

A Translation of the Instructions:

Welcome to our experiment. Please read these instructions carefully! You can earn some money in this experiment depending on your decisions and on the decisions of the others.

If something is unclear, please contact the experimenters. You can either call them or send them an email [cell phone number and email of an experimenter and a research assistant were provided here].

- All participants receive the same instructions.
- You will stay anonymous to us and to the other participants during and after the experiment.
- In this experiment you represent a firm. There is one other firm that produces and sells the same product in the market. You will be matched with the other firm during the whole experiment.
- Each working day, all firms have to make one decision, namely what quantity they wish to produce. You can produce any integer quantity ranging between 0 to 100. The decision should be made once every 24 hours each working day (Monday-Friday). The experiment will continue for exactly 25 working days. The experiment starts on Thursday, June 23, 2011, and will end on Wednesday, July 27, 2011. In the instructions we refer to each working day (from 12.00am to 12.00pm) as one “period”.
- In case you forgot to make your output decision in one period, the system will automatically submit your output decision from the last period. However, if you do not make decisions for two subsequent working days or for a total of three working days, you will be excluded from the experiment and you will not get paid.

- In case you do not make your decision by 7.00pm on a working day, you will receive a reminder email.
- You can make your decision from everywhere, conditional on having internet access (including smart phones).
- During the experiment all payoffs are expressed in ECU (experimental currency units). Each participant starts with an initial amount of 500 ECU.
- After the experiment we will exchange your payoff into €. The exchange rate will be 1000 ECU/€ where 1000 ECU equals 1 €.
- **[Symmetric treatment only:]** The costs of production are 1 ECU per unit (this holds for all firms).
- **[Asymmetric treatment only:]** The two firms in the market incur different costs of production. One firm **incurs** a cost of 1 ECU per unit while the other incurs a cost of 7.5 ECU per unit.
- **[Asymmetric treatment only:]** The production cost of your firm will appear on your computer screen. The other firm in the market will have the respective other cost.
- The following important rule holds: The larger the total (aggregate) quantity produced by the two firms, the lower the market price. Moreover, the price will be zero from a certain amount of total output upwards.
- Your profit per unit of output will be the difference between the market price and the production cost. Note that you will incur a loss if the market price is below the unit costs. Your profit per period will thus be equal to the profit per unit multiplied by the number of units you sell.

- During the experiment you can use a ‘profit calculator’ before you decide on the quantity to produce. You enter your quantity and a (hypothetical) quantity of the other firm, then the ‘profit calculator’ calculates your profit [**Asymmetric treatment only:** and the profit of the other firm].
- The demand and cost functions do not change over the 25 periods.
- In each period, yours and the other firms’ output decision will be registered, the corresponding price will be determined and the profits will be calculated.
- After each period (on each working day from 12.00am) you will receive the following information: The quantities produced by you and by the other firm, your profit in the last period, [**Asymmetric treatment only:** the profit of the other firm], and your accumulated profit up to this period.
- The total profit in the experiment will be the total amount earned in the 25 periods of the experiment (including the initial amount of 500 ECU).
- At the end of the last period you will receive a confirmation of your total earnings in ECU during the experiment. We will add up your profits and calculate your money reward in €. You can pick up your earnings in cash one working day after the last period, i.e., starting on Thursday, July 28, 2011, at [address was provided].
- Note that other participants will not observe how much you have earned, and you will not observe how much others have earned.

Accumulated profit

Here you can observe the history of the decisions made so far

Willkommen zum Experiment

Angemeldeter Benutzer: **israel**, bisheriger Gewinn: **1190**, Kosten pro Einheit: **7.5**

Historie

Periode	Meine Menge	Andere Menge	Mein Gewinn
1	12	23	690

Gewinnrechner

Meine Menge	Menge des Anderen	Mein Gewinn	Gewinn Anderer
40	40	500	760
40	41	460	738
40	39	540	780
20	39	670	1560
40	20	1300	780

Ihre Menge:

Submit Query

Ihre Menge:

Menge des Anderen:

Berechnen

Here you can observe if the production cost per unit of your firm is 1 ECU or 7.5 ECU.

Anleitung

Here you submit your output decision for the actual period

This is the "profit calculator". You can enter a quantity and a (hypothetical) quantity of the other firm. The 'profit calculator' calculates your and the other firm's profits for these quantities.

Here is an example of a computer screen [the asymmetric treatment]

B Computer screens

Willkommen zum Experiment



Vernetzt denken, vernetzt handeln

Username:

Key :

[Login](#) | [Kontakt](#)

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Figure B.1: The login screen

Willkommen zum Experiment



Vernetzt denken, vernetzt handeln

Angemeldeter Benutzer: **DominickBoddin**, bisheriger Gewinn: **22926**

Historie

Periode	Meine Menge	Andere Menge	Mein Gewinn
1	40	38	840
2	35	28	1260

Gewinnrechner

Meine Menge	Menge des Anderen	Mein Gewinn
<input type="text"/>	<input type="text"/>	<input type="text"/>

Ihre Menge:

Ihre Menge:

Menge des Anderen:

[Logout](#) | [Kontakt](#)

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[Anleitung](#)

Figure B.2: The decision screen for the symmetric treatments

Willkommen zum Experiment



Vernetzt denken, vernetzt handeln

Angemeldeter Benutzer: **israel**, bisheriger Gewinn: **1190**, Kosten pro Einheit: **7.5**

Historie

Periode	Meine Menge	Andere Menge	Mein Gewinn
1	12	23	690

Gewinnrechner

Meine Menge	Menge des Anderen	Mein Gewinn	Gewinn Anderer
40	40	500	760
40	41	460	738
40	39	540	780
20	39	670	1560
40	20	1300	780

Ihre Menge:

Menge des Anderen:

Ihre Menge:

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Figure B.3: The decision screen for the asymmetric treatments

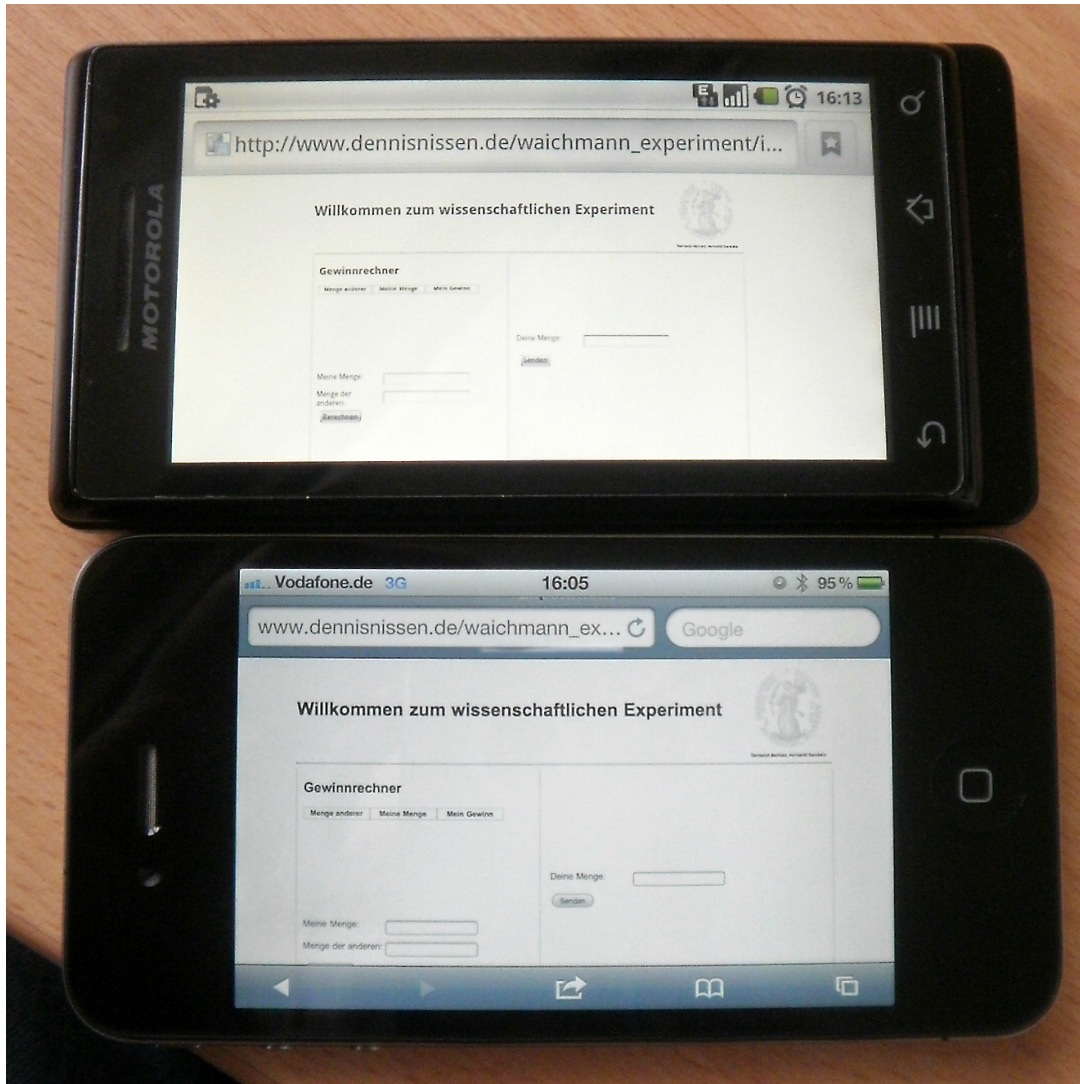


Figure B.4: The experiment could even be operated from smart-phones.