

CHOICE MODELING IN R

CLASS 8

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CASE STUDY

Lets recap the material covered to date in this class by analyzing the data from

- Czajkowski, M., Bylicki, M., Budziński, W., & Buczyński, M. (2022). **Valuing externalities of outdoor advertising in an urban setting—the case of Warsaw**. Journal of Urban Economics, 130, 103452.
- Stated preference study investigating Warsaw's citizens preferences for outdoor advertising
- The context of the study was a “*landscape bill*” (*ustawa krajobrazowa*) that was being implemented at the time

CASE STUDY

Data consisted of 3 attribute choice tasks

- Changes in billboards
 - From total ban to no change
- Changes in advertising on buildings
 - From total ban to no change
- Cost

Number of alternatives varied

- From 2 to 4

From the alternatives presented in the table below please mark the one which you consider to be the best for you and your household.

Situation 1	Alternative A Continue current regulatory treatment	Alternative B	Alternative C
Freestanding advertising structures	100% (no change)	50%	70%
Advertising structures on buildings	100% (no change)	0% (ban)	25%
Annual cost to your household	0 PLN	20 PLN	50 PLN
<u>Your choice:</u>	☐	☐	

CASE STUDY

One line of research in choice modeling is interested in how number of presented alternatives affect obtained outcomes

- For example, WTP

Under RUT it should not matter

- Individuals choose the best alternative accordingly with their preferences

However, number of alternatives may affect respondents' choices for various reasons

- Choice complexity
- Strategic behavior
- Context-dependent preferences

Lets then analyze this idea as a research question: **“How does number of alternatives affect preferences for outdoor advertisement?”**

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Lets then analyze this in
alternatives affect preferences

Let's go to  