

Preregistration: Mental Models of the Stock Market

Interpreting Past Price Changes Study

Peter Andre, Philipp Schirmer, Johannes Wohlfart

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In addition to the existing preregistration plan, we preregister the Cost Context Study.

Study parameters

- Sample size: 2,000 (about 500 per treatment)
- Sample type: Prolific UK sample (no quotas)
- Start of data collection: January 26, 2026 (after preregistration)
- Number of treatments: 4
- 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 questions screening for inattention, bots, and AI use. 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 three treatment conditions vary the description of the scenarios the respondents see in different ways. All conditions build on the *Nike good news* scenario. 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.

Price information: The description of scenario 2 on the scenario screen contains additional information that the stock price has become more expensive since the announcement. This additional information is also featured in the scenario heading and hence also on the screens where the respondents predict the return and where they explain their return prediction.

Number of shares: The scenario screen and the prediction screens contain information that the stock price increased since the announcement as in the “Price information” condition. On top of this, the screens where the respondents predict the return and where they explain their return prediction now inform the respondents that the \$1,000 investment will afford them fewer shares in scenario 2 than in scenario 1.

Purchase costs: The scenario screen and the prediction screens contain information that the stock price increased since the announcement as in the “Price information” condition. On top of this, the screens where the respondents predict the return and where they explain their return prediction now ask the respondents to compare the expected percent return of an investment into 16 Nike stocks (instead of an investment of \$1,000 into Nike stocks) and highlight the associated increase in cost of these stocks in scenario 2 compared to scenario 1.

The precise instructions of the key survey screens in the different conditions are attached below.

Research question Do scenario descriptions that feature price information shift respondents' return predictions and reasoning? Do changes in the decision format (as in the number of shares and the purchase costs treatments) that make cost implications of higher prices salient have an additional effect?

Control condition

Two scenarios

Please think about the following two hypothetical scenarios.

Scenario 1: Nike maintains supplier partnership

Four weeks ago, on December 25, 2025, Nike Inc. announced the continuation of its partnership with major polyester supplier Toray Industries Inc., in a move aimed at retaining its current supply chain. The continuation of the partnership is expected to maintain the company's current cost structure. Industry experts were not surprised by the announcement, as continuity in supplier relationships is a common practice in the industry.

Scenario 2: Nike secures cost-saving partnership

Four weeks ago, on December 25, 2025, Nike Inc. announced a new strategic partnership with leading recycled polyester supplier Unifi Inc., aimed at reducing raw material costs by 20%. The deal is expected to have a significant impact on Nike's bottom line, making its products more price-competitive. Industry experts were pleasantly surprised by the news and dubbed it an "unexpected success" for the company. They projected the move to significantly enhance Nike's market position in the sports apparel industry.

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

Quiz

Please select all correct statements in the following list. Do not select any incorrect statements.

- The scenarios are about a lawsuit against Nike.
- The scenarios are about Nike's supply chain partnerships.
- In both scenarios, the announcement was made four weeks ago.
- In both scenarios, the announcement was made earlier today.
- In both scenarios, the announcement did not receive a lot of attention among stock market traders.
- In both scenarios, the announcement received a lot of attention among stock market traders.
- In scenario 1, Nike maintains its current supply partnerships. In scenario 2, Nike secures a new supply partnership.
- In scenario 1, Nike secures a new supply partnership. In scenario 2, Nike maintains its current supply partnerships.

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 \$1,000 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.

[...]

Price information condition

Two scenarios

Please think about the following two hypothetical scenarios.

Scenario 1: Nike maintains supplier partnership, stock price unchanged at \$62.50/share

Four weeks ago, on December 25, 2025, Nike Inc. announced the continuation of its partnership with major polyester supplier Toray Industries Inc., in a move aimed at retaining its current supply chain. The continuation of the partnership is expected to maintain the company's current cost structure. Industry experts were not surprised by the announcement, as continuity in supplier relationships is a common practice in the industry.

The price of Nike stock did not change in response to the announcement. Today, four weeks after the announcement, Nike stocks still cost \$62.50 per share.

Scenario 2: Nike secures cost-saving partnership, stock price rises to \$71.40/share

Four weeks ago, on December 25, 2025, Nike Inc. announced a new strategic partnership with leading recycled polyester supplier Unifi Inc., aimed at reducing raw material costs by 20%. The deal is expected to have a significant impact on Nike's bottom line, making its products more price-competitive. Industry experts were pleasantly surprised by the news and dubbed it an "unexpected success" for the company. They projected the move to significantly enhance Nike's market position in the sports apparel industry.

Over the past four weeks, Nike stock has become more expensive. The announcement generated interest among stock traders, who were now willing to pay a higher price for the stock. This increased demand drove up the stock price, leaving Nike shares trading at a 14% more expensive price compared to pre-announcement levels. Today, four weeks after the announcement, Nike stocks cost \$71.40 per share.

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

Nike stock has become more expensive in scenario 2:

In scenario 1, Nike stocks cost \$62.50/share today.

In scenario 2, Nike stocks cost \$71.40/share today.

Quiz

Please select all correct statements in the following list. Do not select any incorrect statements.

- The scenarios are about a lawsuit against Nike.
- The scenarios are about Nike's supply chain partnerships.
- In both scenarios, the announcement was made four weeks ago.
- In both scenarios, the announcement was made earlier today.
- In both scenarios, the announcement did not receive a lot of attention among stock market traders.
- In both scenarios, the announcement received a lot of attention among stock market traders.
- In scenario 1, Nike stocks cost \$62.50/share today. In scenario 2, Nike stocks cost \$71.40/share today.
- In scenario 1, Nike stocks cost \$71.40/share today. In scenario 2, Nike stocks cost \$62.50/share today.

Your prediction

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

- **Scenario 1: Nike maintains supplier partnership, stock price unchanged at \$62.50/share**
- **Scenario 2: Nike secures cost-saving partnership, stock price rises to \$71.40/share**

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

Nike stock has become more expensive in scenario 2:

In scenario 1, Nike stocks cost \$62.50/share today.

In scenario 2, Nike stocks cost \$71.40/share today.

Imagine that you invest \$1,000 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.

[...]

Number of shares condition

Two scenarios

Please think about the following two hypothetical scenarios.

Scenario 1: Nike maintains supplier partnership, stock price unchanged at \$62.50/share

Four weeks ago, on December 25, 2025, Nike Inc. announced the continuation of its partnership with major polyester supplier Toray Industries Inc., in a move aimed at retaining its current supply chain. The continuation of the partnership is expected to maintain the company's current cost structure. Industry experts were not surprised by the announcement, as continuity in supplier relationships is a common practice in the industry.

The price of Nike stock did not change in response to the announcement. Today, four weeks after the announcement, Nike stocks still cost \$62.50 per share.

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- In both scenarios, the announcement was made four weeks ago.
- In both scenarios, the announcement was made earlier today.
- In both scenarios, the announcement did not receive a lot of attention among stock market traders.
- In both scenarios, the announcement received a lot of attention among stock market traders.
- In scenario 1, Nike stocks cost \$62.50/share today. In scenario 2, Nike stocks cost \$71.40/share today.
- In scenario 1, Nike stocks cost \$71.40/share today. In scenario 2, Nike stocks cost \$62.50/share today.

Your prediction

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

- **Scenario 1: Nike maintains supplier partnership, stock price unchanged at \$62.50/share**
- **Scenario 2: Nike secures cost-saving partnership, stock price rises to \$71.40/share**

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

Nike stock has become more expensive in scenario 2:

In scenario 1, Nike stocks cost \$62.50/share today.

In scenario 2, Nike stocks cost \$71.40/share today.

Imagine that you invest \$1,000 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. This means

Scenario 1: You pay \$1,000 and receive 16 stock shares.

Scenario 2: You pay \$1,000 and receive 14 stock shares. You receive two fewer shares for the same money.

[...]

Purchase costs condition

Two scenarios

Please think about the following two hypothetical scenarios.

Scenario 1: Nike maintains supplier partnership, stock price unchanged at \$62.50/share

Four weeks ago, on December 25, 2025, Nike Inc. announced the continuation of its partnership with major polyester supplier Toray Industries Inc., in a move aimed at retaining its current supply chain. The continuation of the partnership is expected to maintain the company's current cost structure. Industry experts were not surprised by the announcement, as continuity in supplier relationships is a common practice in the industry.

The price of Nike stock did not change in response to the announcement. Today, four weeks after the announcement, Nike stocks still cost \$62.50 per share.

Scenario 2: Nike secures cost-saving partnership, stock price rises to \$71.40/share

Four weeks ago, on December 25, 2025, Nike Inc. announced a new strategic partnership with leading recycled polyester supplier Unifi Inc., aimed at reducing raw material costs by 20%. The deal is expected to have a significant impact on Nike's bottom line, making its products more price-competitive. Industry experts were pleasantly surprised by the news and dubbed it an "unexpected success" for the company. They projected the move to significantly enhance Nike's market position in the sports apparel industry.

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

Nike stock has become more expensive in scenario 2:

In scenario 1, Nike stocks cost \$62.50/share today.

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- In both scenarios, the announcement was made earlier today.
- In both scenarios, the announcement did not receive a lot of attention among stock market traders.
- In both scenarios, the announcement received a lot of attention among stock market traders.
- In scenario 1, Nike stocks cost \$62.50/share today. In scenario 2, Nike stocks cost \$71.40/share today.
- In scenario 1, Nike stocks cost \$71.40/share today. In scenario 2, Nike stocks cost \$62.50/share today.

Your prediction

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

- **Scenario 1: Nike maintains supplier partnership, stock price unchanged at \$62.50/share**
- **Scenario 2: Nike secures cost-saving partnership, stock price rises to \$71.40/share**

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

Nike stock has become more expensive in scenario 2:

In scenario 1, Nike stocks cost \$62.50/share today.

In scenario 2, Nike stocks cost \$71.40/share today.

Imagine that you purchase 16 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. This means

Scenario 1: You pay \$1,000 for 16 stock shares.

Scenario 2: You pay \$1,142 for 16 stock shares. You pay \$142 more for the same number of shares.

[...]