of the first company and the value B of the second company.**
- **The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.**
- **The buyer does know that the two companies for sale are the first company of value A and the second company of value B.**

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There are two companies for sale. The buyer can buy two companies, one or none.

- **The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.**
- **In each round, the buyer will learn the value A of the first company and the value B of the second company.**
- **The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.**
- **The buyer does know that the two companies for sale are the first company of value A and the second company of value B.**

Does the buyer know the value of the companies when submitting the price?

- ○ No, the buyer does not know the values of either company
- ○ Yes, both companies are of value A
- ○ Yes, one company is of value A and the other is of value B
- ○ Yes, both companies are of value B

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There are two companies for sale. The buyer can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, the buyer will learn the value A of the first company and the value B of the second company.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.
The buyer does know that the two companies for sale are the first company of value A and the second company of value B.

- **Transaction for each company:**
  - **If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.**
  - **If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the first company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the second company of value B, the value to the buyer is *1.5 x B* .**
  - **For each company the buyer buys, the profit of the buyer is:**

1.5 x value of the company - price

  - **For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose that the value of one of the companies is 80. If the buyer buys that company, the value of the company to the buyer is:

- ○ 120
- ○ 80
- ○ 100
- ○ 160

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There are two companies for sale. The buyer can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, the buyer will learn the value A of the first company and the value B of the second company.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.
The buyer does know that the two companies for sale are the first company of value A and the second company of value B.

- **Transaction for each company:**
  - **If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.**
  - **If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the first company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the second company of value B, the value to the buyer is *1.5 x B* .**
  - **For each company the buyer buys, the profit of the buyer is:**

1.5 x value of the company - price

  - **For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose the value of the first company is A = 40 and the value of the second company is B = 70

Suppose the buyer offers a price of 30. Which companies does the buyer buy?

- ◯ None
- ◯ Only the second company
- ◯ Both companies
- ◯ Only the first company

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There are two companies for sale. The buyer can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, the buyer will learn the value A of the first company and the value B of the second company.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.
The buyer does know that the two companies for sale are the first company of value A and the second company of value B.

- **Transaction for each company:**
  - **If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.**
  - **If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the first company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the second company of value B, the value to the buyer is *1.5 x B* .**
  - **For each company the buyer buys, the profit of the buyer is:**

1.5 x value of the company - price

  - **For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose the value of the first company is A = 40 and the value of the second company is B = 70

Suppose the buyer offers a price of 40. Which companies does the buyer buy?

- ◯ Only the second company
- ◯ Both companies
- ◯ Only the first company
- ◯ None

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There are two companies for sale. The buyer can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, the buyer will learn the value A of the first company and the value B of the second company.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.
The buyer does know that the two companies for sale are the first company of value A and the second company of value B.

- **Transaction for each company:**
  - **If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.**
  - **If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the first company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the second company of value B, the value to the buyer is *1.5 x B* .**
  - **For each company the buyer buys, the profit of the buyer is:**

1.5 x value of the company - price

  - **For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.**

Suppose the value of the first company is A = 40 and the value of the second company is B = 70

Suppose the buyer offers a price of 80. Which companies does the buyer buy?

- ◯ None
- ◯ Only the second company
- ◯ Only the first company
- ◯ Both companies

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There are two companies for sale. The buyer can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, the buyer will learn the value A of the first company and the value B of the second company.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.
The buyer does know that the two companies for sale are the first company of value A and the second company of value B.
Transaction for each company:
If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.
If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the first company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the second company of value B, the value to the buyer is *1.5 x B* .
For each company the buyer buys, the profit of the buyer is: *1.5 x value of the company - price*
For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.

- **The price the buyer submits is the same for both transactions. The buyer can make money from both transactions.**
- **The payoff of the buyer for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There are two companies for sale. The buyer can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, the buyer will learn the value A of the first company and the value B of the second company.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.
The buyer does know that the two companies for sale are the first company of value A and the second company of value B.
Transaction for each company:
If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.
If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the first company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the second company of value B, the value to the buyer is *1.5 x B* .
For each company the buyer buys, the profit of the buyer is: *1.5 x value of the company - price*
For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.

- **The price the buyer submits is the same for both transactions. The buyer can make money from both transactions.**
- **The payoff of the buyer for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

Suppose the buyer buys two companies. What is the payoff of the buyer for the round?

- ○ (value of the first company - buyer's price) + (value of the second company - buyer's price)
- ○ (1.5 x value of the first company - buyer's price) + (1.5 x value of the second company - buyer's price)
- ○ 0
- ○ (1.5 x value of the first company) + (1.5 x value of the second company)
- ○ (0 - buyer's price) + (0 - buyer's price)

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There are two companies for sale. The buyer can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, the buyer will learn the value A of the first company and the value B of the second company.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.
The buyer does know that the two companies for sale are the first company of value A and the second company of value B.
Transaction for each company:
If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.
If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the first company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the second company of value B, the value to the buyer is *1.5 x B* .
For each company the buyer buys, the profit of the buyer is: *1.5 x value of the company - price*
For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.

- **The price the buyer submits is the same for both transactions. The buyer can make money from both transactions.**
- **The payoff of the buyer for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

Suppose the buyer buys only the first company. What is the payoff of the buyer for the round?

- ○ value of the first company - buyer's price
- ○ 0
- ○ (0 - buyer's price) + (0 - buyer's price)
- ○ 1.5 x value of the first company - buyer's price
- ○ (1.5 x value of the first company - buyer's price) + (0 - buyer's price)
- ○ 1.5 x value of the first company

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There are two companies for sale. The buyer can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, the buyer will learn the value A of the first company and the value B of the second company.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.
The buyer does know that the two companies for sale are the first company of value A and the second company of value B.
Transaction for each company:
If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.
If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the first company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the second company of value B, the value to the buyer is *1.5 x B* .
For each company the buyer buys, the profit of the buyer is: *1.5 x value of the company - price*
For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.

- **The price the buyer submits is the same for both transactions. The buyer can make money from both transactions.**
- **The payoff of the buyer for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.**

Suppose the buyer does not buy either company. What is the payoff of the buyer for the round?

- ○ (0 - buyer's price) + (0 - buyer's price)
- ○ 0

>>

Part 3 of the experiment consists of 20 rounds.
In this experiment you will have to decide whether to buy companies or not.
In each round you face a situation based on the following problem.
There are two companies for sale. The buyer can buy two companies, one or none.
The first company's value is A. The second company's value is B. A and B represent two numbers. The numbers change from round to round.
In each round, the buyer will learn the value A of the first company and the value B of the second company.
The buyer will submit one price. The buyer can submit any price from 0 to 150. This is the price that the buyer is willing to pay for each company.
The buyer does know that the two companies for sale are the first company of value A and the second company of value B.
Transaction for each company:
If the price the buyer submits is higher than or equal to the value of the company, the buyer buys the company.
If the buyer buys, the company's value is increased by 50%. This means that if the buyer buys the first company of value A, the value to the buyer is *1.5 x A*. If the buyer buys the second company of value B, the value to the buyer is *1.5 x B* .
For each company the buyer buys, the profit of the buyer is: *1.5 x value of the company - price*
For each company, if the price the buyer submits is lower than the value of the company, the buyer doesn't buy the company and the profit of the buyer is zero.
The price the buyer submits is the same for both transactions. The buyer can make money from both transactions.
The payoff of the buyer for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. The payoff of the buyer for part 1 is equal to the payoff of the selected round in points. Each point is worth 3 cents.**

How many cents does the buyer earn for each point?

- ○ 3 cents
- ○ 1 cent
- ○ 5 cents

>>

Question 1/20

Summary of the instructions:

- There are two companies for sale. You can buy two companies, one or none.
- The first company's value is A. The second company's value is B. You will submit one price from 0 to 150. This is the price that you are willing to pay for each company. The two companies for sale are the first company of value A and the second company of value B.
- Transaction for each company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - For each company if you buy, your profit is: *1.5 x value of company - Price*
  - For each company, if the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- The price you submit is the same for both transactions. You can make money from both transactions.
- Your payoff for the round is the sum of the profit from the two transactions, the transaction of the first company and the transaction of the second company.

The values of the companies for this round are: A = 20 B = 120

Your price is:

>>

Question 2/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 24 B = 128

Your price is:

>>

Question 3/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 14 B = 122

Your price is:

>>

Question 4/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 16 B = 106

Your price is:

>>

Question 5/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 18 B = 122

Your price is:

>>

Question 6/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 16 B = 98

Your price is:

>>

Question 7/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 28 B = 126

Your price is:

>>

Question 8/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 10 B = 96

Your price is:

>>

Question 9/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 22 B = 106

Your price is:

>>

Question 10/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 12 B = 138

Your price is:

>>

Question 11/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 12 B = 112

Your price is:

>>

Question 12/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 18 B = 86

Your price is:

>>

Question 13/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 24 B = 126

Your price is:

>>

Question 14/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 20 B = 130

Your price is:

>>

Question 15/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 24 B = 134

Your price is:

>>

Question 16/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 12 B = 136

Your price is:

>>

Question 17/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 14 B = 140

Your price is:

>>

Question 18/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 18 B = 90

Your price is:

>>

Question 19/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 18 B = 80

Your price is:

>>

Question 20/20 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 10 B = 86

Your price is:

>>

Now we will proceed to **Part 4** of the experiment where you will play 5 additional rounds with the same rules as before.

>>

Now we will proceed to **Part 4** of the experiment where you will play 5 additional rounds with the same rules as before.

- **At the end of the experiment, one round is selected for payment with all rounds having equal chance. Your payoff for Part 4 is equal to the payoff of the selected round in points. Each point is worth 1 cent.**

How many cents do you earn for each point?

- ○ 1 cent
- ○ 3 cents
- ○ 5 cents

>>

Question 1/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 50 B = 54

Your price is:

>>

Question 2/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 48 B = 54

Your price is:

>>

Question 3/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 52 B = 64

Your price is:

>>

Question 4/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 54 B = 58

Your price is:

>>

Question 5/5 Summary of the instructions:

- There is a company for sale. You can buy one company or none.
- The company's value is either A or B. With equal chance the company's value is A or B. The toss of a coin assigns A if heads and B if tails. You will not know which of the two values is selected. You will submit one price from 0 to 150. This is the price that you are willing to pay for the company. You do not know if the company for sale is of value A or of value B.
- Transaction for the company:
  - If the price you submit is higher than or equal to the value of the company, you buy the company.
  - If you buy, your profit is: 2 times (*1.5 x value of company - Price)*
  - If the price you submit is lower than the value of the company, you don't buy the company and your profit is zero.
- Your payoff for the round is the profit from the transaction of the company.

The values of the companies for this round are: A = 52 B = 58

Your price is:

>>

Now we will proceed to **Part 5** of the experiment.

>>

In the next part of the experiment you will be asked three questions:

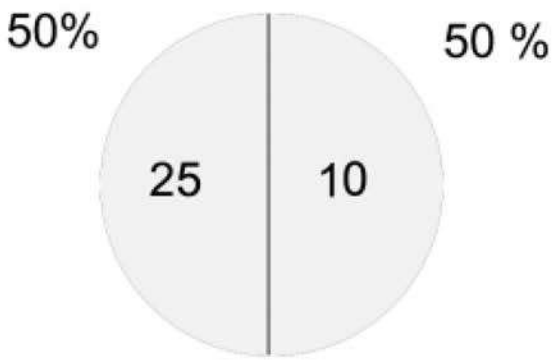
- **In each question you have to select one of two possible lotteries.**
- **At the end of the experiment one of the three questions in this part will be chosen randomly (all questions are equally likely to be selected). The lottery that you chose in the selected question will be used to determine your payoff for this part in points. Each point is worth 3 cents.**

How many cents do you earn for each point?

- ○ 1 cent
- ○ 5 cents
- ○ 3 cents

>>

This is an example of how a lottery looks like.



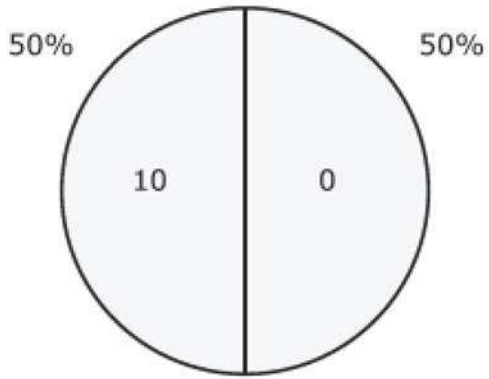
50% chance of winning 25
50% chance of winning 10

How likely is it that you receive 25 points?

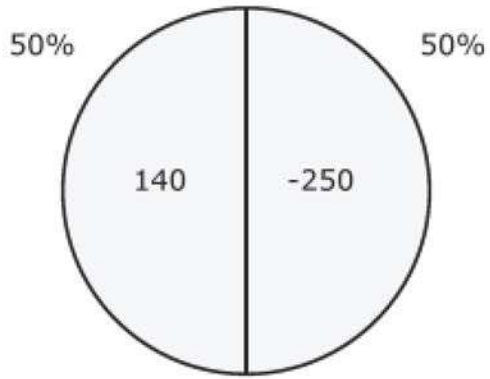
- ○ No chance that you receive 25 points
- ○ You are equally likely to receive 25 points or 10 points
- ○ You receive 25 points for sure

>>

Select the lottery that counts for payment



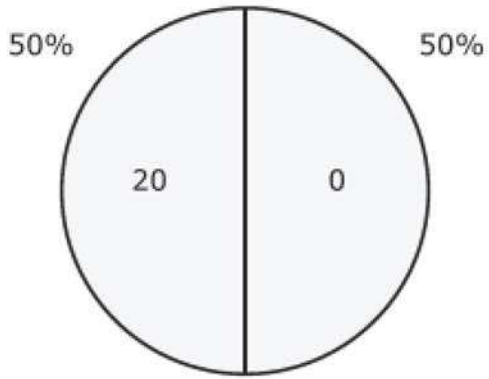
50% chance of winning 10
50% chance of winning 0



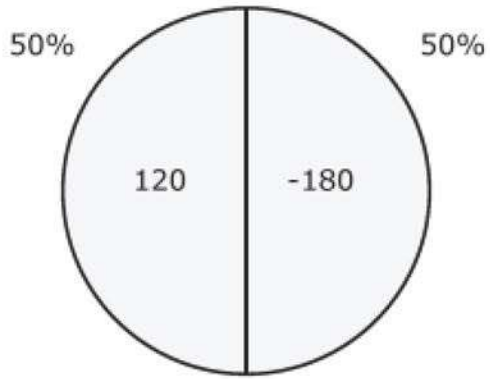
50% chance of winning 140
50% chance of losing 250

>>

Select the lottery that counts for payment



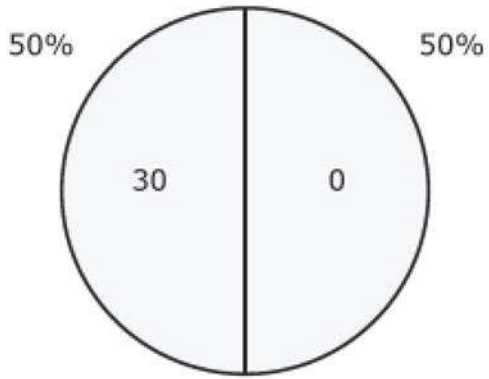
50% chance of winning 20
50% chance of winning 0



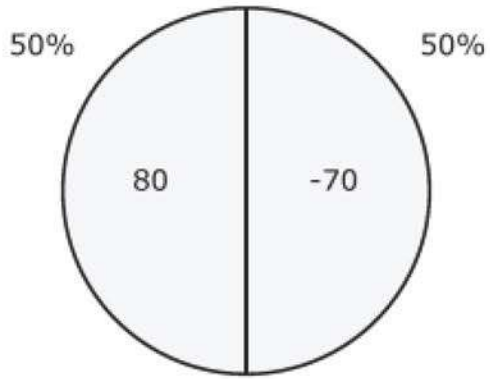
50% chance of winning 120
50% chance of losing 180

>>

Select the lottery that counts for payment



50% chance of winning 30
50% chance of winning 0



50% chance of winning 80
50% chance of losing 70

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To finish the study, please answer the following questions about yourself.

What is your sex?

Male	Female	Prefer not to tell
○	○	○

How old are you (in years)?

▾

Please specify your ethnicity.

- ○ White
- ○ Hispanic
- ○ African American or Black
- ○ Asian
- ○ Native American
- ○ Native Hawaiian or Pacific Islander
- ○ Other

Please select the state in which you currently reside.

▾

Please select the highest level of education that you have completed.

- ○ Elementary school
- ○ Middle school
- ○ High school or equivalent
- ○ Some college
- ○ College graduate with Associate's Degree (2 year)
- ○ College graduate with Bachelor's Degree (4 year)
- ○ Master's Degree (MS)
- ○ Doctoral Degree (PhD)
- ○ Professional Degree (MD, JD, etc.)

Please tell us any comments you may have about this study, thank you.

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This is the end of the study. Thanks for taking this survey.

Please enter 7073 as the survey code.