

**Redacted transcript: online only. [Bold text in square brackets was not seen by subjects.]**

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## **Participation Agreement**

You have been invited to take part in a research study run by researchers at the University of Warwick. Please read the following statements carefully and answer the question below.

### **Our commitments and privacy policy**

We never deceive participants. For example, if we inform you that another participant is making a choice on which you can then react, this is indeed the case. We keep our promises made to participants. For example, if we promise a certain payment, participants will indeed receive it. In the event that we are responsible for a mistake that is to the disadvantage of participants, we will inform and compensate the respective participants. We design, conduct and report our research in accordance with recognized scientific standards and ethical principles.

### **We adhere to the terms of our privacy policy as stated below:**

The data in the participants' database will only be used for the purpose of the study. There is no link between the personal data in the participants' database and the data collected during a study. The generated anonymous data will be used for analysis. The end product will be publicly available. Your participation in this study is purely voluntary, and you may withdraw your participation or your data at any time without any penalty to you. Please note that the software (Qualtrics) automatically notes the time you spent on each question and this data will be made available to researchers for analysis.

If you would like to make a complaint about the way you have been dealt with during the study or any possible harm you might have suffered please address your complaint to the person below, who is a senior University of Warwick official entirely independent of this study:

Head of Research Governance  
Research & Impact Services  
University House  
University of Warwick  
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Tel: +44 24 76 522746  
Email: [researchgovernance@warwick.ac.uk](mailto:researchgovernance@warwick.ac.uk)

If you are happy to proceed, please press the "I agree" button below to continue to the task.

I agree

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## [EITHER Treatment Group I: Sunk Cost]

### Letter-counting task

Your task is to count the number of times specific letters appear in blocks of text (composed of Latin words).

You will be shown five blocks of text, one at a time, and for each you will have to count the number of occurrences of two different letters. The letters to be counted will appear below the block, and next to them will be boxes to input your count for that letter. The blocks will vary in size but the time limit to count both letters in each block is always the same (1 minute). The blocks will appear in no particular order, i.e. they may start difficult and get easy, vice versa, or be in a random order.

For each letter you count correctly you will receive one point. You will be allowed a margin of error of one, so your letter count will be considered correct if it corresponds to the true value plus or minus one. If you are happy with your counts and wish to move on to the next block before the minute is up, simply press the ">>" button at the bottom of the screen. If the time runs out, the letter counts you have entered will be submitted and you will move on automatically to the next block. Once you have moved on from a block, you cannot go back to it.

If you score at least 6 points out of 10 we will reward your effort by giving you an asset which pays \$10 with a 10% chance. We will tell you at the end of the blocks whether you scored enough points to earn the asset.

Before the task begins, you first have a practice block. This will allow you to get a feel for the format and time limit. It does not count for your score out of 10. The practice block will **begin immediately** on the next page.

I understand these instructions

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### [IF the subject scores less than 6/10:]

You scored X/10 points. Unfortunately, you needed 6/10 to acquire the asset.

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**[IF the subject scores at least 6/10:]**

You scored at least 6/10, so you earned the asset.

The asset you now own pays \$10 with a 10% chance.

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Your asset pays \$10 with a 10% chance.

Before we cash your asset, you can switch to a new asset that pays \$10 with a 20% chance.

What would you like to do?

- Keep the asset I earned
  - Switch to the new asset
-

**[OR Treatment Group II: Endowment Group]**

You own an asset that pays \$10 with a 10% chance.

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Your asset pays \$10 with a 10% chance.

Before we cash your asset, you can switch to a new asset that pays \$10 with a 20% chance.

What would you like to do?

- Keep my asset
  - Switch to the new asset
- 

**[OR Treatment Group III: Straight Choice Group]**

You have a choice between two assets:

Asset A pays \$10 with a 10% chance.

Asset B pays \$10 with a 20% chance.

Which do you choose?

- Asset A
  - Asset B
-

## [Susceptibility to the Sunk Cost Effect]

### Task 1: Choices in hypothetical scenarios

You will be presented with 18 hypothetical scenarios, each of which lead to a choice. For each one, tell us what you would do.

**[Scenario IDs are shown in braces below. Items were presented in a random order.]**

**Responses were recorded via a 6-point Likert scale with the two alternative actions written above the left-most and right-most radio buttons. For each scenario below, those words are provided. In each case, one alternative corresponds to behavior consistent with the sunk cost effect.]**

**[1.]** You are buying a gold ring on layaway for someone special. It costs \$200 and you have already put down \$100 for it, so you owe another \$100. One day, you see in the paper that a new jewelry store is selling the same ring for only \$90 as a special sale, and you can pay for it using layaway. The new store is across the street from the old one. If you decide to get the ring from the new store, you will not be able to get your money back from the old store, but you would save \$10 overall.

**[Continue paying at the old store; Buy from the new store.]**

**[2.]** You enjoy playing tennis, but you really love bowling. You just became a member of a tennis club and a bowling club at the same time. The membership to your tennis club costs \$200 per year and the membership to your bowling club \$50 per year. During the first week of both memberships, you develop an elbow injury. It is painful to either play tennis or bowl. Your doctor tells you that the pain will continue for about a year.

**[Play tennis; Bowl.]**

**[3.]** You have been looking forward to this year's Halloween party. You have the right cape, the right wig, and the right hat. All week, you have been trying to perfect the outfit by cutting out a large number of tiny stars to glue to the cape and the hat, and you still need to glue them on. On the day of Halloween, you decide that the outfit looks better without all these stars you have worked so hard on.

**[Wear stars; Go without.]**

**[4.]** After a large meal at a restaurant, you order a big dessert with chocolate and ice cream. After a few bites you find you are full and you would rather not eat any more of it.

**[Eat more; stop eating.]**

[5.] You are staying in a hotel room, and you have just paid \$6.95 to watch a non-refundable movie on pay TV. You then discover that there is a movie you would much rather see on one of the free cable TV channels. You only have time to watch one of the two movies.

**[Watch free cable; Watch paid-for movie.]**

[6.] You have been asked to give a toast at your friend's wedding. You have worked for hours on this one story about you and your friend taking drivers' education, but you still have some work to do on it. Then you realize that you could finish writing the speech faster if you start over and tell the funnier story about the dance lessons you took together.

**[Finish the toast about driving; Rewrite the toast about dancing.]**

[7.] You decide to learn to play a musical instrument. After you buy an expensive cello, you find you are no longer interested. Your neighbor is moving and you are excited that she is leaving you her old guitar, for free. You'd like to learn how to play it.

**[Practice the cello; Practice the guitar.]**

[8.] You and your friend are at a movie theater together. Both of you are getting bored with the storyline. You'd hate to waste the money spent on the ticket, but you both feel that you would have a better time at the coffee shop next door. You could sneak out without other people noticing.

**[Finish the movie; Leave for the coffee shop.]**

[9.] You and your friend have driven halfway to a resort. You both feel sick and think that you would have a much better weekend at home. Your friend says it is "too bad" you already drove halfway, because you both would much rather spend the time at home. You agree.

**[Turn back; Drive on.]**

[10.] You are painting your bedroom with a sponge pattern in your favorite color. It takes a long time to do. After you finish two of the four walls, you realize you would have preferred the solid color instead of the sponge pattern. You have enough paint left over to redo the entire room in the solid color. It would take you the same amount of time as finishing the sponge pattern on the two walls you have left.

**[Finish the sponge pattern; redo the room in a solid color.]**

[11.] You have invested a good deal of your time into a project and it is failing. You have the option to start on something different that you now know is more likely to be successful but you know you cannot get the time back that you spent on the project.

**[Keep going with the project; Start something different.]**

[12.] You have an investment strategy that you have developed over several months. It is not working and you are losing money, but there is no way for you to recover the lost effort put into developing the strategy.

**[Start afresh; Keep going.]**

[13.] Imagine that you have spent \$20 on a ticket to a concert. The day of the concert comes but unfortunately it is snowing heavily and you feel tired after a tough day. You know you would not have decided to go to the concert if you hadn't already bought the ticket, but you also know that you cannot get a refund.

**[Go to the concert; Stay at home.]**

[14.] Your relationship with your partner is not going well. You have reasoned it out and you have realized that if you knew how it would go when you started the relationship you would not have gone through with it. You now have the opportunity to break up, but you have been together for many months.

**[Keep going; Break up.]**

[15.] You have been thinking about how to vote in an election and have invested a good deal of your time to try and make the right decisions including reading newspapers and comment pieces online and thinking hard about the issues. You discover that much of the information you were using is false and a more trustworthy source suggests your initial view was wrong.

**[Keep beliefs; change beliefs.]**

[16.] You have been thinking hard about the best route to get to somewhere you haven't been to before. Unfortunately, your internet connection isn't working so you have to base your decision on your beliefs about the town's layout. You come to a conclusion on the best possible route but then suddenly the internet is back online.

**[Look up route online; Stick to planned route.]**

[17.] You are working on a difficult logic problem. Below the problem is a list of possible answers labelled a to e. Although you are not very confident about your answer you decide to go for option a. A friend you know is usually better at this sort of problem suggests that you should change your answer to option b.

**[Answer a; Answer b]**

[18.] You have been living in a town where it rains a lot and decide to go and buy a high-quality umbrella that you can carry with you every time you go out. Soon after buying a very expensive umbrella you move to a town where it rains much less often.

**[Take umbrella with me; Leave umbrella at home.]**

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## [Fluid Intelligence]

### Task 2: Logic puzzles

You will face ten timed multiple choice questions about logic. Each question shows a sequence of nine patterns with one missing. Your task is to select the missing pattern from the drop-down list. There is only one correct answer for each question.

You will have 30 seconds to answer each question. If you are happy with your answer and wish to move on to the next question before the 30 seconds are up, simply press the ">>" button at the bottom of the screen. If the time runs out and you have selected an answer, that answer will be submitted and you will move on automatically to the next question. If the time runs out and you have not selected any answer, that question will be marked as incorrect and you will move on automatically to the next question. Once you have moved on from a question, you cannot go back to it.

Before the task begins, you first have a practice question. This will allow you to get a feel for the format and time limit. It will not count for the bonus payment. The practice question will **begin immediately** on the next page.

I understand these instructions

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## [Crystallized Intelligence and the Cognitive Reflection Test]

### Task 3: Knowledge questions

You will now face 23 timed questions testing various aspects of knowledge, with a page after question 12 where you can take a break of up to 1 minute.

You have 30 seconds to answer each question. If you are happy with your answer and wish to move on to the next question before the 30 seconds are up, simply press the ">>" button at the bottom of the screen. If the time runs out and you have selected an answer, that answer will be submitted and you will move on automatically to the next question. If the time runs out and you have not selected any answer, that question will be marked as incorrect and you will move on automatically to the next question. Once you have moved on from a question, you cannot go back to it.

The first question will **begin immediately** on the next page.

I understand these instructions

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## [Openness]

### Task 4: Personality questions

For each statement below, please indicate how accurately it describes you. [Each scale was a 5-point Likert scale with “Strongly disagree”, “Moderately disagree”, “Neither agree nor disagree”, “Moderately agree” and “Strongly agree”.]

[12 questions from the NEO Five Factor Inventory (Costa & McCrae; 1989) followed.]

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### Final Questions: Demography

What is your sex?

- Male
- Female
- Other
- Prefer not to say

What is your age?

What is your race?

- White
- Black or African American
- Hispanic or Latino
- American Indian or Alaska Native
- Asian American
- Native Hawaiian or Pacific Islander
- Other

What is your household's annual income? (US dollars, before tax)

- 0-9,999
- 10,000 - 19,999

- 20,000 - 29,999
- 30,000 - 39,999
- 40,000 - 49,999
- 50,000 - 59,999
- 60,000 - 69,999
- 70,000 - 79,999
- 80,000 - 89,999
- 90,000 - 99,999
- 100,000 - 124,999
- 125,000 - 149,999
- 150,000 +

What is the highest grade of school you have completed, or the highest degree you have received?

- No schooling (or less than 1 year)
- Nursery, kindergarten, and elementary (grades 1-8)
- High school (grades 9-12, no degree)
- High school graduate (or equivalent)
- Some college (1-4 years, no degree)
- Bachelor's degree (BA, BS, AB, etc)
- Master's degree (MA, MS, MENG, MSW, etc)
- Professional school degree (MD, DDC, JD, etc)
- Doctorate degree (PhD, EdD, etc)

Generally speaking, which point on this scale best describes your political affiliation?  
**[A slider was presented with range [0,100] with "Entirely Liberal" over 0 and "Entirely Conservative" over 100.]**