

## A. Online appendix: Experimental Instructions

*Please note: the instructions reported here refer to the full experiment, that included also choices among 6 options. This paper analyzes only the 18 tasks with 3 options that featured a decoy option.*

Welcome to this experiment!

### 1. General rules/proceedings

During the experiment you are not allowed to talk to other participants. Please switch off your mobile phone. If you have any questions, please raise your hand and refer directly to the experimenters. One of the experimenters will then answer your question in private.

Please read these instructions carefully, as your payment will depend on the decisions that you make during this experiment.

On your desk you will find this instruction sheet, a pen, paper, and a receipt. You can take notes at any time; the receipt will only be used for your personal payment at the end of this experiment. During the experiment, we will not speak of Euro but use ECU (*Experimental Currency Units*) as a currency instead.

The amount of ECU you earn during the experiment will be converted into Euro at the end of the experiment using the following conversion rate:  $\text{€}0.8 = 1 \text{ ECU}$ . For example, if your earnings amount to 12 ECU, you will receive €9.60. The final payment will be rounded up to the nearest 10 cents.

All participants will remain anonymous, i.e. after the experiment, no one –neither other participants nor the experimenters – will be able to associate your personal information with your decisions or your earnings.

### 2. The Experiment

This experiment consists of several tasks. At the beginning of each task, you are endowed with 60 ECU to buy grey paint from a shop in order to paint a specific, given area. Each shop gives a choice between various offers. Each of them is structured in the same way, i.e. it consists of a given shape and its corresponding price. In each offer, the grey shape on display represents the fraction of the total area (which needs to be painted) that you can paint with this specific offer.

**Figure 1** presents the three different offers you are given by a shop. **Figure 2** shows the six different offers made by another shop. The total area which you have to paint is represented by the white square surrounding each of the shapes. The light grid is provided to help you with your task.

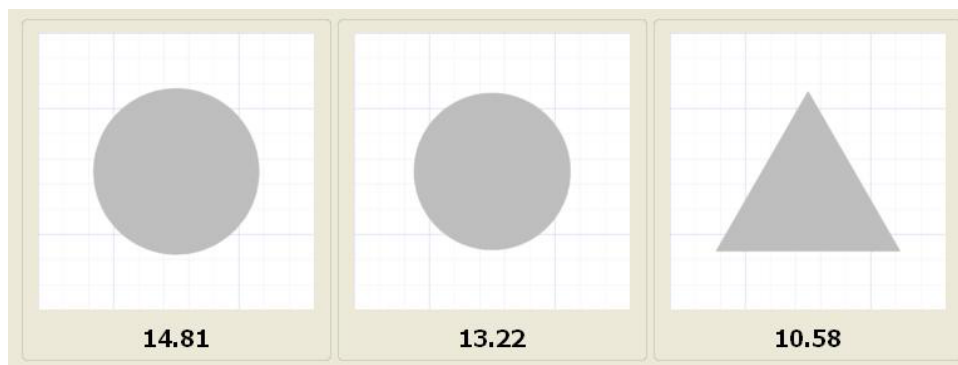
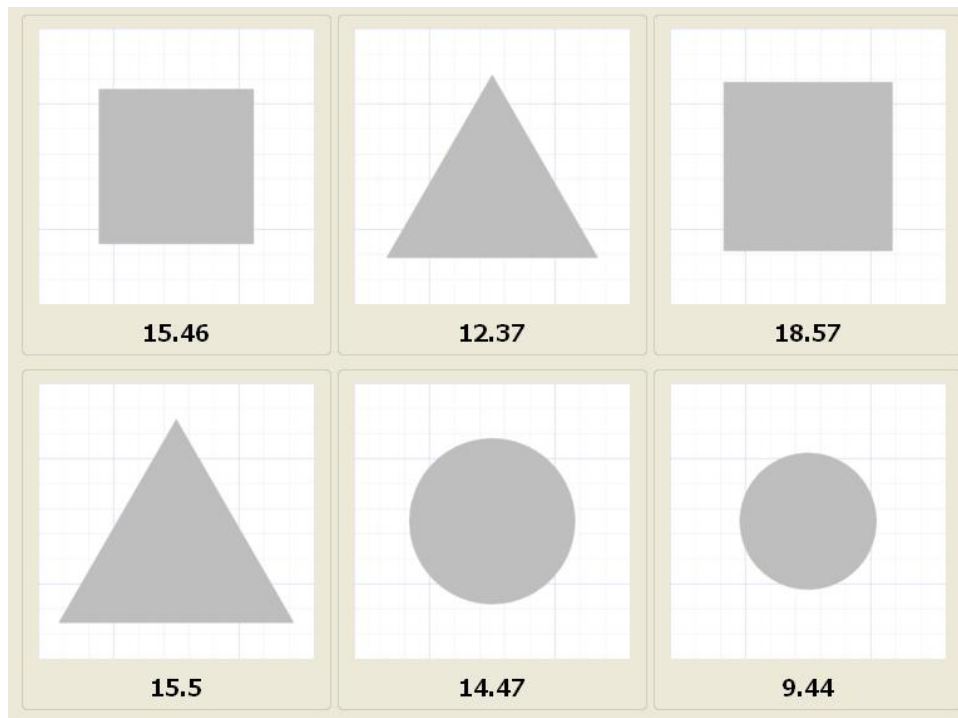


Figure 1

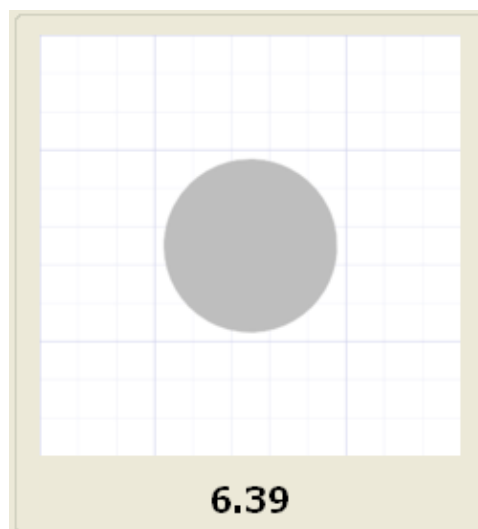
Once you have chosen one of the offers and submitted your choice, the computer will calculate how much paint you need to cover the entire area (the white square) and will also buy the colour for you. The amount of your initial endowment that you do not spend for buying the paint is yours to keep.



**Figure 2**

### 3. Examples

The following examples should help you understand how the computations made by the computer work in detail. Suppose you are confronted with the offers in **Figure 3** and the total area you are supposed to paint is  $100m^2$ .



**Figure 3**

In order to paint the area covered by the grey circle, you pay **6.39 ECU**.

However, this circle only covers an area of  $13m^2$ . As you need to paint a square which is  $100m^2$  in size, the computer calculates how much paint you actually need for this offer.

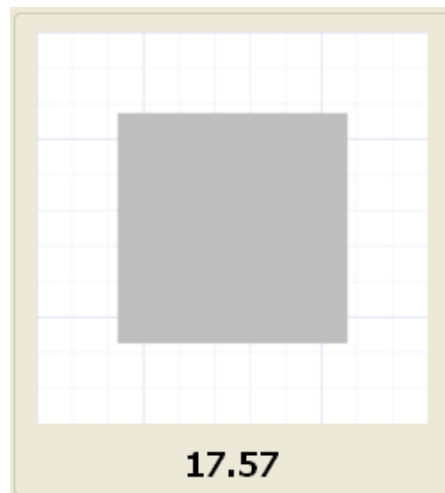
In this case, this amounts to  $100/13 = 7.7$  paint buckets.

Hence, the total price you have to pay for painting the white square amounts to:

$$6.39 \times 7.7 = 49.2 \text{ ECU}$$

Keeping in mind your initial endowment of **60 ECU**, your earnings result as follows:

$$60 - 49.2 = 10.8 \text{ ECU.}$$



In order to paint the area covered by the grey square, you pay **17.57 ECU**.

However, this square only covers an area of  $34m^2$ . As you need to paint a square which is  $100m^2$  in size, the computer calculates how much paint you actually need for this offer.

In this case, this amounts to  $100/34 = 2.94$  paint buckets.

Hence, the total price you have to pay for painting the white square amounts to:

$$17.57 \times 2.94 = 51.7 \text{ ECU}$$

Keeping in mind your initial endowment of **60 ECU**, your earnings result as follows:

$$60 - 51.7 = 8.3 \text{ ECU}$$

A separate pop-up dialog will automatically appear and will tell you the results of each task (see **Figure 4**) including your possible earning of this task; clicking 'OK' will start the next task.



**Figure 4**

You have at most two minutes for each task and can only submit a choice at least ten seconds after you started it. In case you made a choice after two minutes (i.e. clicked on one of the offers), but failed to submit the offer in time (by clicking 'OK'), the computer will nevertheless treat your selected offer as if you had submitted it. In case you did not make any choice after two minutes, you will be paid 3 ECU for this task (if this task is chosen as relevant for your payment).

You will be faced with 36 different tasks with 3 offers, and 44 with 6 offers. At the end of the experiment, only one of the 80 tasks will be randomly selected and you will be paid according to your earnings in this specific task.

#### 4. Questionnaire and Quiz

Once you completed the 80 tasks, you will be asked to answer a few questions:

1. Please fill in a simple questionnaire. The answers you submit will be treated confidentially and no data will be disclosed.

2. Please compare different shapes with each other. You have one minute for each of the four comparisons.
3. Please perform some computations. There will be 3 sets of computations and you will have one minute for each.
4. Please solve a number of problems. There will be 4 problems, and you have 2 minutes for each.

After you completed all the tasks, please raise your hand to signal the experimenters that you finished the experiment and we can start with your payment. One of the experiments will then come to your cabin and ask you to draw a chip out of a bag with 80 chips (which are numbered 1 to 80). This chip will correspond to the task that you will be paid for. The experiment will then enter the number of the chip on your screen and the computer will automatically tell you, how much you earned in this task. Please fill in this amount as well as your name and signature the receipt that you find on your desk. Afterwards, please raise your hand to signal the experimenters that you are finished filling out your receipt. After you received your payment, the experiment is finished and you can leave the laboratory.

**Thank you very much for participating in this experiment!**