Personalized Response Scales in Inflation Expectations Surveys

Instructions

Comments in red are annotations that do not appear in the instructions shown to participants.

Introduction

Welcome!

You will take part in an academic survey conducted by the University of Heidelberg, Germany. We are interested in your personal views regarding the future inflation rate in the United States: it is therefore important that you answer honestly and read the questions very carefully before answering. This survey should take (on average) less than 7 minutes to complete. For completing this survey, you will receive a fixed payment of £1.00 (approximately $[current value in US dollar]).

Participation in this survey is entirely voluntary and you will remain anonymous throughout the survey. Results may include summary data, but you will never be identified. By continuing, you consent to the publication of survey results. Note that you cannot save and come back later to answer the survey. If you have any questions regarding this survey, you may contact us at survey@awi.uni-heidelberg.de.

If you understand and agree to the above information, please check "I consent, begin survey" below and click Next to begin. Otherwise, check "I do not consent" below and click Next to not take part in the survey.

[input checkbox True] I consent, begin survey

[Input checkbox False] I do not consent

Instructions

We want to learn about your current outlook for future inflation in the United States. To do so, we will ask you a couple of questions. We are interested in your views and opinions. Your responses are confidential, and it helps us a great deal if you respond as carefully as possible. If you should come to any question that you can’t or don’t want to answer, just leave it empty and click on Next until the next question appears.

In some of the following questions, we will ask you to think about the percent chance of something happening in the future. Your answers can range from 0 to 100, where 0 means there is absolutely no chance, and 100 means that it is absolutely certain.

Thank you for your participation!
**Question 1**

*Over the next 12 months,* do you think that there will be inflation or deflation?

**Note:** Deflation is the opposite of inflation. Inflation implies an overall increase in prices, while deflation suggests an overall decrease.

Please choose one.

[ ] [input checkbox True] Inflation

[ ] [input checkbox False] Deflation (the opposite of inflation)

**Error message:**

If no response: “Your answers are important to us. Please provide an answer even if you are not sure. Otherwise click NEXT to continue.”

**Question 2**

What do you expect the rate of inflation to be *over the next 12 months*? Please give your best guess. You can enter a number with up to one decimal.

**Note:** Deflation is the opposite of inflation. Inflation implies an overall increase in prices, while deflation suggests an overall decrease. Please enter your estimate as a positive number for inflation and as a negative number for deflation.

*Over the next 12 months,* I expect the rate of inflation to be [ ] [input decimal] %

**Error message:**

If no response: “Your answers are important to us. Please provide an answer even if you are not sure. Otherwise click Next to continue.”

**Question 3**

This question asks for a minimum and maximum inflation rate. The exact wording of this question depends on the treatment. There are the following combinations:

<table>
<thead>
<tr>
<th>CenterPersonalized8 (CP-8)</th>
<th>CenterPersonalized4 (CP-4)</th>
<th>CenterPersonalized2 (CP-2)</th>
<th>CenterPersonalized1 (CP-1)</th>
<th>CenterPersonalized05 (CP-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Random method, to elicit the minimum and maximum including the question not being shown. The methods are the same used for the FullyPersonalized treatments.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FullyPersonalizedBoxA (FPB-A)</th>
<th>FullyPersonalizedBoxB (FPB-B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asking for minimum/maximum using standard input fields.</td>
<td>Asking for a 90% confidence interval using standard input fields.</td>
</tr>
<tr>
<td>FullyPersonalizedSliderA (FPS-A)</td>
<td>Asking for minimum/maximum using a slider where both ends can be manipulated independently from each other.</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>---------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>FullyPersonalizedSliderB (FPS-B)</td>
<td>Asking for a 90% confidence interval using a slider where both ends can be manipulated independently from each other.</td>
</tr>
<tr>
<td>FullyPersonalizedSliderC (FPS-C)</td>
<td>Asking for minimum/maximum using a slider with the previous point forecast in the middle. The slider allows to symmetrically select an area around the point forecast.</td>
</tr>
<tr>
<td>FullyPersonalizedSliderD (FPS-D)</td>
<td>Asking for a 90% confidence interval using a slider with the previous point forecast in the middle. The slider allows to symmetrically select an area around the point forecast.</td>
</tr>
</tbody>
</table>

**FullyPersonalizedBoxA (FPB-A)**

Below, you'll find two boxes. Please use these to indicate your estimated minimum and maximum inflation rates over the next 12 months. You can enter a number with up to one decimal.

*Note*: Deflation is the opposite of inflation. Inflation implies an overall increase in prices, while deflation suggests an overall decrease. Please enter your estimate as a positive number for inflation and as a negative number for deflation.

Over the next 12 months, I expect the rate of inflation to be at minimum [input decimal] %

Over the next 12 months, I expect the rate of inflation to be at maximum [input decimal] %

**FullyPersonalizedBoxB (FPB-B)**

Below, you'll find two boxes. Please use the boxes to mark the range where you're certain (90% certain), that inflation will fall into over the next 12 months. You can enter numbers with up to one decimal.

*Note*: Deflation is the opposite of inflation. Inflation implies an overall increase in prices, while deflation suggests an overall decrease. Please enter your estimate as a positive number for inflation or a negative number for deflation.

Over the next 12 months, I am certain that the rate of inflation will fall between at least [input decimal] % and at most [input decimal] %.

**FullyPersonalizedSliderA (FPS-A)**

Below you see a scale of possible inflation rates and two sliders. Please use these sliders to indicate your estimated minimum and maximum inflation rates over the next 12 months.
Note: Deflation is the opposite of inflation. Inflation implies an overall increase in prices, while deflation suggests an overall decrease. Please enter your estimate as a positive number for inflation or a negative number for deflation.

FullyPersonalizedSliderB (FPS-B)

Below you see a scale of possible inflation rates and two sliders. Please use these sliders to indicate a range such that you are certain (90% certain) that inflation will fall into over the next 12 months.

Note: Deflation is the opposite of inflation. Inflation implies an overall increase in prices, while deflation suggests an overall decrease. Please enter your estimate as a positive number for inflation or a negative number for deflation.

FullyPersonalizedSliderC (FPS-C)

Below you see a scale of possible inflation rates and two sliders. The value you stated is presented in the middle of the scale. Please use these sliders to indicate your estimated minimum and maximum inflation rates over the next 12 months.

Note: Deflation is the opposite of inflation. Inflation implies an overall increase in prices, while deflation suggests an overall decrease. Please enter your estimate as a positive number for inflation or a negative number for deflation.
Below you see a scale of possible inflation rates and two sliders. The value you stated is presented in the middle of the scale. Please use these sliders to indicate a range such that you are certain (90% certain) that inflation will fall into over the next 12 months.

**Note:** Deflation is the opposite of inflation. Inflation implies an overall increase in prices, while deflation suggests an overall decrease. Please enter your estimate as a positive number for inflation or a negative number for deflation.

![Scale of possible inflation rates and two sliders]

**Question 3: Difficulty**

How difficult do you think the previous question was to answer?

- [input checkbox 5] Very Difficult
- [input checkbox 4] Difficult
- [input checkbox 3] Somewhat Difficult
- [input checkbox 2] Somewhat Easy
- [input checkbox 1] Easy
- [input checkbox 0] Very Easy

**Question 4**

The labels of the bins depend on the treatment, see Treatment labels. The version below depicts the Static treatment.

Now we would like you to think about the different things that may happen to inflation over the next 12 months. We realize that this question may take a little more effort.

In your view, what would you say is the percent chance that, over the next 12 months...

- the rate of inflation will be 6% or higher [input integer] percent chance
- the rate of inflation will be between 4% and 6% [input integer] percent chance
- the rate of inflation will be between 2% and 4% [input integer] percent chance
- the rate of inflation will be between 0% and 2% [input integer] percent chance
- the rate of inflation will be between 0% and -2% [input integer] percent chance
- the rate of inflation will be between -2% and -4% [input integer] percent chance
- the rate of inflation will be between -4% and -6% [input integer] percent chance
- the rate of inflation will be -6% or higher [input integer] percent chance
Total changes dynamically with data entry.

Error messages:

If no response: “Your answers are important to us. Please provide an answer even if you are not sure. Otherwise click Next to continue.”

If sum not equal to 100: “Your total adds up to XX. Please change the numbers in the table so they add up to 100. Otherwise click Next to continue.”

Question 4: Difficulty

How difficult do you think the previous question was to answer?

[ ] Very Difficult
[ ] Difficult
[ ] Somewhat Difficult
[ ] Somewhat Easy
[ ] Easy
[ ] Very Easy

Questionnaire

Age (leave blank if you prefer not to tell): open number field

Gender:
[ ] Prefer not to answer
[ ] Female
[ ] Male
[ ] Other

Highest educational degree:
[ ] Prefer not to answer
[ ] Less than high school diploma
[ ] High school diploma
[ ] Some college no degree
[ ] Associate’s degree occupational
[ ] Associate’s degree academic
[ ] Bachelor's degree
[ ] Master's degree
[ ] Professional degree
[ ] Doctoral degree

The US Federal Reserve System (Fed) tries to control the inflation rate by keeping it close to a specific target value. What do you think is this target for the inflation rate?

[ ] Prefer not to answer
[ ] Positive inflation that averages 2% over time
[ ] Negative inflation that averages -2% over time
[ ] Positive inflation that averages 1% over time
On average zero inflation over time

Don’t know

Your political orientation:

Prefer not to answer
Republican
Democrat
Independent
Other

State of residence: from dropdown list of US states

Please select 'Quark'. This question just helps us to screen out random clicking.

Prefer not to answer
Lepton
Quark
Boson
Photon
Neutrino

Suppose you had $100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?

More than $102
Exactly $102
Less than $102
Don’t know

Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, with the money in this account, would you be able to buy...

More than today
Exactly the same as today
Less than today
Don’t know
Refuse to answer

Do you think the following statement is true or false?

“Buying a single company stock usually provides a safer return than a stock mutual fund.”

True
False
Don’t know
Refuse to answer

Last page, no title

Thank you for your participation!

If you have any questions regarding this survey, you may contact us at survey@awi.uni-heidelberg.de.
Click here to confirm your participation and to return to Prolific. (contains hyperlink)

Last page, no title (only shown if no consent was given or if the participant had a timeout)

If timeout:

You did not complete the survey in time. Thus, you cannot finish this assignment.

If participant gave no consent:

As you do not wish to participate in this study, please return your submission on Prolific by selecting the “Stop without completing” button.

If you have any questions regarding this study, you may contact us at survey@awi.uni-heidelberg.de.

You can close this window now.
**Treatment labels**

Treatments change the labels in question 1. Below the full set of labels used in the different treatments. All other questions remain the same.

**Static**

As shown in the instructions above.

**CenterPersonalized treatments**

Center Personalized are always centered around the point forecast, but use otherwise fixed bin widths. The labels below show the labels for a participant with a point forecast of 0 as an example.

**CenterPersonalized8 (CP-8) (bin width 8 percentage points)**

the rate of inflation will be 24% or higher  
the rate of inflation will be between 16% and 24%  
the rate of inflation will be between 8% and 16%  
the rate of inflation will be between 0% and 8%  
the rate of inflation will be between 0% and -8%  
the rate of inflation will be between -8% and -16%  
the rate of inflation will be between -16% and -24%  
the rate inflation will be -24% or higher

**CenterPersonalized4 (CP-4) (bin width 4 percentage points)**

the rate of inflation will be 12% or higher  
the rate of inflation will be between 8% and 12%  
the rate of inflation will be between 4% and 8%  
the rate of inflation will be between 0% and 4%  
the rate of inflation will be between 0% and 4%  
the rate of inflation will be between -4% and -8%  
the rate of inflation will be between -8% and -12%  
the rate inflation will be -12% or higher
CenterPersonalized2 (CP-2) (bin width 2 percentage points)
the rate of inflation will be 6% or higher
the rate of inflation will be between 4% and 6%
the rate of inflation will be between 2% and 4%
the rate of inflation will be between 0% and 2%
the rate of inflation will be between 0% and -2%
the rate of inflation will be between -2% and -4%
the rate of inflation will be between -4% and -6%
the rate inflation will be -6% or higher

CenterPersonalized1 (CP-1) (bin width 1 percentage points)
the rate of inflation will be 3% or higher
the rate of inflation will be between 2% and 3%
the rate of inflation will be between 1% and 2%
the rate of inflation will be between 0% and 1%
the rate of inflation will be between 0% and -1%
the rate of inflation will be between -1% and -2%
the rate of inflation will be between -2% and -3%
the rate inflation will be -3% or higher

CenterPersonalized05 (CP-05) (bin width 0.5 percentage points)
the rate of inflation will be 1.5% or higher
the rate of inflation will be between 1% and 1.5%
the rate of inflation will be between 0.5% and 1%
the rate of inflation will be between 0% and 0.5%
the rate of inflation will be between 0% and -0.5%
the rate of inflation will be between -0.5% and -1%
the rate of inflation will be between -1% and -1.5%
the rate inflation will be -1.5% or higher
**FullyPersonalized treatments**

**FullyPersonalizedBoxA (FPB-A) and FullyPersonalizedBoxB (FPB-B)**

Fully personalized box treatments create a fully personalized scale where the lower bound of each open interval is the minimum/maximum (or the lower/upper bound of the 90% confidence interval, we use minimum/maximum from here forth on as a shorthand) elicited from each participant.

As in the treatments above, 8 bins are used. The bins have qual width, the exact bin width is calculated based on the minimum/maximum.

**FullyPersonalizedSliderA (FPS-A) and FullyPersonalizedSliderB (FPS-B)**

FPS-A and FPS-B are asymmetric slider treatments. Here we create a fully personalized scale where the lower bound of each open interval is the minimum/maximum elicited from each participant (similar to the box treatments) using individually moveable sliders.

As in the treatments above, 8 bins are used. The bins have qual width, the exact bin width is calculated based on the minimum/maximum.

**FullyPersonalizedSliderC (FPS-C) and FullyPersonalizedSliderD (FPS-D)**

FPS-C and FPS-D are symmetric slider treatments. In these treatments, we create a fully personalized scale where the lower bound of each open interval is the minimum/maximum elicited from each participant (similar to the box treatments). The sliders to elicit the minimum/maximum are symmetrical (moving one slider moves the other by the same amount) and are arranged around the point forecast elicited in Question 2.

As in the treatments above, 8 bins are used. The bins have qual width, the exact bin width is calculated based on the minimum/maximum.