Executive Summary

Prize Decoys at Work 2.0: Does Frame Equivalence Replicate Asymmetric Dominance Effects in Risky Choices on Lotteries?
By Holger Müller, Toni Richter, and Horst Gischer

In the early 80’s, researchers in the area of decision-making of consumers have identified context effects according to which preferences between options can be altered by changing the composition of choice sets. Among the most robust and stable effects in this field ranks the attraction effect which stipulates, that the introduction of decoys that are dominated by a target option but not by a competitor alternative can lead to increased choice shares of the target. In 1992, Simonson and Tversky introduced a specific setting of attraction effects termed the “prize decoy effect” by showing that preferences between two non-dominated prize options winnable in a competition, namely a competitor prize (a $6 cash payoff) and a target prize (an attractive pen) can be shifted toward the target by introducing a prize decoy (a less attractive pen) that is dominated by the target, but not by the competitor.

In a controlled conceptual replication that keeps the initial experimental frame equivalent to Simonson and Tversky’s original study, the present work examines whether the identified prize decoy effect remains a robust behavioral pattern when it is transferred to the domain of risky choices in terms of binary lotteries. The replication confirms a substantial decoy effect which amounts to 13% in the aggregate of choices. Moreover, the detected effect works in a bidirectional way. By further discussing the general need for frame equivalence and the importance of parameters of experimental designs of replication studies (e.g., real choices, tradeoff conformance) the present work provides new insights further stimulating the still ongoing debate on (a) failed attempts to replicate decoy effects in recent studies and (b) the robustness and the drivers (moderators, mediators) of context effects.