Explaining the design modification

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1 Timeline

Control treatment

1. S observe 20 draws from the original urn *knowing that there are only two prizes and none will be added*

2. S declare probabilities of the prizes and WTA for the lottery determined by the next draw

3. S observe the potentially payment relevant draw from the original urn (related to WTA declared in 2 above)

4. New urn is revealed and *S are informed that it contains only one prize*

5. Draw from the new Urn

6. Content of the new urn is poured in the old urn → updated urn

7. S declare WTA for the lottery determined by the next draw

8. S observe the potentially payment relevant draw from the updated urn (related to WTA declared in 7 above)

9. S declare probabilities of the prizes in the updated Urn

Surprise treatment

1. S observe 20 draws from the original urn and told *anything new can be added*

2. S declare probabilities of the prizes and WTA for the lottery determined by the next draw

3. New urn is revealed and *S are informed that it does not contain old prizes*

4. Draw from the new Urn

5. Content of the new urn is poured in the old urn → updated urn

6. S observe the potentially payment relevant draw from the updated urn (related to WTA declared in 2 above)

7. S declare WTA for the lottery determined by the next draw

8. S observe the potentially payment relevant draw from the updated urn (related to WTA declared in 7 above)

9. S declare probabilities of the prizes in the updated Urn

Differences

The difference between the treatments are:

- Information given to the S about the urns' composition (in Italics)

- the timing of the 1st potentially payment relevant draw related to first WTA declared:

  - in the control is from the original urn
  - in the surprise is from the updated urn

2   Problems

S observe both the 1st potentially payment relevant draw before declaring the probabilities of the prizes and WTA of the original urn and the 2nd potentially payment relevant draw of the updated urns before declaring the probabilities of the prizes in the updated urn. These observations affect their assessments of WTA and probabilities related to the updated urns, which should have been affected only by the inclusion of the new urn in the original urns.

Changes in the new design

- hide from the subjects the potentially payment relevant draws

- make the 2nd potentially payment relevant draw only after declaring the probabilities and the WTA of the updated urn

The data obtained by this design are available upon request