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## **On the use of honesty priming task to mitigate hypothetical bias in choice experiments**

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## **Abstract**

We test whether the use of an honesty priming task from the social psychology literature can help mitigate hypothetical bias in stated preference choice experiments (CE). Using a between-sample design, we conducted experiments with five treatments: (1) hypothetical CE without cognitive task, (2) hypothetical CE with cheap talk script, (3) hypothetical CE with neutral priming task, (4) hypothetical CE with honesty priming task, and (5) non-hypothetical CE. Results generally suggest that marginal willingness to pay estimates from treatment 4 where subjects are given honesty priming task before the choice experiment are not statistically different from marginal valuations from treatment 5 where subjects are in a non-hypothetical choice experiment. Values from both these treatments are significantly lower than those from other three hypothetical treatments (treatments 1-3). Using hold out tasks, our results also suggest that one could get higher percentage of correct predictions of participants' choices in treatments 4 and 5 than in treatments 1-3 and that there is no significant difference in percentage of correct predictions between treatments 4 and 5.

**Keywords:** hypothetical bias, cheap talk, priming, Willingness-to-pay

**JEL Classification:** C23, D12, Q18

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Eliciting people's preferences for various goods using stated preference methods is a common practise in the applied economics and the marketing literature. In particular, the choice experiment (CE) approach is now the most widely used stated preference method in valuing products or attributes. There are literally hundreds of studies published in the literature of various disciplines that have used choice experiments. Some of the reasons for CE's popularity include its flexibility to take into account several attributes which can be estimated simultaneously and its consistency with random utility theory and Lancaster's consumer theory. Individual CE questions are also framed in a manner that closely resembles consumer shopping situations (Lusk and Schroeder, 2004).

Hypothetical bias, however, still represents a challenging issue in stated preference CE studies. It is well known that hypothetical bias occurs when individuals overstate their willingness- to- pay (WTP) in hypothetical settings due to among others, lack of economic incentive to reveal their true valuations (List and Gallet, 2001; Murphy et al., 2005; Hensher, 2010). List and Gallet (2001) conducted a meta-analysis of 29 experimental studies which revealed that subjects on average overstate their preferences by a factor of 3 in hypothetical settings. They also reported that the hypothetical bias was considerably less for private goods compared to public goods. In the same token, Murphy et al. (2005) also carried out a meta-analysis of 28 studies and reinforced the findings of List and Gallet (2001) by showing that the mean ratio of hypothetical to actual values is around 1.35 and that the bias increased when public goods were valued.

Research related to hypothetical bias can be split into two groups. The first group is focused on the introduction of incentive compatible mechanisms to obtain more

realistic value estimates in CEs. These studies test hypothetical bias by comparing hypothetical WTPs with non-hypothetical WTPs from these incentive compatible CEs. The second group of papers, while not necessarily utilizing CE, works in the development of various techniques for mitigating the hypothetical bias.

The findings of the few papers belonging to the first group mentioned above have been mixed. For instance, while Carlsson and Martinsson (2001) and Cameron et al. (2002) failed to reject the hypothesis that marginal WTPs from both hypothetical and non-hypothetical CEs are equal, other studies such as Johansson-Stenman and Svedsater (2008) and Loomis et al., (2009) have found substantial hypothetical bias in hypothetical CE markets. Lusk and Schroeder (2004) also showed that total WTPs in hypothetical CE were different from WTPs in non-hypothetical CE for a private good. However, they were not able to find the same result with the marginal WTPs. Finally, Chang et al. (2009) also found that the non-hypothetical choices are a better approximation of true preferences than hypothetical choices based on a comparison of hypothetical and non-hypothetical CEs as well as comparison of predicted market shares from these experiments with actual market shares.

In the second group of studies, the seminal paper by Cummings and Taylor (1999) introduced a cheap talk script which explained the problem of hypothetical bias to participants prior to administration of the valuation questions. The authors found that the cheap talk script was effective in removing the hypothetical bias with public goods. Carlsson et al. (2005) also confirmed that cheap talk script decreased the WTP in hypothetical settings. Several other studies, however, have found that there is heterogeneity on the effects of cheap talk. For example, List (2001) used a cheap talk for private goods in a field experiment and concluded that experienced card dealers did not change their WTPs based on cheap talk scripts. However, the cheap talk was

able to eliminate the hypothetical bias for inexperienced consumers. Consistent with List (2001), Lusk (2003) found that cheap talk did not reduce WTP values of knowledgeable consumers. He also reported that estimated WTP calculated from hypothetical responses with cheap talk was not significantly lower than willingness to pay estimates from hypothetical responses without cheap talk. Moreover, Brummett, Nayga and Wu (2007) pointed out that their cheap talk script was not able to remove the hypothetical bias because there were no differences in their WTP estimates with and without cheap talk. On the other hand, Tonsor and Shupp (2011) reported that cheap talk provided in CEs conducted online can reduce the absolute value of mean WTP while Silva et al. (2011) found that their cheap talk eliminated the hypothetical bias in a retail setting.

Taking into account the mixed evidence on the ability of the cheap talk technique to mitigate hypothetical bias in stated preference studies, we propose and test a new type of *ex-ante* calibration method taken from the social psychology literature: a honesty priming technique. In particular, we test whether exposure to honesty concepts could unconsciously activate honesty among subjects so that they can respond truthfully and in turn mitigate potential hypothetical bias in hypothetical CEs. This is the main contribution of our paper.

Psychologists call the technique that implicitly stimulates certain behaviors as unconscious “priming”. Psychologists have found that stereotyping behavior can be stimulated by priming a social category. Priming is conceptually related to the underlying psychological processes used to activate mental representations in a passive, unintended, and unconscious way. Recently, several studies in social cognition and psychology research have demonstrated that “priming” can unconsciously influence peoples’ perception, evaluations, behavior and choice

(Maxwell, Nye, and Maxwell, 1999; Bargh et al., 2001; Kay and Ross, 2003; Chartrand et al., 2008). In other words, when people are incidentally exposed to some cues or words in an unrelated subsequent choice task, these stimuli can activate different buying goals, thereby influencing their subsequent decision in a non-conscious manner (Chartrand et al., 2008). For example, Maxwell, Nye, and Maxwell (1999) demonstrated that participants who were primed for fairness showed more cooperative behavior and, consequently, had a more positive attitude towards the seller. Hence, the sellers could increase a buyers' satisfaction without sacrificing profit. Bargh et al. (2001) also pointed out that when participants were primed with the concept of automatic achievement, the goal to better perform was activated without their awareness in an unrelated subsequent task. In the same line, Kay and Ross (2003) exposed people to some words related to either cooperation or competition in order to demonstrate that a link between priming and deliberative behavior exists. Their findings showed a high correlation between people given the cooperative and competitive priming condition and their deliberative intention to cooperate and compete, respectively.

With the use of an honesty priming task, our premise in this paper is that among others, untruthful choice revelations is one of the major causes of hypothetical bias in stated preference CEs. To test the effectiveness of the honesty priming technique in reducing hypothetical bias in CE, we conducted an experiment with five treatments: (1) a hypothetical CE, (2) a hypothetical CE with cheap talk, (3) a hypothetical CE with neutral priming, (4) a hypothetical CE with honesty priming, and (5) non-hypothetical CE. The introduction of the five treatments allows us not only to test if the honesty priming technique can mitigate hypothetical bias in hypothetical settings but also to test if this priming task can mitigate the hypothetical bias more than the

use of cheap talk script and if their marginal WTPs are lower or similar than those from a non-hypothetical CE. Results from the different tests may open new avenues in stated preference research and have implications on the use of incentive compatible elicitation mechanisms in choice experiments.

The rest of the article is organized as follows: the next section discusses the experimental design and explains the rationale for inclusion of these treatments. The section following this describes the results and the final section discusses the importance and the implications of these findings for use of hypothetical and non-hypothetical CE in future studies.

## **Experimental Design**

### *General design and treatments' description*

The experiment was conducted in the region of Aragón (Spain), in the town of Zaragoza during September-October 2011. In our experiment we randomly recruited participants in different locations across the city using a sampling procedure (by age, gender and education level). Target respondents were the primary food buyers in the household and only households who consumed our product of interest were finally included in the sample. In total, 265 participants were recruited and they were randomly allocated to the different treatments in our experiment. In accordance with Lusk and Schoeder (2004), we followed a between-subject approach where each respondent participates only in one of the treatments. The random assignment has successfully provided us with similar socio-demographic profiles of subjects across the treatments.



To investigate our main objective, the first four treatments are in hypothetical settings while the fifth treatment utilizes an incentive aligned elicitation mechanism. In the first treatment (T1), we used a hypothetical choice experiment without any cognitive task. In the second one, we introduced a generic and short cheap talk script before participants responded to the CE questions. We refer to this as our cheap talk treatment (CT). In the third and fourth treatments, called neutral priming treatment (NP) and honesty priming treatment (HP), respectively, we used a subliminal priming technique (before presentation of the CE questions) called “scrambled sentence test” where participants were asked to construct 24 grammatically correct sentences out of a series of words presented in a scrambled order. The difference between the neutral and the honesty tasks is that while in the honesty task the final sentences are related to honesty, fairness and truthfulness (16 out of 24), in the neutral task, all the final sentences are not related to any of honesty concepts but rather on just general and highly known topics (e.g., earth is round, summer is hot). We use the neutral priming task in addition to the honesty priming task to ensure that we could test and know that the priming did not arise purely due to the nature of the scrambling task but rather due to the activation of honesty concepts. Finally, the fifth treatment (T5) is similar to the first treatment (T1) but with the addition of an incentive aligned elicitation mechanism to make the CE non-hypothetical. We used treatment 1 (T1) and treatment 5 (T5) as our baseline treatments given that the participants in these treatments were not exposed to any cognitive task (i.e., cheap talk, neutral priming or honesty priming) prior to the conduct of the choice experiment. The information is shown in Annex 1.

To test if our proposed honesty priming task mitigates the hypothetical bias in hypothetical setting and to test if it can be more effective than the traditional cheap talk script, we test the following null hypotheses:

$$H0_1 = (WTP^{T1} - WTP^{T5}) = 0 \quad H1_1 = (WTP^{T1} - WTP^{T5}) > 0$$

$$H0_2 = (WTP^{NP} - WTP^{HP}) = 0 \quad H1_2 = (WTP^{NP} - WTP^{HP}) > 0$$

$$H0_3 = (WTP^{T1} - WTP^{HP}) = 0 \quad H1_3 = (WTP^{T1} - WTP^{HP}) > 0$$

$$H0_4 = (WTP^{CT} - WTP^{HP}) = 0 \quad H1_4 = (WTP^{CT} - WTP^{HP}) > 0$$

where WTP are the estimated marginal willingness to pay<sup>1</sup>.

If we reject  $H0_1$  we can confirm that hypothetical bias exists in hypothetical choice experiments. If  $H0_2$  is rejected, we can conclude that the neutral priming task does not change the marginal WTPs and therefore, ensures that priming effects do not arise purely due to the nature of the sentence scrambling task but rather due to the activation of honesty concepts. If  $H0_3$  is rejected, we can conclude that the honesty priming task indeed reduces the hypothetical bias in hypothetical setting. Finally, if  $H0_4$  is rejected, we can confirm that the honesty priming task reduces the hypothetical bias to a larger extent than the cheap talk script. Overall, if we reject all the above hypotheses we may conclude that hypothetical bias indeed exists in hypothetical choice experiments and that the use of the honesty priming task can reduce the hypothetical bias in hypothetical choice experiment and, the reduction is larger than the one achieved by the cheap talk script.

To further test the robustness of our results, we test also the following hypothesis:

$$H0_5 = (WTP^{NP} - WTP^{T1}) = 0 \quad H1_5 = (WTP^{NP} - WTP^{T1}) \neq 0$$

If  $H0_5$  is rejected (once  $H0_2$  had been also rejected), this would mean that the WTPs from the neutral priming treatment are different from the WTPs from the

baseline hypothetical choice experiment treatment (T1) and this difference in WTPs might be due only to task effect rather than to priming effect<sup>2</sup>.

Finally, we are also interested in checking if the introduction of the honesty priming task in hypothetical CEs can outperform the introduction of an incentive aligned elicitation mechanism (non-hypothetical CE). Hence, taking treatment 5 as the baseline, we need to test the following hypothesis:

$$H0_6 = (WTP^{HP} - WTP^{T5}) = 0 \quad H1_6 = (WTP^{HP} - WTP^{T5}) \neq 0$$

If we do not reject hypothesis  $H0_6$ , then the honesty priming task could be considered as an alternative to the use of an incentive compatible mechanism. We discuss the implications of this potential finding later on. As is a standard practice in experiments of implicit priming manipulation, at the end of the experiment subjects were asked if they noticed “a topic” from the words they were exposed to and the final sentences they had to write. All subjects (99%) reported unawareness of the goal-activation manipulation in either the neutral priming treatment or the honesty priming treatment.

#### *Hypothetical and non-hypothetical choice experiment design*

Subjects who participated in our choice experiment faced different choice set scenarios and they had to choose between two products with different attributes and prices plus a no-buy option, just in case they choose not to pick either of the two products (Task I). Moreover, in our experiment, to validate our results, we designed a holdout task (Task II) to get an assessment of how well our hypothetical and non-hypothetical choice experiment correctly predicts actual purchases. Specifically,

following Ding et al. (2005), participants in the holdout task faced eight different products, which were the remaining profiles from the original full fractional design that were not used in task I, plus a no-buy option. The holdout task was the same for all participants.

Participants were informed that they would receive 10 € at the end of the session and were asked to carefully study and inspect the different products in the choice sets in both task I and task II. They were then requested to select the alternative in each choice set they wanted to buy, if any, in both tasks. After tasks I and II in each treatment, the monitor then randomly selected a binding task. If task I was selected as the binding task, no products were purchased in the four hypothetical treatments but in the non-hypothetical treatment, the experimenter randomly selected a number between 1 and 16 (total number of choice sets) to determine the binding choice set. The participants then paid the corresponding price of the product chosen in the binding choice set, unless they picked the no-buy option. If task II was randomly selected as the binding task, the participants paid the price of the product they had chosen in task II, if any, before receiving the chosen product. Following Ding et al. (2005), we randomly selected the binding task and made task II non-hypothetical in all the treatments so that we can properly compare the results across the treatments<sup>3</sup>. After the CE, all participants were asked to complete a survey requesting basic information on socioeconomic and demographic characteristics.

The first step in implementing a choice experiment is to select the specific product to be analysed. The product of interest in our research is almond because of its long tradition in the area where our experiment was conducted (the Aragón region of Spain) and because it is a very familiar product for Spanish consumers. Moreover, the period of the experiment corresponded to that when almonds are in season. Therefore,

it is likely for respondents to remember the taste of almonds even if they do not eat them during the experiment. In accordance with Gracia, Loureiro, and Nayga (2011), we used a non-perishable product in order to isolate the effect of change in the food attributes from the organoleptic characteristics of the product ( i.e appearance and taste). In particular, a package of 100 grams of untoasted almonds was selected.

The second step is to choose the attributes and levels to be used. One of the attributes is obviously the price to allow us to calculate the marginal WTPs. Four price levels were chosen reflecting price levels found in the Spanish supermarkets (1.35, Euros, 1.84 Euros, 2.33 Euros, and 2.82 Euros) for a packet of 100 grams of untoasted almonds. One of the aims of the research project is to examine consumers' preferences for food products carrying two sustainability related labels: organic and/or "food miles" labels. Therefore, our second attribute is organic certification with two levels: either the product has no organic label (conventional product) or the product has the new EU organic label. The third attribute is "food miles" with four levels. The first level corresponds with the current situation; in other words, the package of almonds has no label indicating the number of kilometres that the product has travelled from the production place. The second level corresponds with a package of almonds that has been produced within 100 kilometers from Zaragoza city; which in our case means that it has been produced in the Zaragoza province. The third level denotes that the almonds have been produced 800 kilometers away (i.e., suggests that the almonds were produced in some other Spanish region or outside of Spain). The fourth level denotes that the almonds were produced about 2000 kilometres away from Zaragoza (i.e., produced outside of Spain). Note that the second level of this attribute (i.e., 100 kilometers) corresponds also with the definition of locally grown product<sup>4</sup>.

To avoid deception to participants, almonds were either organic or conventional and purchased from places matching the distance of transportation indicated in the “food miles” label. Table 1 shows the attributes and the levels used.

(Insert table 1)

Since it is not realistic to force participants to choose one of the designed options (Louviere and Street, 2000), each choice set included a no-buy option in addition to the two almond product options. The choice set design follows Street and Burgess (2007). In order to not have a high number of choice sets, we used an orthogonal main effect plan (OMEP) in developing the profiles in the first option (Street *et al.*, 2005). We then added one of the generators suggested by Street and Burgess (2007) to obtain the profiles in the second option<sup>5</sup>. The orthogonal main effect plan was calculated using the SPSS orthoplan, which generated 16 profiles. We used these 16 profiles to obtain the products for the second option using one of the generators derived from the suggested difference vector (1 1 1) by Street and Burgess (2007) for 3 attributes with 4, 2 and 4 levels, respectively, and the two options. This design is 95.2% efficient compared to the optimal. Each respondent was asked to make choices in the 16 choice sets which constituted the main task (task I) of the experiment.

### **Theoretical framework**

The utility function that would allow us to calculate the marginal WTP of interest for testing our hypotheses is based on the Lancasterian consumer theory of utility maximization (Lancaster, 1966), with consumers’ preferences for the attributes

modelled within a random utility framework (McFadden, 1974). Lancaster (1966) proposed that the total utility associated with the provision of a good can be decomposed into separate utilities for their component attributes. However, this utility is known to the individual but not to the researcher. The researcher observes some attributes of the alternatives but some components of the individual utility are unobservable and are treated as stochastic (Random Utility Theory). Thus, the utility is taken as a random variable where the utility from the  $n^{\text{th}}$  individual is based on the choice among  $j$  alternatives within choice set  $J$  in each of  $t$  choice occasions. In our empirical specification, the components of the utility function include the different attributes such as the food labels in the choice experiment, as well as an alternative-specific constant (ASC) representing the no-buy option. The utility function is specified as follows:

$$U_{njt} = ASC + \beta_1 PRICE_{njt} + \beta_2 ORGANIC_{njt} + \beta_3 km100_{njt} + \beta_4 km800_{njt} + \beta_5 km2000_{njt} + \varepsilon_{njt} \quad (1)$$

where  $n$  is the number of respondents,  $j$  denotes each of the three options available in the choice set and  $t$  is the number of choice occasions. The ASC is a dummy variable indicating the selection of the no-buy option. It is expected that the constant ASC is negative and significant, indicating that consumers obtain lower utility from the no-buy option than for the designed alternatives. The price (*PRICE*) represents the price levels faced by consumers for each food product. Price is expected to have a negative impact on utility. As the organic attribute has two levels, one dummy variable was included, representing the organic label (*ORGANIC*). In the same way, because the “food miles” attributes has four levels, three dummy variables were created (*km100*, *km800* and, *km2000*). Each of these variables takes the value +1 if the product carries the corresponding label and 0 otherwise. Finally,  $\varepsilon_{njt}$  is an unobserved random term

that is distributed following an extreme value type I (Gumbel) distribution, i.i.d. over alternatives and is independent of  $\beta$  and the attributes that is known by the individual but unobserved and random from the researcher's perspective. Consumers are assumed to choose the alternative which provides the highest utility level from those available.

In our paper we estimated three models: Multinomial Logit Model (MNL), Random Parameter Logit Model (RPL) (Train, 2003), and Random Parameter Logit Model with correlated errors (the correlation structure of  $\varepsilon_{njt}$  is assumed to follow a multivariate normal distribution with vector mean  $\mu$  and variance-covariance matrix  $\Omega$ ) (Scarpa and Del Giudice, 2004). A number of CE studies have utilized these models to analyze the responses (Lusk, Roosen, and Fox, 2003; Lusk and Schoroeder, 2004, Tonsor and Shupp, 2011).

Swait and Louviere (1993) stated that although the scale parameter is unidentifiable within any particular data set, a relative scale parameter across data sets can be estimated. Because we are using different samples (treatments), it is important to calculate the relative scale parameter using a MNL model to investigate if differences in parameter estimates across samples are indeed due to the underlying preferences or due to difference in variance. In this application, we used an artificial nested logit model to calculate the relative scale parameter across treatments (Adamowicz et al., 1998; Hensher and Bradley, 1993; Hensher, Louviere and Swait, 2000; Lusk and Schroeder, 2004). Preference equality was tested by controlling for difference in scale and by estimating a multinomial logit model that imposes the null hypothesis of parameter equality across treatments.



In accordance with Lusk and Schroeder (2004) we did not control for difference in scale across treatments in the RPL and RPL with correlated error models. However, we tested if estimates from the RPL and the RPL with correlated errors models are equivalent across the five treatments using a test of the joint hypothesis of equality for both the taste and the scale parameters. If this hypothesis is rejected, comparison of the estimated WTP across treatments will be appropriate because the scale parameter is constant within each sample and it will be cancelled out in the calculation of the marginal WTPs. We tested our hypotheses with regards to differences in marginal WTPs using the combinatorial test suggested by Poe et al. (1994). This is a non-parametric test that involves comparing differences in marginal WTP for all possible combinations of the estimates obtained through the Krinsky-Robb (1986) method. The combinatorial test has also been similarly applied by Lusk and Schroeder (2004), Carlsson et al. (2005), Carlsson et al. (2007) and Tonsor and Shupp (2011).

## **Results**

A total of 265 subjects participated in the hypothetical and non-hypothetical treatments. Table 2 reports the socio-demographic characteristics of the participants in the five treatments. We used the chi-square test to determine if there are significant differences in socio-demographic profiles across the five treatments.

The results of the tests also suggest that the null hypothesis of equality between the socio-demographic characteristics across treatment samples cannot be rejected at the 5% significance level for gender (*p-value* = 0.969), age (*p-value*=1.000), education (*p-value* = 0.999) and income (*p-value* = 0.196). This result suggests that our

randomization was relatively successful in equalizing the characteristics of participants across the treatments.

(insert table 2)

Since we first wish to test if the parameters, including the scale parameter (i.e. error variances), are the same across the treatments, we estimated equation (1) using a MNL model for each treatment and for two pooled samples. The first pooled sample is the one with pooled information from the four hypothetical treatments (T1, CT, NP and HP), while the second one consists of data from the five treatments (T1, CT, NP, HP and T5). The joint MNL models restrict the estimated parameters to be equal across treatments and allow for the estimation of the relative scale parameter (Swait and Louviere, 1993).

Estimations were conducted using NLOGIT 4. First, we estimated five MNL models, one for each treatment, to get the log likelihood values. We then tested the null hypothesis of preference equality assuming that parameters are the same in the two pooled data sets discussed above, with the exception of the scale factor. The test for equality of preferences is  $-2 (LL_j - \sum LL_i)$  which is distributed  $\chi^2$  with  $k (M-1)$  degrees of freedom, where  $LL_j$  is the log likelihood value for the pooled model after controlling for scale,  $LL_i$  are the log likelihood values of the different MNL models from each treatment,  $K$  is the number of restrictions and  $M$  is the number of treatments (Swait and Louviere, 1993).

Table 3 shows the results of the MNL estimates. Results indicate that the scales of hypothetical and non-hypothetical data are statistically equivalent (i.e the relative scale parameter is not statistically different from 1). Results also suggest that the hypothesis of equality between the hypothetical and non-hypothetical treatments is

rejected ( $\chi^2=63.5$ ;  $p<0.01$ ). Moreover, the hypothesis of equality across hypothetical choice experiments is also rejected ( $\chi^2=66.6$ ;  $p<0.01$ ). The rejection of these hypotheses indicates that each treatment (T1, CT, NP, HP and T5) indeed corresponds to a different cognitive process. Hence, each of the treatments should be considered separate in further analyses.

(Insert table 3)

To relax the homogeneity assumption of consumers' preferences, we also estimated equation (1) using a RPL (Table 4) and a RPL with correlated errors (Table 5) where price is assumed to be fixed and the coefficients for the four dummy variables are considered random following a normal distribution. For the estimation of these models, we used 100 Halton draws rather than pseudo-random draws since the former provides a more accurate simulation for the RPL model (Train, 1999; Train, 2003).

For each random estimation method (RPL and RPL with correlated errors), we also report the same models presented for the MNL in table 3 and these results are shown in Table 4 and Table 5. The first joint model pooled data for the five treatments (T1, CT, NP, HP, T5) while the second joint model pooled data for the four hypothetical treatments (T1, CT, NP and HP). As mentioned before, following Lusk and Schroeder (2004), a relative scale parameter was not estimated to determine whether there were significant differences in variance across the hypothetical and non-hypothetical treatments. Nonetheless, a likelihood ratio test was calculated to test the joint hypothesis of equivalence of hypothetical and non-hypothetical taste and scale parameters in both the RPL and the RPL with correlated errors. The tests of equality for the RPL and the RPL with correlated errors presented in Table 4 and

Table 5 indicate that the joint null hypotheses of equivalence of hypothetical and non-hypothetical parameters are rejected ensuring that the comparisons of the estimated WTPs across treatments are appropriate.

Table 4 and Table 5 show that all estimated parameters are statistically significant and the estimated mean values are consistent across models. Moreover, the standard deviation parameter estimates are statistically significant in all models implying that heterogeneity around the mean of the random parameters indeed exists (Hensher et al., 2005).

( Insert table 4)

Estimates exhibited in Table 5 show that errors are indeed correlated because most of the estimated values of the Cholesky matrix are statistically different from zero. Moreover, if we look at the log likelihood values, we see that the best values are found in the RPL model with correlated errors across the different model specifications. Hence, the best fit for our data seems to be the RPL model with correlated errors (Table 5) and hence, we used this model to calculate the WTPs to test our research hypotheses.

( Insert table 5)

Table 6 reports the marginal WTPs across the five treatments and the corresponding hypothesis tests. To test our six hypotheses, we used either a one-sided or two-sided test depending on the alternative hypothesis. Our first hypothesis ( $H_0 = (WTP^{T1} - WTP^{T5}) = 0$ ;  $H_1 = (WTP^{T1} - WTP^{T5}) > 0$ ) is rejected in the four analysed labels (i.e., ORGANIC, km100, km800 and km2000) confirming that WTPs in hypothetical settings are greater than WTPs in non-hypothetical setting and that hypothetical bias

in our baseline hypothetical CE exists. Marginal WTPs in table 6 indicate that the participants overstated their WTPs across the labels by an average factor of about 1.40. This result is similar to Murphy et al. (2005) and Lusk and Schroeder (2004) who found a factor of around 1.20.

Our second hypothesis ( $H_{02} = (WTP^{NP} - WTP^{HP}) = 0$ ;  $H_{12} = (WTP^{NP} - WTP^{HP}) > 0$ ) is rejected in three of the four analysed labels<sup>6</sup> confirming that priming effects do not arise purely due to the nature of the scrambling task but rather due to the activation of honesty concepts. Moreover, hypothesis 3 ( $H_{03} = (WTP^{T1} - WTP^{HP}) = 0$ ;  $H_{13} = (WTP^{T1} - WTP^{HP}) > 0$ ) is also rejected in these three labels indicating that marginal WTPs from the CE using the honesty priming task is lower than those from our baseline treatment (hypothetical CE without cognitive task). This result implies that the honesty priming task can reduce the hypothetical bias in hypothetical choice experiments. In the same way, hypothesis four ( $H_{04} = (WTP^{CT} - WTP^{HP}) = 0$ ;  $H_{14} = (WTP^{CT} - WTP^{HP}) > 0$ ) is also rejected in two of the four labels<sup>7</sup> suggesting that the marginal WTPs in the honesty priming treatment are lower than the WTPs in the cheap talk treatment. While not definitive, this result could suggest that an honesty priming task can potentially reduce the hypothetical bias more than a cheap talk script.

(insert table 6)

In contrast, we failed to reject the fifth hypothesis  $H_{05}$  ( $H_{05} = (WTP^{NP} - WTP^{T1}) = 0$ ;  $H_{15} = (WTP^{NP} - WTP^{T1}) \neq 0$ ), which suggests that WTP estimates in neutral priming treatment (NP) are not statistically different from WTPs in the first treatment (T1). This result confirms that the neutral priming (NP) treatment did not induce either a task or priming effect. It also suggests that the scrambled sentence task in

itself did not influence the subsequent choice tasks of participants. Finally, we also failed to reject hypothesis 6 ( $H0_6 = (WTP^{HP} - WTP^{T5}) = 0$ ;  $H1_6 = (WTP^{HP} - WTP^{T5}) \neq 0$ ) in three of the four analysed labels<sup>8</sup>. This result could imply that the honesty priming task in hypothetical settings could work similarly to the use of an incentive aligned mechanism in choice experiments. In other words, we could consider a CE with an honesty priming task as an alternative to the use of a non-hypothetical CE, especially in cases where it is difficult or challenging to produce the different product profiles or options needed in the study.

(insert table 7)

As discussed previously, following Ding et al. (2005), we added a hold-out task (task II) in all the treatments to assess the percentage of correct predictions in each treatment. We used the estimated parameters in the main task to predict the respondent's choices in the hold out task. We then assessed the out of sample predictions of the estimates by calculating the hit rates. Hit rates are calculated by comparing the choice predicted for an individual respondent by the model (estimated parameters), using the maximum utility rule, to the actual choice made by the respondent. When the model correctly predicts the respondent's choice, it is counted as a hit. The hit rate is then calculated by dividing the total number of hits by the total sample size. The number and percentage of correct predictions across treatments are displayed in Table 8. We conducted a one tailed z-test of two independent sample proportions to test whether the five treatments have statistically different predictive powers. Results suggest that the percentage of correct predictions in the T1 hypothetical treatment is significantly lower than those in the honesty priming (HP) and non-hypothetical (T5) treatments. Moreover, the percentage of correct predictions in the honesty priming hypothetical treatment and the non-hypothetical treatment are

statistically not different. Percentage of correct predictions in T1, CT, and NP treatments are below 40% while those in HP and T5 treatments are at least 40%, which are higher than the hit rates obtained by Ding et al. (2005) for their hypothetical treatments.

(Insert table 8)

## **Conclusions**

Undoubtedly, the choice experiment (CE) approach is the most widely used stated preference method in valuing products or attributes in the applied economics and marketing literature. However, a major issue that has challenged researchers who use this method is the hypothetical bias issue. Due to the overwhelming evidence pointing to the existence of hypothetical bias in stated valuation research, non-hypothetical experimental valuation methods have surfaced in the literature including non-hypothetical choice experiment (see discussion in Gracia, Loureiro and Nayga 2011). The problem however with using non-hypothetical choice experiment is that one actually needs to have all the product profiles in the choice sets produced and be ready to be exchanged for money to make the mechanism incentive aligned. While making the CE non-hypothetical is noteworthy, it is always not feasible to adopt this method given the challenges of producing all the product profiles being tested. In addition to being a relatively new method, this is probably the reason why the percentage of CE studies conducted non-hypothetically is significantly smaller than the percentage of CE studies done hypothetically. The hypothetical CE method is also popularly used in valuation studies dealing with public goods.

Due to the challenge of using the non-hypothetical version of CE, a number of studies have tested the effectiveness of ex-ante calibration methods such as the cheap

talk script in reducing hypothetical bias in CE studies, with mixed results. In this study, we test an instrument from the social psychology field that has not been tried before in CE studies: the honesty priming task. In particular, we wished to test whether exposure to honesty concepts could unconsciously activate honesty among subjects and let them respond more truthfully and in turn mitigate potential hypothetical bias in hypothetical choice experiments. Moreover, to investigate if honesty priming might be an alternative to the use of an incentive aligned mechanism used in non-hypothetical CE, we also tested if the marginal WTPs from the honesty priming hypothetical choice experiment are comparable to the marginal WTPs from the non-hypothetical choice experiment.

Our results generally suggest that the honesty priming task can indeed reduce the hypothetical bias in hypothetical choice experiments. Specifically, we found that marginal WTPs in the honesty priming treatment are significantly lower on average than those in our other hypothetical treatments (i.e., hypothetical without any cognitive task, hypothetical with cheap talk, and hypothetical with neutral task) but not statistically different from those in the non-hypothetical treatment. These results could imply that the change in behavior in the honesty priming treatment is due only to the honesty priming task and not due to the nature of the scrambling sentence test. Hence, we suspect that our subjects in the honesty priming treatment have made their choices in the CE tasks without the influence of experimenter demand effects (i.e., they did not relate the aim of the experiment to their subsequent CE task behavior). We also note that values in the neutral priming treatment were not significantly different from those in our baseline hypothetical treatment.

Based on the results of our hold out task, we found that one could get higher correct predictions of participants' choices in the hypothetical with honesty priming



and the non-hypothetical treatments than in the other three hypothetical treatments. There are generally no significant differences in the percentage of correct predictions in the hypothetical with honesty priming treatment and the non-hypothetical treatment.

Overall, our finding seems to suggest that, among all the possible reasons, untruthful choice revelation is one of the major reasons for the occurrence of hypothetical bias in hypothetical CE studies, given the effectiveness of the honesty priming task. Admittedly, this does not necessarily mean that the honesty priming task in itself could not trigger some other psychological effect that could address the other reasons for the existence of hypothetical bias (e.g., some subjects may not exactly know their WTP values), but the results generally point to untruthful revelation as a major source of the bias.

Our findings hold some promise for the use of honesty priming in mitigating hypothetical bias in choice experiments. This is an important finding considering the fact that it is not always possible to conduct a choice experiment non-hypothetically as discussed above. Our finding implies that if it is not feasible to conduct a choice experiment non-hypothetically, then one could potentially consider the use of honesty priming to help mitigate potential hypothetical bias in hypothetical choice experiment studies. However, as is customary in scientific research, our study represents only one study and therefore must be replicated in other settings or contexts to test the robustness of our finding.

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<sup>1</sup> Marginal mean WTP values for attributes are calculated by taking the ratio of the mean parameter estimated for the non-monetary attributes to the mean price parameter multiplied by minus one.

<sup>2</sup> We are grateful to Dirk Smeesters for helpful comment on this.

<sup>3</sup> We are grateful to Min Ding for helpful comment on this.

<sup>4</sup> Groves (2005) and La Trobe (2001) consider local food products as those produced and sold within a 30-150 mile radius of a consumer's residence.

<sup>5</sup> This design allows us only to estimate the main effects.

<sup>6</sup> Except for the *km2000* label whose WTPs are not statistically different but negative, the marginal WTP estimates for *organic*, *km100* and *km800* labels are statistically lower in the honesty priming (HP) treatment than in the neutral priming (NP) treatment.

<sup>7</sup> Marginal WTPs estimates for *km100* and *km800* labels in the honesty priming treatment are lower than the WTPs in the cheap talk treatment while the marginal WTPs for *organic* and *km2000* are statistically equal in both treatments.

<sup>8</sup> Marginal WTPs estimates for *organic*, *km100* and *km800* labels are statistically equal in the honesty priming (HP) treatment and in the non-hypothetical treatment (T5), while the marginal WTP estimates for *km2000* in the non-hypothetical treatment is lower than in the honesty priming treatment.

Table 1. - Attributes and levels used in the choice design.



Attributes	Levels
Price (€ per package)	1.35, 1.84, 2.33 and 2.82 ( <i>PRICE</i> )
EU organic label	<p>No label</p> <p>EU organic label (<i>ORGANIC</i>)</p> 
“Food miles” label	<p>No label</p> <p>100 kilometers      800 kilometers      2000 kilometers</p> <p>(<i>km100</i>)              (<i>km800</i>)              (<i>km2000</i>)</p> 



Table 2. Sample characteristics (%).

Variable definition	T1	CT	NP	HP	T5
Gender					
Male	49.0	45.2	49.0	45.3	51.0
Female	51.0	54.7	51.0	54.7	49.0
Age					
Between 18-35 years	24.5	26.4	25.0	30.2	28.3
Between 35-54 years	35.8	37.7	38.5	32.0	32.0
Between 55-64 years	16.9	15.0	15.4	15.0	18.8
More than 64 years	22.6	20.7	21.1	21.1	20.7
Education of respondent					
Elementary School	26.4	22.6	22.6	24.5	24.5
High School	39.6	45.3	41.5	37.7	39.6
University	34.0	32.0	35.8	37.7	35.8
Average household monthly net income					
Lower than 900 €	9.4	20.7	9.4	9.4	5.7
Between 900 and 1,500 €	22.6	18.8	5.6	15.0	13.2
Between 1,501 and 2,500 €	28.3	26.4	33.9	30.2	47.2
Between 2,501 and 3,500 €	20.7	20.7	32.0	30.2	18.9
More than 3,500 €	18.9	13.2	18.8	15.0	15.0

Table 3. Multinomial Logit model estimates: comparison of hypothetical and non-hypothetical treatments.

	Hypothetical and non-hypothetical				Hypothetical			
	T1+CT+NP+HP+	T1+CT+HP+NP	T5	T1+CT+HP+NP	T1	CT	HP	NP
	T5							
	<i>Parameters</i>	<i>Parameters</i>	<i>Parameters</i>	<i>Parameters</i>	<i>Parameters</i>	<i>Parameters</i>	<i>Parameters</i>	<i>Parameters</i>
	<i>(t-ratios)</i>	<i>(t-ratios)</i>	<i>(t-ratios)</i>	<i>(t-ratios)</i>	<i>(t-ratios)</i>	<i>(t-ratios)</i>	<i>(t-ratios)</i>	<i>(t-ratios)</i>
PRICE	0.86*** (0.03)	-0.58*** (0.03)	-0.61*** (0.05)	-0.53*** (0.02)	-0.41** (0.05)	-0.81*** (0.06)	-0.67*** (0.06)	-0.45*** (0.05)
ORGANIC	1.34*** (0.05)	1.26*** (0.05)	0.96*** (0.10)	0.98*** (0.04)	1.17*** (0.09)	1.22*** (0.10)	0.94*** (0.10)	0.99*** (0.09)
Km100	0.58*** (0.05)	1.74*** (0.07)	1.21*** (0.13)	1.59*** (0.06)	1.59*** (0.14)	1.93*** (0.15)	1.77*** (0.14)	1.76*** (0.14)
Km 800	-0.14*** (0.05)	0.83*** (0.07)	0.25 (0.15)	0.76*** (0.07)	0.71*** (0.15)	1.06*** (0.16)	0.75*** (0.15)	0.86*** (0.15)
Km 2000	-0.48 (0.02)	-0.06 (0.07)	-0.70*** (0.16)	-0.05 (0.06)	-0.08 (0.14)	0.04 (0.16)	0.04 (0.15)	-0.45*** (0.05)
Scale parameter	1.21*** (0.06)			1.09** (0.03)				
N	12,720	10,176	2,544	10,176	2,544	2,544	2,544	2,544
Log likelihood	-3,880.6	-3,063.0	-785.2	-3,063.0	-756.0	-735.5	-775.4	-763.1
Test of equality	63.6***			66.6***				

Note: \*\*\*, \*\*, \* = Significance at 1%, 5%, 10% level.

Table 4. Random Parameter model estimates: comparison of hypothetical and non-hypothetical treatments.

	Hypothetical and non-hypothetical			Hypothetical			
	T1+CT+NP+HP+T5	T1+CT+HP+NP	T5	T1	CT	HP	NP
	<i>Parameters</i> <i>(t-ratios)</i>	<i>Parameters</i> <i>(t-ratios)</i>	<i>Parameters</i> <i>(t-ratios)</i>	<i>Parameters</i> <i>(t-ratios)</i>	<i>Parameters</i> <i>(t-ratios)</i>	<i>Parameters</i> <i>(t-ratios)</i>	<i>Parameters</i> <i>(t-ratios)</i>
ASC	-3.17*** (0.13)	-3.38*** (0.15)	-2.46*** (0.29)	-3.10*** (0.31)	-3.11*** (0.32)	-3.88*** (0.32)	-3.78*** (0.33)
PRICE	-1.87*** (0.06)	-1.96*** (0.07)	-1.63*** (0.13)	-1.65*** (0.14)	-2.17*** (0.16)	-2.23*** (0.15)	-1.96*** (0.14)
ORGANIC	1.10*** (0.09)	1.14*** (0.11)	0.92*** (0.19)	1.21*** (0.22)	1.08*** (0.24)	0.93*** (0.17)	1.12*** (0.23)
Km100	1.58*** (0.09)	1.75*** (0.11)	0.99*** (0.19)	1.76*** (0.24)	1.97*** (0.23)	1.55*** (0.21)	1.94*** (0.26)
Km 800	0.25** (0.10)	0.37*** (0.11)	-0.41 (0.29)	0.21 (0.23)	0.74*** (0.23)	-0.004 (0.21)	0.37* (0.23)
Km 2000	-1.10*** (0.13)	-1.01*** (0.15)	-1.82*** (0.36)	-0.93*** (0.30)	-0.82*** (0.27)	-1.12*** (0.32)	-1.20*** (0.33)
<i>Standard deviations of parameter distributions</i>							
ORGANIC	1.34*** (0.08)	1.46*** (0.11)	1.04*** (0.16)	1.84*** (0.23)	1.77*** (0.25)	0.88*** (0.15)	1.52*** (0.19)
Km100	1.01*** (0.09)	1.06*** (0.12)	0.82*** (0.18)	1.17*** (0.27)	1.03*** (0.24)	0.93*** (0.22)	1.36*** (0.30)
Km 800	0.91*** (0.12)	0.87*** (0.13)	1.60*** (0.34)	0.94*** (0.24)	0.78*** (0.23)	0.62** (0.31)	0.86*** (0.23)
Km 2000	1.62*** (0.14)	1.62*** (0.15)	1.40*** (0.31)	1.64*** (0.26)	1.07*** (0.22)	1.85*** (0.36)	1.84*** (0.35)
N	12,720	10,176	2,544	2,544	2,544	2,544	2,544
Log likelihood	-3,314.0	-2,591.6	-696.1	-632.3	-626.5	-662.6	-626.6
Test of equality	52.9***	78.0***					

Note: \*\*\*, \*\*, \* = Significance at 1%, 5%, 10% level.

Table 5. Random Parameter model estimates with correlated errors: comparison of hypothetical and non-hypothetical treatments.

	Hypothetical and non-hypothetical			Hypothetical			
	T1+CT+NP+	T1+CT+	T5	T1	CT	HP	NP
	HP+T5	HP+NP					
	<i>Parameters</i>	<i>Parameters</i>	<i>Parameters</i>	<i>Parameters</i>	<i>Parameters</i>	<i>Parameters</i>	<i>Parameters</i>
	<i>(t-ratios)</i>	<i>(t-ratios)</i>	<i>(t-ratios)</i>	<i>(t-ratios)</i>	<i>(t-ratios)</i>	<i>(t-ratios)</i>	<i>(t-ratios)</i>
ASC	-3.16*** (0.13)	-3.42*** (0.15)	-2.42*** (0.28)	-3.07*** (0.31)	-3.25*** (0.33)	-3.90*** (0.32)	-3.76*** (0.33)
PRICE	-1.84*** (0.06)	-1.96*** (0.07)	-1.55*** (0.13)	-1.60*** (0.14)	-2.20*** (0.16)	-2.24*** (0.15)	-1.96*** (0.15)
ORGANIC	0.98*** (0.09)	1.11*** (0.10)	0.95*** (0.16)	1.42*** (0.24)	1.21*** (0.23)	0.90*** (0.19)	1.17*** (0.24)
Km100	1.57*** (0.10)	1.81*** (0.13)	1.14*** (0.21)	1.77*** (0.26)	2.03*** (0.25)	1.59*** (0.23)	0.09*** (0.29)
Km 800	0.23*** (0.11)	0.49*** (0.12)	-0.32 (0.31)	0.42 (0.26)	0.83*** (0.28)	0.03 (0.24)	0.59** (0.28)
Km 2000	-1.28*** (0.16)	-0.96*** (0.17)	-1.87*** (0.39)	-0.85*** (0.37)	-0.88*** (0.31)	-1.19*** (0.34)	-1.26*** (0.38)
<i>Standard deviations of parameter distributions</i>							
ORGANIC	1.33*** (0.10)	1.43*** (0.11)	0.89*** (0.17)	1.72*** (0.26)	1.53*** (0.23)	1.02*** (0.18)	1.80*** (0.25)
Km100	1.11*** (0.10)	1.20*** (0.11)	1.07*** (0.21)	1.13*** (0.27)	1.23*** (0.24)	1.14*** (0.25)	1.53*** (0.26)
Km 800	1.31*** (0.12)	1.15*** (0.12)	1.86*** (0.39)	0.96** (0.21)	0.99*** (0.25)	1.07*** (0.23)	1.50*** (0.24)
Km 2000	1.93*** (0.16)	1.91*** (0.17)	1.84*** (0.69)	1.95 (0.37)	0.01 (0.32)	2.08*** (0.36)	2.32*** (0.40)
<i>Diagonal values in Cholesky matrix</i>							
Ns ORGANIC	1.33*** (0.10)	1.43*** (0.01)	0.89*** (0.15)	1.72*** (0.26)	1.53*** (0.23)	1.02*** (0.18)	1.80*** (0.25)
Ns km100	1.08*** (0.10)	1.19*** (0.11)	0.68*** (0.21)	1.13*** (0.27)	1.23*** (0.25)	1.14*** (0.25)	1.53*** (0.26)
Ns km800	0.92*** (0.10)	0.97*** (0.11)	0.57 * (0.24)	0.88** (0.21)	1.56*** (0.30)	0.84*** (0.21)	1.04*** (0.24)
Ns km2000	0.28	0.03	0.48	0.24	1.72***	0.15	0.46

	(0.20)	(0.23)	(0.35)	(0.47)	(0.34)	(0.51)	(0.51)
Below diagonal values in the Cholesky matrix							
Km100:ORGANIC	-0.22 ( 0.14)	0.09 (0.16)	0.83*** (0.22)	0.08 (0.30)	0.02 (0.32)	-0.03 (0.29)	0.07 (0.34)
Km800:ORGANIC	-0.32** (0.15)	0.09 (0.17)	1.16*** (0.35)	0.15 (0.32)	0.81** (0.33)	-0.16 (0.25)	0.09 (0.29)
Km800:km100	-0.87*** (0.12)	-0.60*** (0.13)	1.33* (0.37)	0.39 (0.33)	-0.88*** (0.33)	-0.64** (0.26)	1.07*** (0.27)
Km2000:ORGANIC	-0.19 ( 0.18)	0.13 (0.15)	0.68 (0.41)	-0.58 (0.32)	0.70* (0.36)	-0.43 (0.34)	0.36 (0.40)
Km2000:km100	-0.51*** (0.32)	-0.09 (0.21)	1.05** (0.50)	0.025 (0.49)	-0.37 (0.43)	-0.01 (0.34)	0.62 (0.43)
Km2000:km8000	1.83*** (0.16)	-1.90*** (0.17)	-1.25*** (0.48)	-1.84*** (0.34)	1.53*** (0.33)	-2.03*** (0.38)	-2.15*** (0.41)
N	12,720	10,176	2,544	2,544	2,544	2,544	2,544
Log likelihood	3232.81	2532.24	-665.30	-622.4	-605.7	-651.8	-611.13
Test of equality	70.6***	83.2***					

Note: \*\*\*, \*\*, \* = Significance at 1%, 5%, 10% level.

Table 6. First four Hypotheses Testing of the Marginal mean WTPs estimates

	H0 <sub>1</sub> (WTP <sup>T1</sup> - WTP <sup>T5</sup> )=0			H0 <sub>2</sub> (WTP <sup>NP</sup> - WTP <sup>HP</sup> )=0			H0 <sub>3</sub> (WTP <sup>T1</sup> - WTP <sup>HP</sup> )=0			H0 <sub>4</sub> (WTP <sup>CT</sup> - WTP <sup>HP</sup> )=0		
	T1	T5	p-value <sup>a</sup>	HP	NP	p-value <sup>a</sup>	T1	HP	p-value <sup>a</sup>	CT	HP	p-value <sup>a</sup>
ORGANIC	0.89€	0.61€	0.083*	0.40€	0.60€	0.087*	0.89€	0.40€	0.001***	0.55€	0.40€	0.14
Km100	1.01€	0.73	0.054*	0.70€	1.06€	0.036**	1.01€	0.70€	0.021**	0.92€	0.70€	0.10*
Km 800	0.26€	-0.20	0.036*	0.01€	0.30€	0.067*	0.26€	0.01€	0.10*	0.38€	0.01€	0.010***
Km 2000	-0.52€	-1.20€	0.028**	-0.53€	-0.64€	0.330	-0.52€	-0.53€	0.47	-0.40€	-0.53€	0.284

Note: \*\*\*, \*\*, \* = Significance at 1%, 5%, 10% level.

p-values were identified using the combinational method of Poe, Giraud, and Loomis (2005) with 1,000 Krinsky-Robb (1986) bootstrapped WTP estimates.

<sup>a</sup>p-value reports results of the one-sided test for our hypothesis for each corresponding almond attributes pair.

Table 7. Last two Hypotheses Testing of the Marginal mean WTPs estimates

	H0 <sub>5</sub>			H0 <sub>6</sub>		
	(WTP <sup>NP</sup> - WTP <sup>T1</sup> )=0			(WTP <sup>HP</sup> - WTP <sup>T5</sup> )=0		
	NP	T1	p-value <sup>b</sup>	HP	T5	p-value <sup>b</sup>
ORGANIC	0.60€	0.89€	0.14	0.40€	0.61€	0.12
Km100	1.06€	1.01€	0.82	0.70€	0.73€	0.86
Km 800	0.30€	0.26€	0.90	0.01€	-0.20€	0.34
Km 2000	-0.64€	-0.52€	0.64	-0.53€	-1.20€	0.020*

Note: \*\*\*, \*\*, \* = Significance at 1%, 5%, 10% level.

*p*-values were identified using the combinational method of Poe, Giraud, and Loomis (2005) with 1,000 Krinsky-Robb (1986) bootstrapped WTP estimates.

<sup>b</sup>p-value reports results of the two-sided test for our hypothesis for each corresponding almond attributes pair.

Table 8 Comparisons of Number and Percentage of correct prediction across treatments.

Treatment	Number of correct prediction	%	p-value <sup>a</sup>
T1	14	26	0.05**
T5	22	42	
HP	21	40	0.41
NP	17	32	
HP	21	40	0.07*
T1	14	26	
HP	21	40	0.69
CT	19	36	
T1	14	26	0.26
NP	17	32	
T5	22	42	0.42
HP	21	40	

<sup>a</sup> p-value reports results of the one-sided test that number of correct prediction in T5 is > of number of correct prediction in hypothetical setting; and that number of correct prediction in HP is > of number of correct prediction in hypothetical setting.



## Annex 1

### **Cheap talk treatment (Cummings and Taylor, 1999).**

Studies show that people tend to act differently when they face hypothetical decisions. In other words, they say one thing and do something different. For example, some people state a price they would pay for an item, but they will not pay the price for the item even when they see this product in a grocery store.

There can be several reasons for this different behavior. It might be that it is too difficult to measure the impact of a purchase in the household budget. Another possibility is that it might be difficult to visualize themselves getting the product from a grocery store shelf and paying for it. Do you understand what I am talking about?

We want you to behave in the same way that you would if you really had to pay for the product and take it home. Please take into account how much you really want the product, as opposed to other alternatives that you like or any other constraints that might make you change your behavior, such as taste or your grocery budget. Please try to really put yourself in a realistic situation

### **Neutral treatment (NP)**

Before participating in the Choice experiment task, for each set of words below, please develop a grammatically correct sentence and write it down in the space provided. You do not have to take into account all the words in each sentence

For example:

**This is Zaragoza Capital Aragón of the**

Zaragoza is the capital of Aragón

1. earth is white round the
2. tomatoes are up red
3. whales live in oceans the
4. this summer table hot is
5. makes baker bread drink
6. like basketball he I
7. milk give cows the
8. thirst of the water removed he sensation the
9. sweet the is cake are
10. works laptop the this
11. up is in cold winter it
12. are not classes summer out there in
13. going I theatre like the to
14. usually he home they I lunch have at
15. to tomorrow cinema I go will the
16. the in morning in drink coke I

17. october in I go will for trip a
18. Christmas in holidays are here there
19. is the snow white black
20. girl Spanish the is
21. the country dinner was delicious
22. years make piano he has been playing for
23. as a chef he working is slippers
24. from his friends nice are

### **Honesty treatment**

Before participating in the Choice experiment task, for each set of words below, please develop a grammatically correct sentence and write it down in the space provided. You do not have to take into account all the words in each sentence

For example:

**This is Zaragoza Capital Aragón of the**

Zaragoza is the capital of Aragón

1. person **honest** this red is
2. earth is white round the
3. must always tell you **truth** sun the
4. tomatoes are the up red
5. whales live in oceans the
6. she interest **genuine** learning in has a
7. Summer table hot is in
8. met I person week **fair** a
9. explanation is **honest** this an
10. within seem your to be opinions **genuine**
11. **sincerity** is your reflected in behavior your from
12. makes baker bread drink
13. man is this **fair** market
14. the table **honesty** is human a quality
15. words his are **sincere** are
16. like basketball he I
17. **honestly** talk usually I round
18. opinions are your **fair** from
19. milk give cows the
20. person a over **sincere** met I
21. thirst the water removed he the
22. says she always lunch **truth** the
23. **true** this is a story earth
24. wallet the is of **genuine** leather this

N.B. Note: Subjects did not see the words in bold but in normal font