

Endowment Effect

- Endowment effect

people value a good or a service more once they come to own it.

- Status quo bias

people tend not to change their behaviour unless they have a strong motivation to do so.

- Loss aversion

people have a strong preference to avoid losses and receive gains. According to CPT, losses loom larger than equal-sized gains (in fact losses loom twice as large). What does it mean? If you've lost £100 you feel like you lost £200.

Candy Bar and Mug Experiments



Jack L. Knetsch



Plott and Zeiler (2005)



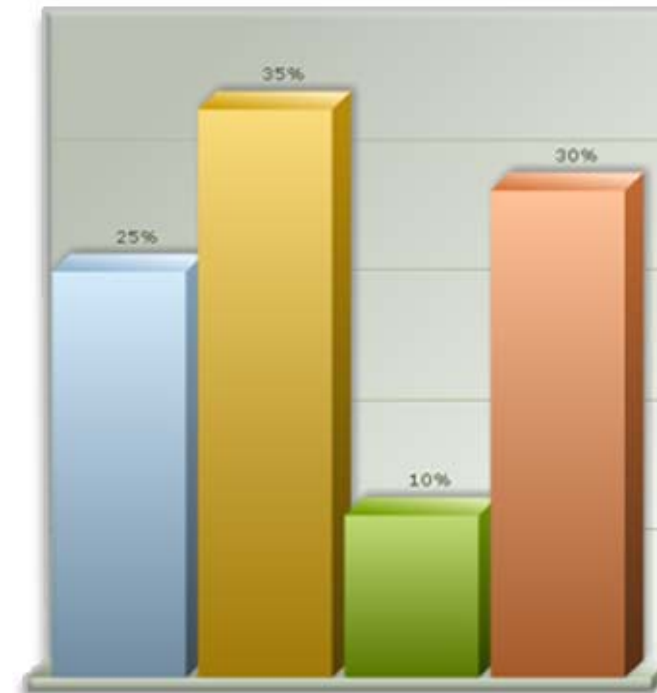
Charles Plott



Kathy Zeiler

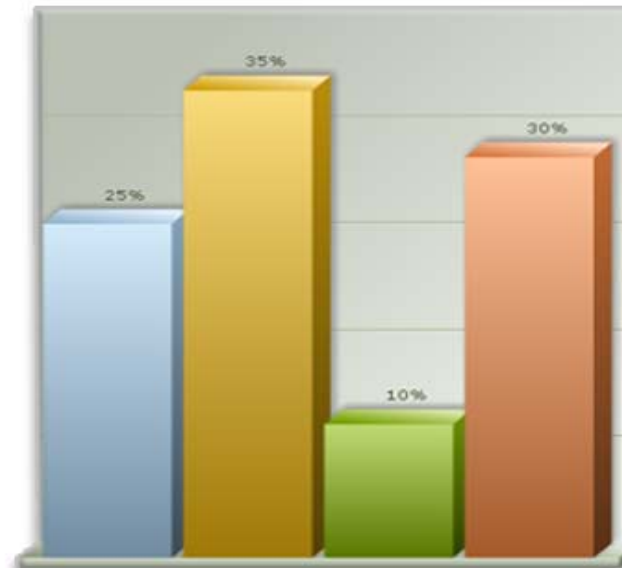
Can Revealed Theory Methodology suggested in Plott and Zeiler (2005) ever “completely control” for subject misconceptions?

1. YES: press 1 if you think “YES”
2. NO: press 2 if you think “NO”



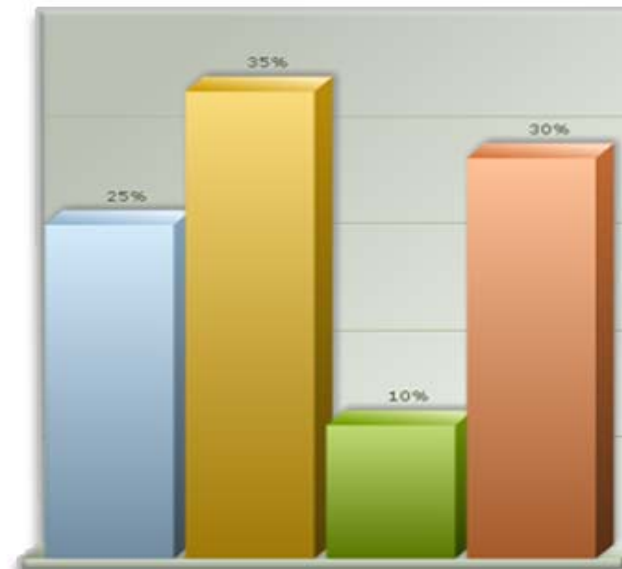
Can 14 paid rounds with lottery tickets played AFTER the mug round in Experiment 2 of Plott and Zeiler (2005) be regarded as practice?

1. YES: Press 1 if you think “YES”
2. NO: Press 2 if you think “NO”



Can 14 paid rounds with lottery tickets played AFTER the mug round in Experiment 2 of Plott and Zeiler (2005) be regarded as essential control against misc

1. YES: Press 1 if you think "YES"
2. NO: Press 2 if you think "NO"



Isoni, Loomes & Sugden (2011)



Andrea Isoni



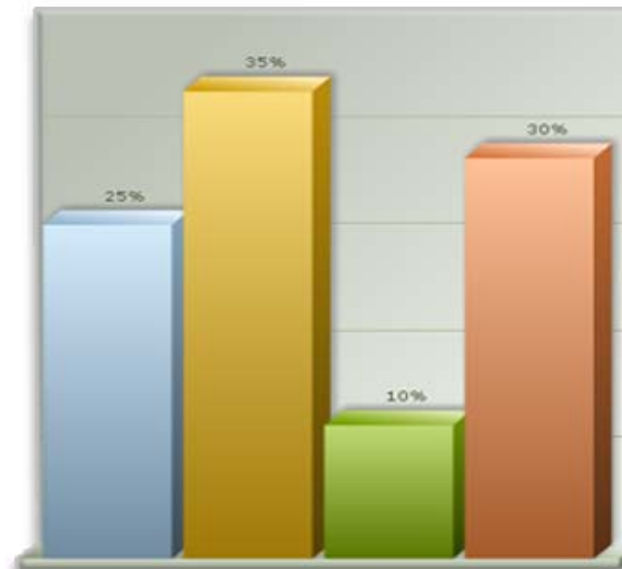
Graham Loomes



Bob Sugden

If an effect can be “turned on and off” by different sets of procedures, can we conclude that it is an experimental artefact?

1. YES: Press 1 if you think “YES”
2. NO: Press 2 if you think “NO”



Suggestions to keep ethics in check



Gary Charness

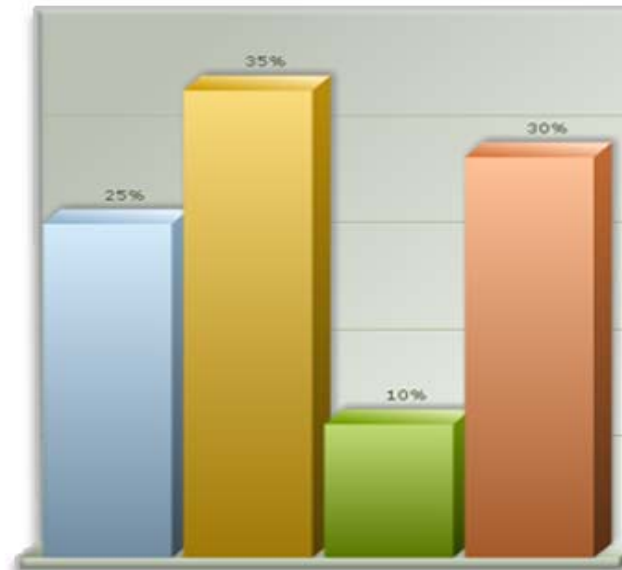


Bruno Frey

Do
you have
any new
ideas
about
this?

There are different explanations to WTP-WTA disparity. Should they be mutually exclusive?

1. YES: Press 1 if you think “YES”
2. NO: Press 2 if you think “NO”



Does evidence that some “anomalies” decay in markets confirm that markets should be treated as “gold standard”?

1. YES: Press 1 if you think “YES”
2. NO: Press 2 if you think “NO”

