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All that Glitters Attracts

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ABSTRACT

Using a methodology from experimental finance based on qualitative analysis tools, this article aims at analyzing the potential existence of the 'all that glitters attracts' bias in order to explain the behavior of individual investors. For this purpose, we observed the investment strategies and behaviors of eight students in a continuous trading situation over three days. Using a fictional portfolio of 100,000 euros, the participants were given the opportunity to trade shares in companies from the CAC40 index (the 40 largest market capitalizations on the French market). Regarding the size of the companies in the index, we observe a high volume of information disclosed to the markets which could, to a certain extent, complicate the interpretation of the information signals sent. Based on trading journals - and more specifically the number of transactions carried out on specific stocks - we find that participants are strongly focused on companies that are closely followed by financial analysts and receive the most media coverage. To support our findings, we have also used a process of participative observation to collect first-hand experiences from participants during the experiment. The different elements collected suggest that the participants' decision-making processes were largely influenced by the intensity of the companies' communication and their presence in the information flows provided by the stock market websites. This conclusion leads us to believe that, in the mind of individual investors, marketing linked to the stock market life of companies seems to prevail over any informational content. In any case, in their decision-making process, the participants clearly selected shares that were in the spotlight, and so, depending on the context of analysis and the investigative tools used, we confirm the presence of an 'anything that glitters attracts' bias, a strong focus on available information and some herd effects. The contribution of this article is threefold: the analysis of a bias largely neglected by scientific studies in the financial field, the use of an innovative experimental protocol, and the use of methodological tools that provide an assessment of individuals' personal perceptions.

Introduction

Behavioral finance has made it possible to find a way out of the empirical impasse of the perfect rationality of market operators. According to this theory, decision-making processes are strongly influenced by the psychological and emotional reality of individuals, as well as by the very personal processing of information, leading to the recognition of a large number of biases developed by individuals (overconfidence, over-optimism, availability bias, disposition bias, confirmation bias, anchoring bias, the influence of moods and emotions, the use of heuristics, etc.). The main purpose of this article is to analyze a bias often neglected in economic and financial literature, namely the "all that glitters attracts" one, and to study how individual investors are likely to experience it. Theoretically, this bias would drive investors to select shares in the spotlight: companies that are widely followed in the financial press, with abnormally high volumes and high growth over recent time horizons.

In order to assess the potential presence of this bias, we focus on the behavior of individual investors, in continuous need of references on the stock markets (unlike institutional investors, which can easily diversify their financial portfolios). As a result, the inexperienced investor may be more subject to behavioral biases than other market operators (Kaustia M., Alho E., Puttonen V., 2008). This study examines individual investor behavior and the development of this bias by analyzing the selected investment strategies and

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perceptions of 8 students following courses in a Belgian university, during three days of continuous trading. As explained later in this article, the methodological approach is based on experimental finance and is supported by qualitative analytical tools which are not widely used in mainstream financial literature.

The article will be organized as follows: the first section will present the elements underlying behavioral finance and the state of the art relating to the various biases potentially developed by stock market investors. The second section will address methodological positioning, and the sample studied. The third section will present an overview of the experiment conducted and methodological tools selected. The different results collected according to the methodology used will be presented in the fourth section. The fifth section will provide the main conclusions. The last section looks at the various avenues for further research.

Literature Review

Behavioral Finance and the Development of Behavioral and Cognitive Biases in Decision-Making: a State of the Art

Behavioral Finance: a Tool for Analyzing Individual Investor Behavior

Behavioral finance argues that the emotional state and psychological reality of individuals play a major role in financial decision-making. However, emotional responses (although adaptive in some specific situations) as well as the development of biases may be inadequate in a context where cognitive functions, such as logical reasoning and planning, seem to be crucial (Lo et al., 2005). Accordingly, investors (and particularly individual investors) do not always behave rationally, as they are influenced by psychological, emotional and cognitive factors (Sakthivelu & Karthikeyan, 2024).

Schinckus C. (2009), using a historical, sociological and methodological approach, suggested that behavioral finance would become the new dominant paradigm in financial economics, as, in line with the work of Frydman C. and Camerer C. (2016), there would be a large number of stock market configurations that would be incompatible with the rational use of information and the risk/return tradeoff. This raises the question of how stock market operators understand and interpret information, which can result in incorrect risk assessments (Gabaix X., 2011).

Tharchen T. (2012) argues that behavioral finance could provide a more holistic understanding of the underlying factors that lead to both euphoria and abandonment situations, focusing specifically on the individual and social psychology that underlies any period of excessive optimism or panic.

In summary, for individual investors, intense and rapid flows of information are often difficult to process because of their limited cognitive capacities, and "*mobilizing the criterion of optimizing rationality seems inappropriate for understanding how expectations are actually shaped on financial markets*" (Bourghelle D. and Brandouy O., 2006).

However, by analyzing the theoretical foundations of traditional finance and behavioral finance, Benjana H. and Yamani O. (2022) argue that, although behavioral finance has become a major part of the field of finance, it is not yet able to find solutions to reduce the effects of behavioral and cognitive biases on investor rationality.

We provide below a non-exhaustive list of cognitive and behavioral biases discussed in literature, both theoretically and empirically. In particular, we present the influence of these biases on the decision-making processes of individual investors in the stock markets.

Bias in Decision-Making: What Are We Talking About?

Overconfidence (behavioral bias) : the tendency of individuals to overestimate their skills, underestimate risks and make poor decisions. This bias leads to a poor diversification of the portfolio and has a negative influence on the financial value of the portfolio. Overconfident individuals often have the feeling that they have above-average capabilities (Levy M. and Tasoff J., 2017), which may lead them to increase their movements and carry out unconsidered operations without cross-checking the information available. Several authors also insist on the role played by previous experience and beginner's luck (Merkle C., 2017, Gao H., et al., 2021) in the development of this bias.

According to Jlassi M. et al. (2014), overconfidence was the main factor that initiated and exacerbated the 2008 global financial crisis in the US market and on other world markets. More generally, the development of this bias could create significant levels of market inefficiency (Aljifri R., 2023).

Availability bias (behavioral bias): this bias shows that an investor would be fully satisfied with immediately available information, instead of seeking out all the information required to take a decision (Javed H., Bagh T., Razzaq S., 2017). The availability bias could be explained by variables related to age and the number of transactions carried out (Toma F., 2015). For an investor, it is a question of cross-checking all available information to confirm an opinion. Unless this effort is made, there is a risk of concentrating on weak signals that are largely insufficient to take a relevant decision. The question obviously is how much time to spend on this activity, keeping in mind that other (professional) investors on the markets can more easily gather and process information flows.

Representativeness bias (cognitive bias): the tendency of individuals to make decisions based on a very limited set of items they believe to be representative of the population, leading to a deterioration in financial portfolio performance levels (Bulent T. et al., 2016).

Anchoring bias (cognitive bias): the tendency of individuals to make decisions based on past reference or information. From Mouna A. and Jarboui A. (2015), it appears, on the Tunisian stock market, that the portfolio returns of small investors would be influenced to some extent by various behavioral biases, including anchoring. The findings should encourage investors to make financial decisions based on their financial capacity and level of experience, and to avoid relying on their feelings.

Herd behavior (cognitive bias): the tendency of individuals to follow the general market trend. Studies suggest that general market conditions and stock characteristics condition the emergence of this bias (Zheng et al., 2021). In periods of market expansion, herd behaviors can lead to the development of speculative bubbles (Nofsinger J., 2010).

Heuristics (cognitive bias): the tendency to use cognitive shortcuts to take a decision. Heuristics are generally considered to be a cause of systematic errors. An investor may systematically become interested in a familiar situation and buy familiar stocks because they have in the past resulted in an increase in portfolio value (Beaubrun-Diant K. and Maury T., 2016). These are cognitive shortcuts used by individuals to make judgments and decisions. Decision-making is said to depend on the characteristics of the event to be predicted (Choliz M., 2010), which may induce the development of heuristics that lead to prediction errors. More generally, financial operators would generally prefer choosing financial products that have a particular personal meaning.

All that glitters attracts (cognitive bias): individual investors would prefer stocks that are in a spotlight, i.e. stocks of companies widely commented on by financial newspapers and showing abnormally high trading volumes (Yuan, 2015; Gambaro and Puglisi, 2015). Based on 28,387 data from individual investors in the Chinese market, Chen et al. (2023) find that a high proportion of investors mainly buy stocks that attract attention (so-called attention-driven buyers). They would be more sensitive to news and more inclined to use online information as their key reference. Attention-driven buyers would also rely on more speculative investment strategies.

Even if biases can be considered separately, the fact remains that some of them present high levels of overlapping. On the Vietnamese market, for example, Luu et al (2023), based on a qualitative survey of 400 stock market operators, suggest that overconfidence and herd behavior have a significant influence on investment decisions. Similarly, in the Chinese market, investors suffer from three behavioral biases (Chen G. et al., 2007): they tend to sell shares if their price has risen, but not those if their price has depreciated (disposition effect); they appear overconfident and believe that past returns are indicative of future returns (representativeness bias).

Considering different studies relating to trader behaviors (Zahera S. and Bansal R., 2018), the most frequently analyzed biases would concern overconfidence, availability bias as well as herd behavior, and that the analysis of some specific biases is largely underrepresented, such as the “all that glitters attracts” bias. This could be due to a problem of being too close to biases, especially the availability bias. In any case, we decided to study this bias in order to address a gap in the economic and financial literature.

Research and Methodology

Methodological Positioning and Sampling

Our methodological approach is inspired by experimental finance and supported by qualitative analytical tools. We present below the reasons for this twofold approach.

Firstly, in the 1980s, Grether D. (1981) pointed out that experimentation was generally used by researchers in psychology, but very little by those in the field of finance. Under the impulsion of behavioral finance and the better understanding of certain technological tools, research paradigms began to evolve, and greater interest was shown in the field of experimental finance. The work of Ricciardi R. (2004) provides a chronology of all academic studies and a classification of each research project into major trends in the literature. This study identifies the main themes, research methodologies and the results demonstrate the value of conducting research in the field of experimental finance.

Bloomfield R. and Anderson A. (2009) argue that experimentation is an underused method in finance, even though it would be relevant to behavioral finance and bias analyses. This approach could be a useful solution to a number of the usual econometric problems, such as omitted and unobserved variables. Experimentation would also extend theoretical models by relaxing some working hypotheses, or by examining situations too complex to be dealt quantitatively. Controlled manipulations would have the advantage of building an environment in which a causal theory of phenomena could be tested with a high degree of validity (Libby R. et al., 2002).

In the field of experimental finance, particular attention must be paid to the construction of a scientifically proven experimental protocol. We have developed a number of proposals aimed at providing a framework for conducting this type of experiment in the field of finance (Finet A., Kristoforidis K., Laznicka J., 2025, forthcoming). For this purpose, we took advantage of the experiments we had already carried out in recent years (Finet A., Laznicka J., Palumbo H., 2024, Finet A., Kristoforidis K., Viseur R., 2022, Finet A., Kristoforidis K., Viseur R., 2022, Finet A., Kristoforidis K., Viseur R., 2021). This gave us the opportunity to correct some

weaknesses and refine our methodological approach, in particular by addressing the problem of emotional dysregulation induced by the multiplication of decision-making (Finet A., Laznicka J., 2025, forthcoming).

Secondly, following the overview given above, our analysis tools are based on qualitative techniques. The literature shows a growing interest in the use of qualitative methodologies (Severin et al., 2022), which can take different directions. From a theoretical perspective, Mwita K. (2022) identifies several potential qualitative techniques: interviews, participant observation, questionnaires and written documentation. More precisely, in the field of trading, the meta-analysis carried out by Pérez-Sánchez and Delgado (2022) shows that in the majority of qualitative studies, data related to individual investors are collected either orally (21 of the 25 studies reviewed), on the basis of written documents (3 of the 25 studies reviewed), or through focus groups (only one study). In order to consolidate the results of qualitative research, it is often recommended to use several techniques simultaneously.

In terms of sampling, experimentation in the financial field and the related analysis of biases in the decision involve, in most cases (Rossignol et al., 2007; She et al., 2017), the use of student populations (Ackert et al., 2003), and this approach seems to make sense (Biais et al., 2005; Bruguier et al., 2010; Widyarini, 2017). However, in line with the study by Dorn D. and Sengmueller P. (2009), we keep in mind that students not directly interested in the financial value of portfolios may tend to overplay. This overconfidence could be explained by the "playful" (or even "entertaining") nature of the experiment.

Overview of the Experiment Conducted and Methodological Tools Selected

Our experiment was based on three days of continuous trading, between January 27 and January 29, 2025. According to Claudon P. and Weber M. (2009), the purpose was to place participants in an emotional bath - similar to emergency management (Mériade L. and Sales J., 2020) - which would help shape, consolidate or exacerbate some psychological biases. Eight students - seven men and one woman, a finding in line with the literature on the subject, which highlights a strong male interest in taking part in activities related to the stock markets, or simply in activities where the entertainment dimension is predominant (Barber and Odean, 2001) - were selected from the business management program at the University of Mons (Belgium). To take part in the experiment, they had to have passed a financial course in the second year of their degree. This was intended to guarantee a minimum level of financial knowledge. Students were remunerated on an hourly basis for all three days, and a reward was offered for the highest financial portfolio at the end of the experiment (worth a maximum of 200 euros at the individual's choice). The stock market platform selected was ABC Bourse, offering the possibility of creating stock market games over specific periods. Starting with a fictional financial portfolio of 100,000 euros, the students could only trade in the shares of companies included in the CAC 40 (the 40 largest market capitalizations on the French market); among other things, this choice guaranteed a reasonable degree of familiarity with the stocks included in the portfolio. Note that in order to avoid any bias in the initial investments made, the portfolio consisted entirely of cash at the start of the experiment. There was no limit on the number of transactions. It should be noted that, every hour, the site gave a ranking of the participants. Each student was provided with a trading journal, in which they had to record the type of transaction (buy versus sell), the name of the company, the number of shares bought or sold, the financial amount of the transaction and the total amount of cash in their portfolio after the transaction. In summary, the data collected for analysis consists, on the one hand, of data from trading journals. These provide a record of the various movements and their volume, as well as an overview of the direction of investment strategies and their future development. On the other hand, we chose to use participative observation, which provided us with a continuous record of the participants' feelings during the experiment. Those data, obtained orally and transcribed, are intended to reinforce the findings of the trading journal analysis. And, for this purpose, in the results we'll be reporting oral first-hand experiences. This continuous approach seems particularly relevant, as participants' memories are likely to fade over time, so a single analysis at the end of the experiment would have made little or no scientific sense (Can et al. 2019).

Table 1: Summary of Literature Review

Author (Date)	Subject	Variables	Methods	Findings
Bozdogan, U. (2021)	Energy Problem in Aviation	Flight Number, Passengers, Cargo Size	Regression Model	Number of Passengers, flight distance, range and cargo type affect the fuel consumptions
Steam et al., (2022)	Fatique in Aviation	Caben Crew, Pilots, Passengers	Multi regression model	As fatigue of pilots increases over intercontinental flights….

Source: Authors

Findings and Results

Overview of the Context Prevailing During the Experimentation

The experiment took place over three days, during which the general stock market trend was negative, even if losses were relatively small. Data on the evolution of the CAC40 over the period are given below (Table2), along with data on the evolution of the American and Japanese stock market indices, to give a broader view of the stock market environment.

A number of news had a negative impact on the behavior of the French stock market (and other markets) over the three days. On January 27, this concerned Deepseek, a Chinese competitor to American companies active in the Artificial Intelligence field. On January 28, the day was largely influenced by the news of Deepseek's arrival and the consequences for American companies in the Artificial Intelligence market. On January 29, LVMH annual results were announced (lower than expected). The Fed's announcement on 29.01 that it would maintain interest rates had largely been anticipated by the markets.

Table 2: CAC 40, DJ30, NASDAQ 100 and TOPIX performance over the experimentation period

Date	January 27, 2025	January 28, 2025	January 29, 2025	Total
CAC 40	-0,0003	-0,00012	-0,0032	-0,0036
DJ 30	0,0065	0,0031	-0,0031	0,0065
NASDAQ 100	-0,0297	0,0159	-0,0024	-0,0162
TOPIX	0,0026	-0,0004	0,0068	0,009

Source: Authors

Overview of Trading Orientation and Selected Investment Strategies

From the data in Tables 3 and 4, it can be seen that 53% of transactions took place on the first day, which makes sense, as the initial portfolio was entirely made of cash. The strategies adopted were generally of a very cautious nature.

Firstly, statistical data relating to holding times (Table 4) show that 75% of participants held their shares for more than two hours, indicating a limited use of offensive strategies and scalping trading (investment horizon of less than 15 minutes). Secondly, the levels of cash in the portfolio remained relatively high, and it seems that participants were waiting for signals of a market upturn before adjusting their investment strategies (Table 5). Thirdly, portfolio diversification levels were relatively high (Table 6), and participants do not appear to have concentrated on specific securities.

We suggest that the bearish stock market environment prevented from a multiplication of trades. Although the financial portfolio was only a fictional one, and even if the losses on the index were only small, the participants seemed very affected by the capital losses they had personally incurred (there was a sort of very strong and very personal self-appropriation of the portfolio and its value over time). Even if this is not the objective directly addressed in this article (other methodological tools should be used), regret aversion and disposition bias would seem to have developed (Raheja, S., & Dhiman, B. (2017).

We also note that on the third day, some participants (3, 6 and 7) seem to have developed a feeling of abandonment, with hardly any further transactions. This finding is particularly surprising as a reward has been promised to the owner of the highest portfolio. As a result, we could have expected more aggressive strategies at the end of the experiment, since some participants had nothing left to lose.

We believe this could be explained by the addition of disillusionment, which could result in abandonment, as individuals would no longer have enough energy to cope with their emotions (Domeignoz, C. and Morin, E., 2016).

Table 3: Trading Strategy for the Three Days of Experimentation

	Total D[1]1	B[2]	S[3]	Total D2	B	S	Total D3	B	S	Total	B	S
1	21	12	9	18	15	3	8	5	3	47	32	15
2	28	17	11	8	4	4	7	3	4	43	24	19
3	17	15	2	4	1	3	2	1	1	23	17	6
4	49	28	21	14	10	4	12	9	3	75	47	28
5	17	11	6	20	10	10	16	7	9	53	28	25
6	13	10	3	2	1	1	0	0	0	15	11	4
7	13	9	4	9	6	3	1	0	1	23	15	8
8	11	10	1	9	3	6	16	8	8	36	21	15
Total	169	112	57	84	50	34	62	33	29	315	195	120
Mean	21,12	14	7,12	10,5	6,25	4,25	7,75	4,125	3,62	39,37	24,38	15

Source: Authors

[1] *Day*
[2] *Buy*
[3] *Sell*

Table 4: Holding Time of Portfolio Shares

Students' Average Detention Time	**6 hours**
Student Detention Frequency	
From 0 minutes to 2h13	25%
From 2 h14 and 8 h29	50%
From 8 h30 and 17 h51	25%

Table 5: Holding Time of Portfolio Shares

	Cash Level after Each Transaction
1	53.404
2	54.620
3	75.460
4	22.402
5	25.501
6	19.648
7	33.825
8	36.094
Mean	40.119,25

Table 6: Holding Time of Portfolio Shares

	Number of Companies in Portfolio	**CAC40 Percentage**
1	22	0,55
2	12	0,3
3	15	0,375
4	26	0,65
5	16	0,4
6	8	0,2
7	12	0,3
8	16	0,4
Mean	15,875	0,397

All That Glitters Attracts" Bias: What Role do Financial Analysts Play?

During the experimental period, only LVMH (January 28, after market close) and Teleperformance (January 27, before market close) announced their annual results for CAC 40 companies. Even though information on CAC 40 companies was relatively limited, we noted that many financial analysts' opinions were published (Table 6) on stock market websites (Barclays, JP Morgan, Jefferies, UBS, Morgan Stanley, Oddo BHF, RBC, Bernstein, Goldman Sachs, Deutsche Bank, DZ Bank, Apex Securities, Grupo Santander). Even though there have been few corporate announcements, financial analysts did issue opinions, particularly in anticipation of future events likely to affect company valuations. To the extent that these opinions are widely covered and, in some cases, commented on stock market websites, they may be seen as a signaling resource for individual investors in search of market references. In other words, individual investors could use financial analysts to shape their investment strategy.

Table 7: Holding Time of Portfolio Shares

Company	Number of Recommendations	Positive Opinion	Unchanged Opinion	Negative Opinion
Air Liquide	1	0	1	0
Airbus	6	2	4	0
AXA	1	0	1	0
Carrefour	1	0	1	0
Edenred	1	0	0	1
Essilor Luxottica	2	2	0	0
Legrand	1	0	0	1
L'Oréal	2	0	2	0
LVMH	16	6	6	4
Michelin	1	1	0	0
Pernod-Ricard	1	0	1	0
Publicis	1	0	1	0
Saint-Gobain	1	0	1	0
Société Générale	1	1	0	0
Téléperformance	1	0	1	0
TotalEnergies	1	1	0	0
Vinci	1	1	0	0
Total	**39**	**15**	**18**	**6**

Source : Authors

According to these data, 17 companies in the index (42.5%) have been given a revised or confirmed opinion by one or more financial analysts. Among the opinions issued, 41% specifically concerned LVMH, which can be explained, firstly, by the fact that the company announced its annual results on January 28 after market close and, secondly, by the weight of the company in the CAC40. Most of the announcements (84.61%) were positive or unchanged, and for the companies most closely followed during the experiment (LVMH and Airbus), opinions did not necessarily converge, making it harder for individual investors to interpret the information and to take a decision.

To approach the bias under analysis, we will proceed as follows. Firstly, we'll take all the trades made by participants and compare them with those followed by financial analysts. Secondly, we will focus on the differences in media coverage between the largest and smallest market capitalizations. Finally, we will consider specifically the case of LVMH's annual results announcement, and the behaviors associated. Those data will be supported by oral and written feedback collected during participative observation.

Firstly, on the basis of aggregated and collected data from the trading journals, our conclusion is that participants made extensive use of the information fields. Indeed, if we combine the announcements of analysts' opinions with the trades carried out (Table 8), 54% of transactions involve companies for which opinions have been issued. After taking into account sectoral spillover effects (i.e. the influence of LVMH's earnings announcement on the other luxury goods companies - Hermès, Kering and L'Oréal - and that of Legrand on Schneider Electric), we come to a total of over two-thirds of the transactions selected by participants. Regarding the effect of the announcements as such, it should be noted that, although Téléperformance presented its annual performance on January 27 (with a corresponding increase of over 2% in its stock market valuation), the stock was only present in a limited number of portfolios (1.5% of all transactions). Conversely, the LVMH share was largely present in participants' portfolios (seven out of eight), until the results were announced (a fall of 4.98% on January 29, but this should be put in perspective considering the 77% increase in the group's stock market valuation in the last five years). We can therefore postulate that some decision-making processes were influenced by the company's size, reputation and related media coverage.

We believe, therefore, that the large number of announcements for the biggest market capitalizations strongly influenced participants' choices. It reinforces the idea of an “all that glitters attracts” bias. For instance, Téléperformance's performance announcement was only covered by two articles on the ABC Bourse website on January 27 (the first for the announcement itself, and the second for an analyst's opinion). For LVMH, on the other hand, we identified 32 announcements (including 16 analysts' opinions). We believe that media coverage of events likely to influence stock market performance would be largely influenced by company size (LVMH represents a market capitalization of 373 billion euros - the largest market capitalization in Paris, while Téléperformance has a market capitalization of 5.66 billion euros - the smallest market capitalization in Paris). This finding is especially relevant for LVMH, as a press conference was organized and moderated by the company's CEO, Bernard Arnault (whose control of several French media greatly facilitates his access to a large audience).

In any case, the media's general orientation and the differences in how analysts and stock market sites follow the news could bias the behavior of individual investors, who are likely to concentrate on companies because of their size and the media coverage received.

Table 8: Trading Percentages (Purchases and Sales Combined) for Index Companies

Company	Number of Transactions	Percentage
Accor Hotels	18	0,0571
Air Liquide	13	0,0412
Airbus	6	0,019
Arcelor Mittal	9	0,0286
Axa	11	0,035
Bnp Paribas	12	0,038
Bouygues	4	0,0127
CapGemini	11	0,035
Carrefour	12	0,038
Credit Agricole	7	0,0222
Danone	4	0,0127
Dassault Aviation	5	0,0159
Edenred	2	0,0063
Engie	3	0,0095
EssilorLuxottica	6	0,019
Eurofins Scient.	3	0,0095
Hermes	16	0,0508
Kering	8	0,0254
Legrand SA	7	0,0222
L'Oreal	15	0,0476
LVMH	30	0,0952
Michelin	9	0,0286
Orange	2	0,0063
Pernod Ricard	10	0,0317
Publicis Groupe	4	0,0127
Renault	4	0,0127
Safran	2	0,0063
Saint Gobain	4	0,0127
Sanofi	6	0,019
Schneider Electric	16	0,05
Societe Générale	12	0,0381
Stellantis	8	0,0254
Stmicroelectronics	13	0,0413
Téléperformance	5	0,0159
Thales	3	0,0095
TotalEnergies	8	0,0254
Vinci	7	0,0222
Total	315	1

Source : Authors

Secondly, in order to understand the influence of differentiated media coverage based on company size, we compare the number of transactions for the first and last five market capitalizations on the French market (Table 9). In the first case, the number of transactions represented 26.34% of the total recorded, while in the second it corresponded to only 7% of all the movements. This

finding is particularly interesting as the information provided to the markets was totally comparable: one announcement of annual results (LVMH and Téléperformance) and three announcements of analysts' opinions for the two categories (LVMH, L'Oréal and Airbus, for the first category, and Carrefour, Edenred and Téléperformance, for the second).

Table 9: Trading Percentages (Purchases and Sales Combined) for Index Companies

Company	**Number**	**Percentage**
LVMH	30	0,0952
Hermes	16	0,0508
L'Oreal	15	0,0476
Schneider Electric	16	0,0508
Airbus	6	0,019
Total	**83**	**0,2635**
Company	**Number**	**Percentage**
Unibail	0	0
Eurofins	3	0,0095
Carrefour	12	0,0381
Edenred	2	0,0063
Téléperformance	5	0,0159
Total	**22**	**0,07**

Source : Authors

Thirdly, we focus specifically on LVMH's results announcement on January 28 after the close, and the financial analysts' announcements in the preceding days. After examining the company's stock market performance over the days preceding the announcement and looking at how the share price has performed during similar announcements in the past, our analysis will focus on data from trading journals, as well as on participants' feelings about the company and its stock market behavior.

During the week preceding the announcement, the company's stock market valuation rose significantly (Table 10), both on a real and relative basis (comparing the stock's profitability with that of the market). This preliminary data suggests that markets are anticipating positive information content associated with the full-year results announcement on January 28.

Table 10: Performance of the Share and Net Return

LVMH	**Return**	**CAC 40 Return**	**Net Return**
January 21	0,033	0,00029	0,033
January 22	0,009	0,0076	0,00126
January 23	0,017	0,0087	0,008
January 24	0,024	0,0171	0,0072
January 27	0,029	-0,014	0,0435
Total	0,113	0,02	0,093

Source: Authors

These expectations do not seem unjustified as, in line with table 11 below, LVMH's annual performance announcements for the last three financial years have been followed by relatively significant increases in the company's stock market valuation.

Table 11: Stock Market Historical Reactions to the Announcement of LVMH's Annual Results

Announcement Day	**Stock Market Price**	**Return**
January 25, 2024	743,86	
January 26, 2024 (financial results for 2023, announcement)	832,7	0,12
January 25, 2023	865,9	
January 26, 2023 (financial results for 2022, announcement)	876,52	0,0123
January 27, 2022	770,08	
January 28, 2022 (financial results for 2021, announcement)	795,27	0,033

Source: Authors

As a result, a kind of stock market "tradition" may have developed by which LVMH's earnings announcements would systematically correspond to an increase in the company's value. The markets would therefore anticipate similar positive stock market configurations for forthcoming announcements.

Considering the announcement of January 28, 2025 (made after the market close, so the effects would only be detectable on January 29), we observe the following evolution during the experiment (Table 12):

Table 12: Performance of the Share Following Annual Results Announcements

Date	Stock Market Price	Return
January 27, 2025	754,8	0,0282
January 28, 2025	750,6	-0,0056
January 29, 2025	713,2	-0,0498
Total		-0,0272

Source: Authors

In more detail, an analysis of the intraday chart of the company's share price shows a positive trend until 4:49 pm on January 28 (when the price reached 762.7 euros, a gain of over 1% for the day). Data collected show an anticipation of an announcement with positive information content, which is particularly pronounced as analysts' opinions were relatively positive during the day of January 27 (positive for Morgan Stanley and neutral for UBS).

Participants' Behavior Regarding LVMH Shares

For students who are not necessarily familiar with the stock market, buying LVMH shares may seem to be relevant: it's a company that tends to outperform the consensus, and the opinions issued by financial analysts are, initially (January 27, 2025), positive and the share price rises on January 27 (while the index is in a declining trend). At the beginning of the experiment (between 9:00 am and 9:30 am), 6 of the 8 students will be purchasing LVMH shares; indeed, at this precise time, the students have little idea of how the markets work, and they have to make their initial investments on a personal basis, since the portfolio consists only of cash. One student stated that "*I tried to focus on representative CAC40 companies. For me, their weight in the major sectors is a decisive element*". As a result, Morgan Stanley's positive opinion on the stock at 9:03 am may have had a large influence on initial investments. At the end of the first day, 9 buy orders were placed on the stock, and seven participants held LVMH shares in their portfolios. Although the market timing may be questionable, as LVMH had already gained more than 11% over the previous five sessions, it seems that participants focused on intense, easily available information signals whose rationality may have been open to question (for instance, one participant indicates that "*I am following a positive trend with Hermès and LVMH. I think this quarter will be a positive one, in particular because of events like Valentine's Day*".

Other transactions were also carried out on the second day: LVMH's share price remains on a positive trend and the returns made on the first day have probably contributed to the positioning of the stock. In summary, three biases seem to be widely interconnected: the "all that glitters attracts" bias, the availability bias and herd effects (using what it has been said by one participant "*I decided to buy LVMH because the trend was clearly better than the market. It was an excellent opportunity*".

After the announcement of the results and the negative informational content, we only observe one purchase on the third day, and this seems to have been taken desperately. The comments reported by one participant were as follows "*This purchase is a risky one, after a continuous decline throughout the day. I'm hoping for a spectacular rise, but I recognize that this is highly unlikely, and I feel desperate about the situation".*

Conclusions

On the basis of the results, we conclude that the development of an 'all that glitters attracts' bias is largely conditioning the decision-making processes of individual investors. In addition, particular attention seems to have been paid to the information immediately available, without any really important decoding being carried out. As presented in the introduction to this article, some biases can be very close, with relatively similar influences on decision-making. These findings were collected by combining data from the trading journals of the participants with data from the process of participative observation.

During the period under investigation, the main focus seems to have been on announcements of financial analysts' opinions and annual results (the case of LVMH). The data collected show that companies that are not confronted with event announcements (including financial analysist' opinions) are less traded. In any case, the participants seem to have transferred to financial analysts the responsibility of forecasting the future stock market configuration. This finding is particularly surprising since some news about companies in the spotlight had negative informational content, and financial analysts did not necessarily seem to perceive it and integrate into their own analyses. Our results are in line with Doukas J., Kim C., Pantzalis C. (2005), who found that high analyst coverage leads to overvaluation and low returns. This finding is consistent with the idea that excessive coverage, sometimes driven by investment bank incentives and analyst self-interest, increases investor optimism, so that stock prices can be traded above fundamental value. Conversely, low analyst coverage would result in stocks trading below fundamental values. Our findings can also

be compared with De Bondt W. and Thaler R. (1990) study on the rationality of the amplitude of some adjustments by financial analysts, which concludes that behavioral biases are also to be found among people who have a good knowledge of stock market codes (confirmed by Roger T., 2018).

In summary, we believe that these biases can be explained in three different ways. Firstly, individual investors, often unfamiliar with the stock market routines, are looking for signals to shape their investments. For this purpose, the abundance (even inflation) of news associated with particular stocks (large companies) over very short periods of time, and the marketing of stock market websites, naturally focus the attention of individual investors on specific stocks and companies and, ultimately, shape their investment strategies. So, the question could be : are we talking about an "everything that glitters attracts" bias or are we talking about an "everything that has been made to glitter attracts" bias?

Secondly, using students in experimental finance - even if some conditions for taking part in the experiment were set out in advance - raises the question of their knowledge of both the mechanisms that prevail on the stock markets and the tools (particularly technical and graphical ones) that may support a particular investment strategy. The previous observation about the lack of familiarity among individual investors is perhaps more striking for students.

Thirdly, the negative market configuration during the experiment resulted in a search for information signals that were quickly and easily available for building an investment strategy. For this purpose, using financial analysts' opinions (even if they must be considered with caution) may seem quite logical. On the other hand, in a bull market, investor could develop animal-like behaviors (with the emergence of herd behavior) and based on intuitive elements or potentially on chart analysis, without necessarily making extensive use of information fields.

Further Research Avenues

We believe that the underrepresentation of qualitative studies in the field of finance is questionable, especially when it comes to understanding and assessing investors' emotions and feelings. This appears to be of particular importance, as behavioral finance places a strong emphasis on understanding the psychological and emotional reality of individuals in order to understand decision-making processes. In this context, the use of experimental finance supported by proven scientific designs could improve our understanding of the mechanisms underlying the behaviors of stock market traders.

Different development avenues could be considered.

Firstly, by following the same methodological perspective, it could be interesting to consolidate the findings by increasing the perspectives and methodological tools with a qualitative orientation (for example, the administration of questionnaires, the organization of semi-structured interviews and focus groups). Secondly, it might be interesting to analyze how financial expectations following specific transactions might shape subsequent decision-making processes: we might think that emotional dysregulation might influence the building and rebuilding of investment strategies. Thirdly, it would be relevant to replicate this type of experiment in controlled stock market environments, in which we would be in charge of general market configuration. Indeed, the biases studied seem to be strongly dependent on market orientation: for example, overconfidence and overoptimism should be more prevalent in bull markets than in bear ones. Similarly, controlling the stock market environment could help us understand how feelings of euphoria (with a strong presence of overconfidence) versus feelings of abandonment (with a strong presence of disposition bias related to regret theory) are shaped in the markets. Fourthly, using neurophysiological instruments (skin sudation, heart rate variation, etc.) could strengthen the conclusions drawn from the qualitative approaches.

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