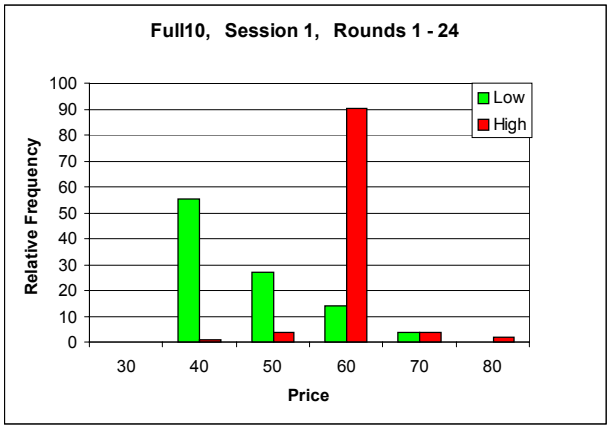
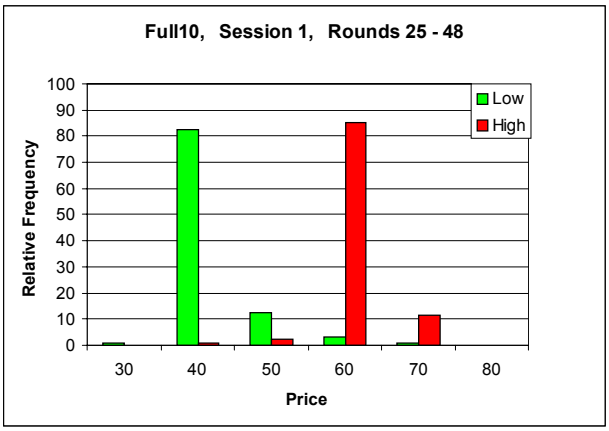
1 Data on the session level

In the paper we present aggregated data at the treatment level. In this section of the technical appendix we present disaggregated data at the session level.

1.1 Treatment Full10



Entry State L: 100%, Entry State H: 0%;



Entry State L: 96%, Entry State H: 0%

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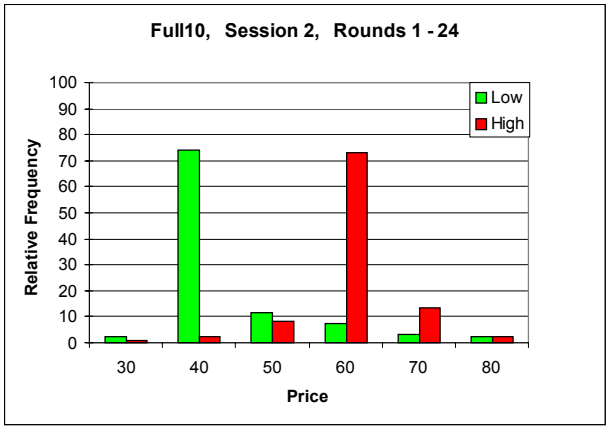
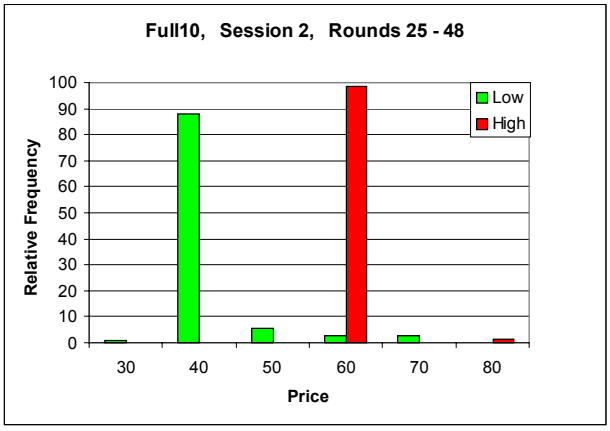
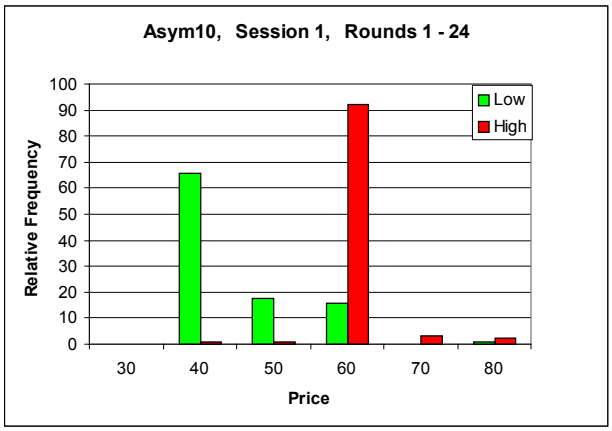


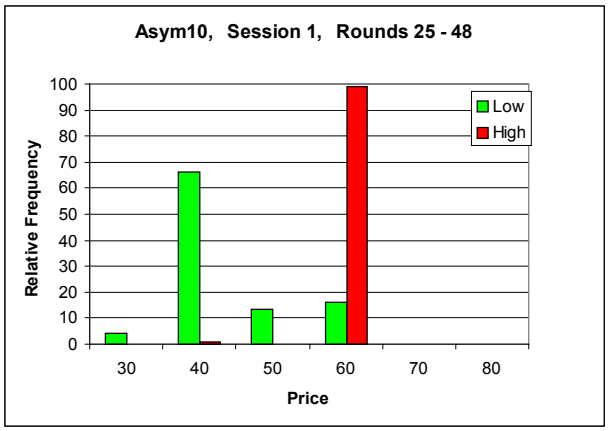
Entry State L: 85%, Entry State H: 10%;



Entry State L: 93%, Entry State H: 0%

1.2 Treatment Asym10





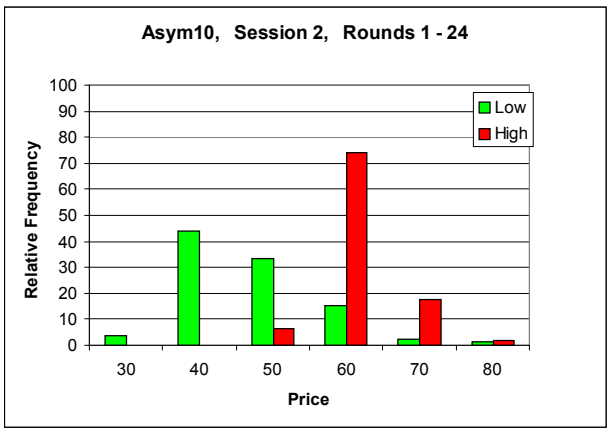
Entry State L: 88%, Entry State H: 11%;

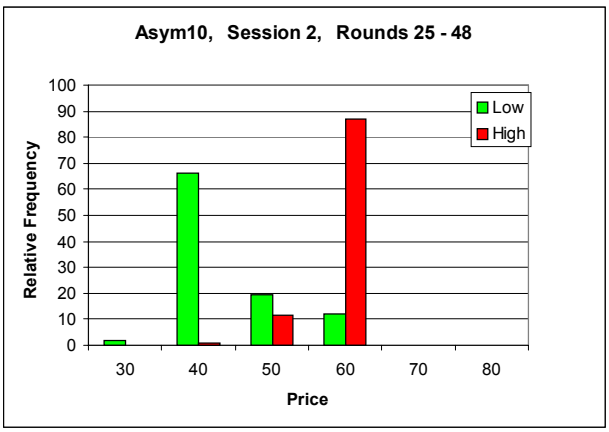
	30	40	50	60	70	80
30						
40	—	87	100	92		
50	—	—	67	100	100	0
60	—	—	—	10	0	0
70	—	—	—	—		
80	—	—	—	—	—	

Entry State L: 95%, Entry State H: 3%

	30	40	50	60	70	80
30		100				
40	—	93	100	100		
50	—	—	100	100		
60	—	—	—	2		
70	—	—	—	—		
80	—	—	—	—	—	

****



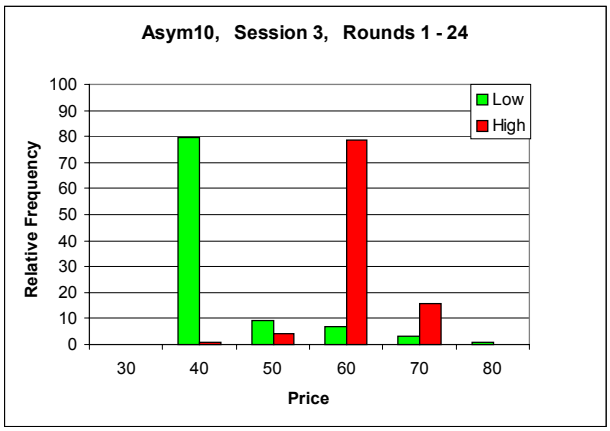


Entry State L: 81%, Entry State H: 37%;

Entry State L: 82%, Entry State H: 11%

	30	40	50	60	70	80
30		100	100	100		
40	—	100	71	80	100	
50	—	—	67	85		0
60	—	—	—	32	31	0
70	—	—	—	—	50	
80	—	—	—	—	—	

	30	40	50	60	70	80
30		100				
40	—	86	85	56		
50	—	—	67	45		
60	—	—	—	5		
70	—	—	—	—		
80	—	—	—	—	—	



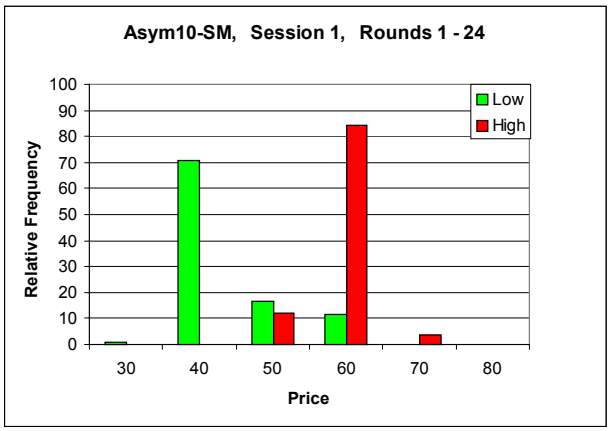
Entry State L: 96%, Entry State H: 36%;

	30	40	50	60	70	80
30						
40	—	97	89	100	100	100
50	—	—		0	0	
60	—	—	—	38	38	
70	—	—	—	—		
80	—	—	—	—	—	

Entry State L: 96%, Entry State H: 7%

	30	40	50	60	70	80
30						
40	—	98		67		
50	—	—				
60	—	—	—	8	0	
70	—	—	—	—		
80	—	—	—	—	—	

1.3 Treatment Asym10-SM



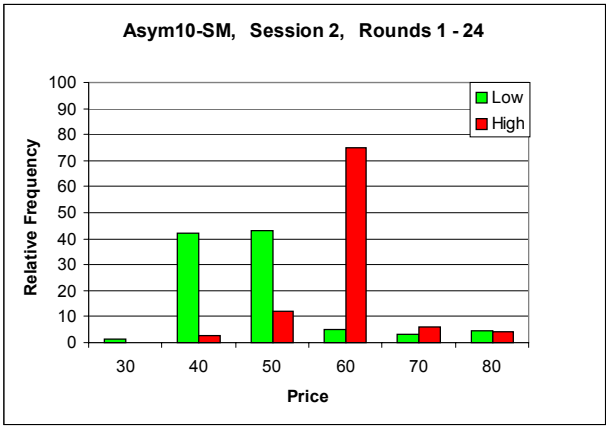
Entry State L: 89%, Entry State H: 21%;

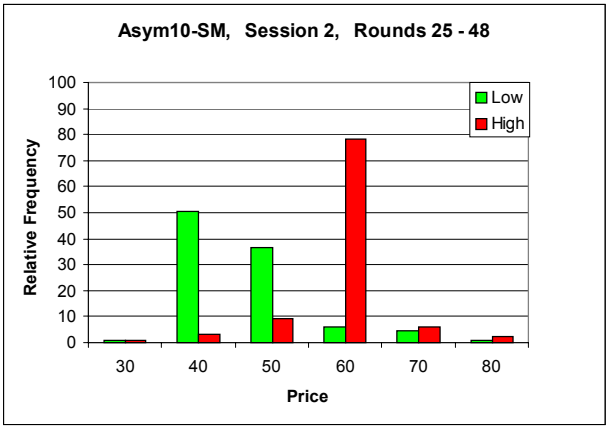
	30	40	50	60	70	80
30		100				
40	—	97	71	85		
50	—	—		25		
60	—	—	—	18	50	
70	—	—	—	—		
80	—	—	—	—	—	

Entry State L: 93%, Entry State H: 21%

	30	40	50	60	70	80
30			100			
40	—	91	100	100		
50	—	—		0		
60	—	—	—	17	60	
70	—	—	—	—		
80	—	—	—	—	—	

****





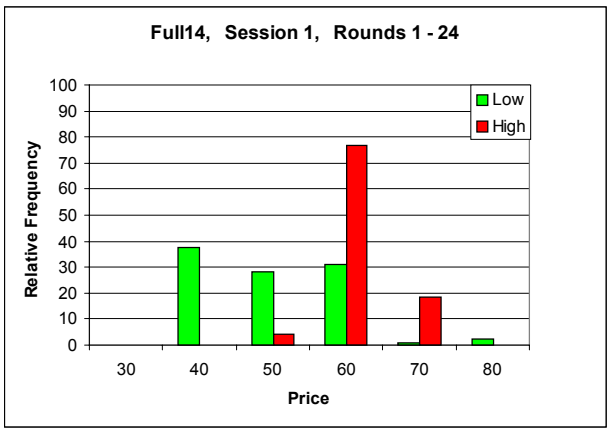
Entry State L: 66%, Entry State H: 49%;

Entry State L: 66%, Entry State H: 38%

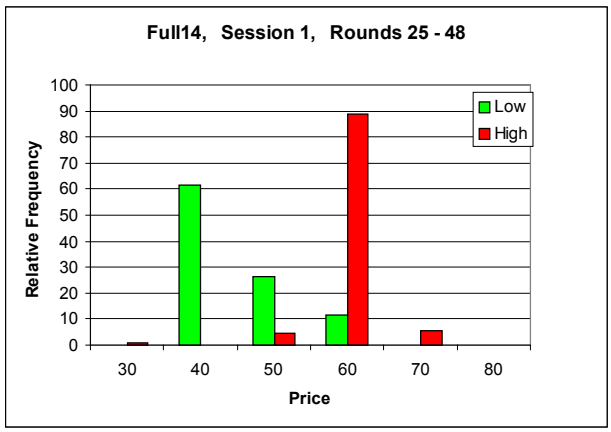
	30	40	50	60	70	80
30			100			
40	—	36	71	80		100
50	—	—	83	47	50	50
60	—	—	—	41	75	100
70	—	—	—	—		
80	—	—	—	—	—	

	30	40	50	60	70	80
30				50		
40	—	63	69	75	100	0
50	—	—	57	57	50	
60	—	—	—	30	43	100
70	—	—	—	—	0	
80	—	—	—	—	—	

1.4 Treatment Full14



Entry State L: 40%, Entry State H: 13%;



Entry State L: 71%, Entry State H: 4%

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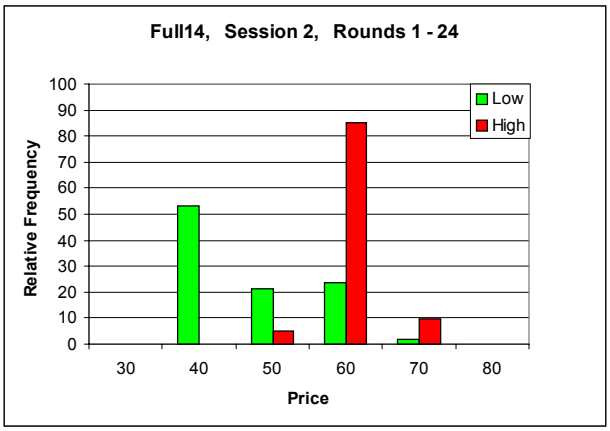
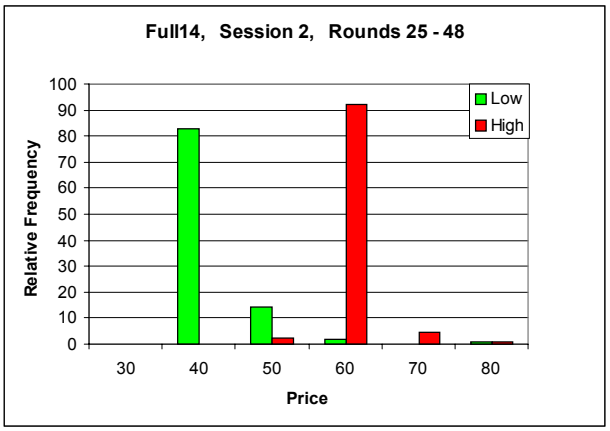
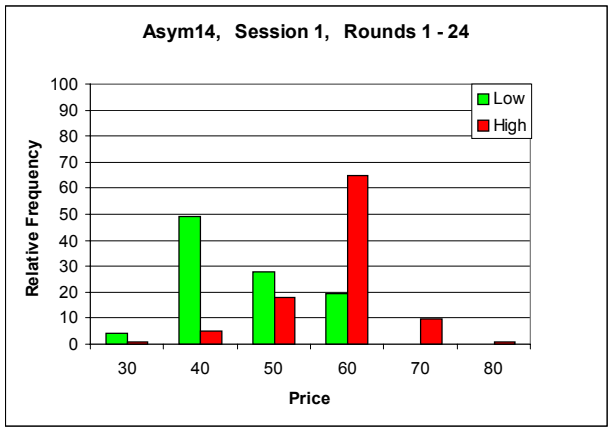


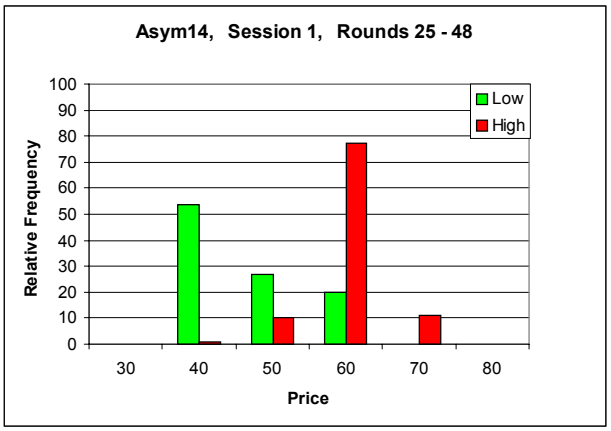
Entry State L: 88%, Entry State H: 0%;



Entry State L: 98%, Entry State H: 0%

1.5 Treatment Asym14





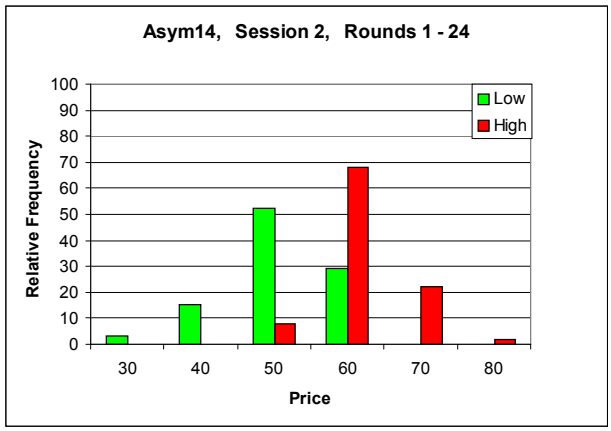
Entry State L: 78%, Entry State H: 0%;

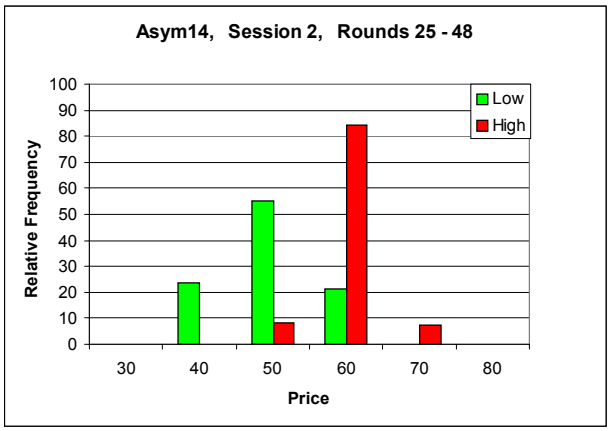
	30	40	50	60	70	80
30			50	33		
40	—	63	92	56		
50	—	—	50	38	0	
60	—	—	—	0	0	0
70	—	—	—	—		
80	—	—	—	—	—	

Entry State L: 77%, Entry State H: 2%

	30	40	50	60	70	80
30						
40	—	46	90	91		
50	—	—	75	25		
60	—	—	—	6	0	
70	—	—	—	—	0	
80	—	—	—	—	—	

****



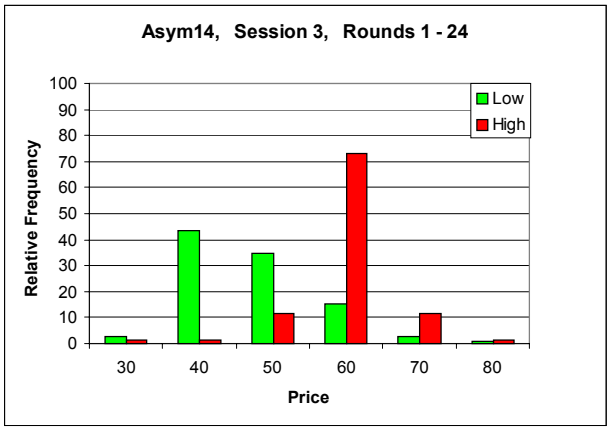


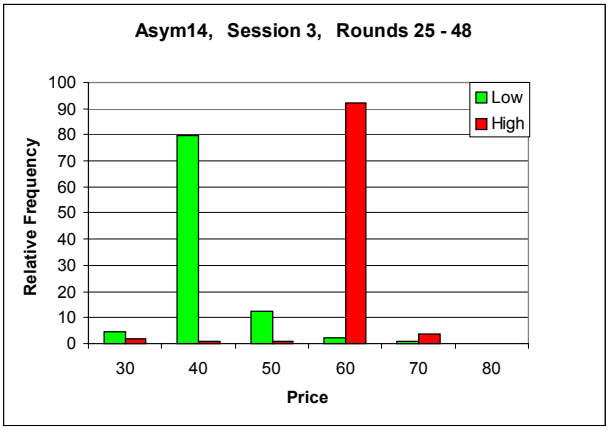
Entry State L: 52%, Entry State H: 30%;

Entry State L: 63%, Entry State H: 11%

	30	40	50	60	70	80
30			100	0		
40	—		44	80		
50	—	—	38	53	33	
60	—	—	—	48	13	0
70	—	—	—	—	0	
80	—	—	—	—	—	

	30	40	50	60	70	80
30						
40	—	83	100	50		
50	—	—	67	38		
60	—	—	—	9	0	
70	—	—	—	—	0	
80	—	—	—	—	—	





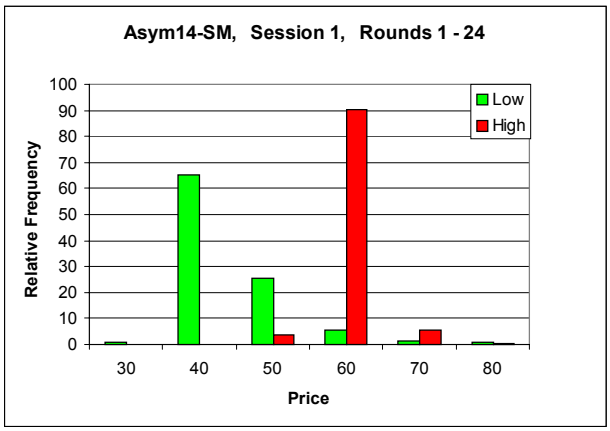
Entry State L: 42%, Entry State H: 14%;

	30	40	50	60	70	80
30		100	50	0		
40	—	25	39	50	100	0
50	—	—	40	27	50	
60	—	—	—	4	25	0
70	—	—	—	—		
80	—	—	—	—	—	

Entry State L: 66%, Entry State H: 10%

	30	40	50	60	70	80
30		0	100	50		
40	—	75	78	0		
50	—	—		100	0	
60	—	—	—	7	0	
70	—	—	—	—		
80	—	—	—	—	—	

1.6 Treatment Asym14-SM



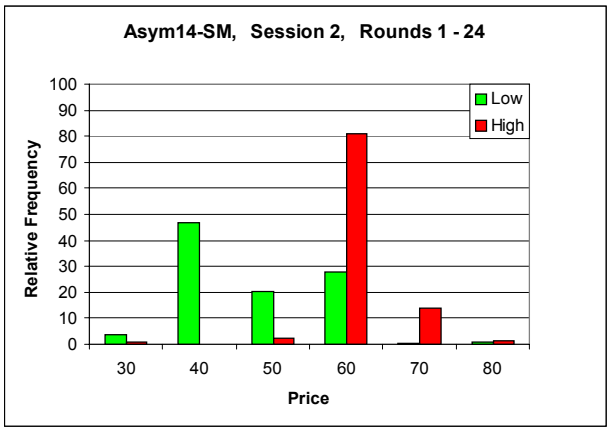
Entry State L: 59%, Entry State H: 9%;

	30	40	50	60	70	80
30		50				
40	—	70	60	50		0
50	—	—	0	25		
60	—	—	—	8	25	
70	—	—	—	—		
80	—	—	—	—	—	

Entry State L: 65%, Entry State H: 4%

	30	40	50	60	70	80
30		100				
40	—	54	86	67		
50	—	—	100	0		
60	—	—	—	0	0	100
70	—	—	—	—		
80	—	—	—	—	—	

****



Entry State L: 42%, Entry State H: 11%;

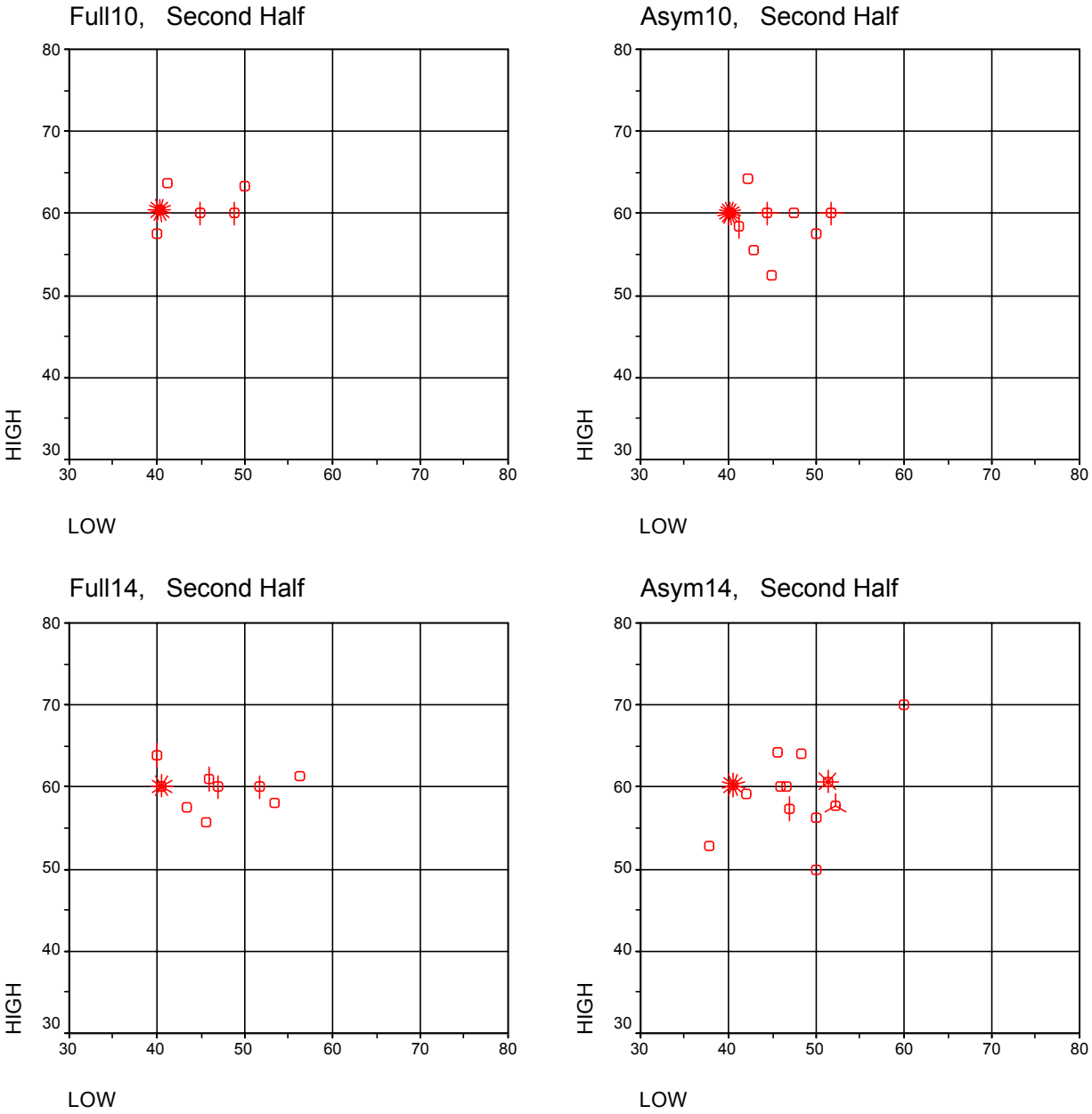
Entry State L: 39%, Entry State H: 10%

	30	40	50	60	70	80
30		25		0		
40	—	71	57	35		0
50	—	—	100	33	0	
60	—	—	—	15	0	
70	—	—	—	—	0	0
80	—	—	—	—	—	

	30	40	50	60	70	80
30				0		
40	—	60	47	44		
50	—	—		8		
60	—	—	—	9	0	
70	—	—	—	—		
80	—	—	—	—	—	

2 Incumbents' individual behavior in the SP treatments

In this section we summarize the individual behavior of incumbents in the SP treatments. We focus attention on experienced behavior as observed in rounds $25-48$ of the experiment. The following figures show for each subject i acting as incumbent the average price, $\overline{p}_{iL}$, chosen in state L (horizontal axis) and the average price, $\overline{p}_{iH}$, chosen in state H (vertical axis). A circle indicates that the average prices $(\overline{p}_{iL},\overline{p}_{iH})$ were played by a single subject. The number of petals in the circle indicate the number of additional subjects who also chose on average the $(\overline{p}_{iL},\overline{p}_{iH})$.



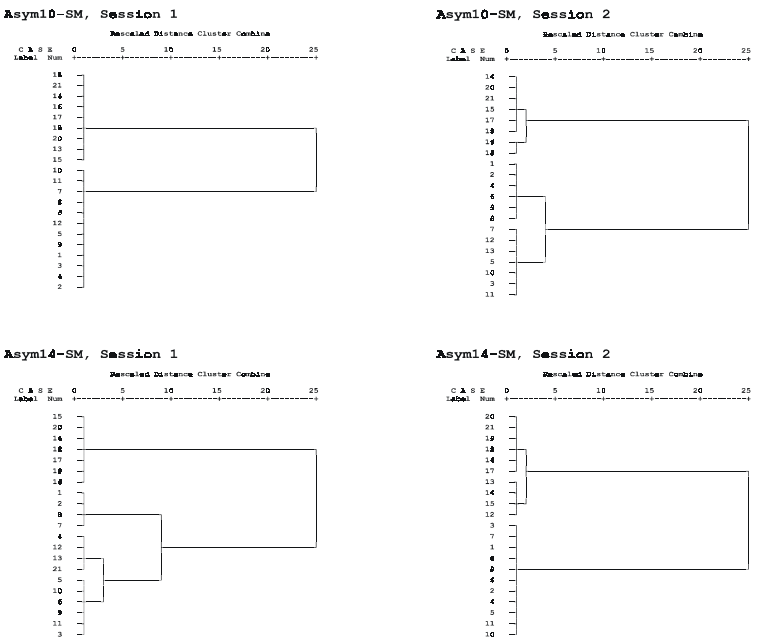


Figure 1: Dendograms representing the results of the cluster analysis.

3 Cluster analysis of entry rates

To study the entrants' behavior we perform a hierarchical agglomerative cluster analysis of the entry rates for each of the four strategy method sessions. To determine the distance between every two possible clusters, we use Ward's method in which seeks the successive clustering steps are chosen to minimize, at each step, the variance within clusters (see Kaufman and Rousseeuw, 1990).[1] In our case, there are 21 observations for each of the four strategy method sessions, each representing the average entry rate in rounds $25-48$ following one of the 21 distinct incumbents' price pairs. The cluster analysis is presented in the following dendograms (Figure 1). The dendograms start from the left side with 21 clusters that correspond to the 21 distinct incumbents' price pairs. Then, at each step of the hierarchical clustering, two clusters are merged with a connecting branch; the height of the branch represents the distance between the two merged clusters.

Inspection of the four dendograms suggests that in the four strategy method sessions we had two very distinct clusters: one with "high" entry rates and another with "low" entry rates. Mann-

[1] More precisely, the distance between every two clusters, X and Y, is given by $D(X,Y) = ESS(XY) - ESS(X) - ESS(Y)$, where XY is the union of X and Y, and $ESS(\cdot)$ is the error sum of squares. Given a cluster $Z = \{z_1, \ldots, z_N\}$ with N observations, $ESS(Z) = \sum_i \left| z_i - \frac{\sum_j z_j}{N} \right|^2$, where $|\cdot|$ is Euclidian distance between observation z_i and the mean observation in cluster Z.

Whitney U tests reveal that the difference between the average entry rates across the two clusters were highly significant ($p < 0.000$) in all four sessions.