

R. Sippel (1997), An experiment on the pure theory of consumer's behaviour. The Economic Journal

Instructions for participants

Welcome to our consumption experiment. If you complete the experiment until the end, you will receive a fixed amount of DM 25, -as a compensation for the time and effort spent here. In addition, you can consume goods offered here in the laboratory.

It is your task first to purchase goods with an amount determined by us which you can then consume here in the laboratory during 60 minutes. In these 60 minutes you can only consume goods previously purchased here. Consumption of food you might carry with you, smoking, or in general preoccupation with anything you did not pay for, is not allowed. The goods purchased cannot be taken out of this room but only be consumed here during the 60 minutes. When buying the goods, it is therefore wise to carefully think about what you really want to consume - and what not.

Thus, the experiment is divided into two parts. In the first part you order the goods that you would like to consume in the second part. The first part ends when you have decided which goods you would like to consume and you have filled out order sheets accordingly. There is no time limit on the first part. The second part, however, will last exactly 60 minutes, regardless of the duration of the first part.

The following 8 goods can be purchased:

[The 8 goods were shown and explained in detail.]

How do you buy these goods ? To buy goods, you have to fill out order sheets like this one:

[The order sheet was explained. The following part of the instruction was slightly different between Exp1 and Exp2.

Instructions in Exp1:]

You have to fill out 10 order sheets altogether. The goods' prices are different on each order sheet, sometimes they are cheaper, sometime there are more expensive. The amount you have available for spending on the goods is different in each case, too. Thus, it might happen that in one situation buying 30 minutes of the computer game exhausts all your budget, leaving nothing for the other goods, while in another situation the computer game is so cheap that you can afford 60 minutes of it or have something to drink or eat with it. The way you spend the available budget on the different goods, i.e. how much you would like to consume of each of the goods, is up to you. You can spend the whole amount on a single good, you can buy something of every good, or you can make a selection of several out of the 8 goods. It's only your choice. The only restrictions you face is that you cannot spend more than the available amount. Of course, you do not have to spend the whole amount. If you like, you can spend less. But note that any amount left will not be refunded and that the only thing you can do during the 60 minutes is consume goods you have purchased before.

Now, which one of the 10 order sheets will be valid in the second part of the experiment? This is not known in advance. One of the 10 order sheets filled out will be drawn at random using this bingo cage. One of the numbers from 1 to 10 will be drawn, and the order sheet carrying this number will be used. The goods you ordered on this sheet you will actually receive from consumption. I.e., only one of the 10 sheets will eventually be used. In filling out each order sheet, you should bear in mind, however,

that this particular sheet might be drawn. Thus you should fill out the forms carefully. Always look at the goods' prices and the amount you have available and consider the resulting alternatives before you fill out the form. You are free to erase and correct entries as often as you like if you change your mind and want to order something different. Only when you are satisfied with your choices on each of the 10 order sheets the second part of the experiment begins by drawing a random number.

To minimize your calculation effort, the order sheets are reproduced here on the computer screen. Each order sheet on paper can be found in the computer as well.

[The usage of the software was explained.]

Do you have any questions? If not, you can start with the experiment. I will be around for the whole time happy to answer any questions which might arise.

[End of instructions in Exp1.

Instructions in Exp2, continued:]

You have to fill out 10 order sheets altogether, corresponding to 10 different price situations. The sheets are denoted S0 to S9, and you will fill them out one after the other on the screen. Look at S0, which is called the reference situation, and note that in S0 the three goods suited for spending your time all cost the same, while the other five goods also have a unique price, so that, within both categories, you can buy the same amount of the different goods. This, however, will not be the case in the other 9 situations S1 through S9. The goods' prices will vary between the situations and relative to each other, sometimes the goods are cheaper, sometimes they are more expensive than in the reference situation, too. Thus, it might happen, for example, that in one situation buying 30 minutes of the computer game exhausts all your budget, leaving nothing for the other goods, while in another situation the computer game is so cheap that you can afford 60 minutes of it and even have something to drink or eat with it. [Only in treatment 2b: In fact, the available amount in situations S1 through S9 is calculated such that you can again afford exactly the combination of goods you bought in the reference situation S0, no matter how different the prices of the goods in the particular situation are. I.e., if you like to, you can buy the same combination of goods in each of the 10 situations. Note that this might not be a good idea, since in S1 through S9 you might be able to afford combinations preferred to the one you chose in S0.] The way you spend the available budget on the different goods, i.e., how much you would like to consume of each of the goods, is up to you. You can spend the whole amount on a single good, you can buy something of every good, or you can make a selection of several out of the 8 goods. It's only your choice. The only restriction you face is that you cannot spend more than the available amount. Of course, you do not have to spend the whole amount. If you like, you can spend less. But note that any amount left will not be refunded and that the only thing you can do during the 60 minutes is consume goods you have purchased before.

Now, which one of the 10 order sheets will be valid in the second part of the experiment? This is not known in advance. One of the 10 situations will be drawn at random using this bingo cage. One of the numbers from 1 to 10 will be drawn, and the order sheet carrying this number will be used. The goods you ordered on this sheet you will actually receive from consumption. I.e., only one of the 10 sheets will eventually be used. In filling out each order sheet, you should bear in mind, however, that this particular sheet might be drawn. Thus you should fill out the forms carefully. Always look at the goods' prices and the amount you have available and consider the resulting alternatives before you fill out the form. You are free to erase and correct entries as often as you like if you change your mind and want to order something different. This is true for all situations except the reference situation S0. Your choice of goods in the reference situation S0 is a once and for all decision, you should take special

care in this situation. When you are satisfied with your choices on each of the 10 order sheets the second part of the experiment begins by drawing a random number.

Do you have any questions? If not, we can start with the experiment. I will be around for the whole time happy to answer any questions which might arise.