

# Preregistration: Mental Models of the Stock Market Incentives / Increasing Deliberation Time Study

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In addition to the existing preregistration plan, we preregister the *Incentives / Increasing Deliberation Time Study*.

## Study parameters

- Sample size: 900 (about 300 per treatment)
- Sample type: Prolific sample (no quotas)
- Start of data collection: April 14th, 2025 (after preregistration)
- Number of treatments: 3
- Randomization method: Computerized via Qualtrics
- We plan to work only with complete responses. In the (typically very rare) case that a respondent submits multiple responses, we only count the first response.
- Respondents can only start with the survey if they pass an attention screener. Moreover, they can only proceed with the survey if they pass a comprehension quiz that tests their understanding of the scenarios (multiple attempts are allowed).

**Study design** The control condition of the study is a shorter version of the main descriptive survey for households (see full instructions of the main survey), while the two treatment conditions vary the description of the scenarios the respondents see in different ways. A random half of the respondents are assigned to the *Nike good news* scenario, while the other half are assigned to the *Nike bad news* scenario. The assignment to the *Nike good news* or the *Nike bad news* scenario is orthogonal to the assignment into control or one of the treatment groups. The shortened version contains the following questions:

- Prediction: In which scenario is the future expected return of an investment in the stock over the next year higher?

- Open-ended explanation of prediction
- Background characteristics

The study involves the following experimental conditions.

**Control:** Standard version of the scenario, prediction and explanation screens.

**Deliberation time treatment:** Before and on the return prediction screen, the respondents are informed that they can only proceed after spending at least two minutes on that screen.

**Incentive treatment:** Before and on the return prediction screen, the respondents are informed that they can earn a bonus of 5 GBP if they make the same return forecast as the majority of the participants in a survey with academic experts featuring the same scenarios.

The precise instructions of the key survey screens in the Deliberation time and the Incentive treatments are attached below.

**Research question** Does exogenously increasing response time or providing incentives change the respondents' return return predictions and reasoning?

# ***Deliberation time condition (good news case)***

## **Take Your Time: The Next Question Matters**

**Your response on the next page is especially important for our research.** Please take a moment to think very carefully and give your best prediction.

You will be able to continue after two minutes. Use this time to reflect and consider your answer carefully.

[PAGEBREAK]

### **Your prediction**

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**Review the two scenarios** (*click to open detailed description*)

- Scenario 1: Nike maintains supplier partnership
- Scenario 2: Nike secures cost-saving partnership

In both scenarios, the announcement was made four weeks ago and received a lot of attention from stock market traders.

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Imagine that you invest \$1000 in Nike stocks today, **four weeks after the announcement was made in the two scenarios**. Imagine that you sell these stocks in twelve months from now.

Now, we would like you to think about the return of this investment.

The expected return of a \$1000 investment in Nike stocks over the next twelve months would be ...

higher in scenario 1.

similar in both scenarios.

higher in scenario 2.

*"Similar in both scenarios" means that the difference in returns is smaller than or equal to 0.5 percentage points.*

**Reminder:** Your prediction on this page is very important. You have two minutes to answer this page. Use this time to reflect and consider your answer carefully.

**How confident are you in your above prediction?** Please answer on a scale from 1 (Not confident at all) to 6 (Very confident).



[...]

# ***Incentive condition (good news case)***

## **About this survey**

In this survey, we will ask you to predict the return of stocks in hypothetical scenarios.

### **There's a chance to earn a bonus!**

We have asked more than one hundred academic experts the same question you will answer. If your prediction matches what most experts said, you will earn a bonus of £5!

Bonuses will be calculated and paid out within a few days after the survey ends.

**In short, there's a chance to earn a bonus of £5! So read the instructions attentively, think carefully about your response and make your best prediction!**

We start with a short introduction. Please read the introduction carefully.

[PAGEBREAK]

**Well done!**

All responses were correct.

**Reminder:** On the next page, you can earn a £5 bonus if your prediction matches the prediction made by most experts.

[PAGEBREAK]

## Your prediction

**Review the two scenarios** (*click to open detailed description*)

- Scenario 1: Nike maintains supplier partnership
- Scenario 2: Nike secures cost-saving partnership

In both scenarios, the announcement was made four weeks ago and received a lot of attention from stock market traders.

Imagine that you invest \$1000 in Nike stocks today, **four weeks after the announcement was made in the two scenarios**. Imagine that you sell these stocks in twelve months from now.

Now, we would like you to think about the return of this investment.

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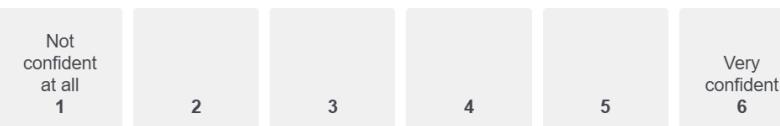
similar in both scenarios.

higher in scenario 2.

*"Similar in both scenarios" means that the difference in returns is smaller than or equal to 0.5 percentage points.*

**Reminder:** You will earn a £5 bonus if your prediction matches the one made by most experts.

**How confident are you in your above prediction?** Please answer on a scale from 1 (Not confident at all) to 6 (Very confident).



[...]