The attraction effect and its explanations

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The attraction effect violates choice consistency, one of the central assumptions of economics. I present a risky choice experiment to test it and disentangle some of its explanations. I find the attraction effect, but in a smaller magnitude than previously thought. I also uncover a 'range effect' that shows that people weight more attributes whose range increases. This range effect runs against the attraction effect and can even reverse it.

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1 Introduction

The attraction effect[1] occurs when adding an option x' to a menu $\{x, y\}$, where x' is dominated by x but not by y, increases the probability of choosing x. One

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[1]Sometimes referred to as the asymmetric dominance effect or, rather confusingly, the decoy effect.

of the most popular topics in marketing research and psychology, it has been observed with consumer products, job candidates, political candidates, political issues, medications, investment opportunities, and environmental goods.[2] The attraction effect has even been observed among birds, bees, moulds, monkeys, and frogs.[3]

This body of research suggests that preferences are context-dependent and so challenges the principles of consistency and utility maximisation central to economics. For this reason it has served as a motivation for many economic papers.[4] Most of the evidence, however, comes from studies using hypothetical problems: of the 52 experiments in marketing research reviewed by Lichters et al. (2015) only one, Doyle et al. (1999), uses real incentives; and, in economics, one of the only incentived study on the attraction effect that we have is Herne (1999). Moreover, it is still not clear after 30 years of research what are the main drivers of the attraction effect (Simonson, 2015), which renders precarious any attempt to explain it.

To solve these problems I setup a controlled, incentivised laboratory experiment aimed at testing and explaining the attraction effect in the context of choice between gambles. My first main finding is that, despite higher incentives, stricter controls, and a more refined design, I replicate the attraction effect. It is, however, smaller than previously reported. The second main finding is that none of the existing explanations is able to fully explain the attraction effect. In fact I observe another effect, the 'range effect', that runs against the attraction effect and can even reverse it.

[2]For consumer products, see Huber et al. (1982) for a seminal paper, Heath and Chatterjee (1995) and Milberg et al. (2014) for reviews, and Gomez et al. (2016) for a recent example. For job candidates, see, among others, Highhouse (1996), Slaughter et al. (1999) and Slaughter (2007). For political candidates, political issues, medications, investments opportunities, and environmental goods, see respectively Pan et al. (1995), Herne (1997), Schwartz and Chapman (1999), Schwarzkopf (2003), and Bateman et al. (2008). The attraction effect has even been observed in perceptual (Crosetto and Gaudeul, 2016; Trueblood et al., 2013) and inferential (Trueblood, 2012) tasks.

[3]To be more precise, the attraction effect has been observed among grey jays and honeybees (Shafir et al., 2002), slime moulds (Latty and Beekman, 2011), rhesus macaques (Parrish et al., 2015), and túngara frogs (Lea and Ryan, 2015). Note, however, that Cohen and Santos (2017) did not observe the effect with capuchin monkeys.

[4]See for example, among many others, Barbos (2010), Cherepanov et al. (2013), de Clippel and Eliaz (2012), Gerasimou (2016), Manzini and Mariotti (2012), Masatlioglu et al. (2012), and Ok et al. (2015).

What previous studies have referred to as 'the attraction effect' actually encompasses two effects, each with a different implication: one violates the Weak Axiom of Stochastic Revealed Preference while the other violates the Regularity Condition.[5] Instead of focusing on one or the other, I study both in the same experiment; and, since the Weak Axiom of Stochastic Revealed Preference imposes more requirements on consistency I predict that we should observe its violations more often.

The results confirm that the attraction effect exists, and, as predicted, violations of the Weak Axiom of Stochastic Revealed Preference are observed more often. The effect I observe is, however, roughly half of what was previously reported, for example by Herne (1999). Yet, it cannot be explained by random errors and so is a systematic deviation from consistency.

One way of explaining the attraction effect is to assume that adding decoys changes people's relative weighting of the attributes constituting the options. This *weights explanation* supposedly stems from a *negative range effect*: increasing the range of an attribute makes people weight this attribute *less*. If this interpretation is correct then increasing the attribute ranges even more should generate more negative range effect and thus more attraction effect. To test this prediction I create new decoys which double the attribute ranges compared to the typical decoys. The results show that these new decoys do not cause more attraction effect and so reject the weights explanation.

Another way of explaining the attraction effect is to say that a decoy changes *how* people choose. As its name suggests, an asymmetrically dominated decoy is dominated by only one option and so, if people have weak or imprecise preferences, they might feel compelled to choose the dominating option. Thus this *process explanation* hinges on the decoys being asymmetrically dominated and removing the asymmetric dominance should eliminate the attraction effect. I test this by introducing a second class of new decoys which also double the attribute ranges but are *symmetrically* dominated. Because they double the ranges the weights explanation predicts more attraction effect, just like the previous new decoys. But because they are symmetrically dominated, the process explanation predicts no attraction effect.

[5] Both will be defined precisely in Section 2.

In fact they trigger, not more, not none, but a *negative* attraction effect. This negative attraction effect results from a *positive range effect*: increasing the range of an attribute makes people weight it, not less, but *more*. It further invalidates the weights explanation and runs against the attraction effect.

This range effect shows that people weight more attributes whose range increases. A similar idea recently surfaced in economics with Kőszegi and Szeidl's (2013) focusing model, but it has a long tradition in psychology.[6] In the focusing model increasing the range of payoffs, say at a particular date in an intertemporal choice context, make people weight more this date. Andersson et al. (2016) and Dertwinkel-Kalt et al. (2017) have verified this intuition experimentally and the range effect documented in the present experiment demonstrates that it can be extended to risky choice.

To further analyse the data I estimate a mixed logit model, which controls for order effect, correlation between choice tasks and preference heterogeneity, and confirm the previous results. The model shows that, while the majority of subjects exhibit the positive range effect, about 30% of them exhibit the negative one. For this minority range effect and attraction effect go hand in hand, so they should exhibit more attraction effect. I confirm this prediction and show that their attraction effect is close to what was previously reported in the attraction effect literature.

Compared to Herne (1999) the present experiment uses higher incentives, options with different expected values, and a more concrete and transparent procedure, so it constitutes a more robust test of the attraction effect. Crucially, it also introduces new manipulations to test its explanations. More details on the similarities and the differences are provided in the main text. Another close study is Soltani et al. (2012) who use context effects to test a new theory of context-dependent choice. They also find the attraction effect using simple binary gambles, but they do not differentiate between the two definitions of the attraction effect and between the weights and process explanations. Kroll and Vogt (2012) also study the attraction effect but they focus on its impact on certainty equivalents. Crosetto and Gaudeul (2016), in a perceptual task, demonstrate the importance of using options with

[6] See the weight-change literature (Fischer, 1995; Goldstein, 1990; Mellers and Cooke, 1994; von Nitzsch and Weber, 1993; Wedell, 1998; Wedell and Pettibone, 1996) and the similarity literature (Mellers and Biagini, 1994; Mellers et al., 1992a,b).

different expected values, a recommendation I follow.

2 Definitions of the attraction effect

The attraction effect is a type of context effect whereby the introduction of a supposedly irrelevant option, the 'decoy', causes a choice reversal. In the attraction effect this decoy is asymmetrically dominated: it is dominated by only one of two options. Throughout this paper I will use superscripts to denote the decoys. For example x', that we have already encountered in the introduction, is the asymmetrically dominated decoy of x: it is dominated by x but not by y; similarly, y' is dominated by y but not by x.

There are two ways to define the attraction effect. The first one, used for example by Herne (1999), looks at the combined effect of x' and y' and so keeps constant the number of options:

Attraction Effect WASRP. *The probability of choosing x is greater in $\{x, y, x'\}$ than in $\{x, y, y'\}$, and the probability of choosing y is greater in $\{x, y, y'\}$ than in $\{x, y, x'\}$.*

The second way, more common in marketing research, focuses on the effect of one decoy at a time and so varies the number of options:

Attraction Effect Regularity.

1. *The probability of choosing x is greater in $\{x, y, x'\}$ than in $\{x, y\}$.*
2. *The probability of choosing y is greater in $\{x, y, y'\}$ than in $\{x, y\}$.*

As their names imply, Attraction Effect WASRP violates the Weak Axiom of Stochastic Revealed Preference[7] (Bandyopadhyay et al., 1999) while Attraction

[7] Denote by $\mathbb{P}_A(B)$ the probability that the choice from the set A lies in B. WASRP holds if and only if, for all A and B, $\mathbb{P}_B(C) - \mathbb{P}_A(C) \leq \mathbb{P}_A(A - B)$ for all $C \subseteq A \cap B$. For us, $A = \{x, y, x'\}$ and $B = \{x, y, y'\}$. $\mathbb{P}_A(A - B)$ boils down to $\mathbb{P}_{\{x,y,x'\}}(x')$, which is always 0 in properly setup attention effect experiments. With $C = \{x\}$, WARSP becomes $\mathbb{P}_{\{x,y,y'\}}(x) \leq \mathbb{P}_{\{x,y,x'\}}(x)$, and with $C = \{y\}$, $\mathbb{P}_{\{x,y,y'\}}(y) \leq \mathbb{P}_{\{x,y,x'\}}(y)$, a condition that Attraction Effect WASRP violates. See also Bandyopadhyay et al. (2002), Bandyopadhyay et al. (2004) and Dasgupta and Pattanaik (2007) on the WASRP.

Effect Regularity violates the Regularity Condition.[8] The Regularity Condition is the weakest consistency requirement of stochastic choice and is satisfied by all random utility models (Luce and Suppes, 1965, Theorem 41, p. 346). WASRP is a stronger requirement and necessarily implies the Regularity Condition (Dasgupta and Pattanaik, 2007).

Previous studies have used interchangeably the two definitions of the attraction effect, but since the Regularity Condition is a weaker consistency requirement than WASRP, Attraction Effect Regularity is a more serious violation of consistency than Attraction Effect WASRP. Therefore we can expect to observe more Attraction Effect WASRP than Attraction Effect Regularity.

WASRP and the Regularity Condition are stochastic generalisations of the the Weak Axiom of Revealed Preference (WARP) and of the Chernoff Condition[9] (Dasgupta and Pattanaik, 2007). If we were to use these, we would use a similar reasoning: We know that the Chernoff Condition is necessary for the existence of *any* preferences, while WARP is necessary and sufficient for the existence of *rational* preferences, so WARP necessarily implies the Chernoff Condition.[10] Thus, violations of WARP should be observed more often, since there should be more people with non-rational preferences than people without preferences at all.

Now that we know what is the attraction effect and what it implies, we can look at how it can be explained.

3 Explanations of the attraction effect

Most studies on the attraction effect have relied on consumption goods, such as cars, beers or TV sets, to test the attraction effect; instead I follow Herne (1999) and rely on simple binary gambles. Contrary to consumption goods, simple binary gambles

[8]With the same notation as in footnote 7, the Regularity Condition is satisfied if and only if, for all A, B, C such that $C \subseteq B \subseteq A$, $\mathbb{P}_B(C) \geq \mathbb{P}_A(C)$. For us, $B = \{x, y\}$, and, for example, $A = \{x, y, x'\}$ and $C = \{x\}$. The Condition becomes $\mathbb{P}_{\{x,y\}}(x) \geq \mathbb{P}_{\{x,y,x'\}}(x)$, which Attraction Effect Regularity 1 violates; and similarly for Attraction Effect Regularity 2 with $A = \{x, y, y'\}$ and $C = \{y\}$.

[9]From Chernoff (1954); also called Sen's α (Sen, 1969), basic contraction consistency (Sen, 1977) or the independence of irrelevant alternatives (Nash, 1950).

[10]On Chernoff, see Sen (1969, Lemma 2, p. 384). On WARP, see Mas-Colell et al. (1995, Proposition 1.D.1 and 1.D.2, pp. 12-13). On WARP implying Chernoff, see Sen (1971, T.8 and Corollary, p. 314).

can be easily implemented and incentivised. They are also among the few options to have two natural attributes, probability and money, while most other options have several and so should be artificially restricted to two. Accordingly, simple binary gambles are the best option to use to maximise internal validity. (Appendix A.1 provides a more detailed discussion of the use of gambles in attraction effect research.)

To present the experimental design I will use Figure 1, which depicts the gambles and the different classes of decoys used. The gambles offer a probability p of winning £x and a probability $1-p$ of winning £0, denoted by (x, p). In the Figure probabilities p are on the x-axis, and winning amounts x on the y-axis. Following the previous literature I focus on two types of gambles: $\omega_p = (x_p, p_p)$ and $\omega_£ = (x_£, p_£)$. As can be seen in the Figure, ω_p is better in the **p**robability attribute, $p_p > p_£$, while $\omega_£$ is better in the **£**x attribute, $x_£ > x_p$. The asymmetrically dominated decoys testing the classical attraction effect will be denoted by a single prime: these are ω'_p and $\omega'_£$, also depicted in the Figure. All decoys will follow the same naming convention: the superscripted symbol denotes the class of decoy while the subscripted number denotes the option to which the decoy is attached to.

Over the years, researchers in psychology and marketing research have proposed many explanations to the attraction effect, which can be grouped into two categories (Herne, 1996; Köhler, 2007; Wedell, 1991). The first, the oldest one,[11] is a preference-based explanation: it argues that adding decoys changes the weights people attach to the attributes. For example, according to this *weights explanation* people choose ω_p following the introduction of ω'_p because they weight less the money attribute x. They weight it less because, as the explanation goes, the attribute range changes: Figure 1 shows that ω'_p increases the range of money from Δ_x to Δ'_x. Thus the attraction effect as explained by the weights explanation arises from a *negative range effect*, according to which increasing an attribute range makes people weight less this particular attribute.

If this weights explanation is correct then increasing even more the ranges should cause more negative range effect and so more attraction effect. To test this prediction I created the decoys ω''_p and $\omega''_£$. As can be seen in Figure 1, these

[11]It was first proposed by Huber et al. (1982) and is based on Parducci's (1974) range-frequency theory. Simonson and Tversky (1992) and Tversky and Simonson (1993) have a similar explanation.

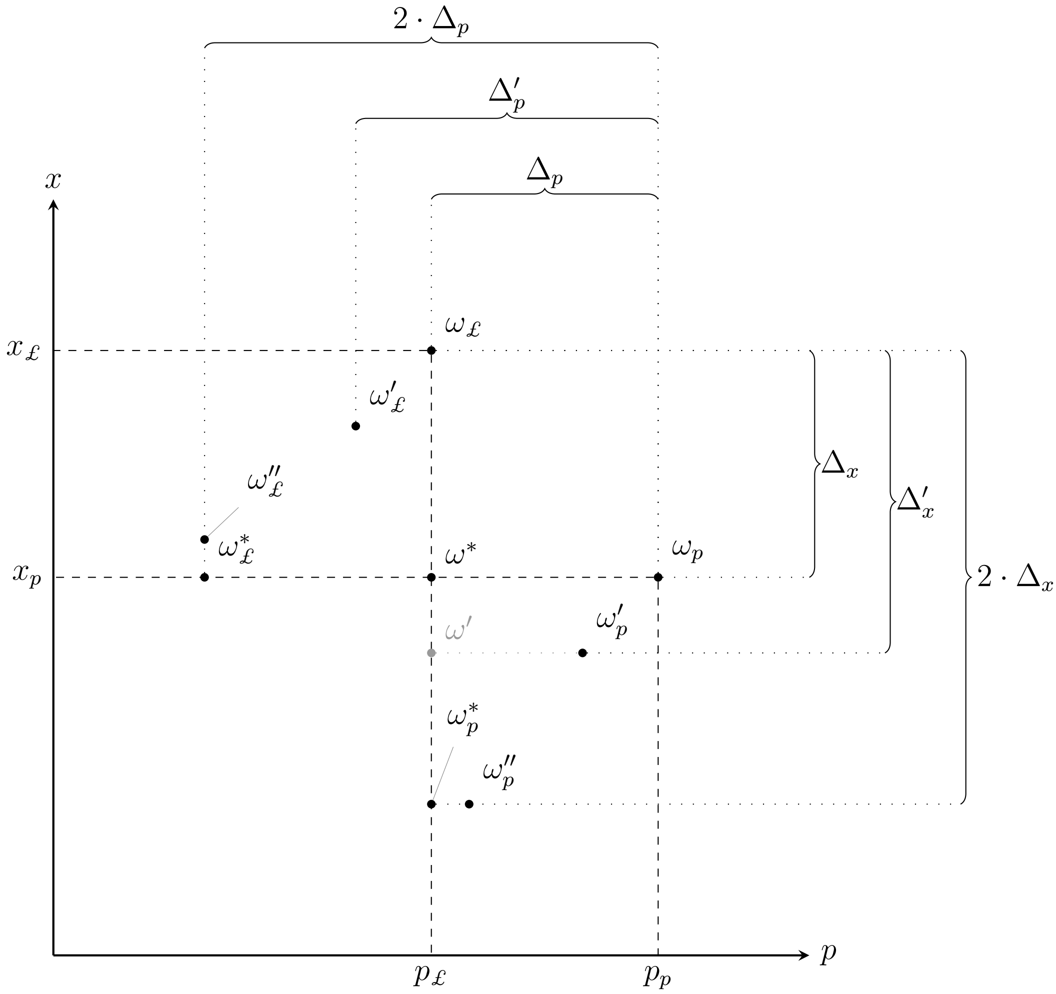

Figure 1: Decoys used to test the attraction effect and its explanations.

new decoys are also asymmetrically dominated (hence the prime symbols), but compared to ω'_p and $\omega'_£$ they double the ranges, from Δ_x and Δ_p to $2 \cdot \Delta_x$ and $2 \cdot \Delta_p$ (hence the double primes). So, ω''_p and $\omega''_£$ should cause more attraction effect due to an increased negative range effect. They also test one of the findings of Heath and Chatterjee's (1995) meta-analysis: the greater the range extension, the more pronounced the attraction effect.

The second category of explanations is a heuristic-based explanation: it argues that adding a decoy changes *how* people make a choice. This *process explanation* hinges on the decoys being asymmetrically dominated. For example, ω_p dominates

ω'_p but $\omega_£$ does not; one could then feel that ω'_p gives good reason to choose ω_p.[12] So, the process explanation explains the attraction effect as a change of decision process triggered by the introduction of an asymmetrically dominated option.

To test for this explanation, I remove the asymmetric dominance from ω''_p and $\omega''_£$ to create ω^*_p and $\omega^*_£$ (the star symbol replacing the prime symbol should help the reader remembering that the star decoys are symmetrically dominated). As Figure 1 shows, ω^*_p and $\omega^*_£$ have the same range extension as ω''_p and $\omega''_£$, at $2 \cdot \Delta_x$ and $2 \cdot \Delta_p$, so the weights explanation predicts the same attraction effect. On the other hand, since ω^*_p and $\omega^*_£$ are *symmetrically* dominated the process explanation predicts that the attraction effect will disappear. In other words, if the attraction effect disappears the process explanation can be ruled out; if it holds it has to come from the weights explanation alone. For this reason ω^*_p and $\omega^*_£$ are the important decoys that allow me to discriminate between the two explanations. They are intentionally close to the double prime decoys, the only real difference being the removal of the asymmetric dominance.

Wedell (1991, Experiment 2) followed a similar approach and used the decoy ω' (also represented in Figure 1) which removes the asymmetric dominance from ω'_p. He found that adding ω' has no effect and so concluded against the weights explanation, which subsequent studies confirmed (Wedell, 1998; Wedell and Pettibone, 1996). His design, however, did not give the weights explanation much chance to succeed. For example, it used $\omega_1 = (\$20, 0.5)$, $\omega_2 = (\$33, 0.3)$ and $\omega' = (\$18, 0.3)$. With these, the range of winning amounts increases from $\Delta_x = 33 - 20 = \$13$ to $\Delta'_x = 33 - 18 = \$15$, so the range extension is minimal. The weights explanation might work but only for greater range extensions, hence why I am doubling the ranges.

Finally, I use the neutral decoy ω^* to test for the mere effect of introducing an option. As we see in Figure 1, ω^* does not increase a range nor is asymmetrically dominated, so both explanations predict that it will have no impact.

To summarise, I use four classes of decoys, each asking a different question:

- The prime decoys ω'_p and $\omega'_£$ test for the classical attraction effect.
- The double prime decoys ω''_p and $\omega''_£$ keep the asymmetric dominance but

[12] This is Simonson's (1989) 'choice based on reasons' approach. For a similar reasoning, see Ariely and Wallsten (1995) and Hedgcock and Rao (2009).

double the attribute ranges. The weights explanation predicts that we will observe a stronger attraction effect due to the negative range effect.

- The star decoys ω_p^* and $\omega_{£}^*$ also double the attribute ranges but remove the asymmetric dominance. The weights explanation predicts that we will observe the same attraction effect compared to the previous decoys, while the process explanation predicts that the attraction effect will disappear.
- ω^* does not increase attribute ranges and is symmetrically dominated, so both explanations predict that it will have no effect.

The next Section presents the experimental design implementing these decoys in the laboratory.

4 Experimental design

4.1 Parameter sets, between- and within-subject comparisons

I started by creating 14 sets of gambles. To test the robustness of the attraction effect, in each set the expected value of $\omega_{£}$ is 20% higher than the one of ω_p.[13] For the first 11 sets, the expected values of ω_1 and ω_2 are approximately £5.8 and £7; for the remaining 3 sets, they are £10 and £12.[14] By contrast, Herne's (1999) gambles were all of the same expected value of 30 Finnmarks, which was approximately £3.3 in 1999.[15]

Each set accommodates all decoys previously mentioned to ensure that all sets have the same underlying structure and so can be compared. Accommodating ω_p^* and $\omega_{£}^*$ imposes the most restrictions because the probabilities of ω_p and $\omega_{£}$ should be such that the range of probabilities can be doubled. For example, $\omega_p = (£7.2, 0.8)$ and $\omega_{£} = (£23, 0.3)$ cannot be part of a valid set because they

[13] Most studies on the attraction effect have used options with the same expected value to ensure indifference, but as argued by Frederick et al. (2014) and Crosetto and Gaudeul (2016) this creates a situation where *anything* could tip a subject into choosing one or the other option.

[14] At the time of the experiment, £1 $\simeq$ \$1.42.

[15] Source: `http://www.xe.com/currencytables/?from=FIM&date=1999-08-01`. The incentives are higher even without assuming money illusion: the Bank of England Inflation Calculator (`http://www.bankofengland.co.uk/monetary-policy/inflation`) indicates that £3.3 in 1999 were equal to £5.25 in 2016, when the experiment was conducted.

Table 1: Parameter sets.

Set	ω_p		$\omega_£$		ω^*		ω'_p		$\omega'_£$		ω''_p		$\omega''_£$		ω^*_p		$\omega^*_£$	
	p_p	x_p	$p_£$	$x_£$	p^*	x^*	p'_p	x'_p	$p'_£$	$x'_£$	p''_p	x''_p	$p''_£$	$x''_£$	p^*_p	x^*_p	$p^*_£$	$x^*_£$
a	0.8	7	0.55	12.5	0.55	7	0.75	6	0.5	11.5	0.6	1.5	0.3	8	0.55	1.5	0.3	7
b	0.75	7.5	0.55	12.5	0.55	7.5	0.7	6.5	0.5	11.5	0.6	2.5	0.35	8.5	0.55	2.5	0.35	7.5
c	0.75	7.5	0.5	14	0.5	7.5	0.7	6.5	0.45	13	0.55	1	0.25	8.5	0.5	1	0.25	7.5
d	0.7	8	0.5	14	0.5	8	0.65	7	0.45	13	0.55	2	0.3	9	0.5	2	0.3	8
e	0.7	8	0.45	15.5	0.45	8	0.65	7	0.4	14.5	0.5	0.5	0.2	9	0.45	0.5	0.2	8
f	0.65	8.5	0.5	14	0.5	8.5	0.6	7.5	0.45	13	0.55	3	0.35	9.5	0.5	3	0.35	8.5
g	0.65	8.5	0.45	15.5	0.45	8.5	0.6	7.5	0.4	14.5	0.5	1.5	0.25	9.5	0.45	1.5	0.25	8.5
h	0.6	9.5	0.5	14	0.5	9.5	0.55	8.5	0.45	13	0.55	5	0.4	10.5	0.5	5	0.4	9.5
i	0.6	9.5	0.45	15.5	0.45	9.5	0.55	8.5	0.4	14.5	0.5	3.5	0.3	10.5	0.45	3.5	0.3	9.5
j	0.6	9.5	0.4	17	0.4	9.5	0.55	8.5	0.35	16	0.45	2	0.2	10.5	0.4	2	0.2	9.5
k	0.5	11.5	0.3	22.5	0.3	11.5	0.45	10.5	0.25	21.5	0.35	0.5	0.1	12.5	0.3	0.5	0.1	11.5
l	0.75	13.5	0.5	25	0.5	13.5	0.7	12.5	0.45	24	0.55	2	0.25	14.5	0.5	2	0.25	13.5
m	0.7	14.5	0.45	27.5	0.45	14.5	0.65	13.5	0.4	26.5	0.5	1.5	0.2	15.5	0.45	1.5	0.2	14.5
n	0.65	15.5	0.5	24.5	0.5	15.5	0.6	14.5	0.45	23.5	0.55	6.5	0.35	16.5	0.5	6.5	0.35	15.5

Note. The gambles not used in the experiment have been greyed out.

cannot accommodate $\omega^*_£$: the probability range is $\Delta_p = 0.8 - 0.3 = 0.5$ and it is impossible to introduce a $\omega^*_£$ that doubles it. Table 1 presents the resulting 14 sets.

Then, of the first 11 low-stake sets (sets a to k), I randomly selected 3 to study the decoys $\{\omega'_p, \omega'_£\}$, 3 to study $\{\omega''_p, \omega''_£\}$ and, since these are the most important ones, 5 to study $\{\omega^*_p, \omega^*_£\}$, making sure that the sets assigned to a class of decoys were not too similar. I also randomly assigned one of the 3 remaining high-stake sets to each class.

The experiment is setup to study Attraction Effect WASRP within- and between-subject, and Attraction Effect Regularity only between-subject. Within-subject designs have more statistical power, are less noisy, and are more natural when one wants to study preferences (Charness et al., 2012). But they are also more prone to elicit spurious effects due to sensitisation (Greenwald, 1976) or even experimenter demand (Zizzo, 2010). Experimenter demand effects are especially a problem for Attraction Effect Regularity: since it requires to add a single, asymmetrically dominated option to the choice between two original options, it signals what the experiment is about and a subject can easily find out what is expected from her. For this reason I am studying Attraction Effect Regularity only between-subject. Note that Wedell (1991) and Herne (1999) only studied Attraction Effect WASRP within-subject, while most studies in psychology and marketing research only studied Attraction Effect Regularity between-subject. In contrast the combination of the two approaches allows me to study the effect from two angles, which is one of the recommendations of Charness et al. (2012). And, if the effect were to appear only in one context, I would be suspicious of the reality of the effect.

Table 2 describes how I combined the two types of attraction effect and within- and between-subject comparisons in the same experiment. As can be seen in the Table, subjects are split into 4 groups. All subjects encounter the 14 parameter sets in the same order in the first booklet but they see different decoys depending on their group. For example, the first line of the Table corresponds to parameter set g. Subjects in the first group choose between ω_p and $\omega_£$; while subjects in the second, third and fourth groups have the decoys ω^*, ω_p^* and $\omega_£^*$ added to their menu. Comparing Group 1 and 3, and Group 1 and 4, addresses between-subject Attraction Effect Regularity, while comparing Group 3 and 4 addresses between-subject Attraction Effect WASRP. The menus $\{\omega_p, \omega_£\}$ and $\{\omega_p, \omega_£, \omega^*\}$ act as fillers between parameter sets so that subjects: *(a)* do not face the same class of decoy twice in a row; *(b)* do not face decoys favouring the same option twice in a row.

Subjects face again the 14 parameter sets in the second decision booklet (second part of Table 2) but with different decoys. Keeping the example of parameter set g, subjects in Group 3 who faced the menu $\{\omega_p, \omega_£, \omega_p^*\}$ in the first booklet face $\{\omega_p, \omega_£, \omega_£^*\}$ in the second booklet, and the the other way round for subjects in Group 4. Comparing the choices across booklets for a given parameter set addresses within-subject Attraction Effect WASRP. A consequence of this design is that half of the subjects see the decoy related to ω_p first (ω_p^* in the example) while the others see the decoy related to $\omega_£$ first ($\omega_£^*$), so the design also allows me to study the directionality of within-subject Attraction Effect WASRP. Previous studies, on the other hand, studied the effect only in one direction for a given parameter set.

4.2 Procedure and incentives

To achieve concreteness the experiment made use of pairs of 10-sided dice to describe and play the gambles. All subjects had the dice on their desk throughout the experiment, they were encouraged to examine them and they knew that these would be the dice used to play their chosen gamble at the end of the experiment. The choice tasks themselves also referred to the dice (see Appendix A.2 for a

Table 2: Decoys added to $\{\omega_p, \omega_{\pounds}\}$ and hypothesis tested for each parameter set (in order of presentation).

Set	Group 1		Group 2		Group 3		Group 4	
				Booklet 1				
g	—	No decoy	ω^*	Neutral decoy	ω_p^*	Weights/Process	$\omega_{\pounds}^*$	Weights/Process
c	ω_p^*	Weights/Process	$\omega_{\pounds}^*$	Weights/Process	—	No decoy	ω^*	Neutral decoy
f	ω^*	Neutral decoy	—	No decoy	$\omega'_{\pounds}$	Standard decoy	ω'_p	Standard decoy
k	$\omega'_{\pounds}$	Standard decoy	ω'_p	Standard decoy	ω^*	Neutral decoy	—	No decoy
j	—	No decoy	ω^*	Neutral decoy	ω''_p	Weights	$\omega''_{\pounds}$	Weights
m	ω''_p	Weights	$\omega''_{\pounds}$	Weights	—	No decoy	ω^*	Neutral decoy
b	ω^*	Neutral decoy	—	No decoy	$\omega_{\pounds}^*$	Weights/Process	ω_p^*	Weights/Process
h	$\omega_{\pounds}^*$	Weights/Process	ω_p^*	Weights/Process	ω^*	Neutral decoy	—	No decoy
a	—	No decoy	ω^*	Neutral decoy	ω'_p	Standard decoy	$\omega'_{\pounds}$	Weights
n	ω'_p	Standard decoy	$\omega'_{\pounds}$	Weights	—	No decoy	ω^*	Neutral decoy
i	ω^*	Neutral decoy	—	No decoy	$\omega''_{\pounds}$	Weights	ω''_p	Weights
e	$\omega''_{\pounds}$	Weights	ω''_p	Weights	ω^*	Neutral decoy	—	No decoy
d	—	No decoy	ω^*	Neutral decoy	ω_p^*	Weights/Process	$\omega_{\pounds}^*$	Weights/Process
l	ω_p^*	Weights/Process	$\omega_{\pounds}^*$	Weights/Process	—	No decoy	ω^*	Neutral decoy
				Booklet 2				
g	ω^*	Neutral decoy	—	No decoy	$\omega_{\pounds}^*$	Weights/Process	ω_p^*	Weights/Process
c	$\omega_{\pounds}^*$	Weights/Process	ω_p^*	Weights/Process	ω^*	Neutral decoy	—	No decoy
f	—	No decoy	ω^*	Neutral decoy	ω'_p	Standard decoy	$\omega'_{\pounds}$	Weights
k	ω'_p	Standard decoy	$\omega'_{\pounds}$	Weights	—	No decoy	ω^*	Neutral decoy
j	ω^*	Neutral decoy	—	No decoy	$\omega''_{\pounds}$	Weights	ω''_p	Weights
m	$\omega''_{\pounds}$	Weights	ω''_p	Weights	ω^*	Neutral decoy	—	No decoy
b	—	No decoy	ω^*	Neutral decoy	ω_p^*	Weights/Process	$\omega_{\pounds}^*$	Weights/Process
h	ω_p^*	Weights/Process	$\omega_{\pounds}^*$	Weights/Process	—	No decoy	ω^*	Neutral decoy
a	ω^*	Neutral decoy	—	No decoy	$\omega'_{\pounds}$	Weights	ω'_p	Standard decoy
n	$\omega'_{\pounds}$	Standard decoy	ω'_p	Weights	ω^*	Neutral decoy	—	No decoy
i	—	No decoy	ω^*	Neutral decoy	ω''_p	Weights	$\omega''_{\pounds}$	Weights
e	ω''_p	Weights	$\omega''_{\pounds}$	Weights	—	No decoy	ω^*	Neutral decoy
d	ω^*	Neutral decoy	—	No decoy	$\omega_{\pounds}^*$	Weights/Process	ω_p^*	Weights/Process
l	$\omega_{\pounds}^*$	Weights/Process	ω_p^*	Weights/Process	ω^*	Neutral decoy	—	No decoy

sample). By contrast, previous experiments on the attraction effect using gambles, such as Herne (1999), relied on a random number generator on the computer and described the probabilities in abstract terms.

The experiment was incentivised using the PRINCE mechanism (Johnson et al., 2015). This recently developed mechanism adds transparency to the traditional random incentive system by asking subjects entering the laboratory to draw a sealed envelope that contains a piece of paper describing the entire choice task (of the 28 they face in the experiment) that will matter to determine their earnings. At the end of the experiment the subject and the experimenter open the envelope and flip through the booklets to find the task described on the piece of paper. The subject then plays the gamble she has chosen in this particular choice task and is paid accordingly, plus a show-up fee. Appendix A.3 details exactly how the experiment was conducted and how PRINCE was implemented.

Finally, the instructions (see Appendix A.4) featured detailed examples, none using the gambles that the subjects would encounter in the experiment, and control questions.

5 Results

The experiment took place across five sessions between the end of April and the beginning of June 2016 at the CeDEx laboratory in Nottingham. 207 subjects were recruited randomly using ORSEE (Greiner, 2015). A session lasted about 1 hour for an average payment of £11.37 (SD = £7.43). Each subject made 28 choices (14 in each booklet) and two subjects left a task blank, which leaves 5794 choices to exploit. Across the whole experiments subjects chose decoys only 10 times, so in what follows I will not mention decoy choices.

Denote by $\tilde{\omega}_i$ the decoy associated with ω_i, $i, j \in \{p, \pounds\}$ $i \neq j$, and $\Pr(\cdot)$ the proportion of subjects exhibiting a particular pattern. Within-subject Attraction Effect WASRP is characterised by

$$\begin{aligned} &\Pr\Big(\omega_i = c\big(\{\omega_p, \omega_\pounds, \tilde{\omega}_i\}\big) \text{ and } \omega_j = c\big(\{\omega_p, \omega_\pounds, \tilde{\omega}_j\}\big)\Big) \\ &- \Pr\Big(\omega_j = c\big(\{\omega_p, \omega_\pounds, \tilde{\omega}_i\}\big) \text{ and } \omega_i = c\big(\{\omega_p, \omega_\pounds, \tilde{\omega}_j\}\big)\Big) > 0, \end{aligned} \tag{1}$$

which I will test using a one-sided McNemar test. Note that this test rules out explanations of the attraction effect based on random errors: If random errors were present, they would affect both choice patterns in (1) equally, and there is no reason to believe that one pattern would be affected more than the other. Looking at the difference between the two patterns thus rules out random errors and reveals truly anomalous behaviour.[16]

Between-subject Attraction Effect WASRP is characterised by

$$\Pr\Big(\omega_i = c\big(\{\omega_p, \omega_{£}, \tilde{\omega}_i\}\big)\Big) - \Pr\Big(\omega_i = c\big(\{\omega_p, \omega_{£}, \tilde{\omega}_j\}\big)\Big) > 0, \tag{2}$$

and between-subject Attraction Effect Regularity by

$$\Pr\Big(\omega_i = c\big(\{\omega_p, \omega_{£}, \tilde{\omega}_i\}\big)\Big) - \Pr\Big(\omega_i = c\big(\{\omega_p, \omega_{£}\}\big)\Big) > 0, \tag{3}$$

both tested using a one-sided χ^2 test.

Figure 2 reports the aggregate results of the experiment. I will comment on parameter-set irregularities when appropriate. Disaggregated and detailed results can be found in Appendix B.

5.1 There is a (small) attraction effect

I start with the classical attraction effect, using the decoys ω'_p and $\omega'_{£}$. The top-left graph of Figure 2 focuses on within-subject Attraction Effect WASRP, when ω'_p is seen first ($\omega'_p \rightarrow \omega'_{£}$, first row) or when $\omega'_{£}$ is seen first ($\omega'_{£} \rightarrow \omega'_p$, second row). We see that the attraction effect is significant in both cases so the experiment replicates the results from Wedell (1991) and Herne (1999); but note that when $\omega'_{£}$ is seen first the effect is in the right direction for all parameter sets but significant in only one. The top-right graph of Figure 2 shows that Attraction Effect WASRP carries-over to between-subject comparisons.

Moving to Attraction Effect Regularity, the bottom graph of Figure 2 shows that the effect appears with ω'_p but not with $\omega'_{£}$. The effect ω'_p causes, however, is small, and a closer inspection shows that this effect stems primarily from only one parameter-set.

[16] Cubitt et al. (2004) used the same argument in the context of preference reversals.

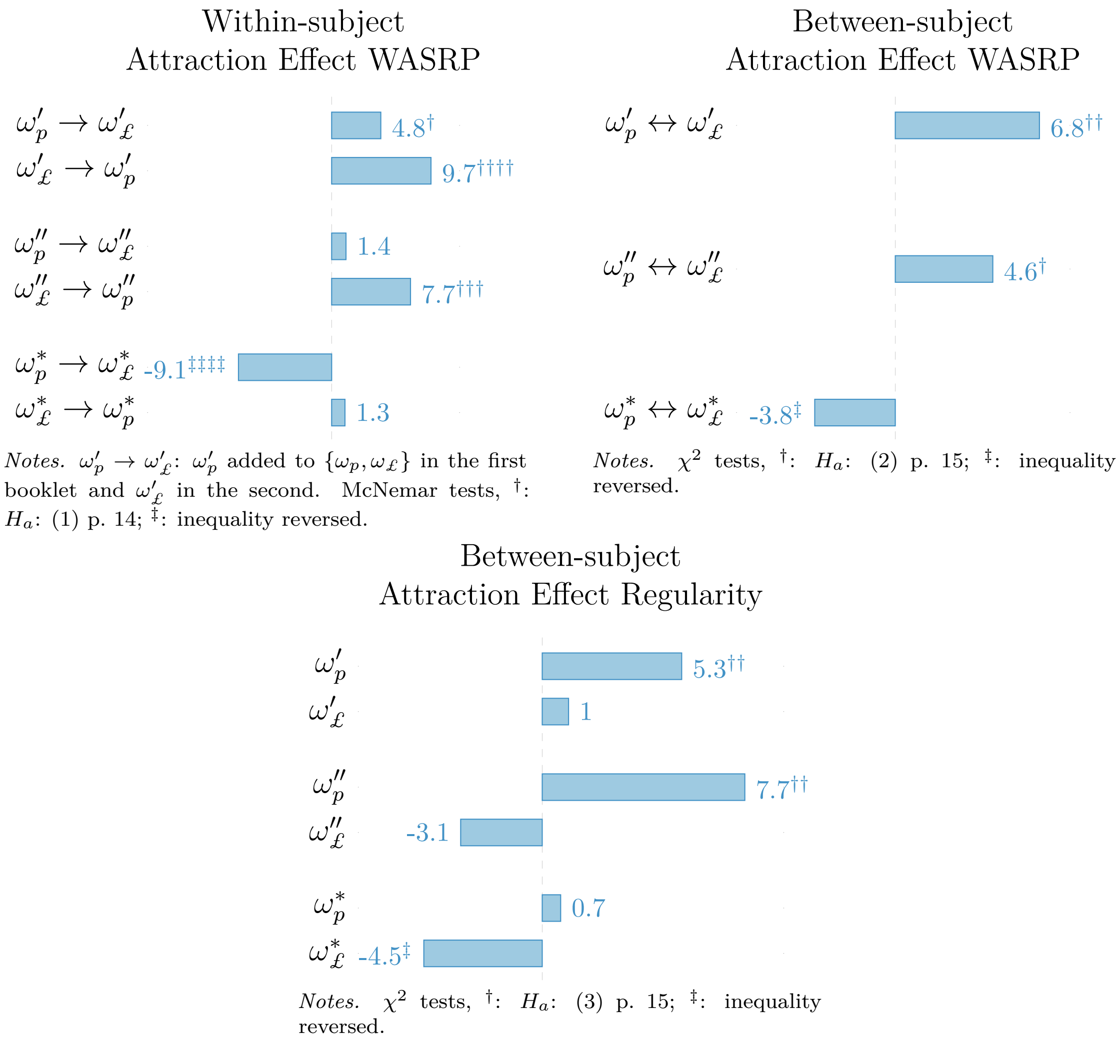

Figure 2: Attraction effects (in percent) at the aggregate level. One, two, three and four symbols indicate significance at $\alpha = 0.1$, 0.05, 0.01 and 0.001.

So, I replicate the two types of attraction effects, but with two new observations. As predicted, Attraction Effect Regularity appears to be weaker than Attraction Effect WASRP. Second, the attraction effect I observe is considerably smaller than previously reported. For example, Herne (1999) observed an average within-subject Attraction Effect WASRP of almost 24%; mine is between 4.8% and 9.7%. Yet, I still observe it despite the higher incentives, the gambles with different expected values, the more transparent incentive mechanism, and the increased concreteness of the choice situation.

5.2 There is no clear support for the weights explanation

Consider then ω''_p and $\omega''_£$. As we saw, these decoys are also asymmetrically dominated but they double the range of the weakest attribute of their associated option. The weights explanation predicts that they will cause a stronger attraction effect, while the process explanation predicts no change at all.

The results provide mixed evidence. Within-subject Attraction Effect WASRP now appears in one direction only, when subjects are first exposed to $\omega''_£$, but at a higher significance level (Figure 2, top-left, third and fourth row); and so for 3 out of 4 parameter sets, compared to only one when subjects were first exposed to $\omega'_£$. Between-subject, Attraction Effect WASRP is less pronounced than before (top-right, second row).

For Attraction Effect Regularity (bottom, fourth row), ω''_p has more incidence than ω'_p: introducing ω''_p increases the proportion of subjects choosing ω_p by almost 8 percentage points, compared to 5 for ω'_p (bottom, third row). $\omega''_£$, just as $\omega'_£$, has no effect .

Therefore, ω''_p and $\omega''_£$ do cause an attraction effect, which reinforces the results obtained with ω'_p and $\omega'_£$; but increasing the attribute ranges does not seem to cause a stronger attraction effect, which invalidates the weights explanation.

5.3 A positive range effect operates against the attraction effect

The real test, however, comes from ω^*_p and $\omega^*_£$. Remember that according to the weights explanation, we should observe the same attraction effect; but according to the process explanation, the effect should vanish.

Neither is correct: Looking at within-subject Attraction Effect WASRP (Figure 2, top-left, rows 5 and 6) introducing ω_p^* in the first booklet and $\omega_£^*$ in the second causes a *negative* attraction effect whereby subjects switch from $\omega_£$ to ω_p and not from ω_p to $\omega_£$. This effect is highly significant at the aggregate level, significant for 3 out of 6 parameter sets, and always in the right direction. Introducing $\omega_£^*$ first has no effect. This negative attraction effect carries over to between-subject Attraction Effect WASRP (top-right, last row).

Between-subject Attraction Effect Regularity resulting from the introduction of $\omega_£^*$ is also negative, which makes the effect clearer: introducing $\omega_£^*$ *decreases* the choice of $\omega_£$ and so increases the choice of ω_p (bottom, last row). So, instead of favouring $\omega_£$ as would predict the weights explanation, $\omega_£^*$ actually favours ω_p. Recall from Figure 1 that $\omega_£^*$ increases the range of the probability attribute. When the probability range is increased, subjects tend to chose ω_p, the superior option in terms of the probability attribute: it is a *positive range effect*.

Note that ω_p^* causes no between-subject Attraction Effect Regularity at the aggregate level.

5.4 Decoys seldom affect $\omega_£$

In contrast to previous research, I find that not all decoys are created equal. It is clear at the bottom of Figure 2: ω_p', ω_p'' and $\omega_£^*$ trigger an effect, but $\omega_£'$, $\omega_£''$ and ω_p^* do not. ω_p', ω_p'' and $\omega_£^*$ triggering an effect means that they increase the choice of ω_p, and conversely, $\omega_£'$, $\omega_£''$ and ω_p^* triggering none means that $\omega_£$ is not responsive to decoys.

Remember that $\omega_£$ is riskier than ω_p: by choosing it, subjects faced a 45-to-70% chance of leaving the experiment empty-handed. So, a possible interpretation is that subjects might have tried to avoid $\omega_£$ instead of being attracted to it.

Results from ω^* provide some evidence supporting this interpretation. Recall that this decoy neither increases an attribute range nor is asymmetrically dominated so it should have no effect. Indeed, it has no effect between-subject. Within-subject, however, when subjects face $\{\omega_p, \omega_£\}$ in the first booklet and $\{\omega_p, \omega_£, \omega^*\}$ in the second booklet they switch more from $\omega_£$ to ω_p than they do the opposite. It is possible that introducing ω^* gave subjects a second chance to re-evaluate their decisions and move away from the riskier gamble $\omega_{£}$. Subjects might have imprecise preferences (Butler and Loomes, 2007) for $\omega_{£}$ and the chance to reconsider their choice made them realise that in fact they preferred ω_p.[17]

The lesser responsiveness of $\omega_{£}$ to decoys could explain the directionality of within-subject Attraction Effect WASRP (Figure 2, top-left), where introducing $\omega'_{£}$, $\omega''_{£}$ or ω^*_p in the second booklet caused less or no effects. As we have just seen, these decoys have no grips on $\omega_{£}$ so there was no reason for subjects to change the choice they made in the first booklet when these decoys appeared in the second booklet.

These results went unnoticed in previous experiments. They illustrate the importance of combining within- and between-subject designs and studying the directionality of the effect in the same experiment. They also show that some small tweaks can make the attraction effect vanish, a sentiment shared by Frederick et al. (2014).

6 Econometric analysis

The results have so far revealed two effects:

- a standard attraction effect, following the introduction of ω'_p, $\omega'_{£}$, ω''_p and $\omega''_{£}$, according to which people choose more an option when it asymmetrically dominates another;
- and a positive range effect, revealed by ω^*_p and $\omega^*_{£}$ and triggered when asymmetric dominance is removed, which makes people weight more an attribute when its range in the menu increases.

I will now look for these effects in a more structured way using a mixed logit model (Revelt and Train, 1998; Train, 2009). The mixed logit model accounts for preference heterogeneity by estimating both the mean and the standard deviation of the parameters. As a consequence it also accounts for correlation across choice tasks for a given subject. It further controls from order effect since each choice task serves as its own control, which it inherits from the conditional logit model. For

[17]I thank Robert Sugden for this observation.

these reasons mixed logit models are increasingly used to analyse repeated choice data (see Stewart et al., 2014, for a recent example).

6.1 Estimation setup

I assume that, for a subject n choosing alternative i in choice task t, the logit choice probability is

$$L_{nit}(\mathbb{B}_n) = \frac{\exp\Big(V(\omega_i)\Big)}{\sum_i \exp\Big(V(\omega_i)\Big)} \tag{4}$$

where

$$\begin{aligned} V(\omega_i) = \beta_{n,\mathrm{d}} \mathbb{1}_{i,\mathrm{decoy}} &+ \Big(\beta_{n,p}^{\Delta_p} + \beta_{n,p}^{\Delta'_p} \mathbb{1}_{\Delta'_p} + \beta_{n,p}^{2\Delta_p} \mathbb{1}_{2\Delta_p}\Big) \ln p_i \\ &+ \Big(\beta_{n,x}^{\Delta_x} + \beta_{n,x}^{\Delta'_x} \mathbb{1}_{\Delta'_x} + \beta_{n,x}^{2\Delta_x} \mathbb{1}_{2\Delta_x}\Big) \ln x_i \end{aligned}$$

with $\mathbb{1}$ an indicator function equal to 1 if the condition specified in its subscript is verified, and 0 otherwise. So, $\mathbb{1}_{i,\mathrm{decoy}} = 1$ if option i asymmetrically dominates a decoy – ω'_i or ω''_i – and $\mathbb{1}_{i,\mathrm{decoy}} = 0$ if it does not, either because there are no decoys or because the decoy is symmetrically dominated, as it is the case with ω^*_i and ω^*. Similarly, $\mathbb{1}_{\Delta'_p} = 1$ in case of small extension of the probability range with ω'_2; and $\mathbb{1}_{2\Delta_p} = 1$ if the probability range is doubled with ω''_2 or ω^*_2; and the same for $\mathbb{1}_{\Delta'_x}$ and $\mathbb{1}_{2\Delta_x}$ for the extension of the range of winning amounts. In Appendix C I propose a structural model combining attraction and range effect that generates the reduced-form (4).

$\beta_{n,\mathrm{d}}$ captures the effect of introducing an asymmetrically dominated decoy; $\beta_{n,p}^{\Delta_p}$ and $\beta_{n,x}^{\Delta_x}$ capture the baseline attitude toward probabilities and winning amounts; and $\beta_{n,p}^{\Delta'_p}$, $\beta_{n,p}^{2\Delta_p}$, $\beta_{n,x}^{\Delta'_x}$ and $\beta_{n,x}^{2\Delta_x}$ capture the effect of increasing the range of probabilities or winning amounts.

Looking at the results from the previous Section, we can expect $\beta_{n,\mathrm{d}} > 0$, a positive attraction effect stemming from the introduction of an asymmetrically dominated decoy, but nothing prevents it from being negative. We can also expect that $\beta_{n,p}^{\Delta'_p}$, $\beta_{n,p}^{2\Delta_p}$, $\beta_{n,x}^{\Delta'_x}$, $\beta_{n,x}^{2\Delta_x} > 0$, which would correspond to a positive range effect, but they might be negative, corresponding to a negative range effect

6.2 Estimation results

Table 3 presents the estimation results.[18] All coefficients are assumed to be normally distributed; the top part of the Table contains the estimates of the mean and the bottom those of the standard deviation. I estimated three models, all on the complete dataset: a baseline model (1) without attraction and range effects; a model (2) with attraction effect only; and a full model (3) with attraction and range effects. A likelihood-ratio test shows that adding the attraction-effect parameter $\mathbb{1}_{i,\text{decoy}}$ to the baseline model results in a statistically significant increase in model fit ($\chi^2(2) = 17.29$, $p < 0.01$). Adding the range parameters $\mathbb{1}_{\Delta'_p}$, $\mathbb{1}_{2\Delta_p}$, $\mathbb{1}_{\Delta'_x}$ and $\mathbb{1}_{2\Delta_x}$ on top also results in a statistically significant increase in model fit ($\chi^2(8) = 21.51$, $p < 0.01$).

The estimation results generally confirm the results from the previous Section. Looking at the means of model (3) (Table 3, top-right), we see that $\beta_{n,\text{d}} = 0.541$ so adding an asymmetrically dominated decoy boosts the utility of the dominating gamble. This confirms the positive attraction effect stemming from the process explanation. Further, the coefficients of $\ln(p) \times \mathbb{1}_{\Delta'_p}$ and $\ln(p) \times \mathbb{1}_{2\Delta_p}$ are positive and significant, which means that, by widening the probability range, $\omega'_{\pounds}$, $\omega''_{\pounds}$ and $\omega^*_{\pounds}$ increase the choice of ω_p. This confirms the positive range effect. The regression then confirms the idea expressed earlier that $\omega'_{\pounds}$ and $\omega''_{\pounds}$ cause two conflicting effects: they favour $\omega_{\pounds}$ due to the positive attraction effect, but they also favour ω_p due to the positive range effect. When $\omega^*_{\pounds}$ removes the asymmetric dominance, the positive range effect is left to operate alone, which favours ω_p only.

We also see that the coefficient for $\ln(p) \times \mathbb{1}_{\Delta'_p}$ is greater than the one for $\ln(p) \times \mathbb{1}_{2\Delta_p}$: moderately increasing the probability range (Δ'_p) causes a greater positive range effect than doubling it ($2\Delta_p$). The positive range effect might not be a linear function of the range extension, but rather decrease in intensity as the range increases. Huber et al. (2014) point out that for context effects to work, the decoy should not be undesirable and 'too far' from its target. $\omega'_{\pounds}$ and $\omega^*_{\pounds}$ are certainly undesirable: as we saw in Figure 1 and Table 1 they offer the lowest probability of winning a not-so-great amount of money. It is possible that the positive range effect decreases in intensity because some subjects simply stopped

[18]The Stata command `mixlogit` from Hole (2007) was used.

Table 3: Results from the mixed logit model.

	Estimates		
	(1)	(2)	(3)
	Coef. (SE)	*Coef. (SE)*	*Coef. (SE)*
Mean			
$\ln(p)$	18.801***	18.414***	18.055***
	(0.837)	(0.842)	(0.903)
$\ln(x)$	11.176***	10.923***	10.767***
	(0.582)	(0.593)	(0.613)
$\mathbb{1}_{i,\text{decoy}}$		0.286***	0.541***
		(0.069)	(0.115)
$\ln(p) \times \mathbb{1}_{\Delta'_p}$			1.606**
			(0.592)
$\ln(p) \times \mathbb{1}_{2\Delta_p}$			0.998**
			(0.318)
$\ln(x) \times \mathbb{1}_{\Delta'_x}$			0.043
			(0.338)
$\ln(x) \times \mathbb{1}_{2\Delta_x}$			0.187
			(0.199)
Standard deviation			
$\ln(p)$	3.281***	2.832**	3.495***
	(0.593)	(0.945)	(0.591)
$\ln(x)$	4.407***	4.478***	4.471***
	(0.305)	(0.344)	(0.305)
$\mathbb{1}_{i,\text{decoy}}$		0.003	0.050
		(0.146)	(0.146)
$\ln(p) \times \mathbb{1}_{\Delta'_p}$			3.077***
			(0.785)
$\ln(p) \times \mathbb{1}_{2\Delta_p}$			0.378
			(0.689)
$\ln(x) \times \mathbb{1}_{\Delta'_x}$			0.356
			(1.424)
$\ln(x) \times \mathbb{1}_{2\Delta_x}$			0.067
			(1.106)
Observations	15934	15934	15934
Log-likelihood	−2669.721	−2661.076	−2650.323
Wald χ^2	2694.916	2700.329	2705.354
Prob > χ^2	0.000	0.000	0.000

Notes. $\ln(p)$ and $\ln(x)$ capture the baseline attitude toward probabilities and winning amounts when the attribute ranges are Δ_p and Δ_x. $\ln(p) \times \mathbb{1}_{\Delta'_p}$ and $\ln(p) \times \mathbb{1}_{2\Delta_p}$ capture the effect of increasing the range of probabilities to Δ'_p and $2\Delta_p$; and $\ln(x) \times \mathbb{1}_{\Delta'_x}$ and $\ln(x) \times \mathbb{1}_{2\Delta_x}$ of increasing the range of winning amounts to Δ'_x and $2\Delta_x$. $\mathbb{1}_{i,\text{decoy}}$ captures the effect of introducing an asymmetrically dominated decoy.

All coefficients are assumed to be normally distributed. The top and bottom part of the table report the mean and the standard deviation of the distributions.

Number of Halton draws used for simulation: 1000

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

considering the decoys when they were too far from $\omega_£$.[19]

Finally, the coefficients for $\ln(x) \times \mathbb{1}_{\Delta'_x}$ and $\ln(x) \times \mathbb{1}_{2\Delta_x}$ are not statistically significantly different from 0, so increasing the range of winning amounts do not trigger any range effect. Thus, ω'_p and ω''_p only cause an attraction effect, which favours ω_p, but not a positive range effect, which would have favoured $\omega_£$. This finding corroborates the results from Section 5.4, in which we saw that $\omega_£$ is less responsive to decoys than ω_p.

6.3 Attraction effect versus range effect

Now have a look at the standard deviation estimates at the bottom of Table 3. These estimates highlight the necessity of the mixed logit model: preferences are heterogeneous and not all subjects place the same weight on winning probabilities and winning amounts.

More importantly, subjects also differ in how they respond to the small probability-range extension brought by $\omega'_£$: the estimate of the standard deviation of the coefficient for $\ln(p) \times \mathbb{1}_{\Delta'_p}$ is significant and equal to 3.077. Since the estimate of the mean of the same coefficient is equal to 1.606, some subjects have a negative coefficient; in fact, about 30% do so.[20] As a consequence, while most subjects exhibit a positive range effect working against the attraction effect, 30% exhibit a negative range effect, as predicted by the weights explanation. For these 30%, extending the range of probabilities work *in favour* of the attraction effect. If we restrict the analysis to these subjects, we should observe even more attraction effect because the two effects reinforce each other. Conversely, if we restrict to subjects who exhibit a strong positive range effect, we should observe less, no, or even a negative attraction effect.

To verify this prediction, I use the procedure depicted by Train and Revelt (1999) to assign each subject her coefficient for $\ln(p) \times \mathbb{1}_{\Delta'_p}$.[21] Once each subject has been assigned her coefficient, I split the subjects into two groups depending on whether their parameter fall above or below the median of the parameter. For subjects below the median the extension of the probability range brought by $\omega'_£$ causes a

[19] I am grateful to Alexia Gaudeul for this remark.

[20] Since the parameters are normally distributed, and denoting by Φ the cumulative standard normal distribution, the percentage of subjects with a parameter below 0 is $100 \cdot \Phi(-1.606/3.077)$.

[21] The Stata post-estimation command `mixlbeta`, also from Hole (2007), was used.

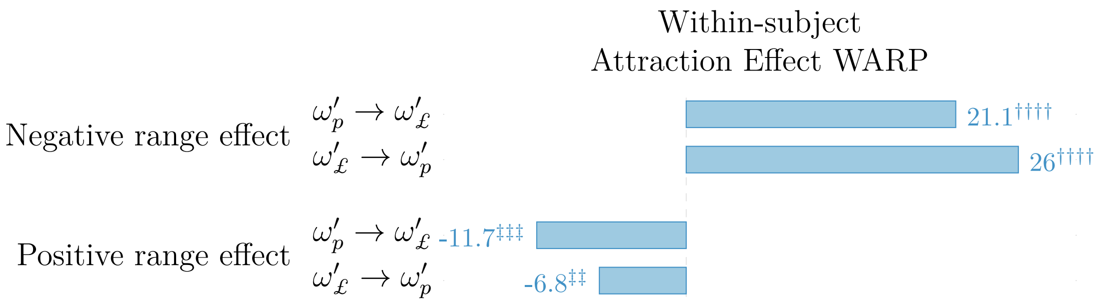

Figure 3: Attraction effect (in percent) at the aggregate level, as a function of the strength of the range effect.

Notes. Negative and positive range effects are defined as subjects whose range effect ($\ln(p) \times \mathbb{1}_{\Delta'_p}$) is smaller or greater than the median. One, two, three and four symbols indicate significance at $\alpha = 0.1$, 0.05, 0.01 and 0.001. $\omega'_p \to \omega'_£$: ω'_p added in the first booklet and $\omega'_£$ in the second. McNemar tests, †: H_a: (1) p.14; ‡: inequality reversed.

small positive or a negative range effect, which is likely to reinforce the attraction effect; for those above the median the extension causes a strong positive range effect which could negate or even reverse the attraction effect. Then, I recompute within-subject Attraction Effect WASRP, as in equation (1), and replot Figure 1 top-left, separately for each group.

Figure 3 presents the results of this analysis. As predicted, subjects with a small positive or a negative range effect exhibit a stronger attraction effect. It is as high as 26%, in line with the results from Herne (1999). But subjects with a strong positive range effect exhibit no attraction effect. They even exhibit the opposite, a negative attraction effect, similar to what happens with $\omega^*_£$.

So, asymmetrically dominated decoys do not affect everyone in the same way. They can tip choice into one direction or the other, depending on the sign and the strength of the range effect. While on average the attraction effect is as predicted, for some people the positive range effect takes over. This illustrates the importance of using a model able to capture preference heterogeneity, such as the mixed logit model, to analyse the results from such experiments.

7 Conclusion

I have presented an experiment that replicates the attraction effect. The experiment finds it to be smaller than previously reported, but still detectable despite the more robust test. I have also found that the attraction effect is a complex thing, the result of the interaction between process explanation and range effect.

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Appendices

Appendix A Details of the experiment

This Appendix provides additional details on the experiment. Appendix A.1 explains more in depth why I used simple binary gambles to test the attraction effect. Appendix A.2 gives a sample of a choice task found in a decision booklet. Appendix A.3 describes how the experiment was conducted and how the PRINCE mechanism was implemented. Appendix A.4 reproduces the instructions.

A.1 Gambles in attraction effect experiments

I relied on simple binary gambles to test the attraction effect for mainly two reasons. The first one is practical: gambles maximise internal validity. To understand why, note that in principle the attraction effect holds with any option, so the only criteria to consider when choosing an option is that it renders the experiment internally valid. A recent debate[22] has clarified which options do so. The options should allow for economic consequences (Lichters et al., 2015a), which rules out hypothetical options as well as options that are costly and difficult to implement, such as the cars, TV sets and apartments routinely used in the consumer research literature. The researcher should also have good reason to believe that subjects perceive the options as intended. For example, not everyone knows that the T-bone steaks used by Yang and Lynn (2014) are dominated by Porterhouse steaks (Simonson, 2014); some might even prefer the supposedly dominated T-bone decoys. The problem here stems from the use of complex options with many attributes, which requires the researcher to arbitrarily select two attributes out of all potential ones (an approach criticised by Frederick et al., 2014). People, however, might have preferences for the attributes not selected (Huber et al., 2014). Simple binary gambles easily solve these issues: they can be incentivised, since subjects can play their chosen gamble at the end of the experiment and be paid accordingly; and there is no need to arbitrarily select two attributes because simple binary gambles have two natural attributes, probability and money.

The second reason to use gambles is that they hold a special place for economists. They have proven to be a popular proving ground for theories (Starmer, 2000) and knowing whether the attraction effect might manifest itself when one tries to, say, elicit risk preferences, is important for the design of experiments and the

[22]Frederick et al. (2014) and Yang and Lynn (2014) failed to replicate the attraction effect, which prompted replies by Huber et al. (2014) and Simonson (2014) in the same issue of the *Journal of Marketing Research.* Lichters et al. (2015,a) added to the debate by providing guidelines for future attraction-effect experiments.

interpretation of results. Further, testing the explanations to the attraction effect might give us hints on what to incorporate in future theories of risky choice.

As for external validity, gambles readily appear in domains such as financial and medical decision-making. The results obtained with gambles can thus be directly applied to these domains. It is true that the abstractness of gambles might dampen our ability to generalise to other domains; nonetheless, more concrete options, such as medical coverage or loans, would in turn hinder internal validity, since the requirements outlined above would be hard to satisfy; and for any selected option one could always ask how much exactly the results generalise. All in all, in the tension between internal and external validity (Schram, 2005; Starmer, 1999) I have favoured the former.

A.2 Sample choice task

In one of the envelopes, the options are:

	1 – 80	81 – 100
P	£7	£0

	1 – 55	56 – 100
Q	£12.5	£0

If these options are the ones in my envelope, give me option: (write P or Q in the box)

- writing **P** means that I will receive £7 if the dice throw yields a number from 1 to 80, and £0 otherwise;
- writing **Q** means that I will receive £12.5 if the dice throw yields a number from 1 to 55, and £0 otherwise.

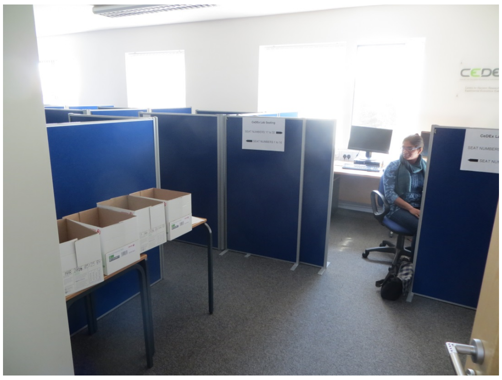
A.3 Procedure

Subjects waited outside the laboratory in line. An experimenter controlled their student card against the list generated by ORSEE and let them enter. Once inside the laboratory (Picture 4a) they were greeted by a second experimenter who asked them to draw a number from a pouch. This number determined their seat number as well as their group, as defined in Table 2 of the main text. They were then directed to take an envelope from the box corresponding to their group (Picture 4b). In each box were approximately 190 envelopes (Picture 4c). Inside each envelope was a piece of paper describing one of the 28 choice tasks that a member of the group assigned to this box could encounter in the experiment. Subjects were instructed to take this envelope with them but to not open it – all subjects obeyed this instruction. The draw of the envelope was without replacement.

Subjects then went to their assigned desk. There they found the instructions, a pen and two 10-sided dice (Picture 4d). Once everyone was seated the experimenter started reading the instructions, which are found in Appendix A.4. The experimenters also controlled subjects' answers to the control questions. Then, the experimenters distributed the first decision booklet and the subjects started completing the 14 tasks contained inside. Depending on their seat number and so their group, subjects received different booklets. The booklets differed in the decoys seen, again as described in Table 2 of the main text. Appendix A.2 provides a sample of a choice task found in the booklets.

In the instructions subjects were instructed to raise their hand when they would finish the first booklet. As soon as a subject did the experimenters went to see her, collected the first booklet and gave her the second booklet containing 14 additional choice tasks. On average subjects took 15 minutes to complete each booklet.

Subjects were further instructed to raise their hand when they would finish the second booklet. Once everyone had finished the experimenters started the payment phase. When an experimenter came to a subject the experimenter gave her her first booklet. Then, the experimenter asked the subject to open the envelope and they flipped through the two booklets to find the choice task described on the piece of paper. Together they looked at the gamble the subject chose in this particular choice task and the experimenter read out loud the text at the bottom of the choice task (Appendix A.2) describing what would happen depending on the result of the dice. The experimenter asked the subject to draw her dice and, depending on the result, the subject won or lost. In any case the subject also received a show-up



(a) Entering the laboratory.

(b) Boxes containing the envelopes.

(c) Inside a box.

(d) A subject's desk.

Figure 4: Pictures of the experiment.

fee, of which they were not aware before this moment. The experimenter wrote the final payoff of the subject on a piece of paper, which the subject took to the centre of the room where a third experimenter collected it and paid the subject accordingly. Finally the subject exited the room

In total the experiment took about 1 hour.

A.4 Instructions

The next pages reproduces the instructions as they were seen by the subjects – they are here reproduced two-pages-on-one to save space.

Instructions

Welcome to the experiment. Please switch off your electronic devices and remain silent. If you have a question at any time, raise your hand and an experimenter will come to your desk to answer it.

* * *

In this experiment, you will face options that give you chances to win amounts of money. An option is for example a 20%-chance of winning £35.

To represent the chances of winning, we will refer to the dice placed on your desk, which you are welcome to examine as much as you want throughout the experiment. One die is used for the tens and the other for the units. Throwing the dice together and adding the results yields a number from 1 to 100. For example, the throw below is 31:

The next one is 8:

100 is obtained by getting zeros on both dice. Each ten and each unit is equally likely, so *each number from 1 to 100 is also equally likely*.

In terms of the dice, the 20%-chance of winning £35 is equivalent to £35 for numbers from 1 to 20, and £0 for numbers from 21 to 100. We will represent it as follows:

1 – 20	21 – 100
£35	£0

This means that, if the dice throw yields a number from 1 to 20, you will receive £35. If it yields a number from 21 to 100, you will receive £0.

* * *

All tasks in this experiment will ask you to select one from a set of two or three such options. The options in these tasks are always gambles which will feature different chances of winning various amounts of money. You will record your selected option in each of these tasks in decision booklets, which we will distribute soon. There will be a different task of this form on each page.

You will play one of the gambles that you select for real at the end of the experiment, meaning that you might win some money in this real task. The task that is real for you has already been selected in the following way: When you entered the room, you picked one from a set of envelopes. Each envelope contains a piece of paper describing one of the tasks that you will face in your booklet. Any one of the tasks that you face could be for real, but you will not know which one is for real until the end of the experiment.

At the end of the experiment, an experimenter will come to your desk and open your envelope. The piece of paper in the envelope will show the task that will be real for you. The experimenter will then look in your decision booklet to see which option you picked in this task. That option will be a gamble which will specify an amount of money that you can win depending on the throw of the dice. You will then roll the dice to see whether you earn money from the real task or not. If you win, you will be paid in cash the amount specified in your chosen option.

So, as you respond to the tasks remember that for each task, the option that you pick could turn out to be the one that you play for real at the end of the experiment. Because of this, we suggest that you treat each task as if it is for real and as if it is the only task you face since at the end of the experiment you will only face one task for real (i.e. the one contained in the envelope you now have).

Let us illustrate this with an example.

Imagine that one of the pages of the decision booklet is as follows: (The presentation will be the same, but the options will be different.)

Page A

In one of the envelopes, the options are:

	1–60	61–100
P	£12	£0

	1–40	41–100
Q	£25	£0

If these options are the ones in my envelope, give me option: (write P or Q in the box)

P

- writing **P** means that I will receive £12 if the dice throw yields a number from 1 to 60, and £0 otherwise;
- writing **Q** means that I will receive £25 if the dice throw yields a number from 1 to 40, and £0 otherwise.

This example assumes that you chose option P.
Then, imagine that another page of the decision booklet is:

Page B

In one of the envelopes, the options are:

	1–30	31–100
P	£20	£0

	1–50	51–100
Q	£10	£0

	1–20	21–100
R	£40	£0

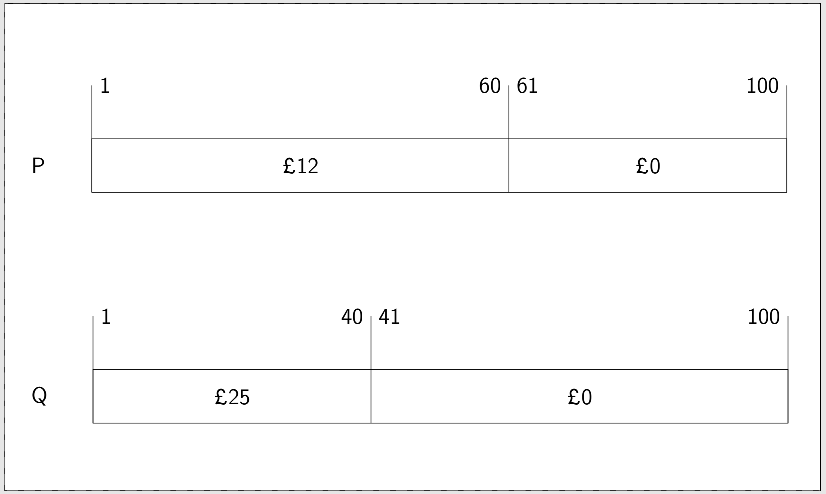
If these options are the ones in my envelope, give me option: (write P, Q or R in the box)

R

- writing **P** means that I will receive £20 if the dice throw yields a number from 1 to 30, and £0 otherwise;
- writing **Q** means that I will receive £10 if the dice throw yields a number from 1 to 50, and £0 otherwise;
- writing **R** means that I will receive £40 if the dice throw yields a number from 1 to 20, and £0 otherwise.

Here, we assume that you chose option R.

At the end of the experiment, the experimenter comes to your desk and opens your envelope. Suppose that your envelope contains:



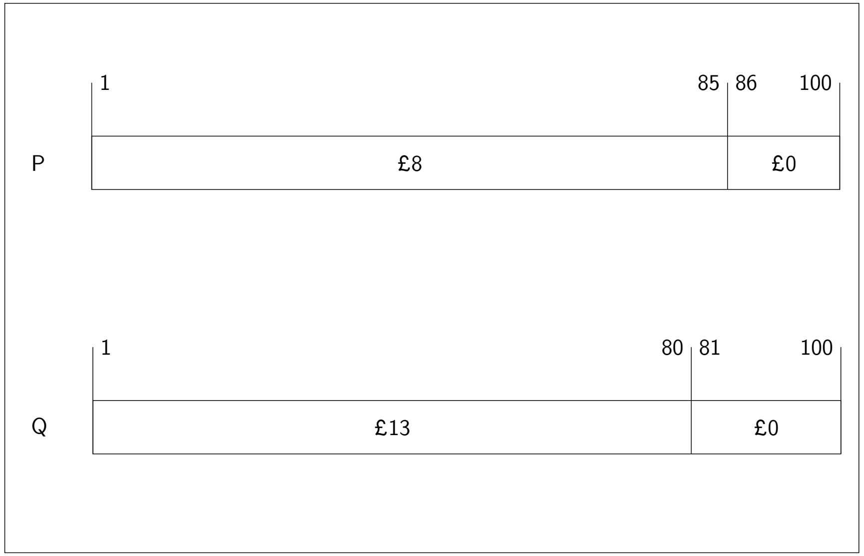
The experimenter will look for these options in your decision booklet. They were in Page A above and we assumed that you chose option P. The experimenter will then throw the dice. In accordance with what is written in the decision booklet, you would get £12 if the throw yields a number from 1 to 60, and £0 if it yields a number from 61 to 100.

Questions

We want to make sure you understand the procedure fully, so we have designed two questions to test your understanding. These questions have no bearing on the rest of the experiment. Please answer them and raise your hand when you have finished; an experimenter will come to verify your responses.

Question 1

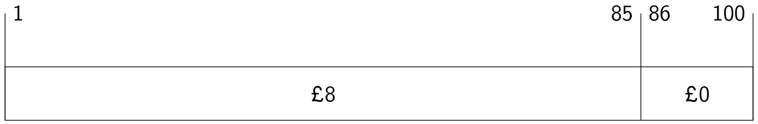
Imagine that the options in your envelope are:



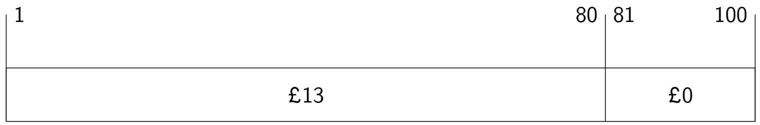
These two options are the ones on the following page of the decision booklet:

In one of the envelopes, the options are:

P



Q



If these options are the ones in my envelope, give me option: (write P or Q in the box)

- writing **P** means that I will receive £8 if the dice throw yields a number from 1 to 85, and £0 otherwise;
- writing **Q** means that I will receive £13 if the dice throw yields a number from 1 to 80, and £0 otherwise.

What happens if:

- you write **P** and the dice throw yields **81**? ....
- you write **P** and the dice throw yields **91**? ....
- you write **Q** and the dice throw yields **81**? ....
- you write **Q** and the dice throw yields **10**? ....

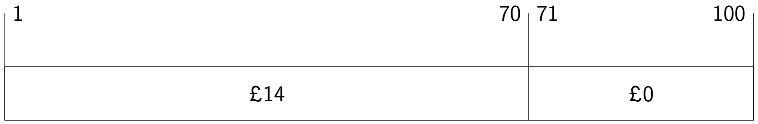
Question 2

Suppose that you encounter the next two pages in your decision booklet and make the following choices:

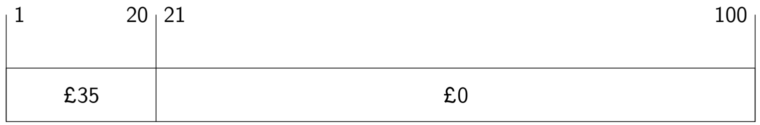
Page A

In one of the envelopes, the options are:

P



Q



If these options are the ones in my envelope, give me option: (write P or Q in the box)

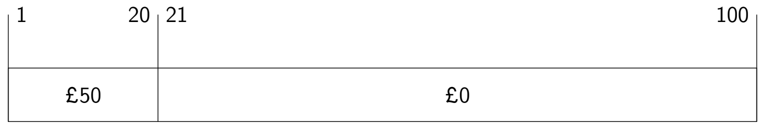
Q

- writing **P** means that I will receive £14 if the dice throw yields a number from 1 to 70, and £0 otherwise;
- writing **Q** means that I will receive £35 if the dice throw yields a number from 1 to 20, and £0 otherwise.

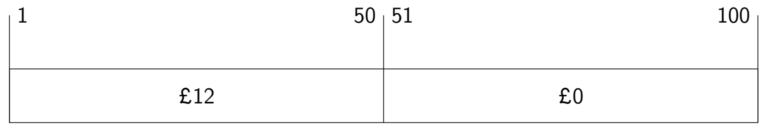
Page B

In one of the envelopes, the options are:

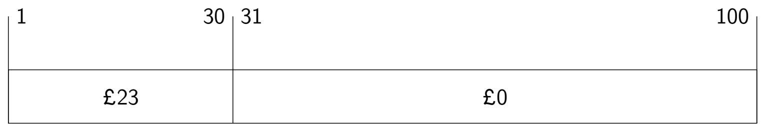
P



Q



R

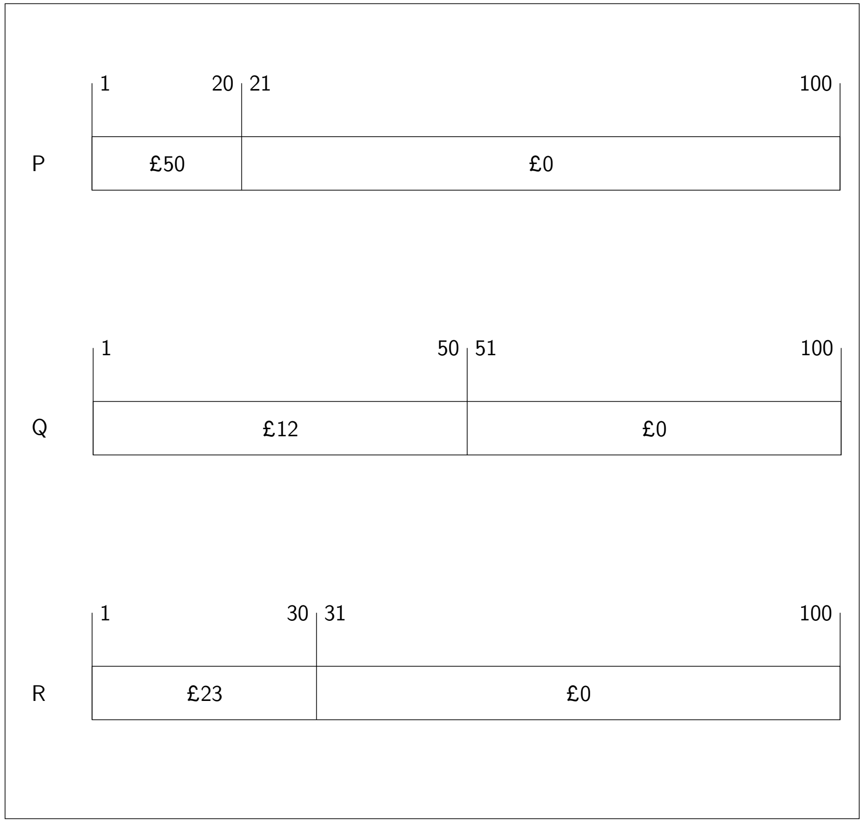


If these options are the ones in my envelope, give me option: (write P, Q or R in the box)

R

- writing **P** means that I will receive £50 if the dice throw yields a number from 1 to 20, and £0 otherwise;
- writing **Q** means that I will receive £12 if the dice throw yields a number from 1 to 50, and £0 otherwise;
- writing **R** means that I will receive £23 if the dice throw yields a number from 1 to 30, and £0 otherwise.

If the options in your envelope are:



Which option is going to be played for real? ....

If the dice throw yields 24, what happens? ....
....

We are now ready to distribute the first decision booklet. You can start completing it as soon as you get it. When you have finished, raise your hand; we will collect your booklet and give you a second one for you to complete.

Appendix B Result tables

This Appendix provides disaggregated and detailed results corresponding to all aggregated results encountered in the main text. The Tables are as follows:

- Table 4 reports within-subject results corresponding Figure 2 top-left in the main text;
- Table 5 reports between-subject results corresponding Figure 2 top-right and bottom in the main text;
- Table 6 reports within-subject results with ω^*;
- Table 7 reports between-subject results with ω^*;
- Table 8 reports within-subjects results with ω'_p and $\omega'_£$ as a function of the range effect, corresponding to Figure 3 in the main text.

The different Attraction Effects are computed as follows:

- *Within-subject Attraction Effect WASRP*: from Table 4 and 8,
  - when the decoy of ω_p is seen first (e.g. $\omega'_p \rightarrow \omega'_£$), it is the percentage of subjects who switch from ω_p to $\omega_£$ (column ω_p then $\omega_£$) minus the percentage of subjects who switch from $\omega_£$ from ω_p (column $\omega_£$ then ω_p);
  - when the decoy of $\omega_£$ is seen first (e.g. $\omega'_£ \rightarrow \omega'_p$), it is the percentage of subjects who switch from $\omega_£$ to ω_p (column $\omega_£$ then ω_p) minus the percentage of subjects who switch from ω_p from $\omega_£$ (column ω_p then $\omega_£$).

  Table 6 uses a similar definition but the test is two-sided since there is no expected effect.

- *Between-subject Attraction Effect WASRP*: from Table 5,
  - it is the percentage of subjects who choose ω_p when the decoy is related to ω_p (column Decoy under ω_p) minus the percentage of subjects who choose ω_p when the decoy is related to $\omega_£$. *Note that this last percentage is not displayed directly on the Table*: it is roughly 100 minus the percentage of subjects who choose $\omega_£$ when the decoy is related to $\omega_£$ (column Decoy under $\omega_£$) but not exactly since some subjects chose the Decoy and these subjects are not displayed on the Table. However since the Decoy was very rarely chosen (less than 10 times across the whole experiment) this has a small impact on the numbers. The Figures in the main text report exact percentages, that is they take care of these few subjects who chose the Decoy.

  - It is also the percentage of subjects who choose $\omega_{£}$ when the decoy is related to $\omega_{£}$ (column Decoy under $\omega_{£}$) minus the percentage of subjects who choose $\omega_{£}$ when the decoy is related to ω_p. The same remark applies.

  The result of the χ^2 test is reported in the rightmost column.

- *Between-subject Attraction Effect Regularity*: from Table 5,
  - when the decoy is related to ω_p (e.g. ω'_p), it is the percentage of subjects who choose ω_p when there is a decoy (column Decoy under ω_p) minus the percentage of subjects who choose ω_p when there is no decoy (column No decoy under ω_p);
  - when the decoy is related to $\omega_{£}$ (e.g. $\omega'_{£}$), it is the percentage of subjects who choose $\omega_{£}$ when there is a decoy (column Decoy under $\omega_{£}$) minus the percentage of subjects who choose $\omega_{£}$ when there is no decoy (column No decoy under $\omega_{£}$).

  Table 7 uses a similar definition but, again, the test is two-sided since there is no expected effect.

Table 4: Percentage (n) of choice patterns by class of decoy and presentation order (within-subject).

Set		ω_p then ω_p	$\omega_{\pounds}$ then $\omega_{\pounds}$	ω_p then $\omega_{\pounds}$	$\omega_{\pounds}$ then ω_p	χ^2		ω_p then ω_p	$\omega_{\pounds}$ then $\omega_{\pounds}$	ω_p then $\omega_{\pounds}$	$\omega_{\pounds}$ then ω_p	χ^2
a	$\omega'_p \to \omega'_{\pounds}$	43.1 (22)	33.3 (17)	11.8 (6)	9.8 (5)	0.09	$\omega'_{\pounds} \to \omega'_p$	36.5 (19)	40.4 (21)	7.7 (4)	15.4 (8)	1.33
f		32.7 (17)	46.1 (24)	11.5 (6)	3.9 (2)	$2.00^{\dagger}$		41.2 (21)	29.4 (15)	2.0 (1)	25.5 (13)	$10.29^{\dagger\dagger\dagger\dagger}$
k		61.1 (33)	11.1 (6)	20.4 (11)	7.4 (4)	$3.27^{\dagger\dagger}$		72.0 (36)	12.0 (6)	6.0 (3)	10.0 (5)	0.50
n		34.0 (17)	46.0 (23)	8.0 (4)	12.0 (6)	0.40		42.6 (23)	46.3 (25)	3.7 (2)	7.4 (4)	0.67
Aggregate		43.0 (89)	33.8 (70)	13.0 (27)	8.2 (17)	$2.27^{\dagger}$		47.8 (99)	32.4 (67)	4.8 (10)	14.5 (30)	$10.00^{\dagger\dagger\dagger\dagger}$
e	$\omega''_p \to \omega''_{\pounds}$	51.9 (28)	25.9 (14)	13.0 (7)	9.3 (5)	0.33	$\omega''_{\pounds} \to \omega''_p$	56.0 (28)	22.0 (11)	6.0 (3)	16.0 (8)	$2.27^{\dagger}$
i		42.3 (22)	38.5 (20)	13.5 (7)	5.8 (3)	1.60		60.8 (31)	11.8 (6)	7.8 (4)	19.6 (10)	$2.57^{\dagger}$
j		62.8 (32)	17.7 (9)	11.8 (6)	7.8 (4)	0.40		53.9 (28)	34.6 (18)	1.9 (1)	9.6 (5)	$2.67^{\dagger}$
m		48.0 (24)	30.0 (15)	6.0 (3)	16.0 (8)	$2.27^{\ddagger}$		46.3 (25)	25.9 (14)	13.0 (7)	14.8 (8)	0.07
Aggregate		51.2 (106)	28.0 (58)	11.1 (23)	9.7 (20)	0.21		54.1 (112)	23.7 (49)	7.3 (15)	15.0 (31)	$5.57^{\dagger\dagger\dagger}$
b	$\omega^*_p \to \omega^*_{\pounds}$	31.4 (16)	47.1 (24)	7.8 (4)	13.7 (7)	0.82	$\omega^*_{\pounds} \to \omega^*_p$	43.1 (22)	33.3 (17)	7.8 (4)	15.7 (8)	1.33
c		36.0 (18)	52.0 (26)	2.0 (1)	10.0 (5)	$2.67^{\ddagger}$		37.0 (20)	44.4 (24)	9.3 (5)	9.3 (5)	0.00
d		60.8 (31)	27.5 (14)	3.9 (2)	7.8 (4)	0.67		44.2 (23)	40.4 (21)	5.8 (3)	9.6 (5)	0.50
g		49.0 (25)	25.5 (13)	2.0 (1)	23.5 (12)	$9.31^{\ddagger\ddagger\ddagger}$		40.4 (21)	42.3 (22)	3.9 (2)	13.5 (7)	$2.78^{\dagger\dagger}$
h		29.6 (16)	50.0 (27)	5.6 (3)	14.8 (8)	$2.27^{\ddagger}$		10.0 (5)	54.0 (27)	22.0 (11)	14.0 (7)	0.89
l		38.0 (19)	44.0 (22)	6.0 (3)	12.0 (6)	1.00		44.4 (24)	35.2 (19)	13.0 (7)	7.4 (4)	0.82
Aggregate		40.7 (125)	41.0 (126)	4.6 (14)	13.7 (42)	$14.00^{\ddagger\ddagger\ddagger\ddagger}$		36.7 (115)	41.5 (130)	10.2 (32)	11.5 (36)	0.24

Notes. Subjects choosing the decoy not shown.
ω_p then ω_p: subject chooses ω_p in the first booklet and ω_p in the second booklet.
$\omega'_p \to \omega'_{\pounds}$: ω'_p added to $\{\omega_p, \omega_{\pounds}\}$ in the first booklet and $\omega'_{\pounds}$ in the second.
McNemar tests. One, two, three and four symbols indicate significance at $\alpha = 0.1$, 0.05, 0.01 and 0.001.
†: H_a: (1) p.14; ‡: inequality reversed.

Table 5: Percentage (n) choosing a gamble type as a function of the decoy (between-subject).

Set		ω_p				$\omega_{£}$			χ^2
		No decoy	Decoy	χ^2		No decoy	Decoy	χ^2	
a		51.0 (53)	53.4 (55)	0.18		49.0 (51)	50.5 (52)	0.04	0.40
f		36.5 (38)	56.3 (58)	$8.98^{\dagger\dagger\dagger}$		63.5 (66)	56.3 (58)	0.78	4.46^{**}
k	ω'_p	79.6 (82)	81.7 (85)	0.15	$\omega'_{£}$	20.4 (21)	26.9 (28)	1.22	2.23^{*}
n		49.5 (51)	46.2 (48)	0.23		50.5 (52)	53.9 (56)	0.23	0.00
Aggregate		54.1 (224)	59.4 (246)	$2.78^{\dagger\dagger}$		45.9 (190)	46.9 (194)	0.12	4.03^{**}
e		64.1 (66)	68.3 (71)	0.41		35.9 (37)	38.5 (40)	0.14	1.03
i		54.8 (57)	68.0 (70)	$3.78^{\dagger\dagger}$		45.2 (47)	41.8 (43)	0.25	2.09^{*}
j	ω''_p	54.8 (57)	68.9 (71)	$4.37^{\dagger\dagger}$	$\omega''_{£}$	45.2 (47)	36.9 (38)	1.47	0.78
m		58.3 (60)	57.7 (60)	0.01		41.8 (43)	38.5 (40)	0.23	0.32
Aggregate		58.0 (240)	65.7 (272)	$5.24^{\dagger\dagger}$		42.0 (174)	38.9 (161)	0.85	1.88^{*}
b		41.4 (43)	49.0 (50)	1.22		58.7 (61)	52.4 (54)	0.81	0.04
c		52.4 (54)	42.3 (44)	$2.13^{\ddagger}$		47.6 (49)	53.9 (56)	0.81	0.31
d		43.7 (45)	59.2 (61)	$4.98^{\dagger\dagger}$		56.3 (58)	40.8 (42)	$4.98^{\ddagger\ddagger}$	0.00
g	ω^*_p	47.1 (49)	52.4 (54)	0.58	$\omega^*_{£}$	52.9 (55)	41.8 (43)	$2.57^{\ddagger}$	0.71
h		37.9 (39)	29.8 (31)	1.50		62.1 (64)	61.5 (64)	0.01	1.73^{*}
l		54.4 (56)	48.1 (50)	0.82		45.6 (47)	46.2 (48)	0.01	0.69
Aggregate		46.1 (286)	46.8 (290)	0.05		53.9 (334)	49.4 (307)	$2.44^{\ddagger}$	$1.78^{\star}$

Notes. χ^2 tests. One, two and three symbols indicate significance at $\alpha = 0.1$, 0.05 and 0.01.
†: H_a: (3) p. 15; ‡: inequality reversed.
*: H_a: (2) p. 15; *: inequality reversed.

Table 6: Percentage (n) of choice patterns with ω^* by presentation order (within-subject).

Set		ω_p then ω_p	$\omega_{\pounds}$ then $\omega_{\pounds}$	ω_p then $\omega_{\pounds}$	$\omega_{\pounds}$ then ω_p	χ^2		ω_p then ω_p	$\omega_{\pounds}$ then $\omega_{\pounds}$	ω_p then $\omega_{\pounds}$	$\omega_{\pounds}$ then ω_p	χ^2
	$\{\omega_p, \omega_{\pounds}\} \to \{\omega_p, \omega_{\pounds}, \omega^*\}$						$\{\omega_p, \omega_{\pounds}, \omega^*\} \to \{\omega_p, \omega_{\pounds}\}$					
a		36 (18)	38 (19)	10 (5)	16 (8)	0.69		46.3 (25)	38.9 (21)	5.6 (3)	9.3 (5)	0.50
b		29.6 (16)	44.4 (24)	14.8 (8)	11.1 (6)	0.29		32 (16)	52 (26)	10 (5)	6 (3)	0.50
c		51.0 (26)	33.3 (17)	3.9 (2)	11.8 (6)	2.00		30.8 (16)	48.1 (25)	1.9 (1)	19.2 (10)	7.36***
d		34.7 (17)	40.8 (20)	10.2 (5)	14.3 (7)	0.33		40.7 (22)	42.6 (23)	14.8 (8)	1.9 (1)	5.44**
e		50 (26)	38.5 (20)	7.7 (4)	3.9 (2)	0.67		62.8 (32)	19.6 (10)	9.8 (5)	7.8 (4)	0.11
f		27.8 (15)	38.9 (21)	13.0 (7)	20.4 (11)	0.89		26.0 (13)	54 (27)	14 (7)	6 (3)	1.60
g		32 (16)	44 (22)	4 (2)	20 (10)	5.33**		40.7 (22)	35.2 (19)	7.4 (4)	14.8 (8)	1.33
h		25 (13)	59.6 (31)	7.7 (4)	7.7 (4)	0.00		27.5 (14)	47.1 (24)	9.8 (5)	15.7 (8)	0.69
i		46.3 (25)	29.6 (16)	9.3 (5)	14.8 (8)	0.69		48 (24)	34 (17)	12 (6)	6 (3)	1.00
j		42 (21)	40 (20)	4 (2)	14 (7)	2.78*		50 (27)	27.8 (15)	9.3 (5)	13.0 (7)	0.33
k		63.5 (33)	23.1 (12)	7.7 (4)	5.8 (3)	0.14		76.5 (39)	7.8 (4)	3.9 (2)	11.8 (6)	2.00
l		45.1 (23)	27.5 (14)	13.7 (7)	11.8 (6)	0.08		38.5 (20)	48.1 (25)	3.9 (2)	7.7 (4)	0.67
m		56.9 (29)	23.5 (12)	3.9 (2)	11.8 (6)	2.00		46.2 (24)	42.3 (22)	5.8 (3)	5.8 (3)	0.00
n		45.1 (23)	31.4 (16)	5.9 (3)	17.7 (9)	3.00*		42.3 (22)	46.2 (24)	5.8 (3)	5.8 (3)	0.00
Aggregate		41.8 (301)	36.6 (264)	8.3 (60)	12.9 (93)	7.12***		43.5 (316)	38.8 (282)	8.1 (59)	9.4 (68)	0.64

Notes. Subjects choosing the decoy not shown.
ω_p then ω_p: subject chooses ω_p in the first booklet and ω_p in the second booklet.
McNemar tests. One, two and three symbols indicate significance at $\alpha = 0.1$, 0.05 and 0.01.
*: H_a: $\Pr\Big(\omega_p \in c(\{\omega_p, \omega_{\pounds}\})$ and $\omega_{\pounds} \in c(\{\omega_p, \omega_{\pounds}, \omega^*\})\Big) - \Pr\Big(\omega_{\pounds} \in c(\{\omega_p, \omega_{\pounds}\})$ and $\omega_p \in c(\{\omega_p, \omega_{\pounds}, \omega^*\})\Big) \neq 0$.

Table 7: Percentage (n) choosing ω_p with ω^* (between-subject).

Set		No decoy		Decoy		χ^2
a	ω^*	51.0	(53)	51.9	(54)	0.02
b		41.4	(43)	41.4	(43)	0.00
c		52.4	(54)	47.6	(49)	0.49
d		43.7	(45)	51.9	(54)	1.41
e		64.1	(66)	63.1	(65)	0.01
f		36.5	(38)	44.2	(46)	1.28
g		47.1	(49)	50.0	(52)	0.24
h		37.9	(39)	35.0	(36)	0.19
i		54.8	(57)	60.6	(63)	0.71
j		54.8	(57)	57.7	(60)	0.18
k		79.6	(82)	74.8	(77)	0.69
l		54.4	(56)	49.5	(51)	0.31
m		58.3	(60)	60.2	(62)	0.21
n		49.5	(51)	55.3	(57)	0.70
Aggregate		51.8	(750)	53.1	(769)	0.62

Notes. χ^2 tests. One, two and three symbols indicate significance at $\alpha = 0.1$, 0.05 and 0.01.

*: H_a: $\Pr\Big(\omega_p \in c\big(\{\omega_p, \omega_£, \omega^*\}\big)\Big) - \Pr\Big(\omega_p \in c\big(\{\omega_p, \omega_£\}\big)\Big) \neq 0$.

Table 8: Percentage (n) of choice patterns with ω'_p and $\omega'_{£}$ by presentation order and as a function of the range effect (within-subject).

Set		Negative range effect										
		ω_p then ω_p	$\omega_{£}$ then $\omega_{£}$	ω_p then $\omega_{£}$	$\omega_{£}$ then ω_p	χ^2		ω_p then ω_p	$\omega_{£}$ then $\omega_{£}$	ω_p then $\omega_{£}$	$\omega_{£}$ then ω_p	χ^2
a	$\omega'_p \to \omega'_{£}$	23.3 (7)	56.7 (17)	20.0 (6)	0.0 (0)	$6.00^{\dagger\dagger\dagger}$	$\omega'_{£} \to \omega'_p$	15.2 (5)	63.6 (21)	0.0 (0)	21.2 (7)	$7.00^{\dagger\dagger\dagger}$
f		6.1 (2)	66.7 (22)	15.2 (5)	6.1 (2)	1.29		13.3 (4)	46.7 (14)	0.0 (0)	36.7 (11)	$11.00^{\dagger\dagger\dagger\dagger}$
k		21.7 (5)	26.1 (6)	47.8 (11)	4.4 (1)	$8.33^{\dagger\dagger\dagger\dagger}$		38.9 (7)	33.3 (6)	0.0 (0)	27.8 (5)	$5.00^{\dagger\dagger}$
n		22.2 (4)	61.1 (11)	16.7 (3)	0.0 (0)	$3.00^{\dagger\dagger}$		13.0 (3)	69.6 (16)	0.0 (0)	17.4 (4)	$4.00^{\dagger\dagger}$
Aggregate		17.3 (18)	53.9 (56)	24.0 (25)	2.9 (3)	$17.29^{\dagger\dagger\dagger\dagger}$		18.3 (19)	54.8 (57)	0.0 (0)	26.0 (27)	$27.00^{\dagger\dagger\dagger\dagger}$
		Positive range effect										
		ω_p then ω_p	$\omega_{£}$ then $\omega_{£}$	ω_p then $\omega_{£}$	$\omega_{£}$ then ω_p	χ^2		ω_p then ω_p	$\omega_{£}$ then $\omega_{£}$	ω_p then $\omega_{£}$	$\omega_{£}$ then ω_p	χ^2
a	$\omega'_p \to \omega'_{£}$	71.4 (15)	0.0 (0)	0.0 (0)	23.8 (5)	$5.00^{\ddagger\ddagger}$	$\omega'_{£} \to \omega'_p$	73.7 (14)	0.0 (0)	21.1 (4)	5.3 (1)	$1.80^{\ddagger}$
f		79.0 (15)	10.5 (2)	5.3 (1)	0.0 (0)	1.00		81.0 (17)	4.8 (1)	4.8 (1)	9.5 (2)	0.33
k		90.3 (28)	0.0 (0)	0.0 (0)	9.7 (3)	$3.00^{\ddagger\ddagger}$		90.6 (29)	0.0 (0)	9.4 (3)	0.0 (0)	$3.00^{\ddagger\ddagger}$
n		40.6 (13)	37.5 (12)	3.1 (1)	18.8 (6)	$3.57^{\ddagger\ddagger}$		64.5 (20)	29.0 (9)	6.5 (2)	0.0 (0)	$2.00^{\ddagger}$
Aggregate		68.9 (71)	13.6 (14)	1.9 (2)	13.6 (14)	$9.00^{\ddagger\ddagger\ddagger}$		77.7 (80)	9.7 (10)	9.7 (10)	2.9 (3)	$3.77^{\ddagger\ddagger}$

Notes. Subjects choosing the decoy not shown.
Negative and positive range effects are defined as subjects whose range effect ($\ln(p) \times \mathbb{1}_{\Delta'_p}$ in Table 3 p. 22 of the main text) is smaller or greater than the median.
ω_p then ω_p: subject chooses ω_p in the first booklet and ω_p in the second booklet.
$\omega'_p \to \omega'_{£}$: ω'_p added to $\{\omega_p, \omega_{£}\}$ in the first booklet and $\omega'_{£}$ in the second.
McNemar tests. One, two, three and four symbols indicate significance at $\alpha = 0.1$, 0.05, 0.01 and 0.001.
†: H_a: (1) p.14; ‡: inequality reversed.

Appendix C Structural model

Taking choices at face value, subjects choosing ω_p in $\{\omega_p, \omega_£\}$ and $\omega_£$ in $\{\omega_p, \omega_£, \omega'_£\}$ have revealed that ω_p in $\{\omega_p, \omega_£\}$ is not the same as ω_p in $\{\omega_p, \omega_£, \omega'_£\}$. In other words the options are menu-dependent. To make the options menu-dependent I introduce three new parameters. γ_i captures the fact that an option asymmetrically dominates another: $\gamma_i \neq 1$ when it does and $\gamma_i = 1$ when it does not. Δ_x and Δ_p capture the ranges of winning amounts and winning probabilities in the menu; they were already represented on Figure 1.

Then I assume the utility function

$$\tilde{U}(x_i, p_i; \gamma_i) = \gamma_i \cdot {p_i}^{f(\Delta_p)} {x_i}^{f(\Delta_x)}.$$

To see how this utility function operates, assume for simplicity that, in the absence of decoys, a subject is initially indifferent between ω_p and $\omega_£$:

$$\omega_p \sim \omega_£ \Leftrightarrow {p_p}^{f(\Delta_p)} {x_p}^{f(\Delta_x)} = {p_£}^{f(\Delta_p)} {x_£}^{f(\Delta_x)}. \tag{5}$$

If $f'(\Delta_i) > 0$ then adding ω^*_p or $\omega^*_£$ to the menu gives rise to a positive range effect. For example $\omega^*_£$ increases Δ_p to $2 \cdot \Delta_p$, and rewriting (5) as

$$\left(\frac{p_p}{p_£}\right)^{f(\Delta_p)} = \left(\frac{x_£}{x_p}\right)^{f(\Delta_x)}$$

we see that it would tip the decision-maker into choosing ω_p. This mechanism is the flip-side of the similarity effect and is modelled similarly by Mellers and Biagini (1994). If $f'(\Delta_i) < 0$ we would have a negative range effect so $\omega^*_£$ would tip the decision-maker into choosing $\omega_£$.

Since γ_i, $f(\Delta_p)$ and $f(\Delta_x)$ are not assumed to have a particular sign, adding ω'_p and $\omega'_£$ can cause two potentially conflicting effects. For example ω'_p increases the range of winning amounts from Δ_x to Δ'_x – this is the range effect; but it also adds an option dominated by ω_p, captured by γ_p – this is the attraction effect. If these effects are both positive ($f'(\Delta_i) > 0$ and $\gamma_i > 1$) or both negative they run against each other: A positive range effect means that moving from Δ_x to Δ'_x increases the weight on the winning amount attribute, so ω'_p favours $\omega_£$; but a positive attraction effect means that γ_p multiplies the utility of ω_p by a positive number, so ω'_p favours ω_p. Depending on which effect dominates $\tilde{U}$ can give rise to different patterns.

γ_i, Δ_x and Δ_p are black boxes, reflecting some unmodelled decision processes. They could be motivated under several accounts. One can imagine a two-stage decision process as in first-generation prospect theory (Kahneman and Tversky, 1979). In the first stage, the decision-maker scans the menu to detect asymmetric dominance and attribute ranges. If she finds an option that asymmetrically dominates another, she feels more compelled to choose it because she has more reasons to justify her choice, as in Simonson's (1989) 'choice based on reason'. If she perceives that an attribute range is larger than before, she devotes more attention to this particular attribute, à la Kőszegi and Szeidl (2013). In the second stage, these elements are combined with her standard utility function to form the distorted utility function $\tilde{U}$.

To estimate this model, assume that the probability a subject chooses ω_i from the menu is

$$\Pr(\omega_i) = \frac{\tilde{U}(\omega_i)}{\sum_i \tilde{U}(\omega_i)}. \tag{6}$$

(4) in the main text is a rearrangement of (6) if we set

$$\begin{aligned}
\ln \gamma_i &= \beta_{n,\mathrm{d}}, \\
f(\Delta_p) &= \beta_{n,p}^{\Delta_p} + \beta_{n,p}^{\Delta_p'} \mathbb{1}_{\Delta_p'} + \beta_{n,p}^{2\Delta_p} \mathbb{1}_{2\Delta_p}, \\
f(\Delta_x) &= \beta_{n,x}^{\Delta_x} + \beta_{n,x}^{\Delta_x'} \mathbb{1}_{\Delta_x'} + \beta_{n,x}^{2\Delta_x} \mathbb{1}_{2\Delta_x},
\end{aligned}$$

so $\beta_{n,\mathrm{d}}$ captures the effect of introducing an asymmetrically dominated decoy; $\beta_{n,p}^{\Delta_p}$ and $\beta_{n,x}^{\Delta_x}$ capture the baseline attitude toward probabilities and winning amounts; and $\beta_{n,p}^{\Delta_p'}$, $\beta_{n,p}^{2\Delta_p}$, $\beta_{n,x}^{\Delta_x'}$ and $\beta_{n,x}^{2\Delta_x}$ capture the effect of increasing the range of probabilities or winning amounts. To see this, denote by $\tilde{\tilde{U}}$ the natural logarithm transformation of $\tilde{U}$, so $\tilde{\tilde{U}}(\omega_i) = \ln \gamma_i + \Delta_p \ln p_i + \Delta_x \ln x_i$ and rewrite (6) as

$$\Pr(\omega_i) = \frac{\exp\left(\tilde{\tilde{U}}(\omega_i)\right)}{\sum_i \exp\left(\tilde{\tilde{U}}(\omega_i)\right)}.$$

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