# Aggregation Experiment 3 - Materials

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Experiment 3 tests the similarity effect. Participants in the low similarity condition will see 10 projects, each from a different industry. Participants in the high similarity condition will set 10 projects from the same industry (the specific industry will be randomly assigned), each with a different variation. For instance, 10 oil well projects, each from a different location. Description sentence order is randomised. See below screenshots of the instructions, project descriptions (for brevity only one variation per project is shown), and follow-up questions.

We will now give you the instructions for the task. Use the arrow buttons to browse these instructions



Figure 1

Instructions1

Imagine that you are an executive in a large company composed of many individual businesses. You need to make decisions about projects that come across your desk.

As the executive, your pay will be determined by the performance of each investment.

We want to know what choices you would actually make.



Figure 2

Instructions2

# Press the 'Next' button to begin.



Figure 3

Instructions 3

Refinera's research team has been investigating a possible site in an as yet unexplored area. Due to the location and size of the site, and consultant fees (e.g., geologists), they forecast the entire project to cost \$40 million (the loss amount). To summarise this investment, there is a 30% chance of gaining \$200 million (the forecasted revenue minus the cost amount) and a 70% chance of losing \$40 million. The company would make \$240 million if the forecasted concentration and quality of recoverable hydrocarbons at the site eventuates. The estimate for the anticipated chance of gain is based on a geological and seismic study of the site, and an analysis of previous similar sites. Refinera is a business in your company that proposes to construct an oil well project. Specifically, they want to establish an exploration site at an onshore location in Houston, US in order to see if the hydrocarbon supply is sufficient to establish a more permanent well.\*

Yes 🔾	
No O	
	Continue
Figure 4	

Project choice oil-well

Microxy's research team has been investigating the necessary components and infrastructure. Due to the complexity and novelty of the IC, and IC design engineer salaries, they forecast the entire project to cost \$110 million (the loss amount). To summarise this investment, there is a 65% chance of gaining \$130 million (the forecasted revenue minus the cost amount) and a 35% chance of losing \$110 million. Microxy is a business in your company that proposes to construct a microchip project. Specifically, they want to develop a new type of Integrated Circuit (IC) with a higher complexity than those in the current personal computer market. The company would make \$240 million if the forecasted yield (percentage of working ICs produced) eventuates. The estimate for the anticipated chance of gain is based on an electrical engineering and design study of the site, and an analysis of the yield rates of previous similar ICs.\*

Yes O	
No O	
	Continue
Figure 5	
Project choice microchip	

To summarise this investment, there is a 70% chance of gaining \$100 million (the forecasted revenue minus the cost amount) and a 30% chance of losing \$140 million. Vital Records's research team has been investigating the necessary production and promotion. Due to the recording time, marketing requirements, and producer fees, they forecast the entire project to cost \$140 million (the loss amount). The company would make \$240 million if the forecasted record sales eventuate. The estimate for the anticipated chance of gain is based on a study of the distribution market, and an analysis of the record sales of previous similar recording artists. Vital Records is a business in your company that proposes to construct a record deal project. Specifically, they want to sign a new recording artist for their hip hop music market.\*

Yes O	
No O	
	Continue
Figure 6	Continue

Project choice record-deal

To summarise this investment, there is a 55% chance of gaining \$140 million (the forecasted revenue minus the cost amount) and a 45% chance of losing \$100 million. Logivia's research team has been investigating the relevant storage and insurance requirements. Due to the median size and volume of the cargo, and couriers rates, they forecast the entire project to cost \$100 million (the loss amount). Logivia is a business in your company that proposes to construct a shipping logistics project. Specifically, they want to develop a new shipping route for a motorbike export market. The company would make \$240 million if the forecasted exporter demand eventuates. The estimate for the anticipated chance of gain is based on a study of freight risks, and an analysis of the demand of previous similar export markets.\*

Yes O	
No O	
	Cii
Figure 7	Continue

Project choice shipping-logistics

Savoro's research team has been investigating the relevant food and marketing requirements. Due to the menu items, furnishings, and back- and front-of-house salaries, they forecast the entire project to cost \$50 million (the loss amount). To summarise this investment, there is a 35% chance of gaining \$190 million (the forecasted revenue minus the cost amount) and a 65% chance of losing \$50 million. The company would make \$240 million if the forecasted customer attendance eventuates. The estimate for the anticipated chance of gain is based on a study of culinary preference trends, and an analysis of the demand of previous similar restaurants. Savoro is a business in your company that proposes to construct a restaurant chain project. Specifically, they want to develop a new franchise of italian restaurants.\*

Yes 🔾	
No O	
	Continue
Figure 8	

Project choice restaurant-chain

Grown Media's research team has been investigating the relevant print and distribution requirements. Due to the printing fees, marketing, and writer and editorial salaries, they forecast the entire project to cost \$140 million (the loss amount). Grown Media is a business in your company that proposes to construct a national newspaper project. Specifically, they want to develop a new nationally-distributed newspaper about electronics. To summarise this investment, there is a 75% chance of gaining \$100 million (the forecasted revenue minus the cost amount) and a 25% chance of losing \$140 million. The company would make \$240 million if the forecasted sales eventuate. The estimate for the anticipated chance of gain is based on a study of the target readership, impact of online publications, and an analysis of the sales of previous similar newspapers.\*

Yes O	
No O	
	Continue
Figure 9	

 $Project\ choice\ national\text{-}newspaper$ 

To summarise this investment, there is a 70% chance of gaining \$110 million (the forecasted revenue minus the cost amount) and a 30% chance of losing \$130 million. Biotechly is a business in your company that proposes to construct a pharmaceutical project. Specifically, they want to develop a new pharmaceutical drug to help treat leukaemia. The company would make \$240 million if the forecasted sales eventuate. The estimate for the anticipated chance of gain is based on a biomedical study of the proposed compound, its possible side effects, and an analysis of the efficacy of previous similar compounds. Biotechly's research team has been investigating the necessary testing and laboratory requirements. Due to the chemical and equipment costs, and the pharmaceutical scientist salaries, they forecast the entire project to cost \$130 million (the loss amount).\*

Yes O
No O
Continue

Project choice pharmaceutical

The company would make \$240 million if the forecasted ticket sales and freight revenues eventuate. The estimate for the anticipated chance of gain is based on a study of the regional market, current commuter trends, and an analysis of the performance of previous similar lines. FreightCog's research team has been investigating the required track construction and electrification system relevant to the region. Due to the material and insurance costs, and construction worker salaries, they forecast the entire project to cost \$130 million (the loss amount). FreightCog is a business in your company that proposes to construct a railway project. Specifically, they want to develop a new railway line in Guangdong, China. To summarise this investment, there is a 65% chance of gaining \$110 million (the forecasted revenue minus the cost amount) and a 35% chance of losing \$130 million.\*

Yes O
No O
Continue

Project choice railway

To summarise this investment, there is a 40% chance of gaining \$180 million (the forecasted revenue minus the cost amount) and a 60% chance of losing \$60 million. The company would make \$240 million if the forecasted consumer demand and regulatory approval eventuate. The estimate for the anticipated chance of gain is based on a study of the potential health and ecological risks, current genetic engineering innovations, and an analysis of the demand for previous similar GMOs. Evogenic is a business in your company that proposes to construct a GMO project. Specifically, they want to develop a new genetically modified potato crop enriched with Vitamin A. Evogenic's research team has been investigating the relevant gene to be modified and potential environmental impact. Due to the cultivation and labratory costs, and genetic engineer salaries, they forecast the entire project to cost \$60 million (the loss amount).\*

Yes O	
No O	
	Continue
Figure 12	

Project choice gmo

The company would make \$240 million if the forecasted residential and commercial property sales eventuate. The estimate for the anticipated chance of gain is based on a study of the geotechnical risk and local regulations, and an analysis of the property market for previous similar properties. To summarise this investment, there is a 35% chance of gaining \$180 million (the forecasted revenue minus the cost amount) and a 65% chance of losing \$60 million. Erectic's research team has been investigating the relevant geotechnical and construction requirements. Due to the material and land costs, and engineering firm contracts, they forecast the entire project to cost \$60 million (the loss amount). Erectic is a business in your company that proposes to construct a high-rise construction project. Specifically, they want to develop a new 10-storey high-rise with a coupled wall structural system.\*

Yes O	
No O	
	Continue
Figure 13	
Project choice high-rise-construction	
	ore you saw any projects, how many projects did
you	expect to see?
	⊕ project(s)
	Continue
Figure 14	

Project expectation

# In total, how many projects did you just see?

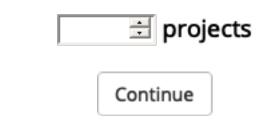


Figure 15

Project number

Consider all the projects you saw. If you had to choose between investing in all of them, or investing in none of them, which would you choose?

Invest in all of the projects

Figure 16

Porfolio binary

The total number of projects you were shown is 10 . If you could choose to invest in a certain number of those 10 projects, how many would you invest in?

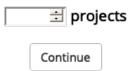


Figure 17

Porfolio number