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Using Attribute Importance Rankings within Discrete Choice Experiments: An Application to Valuing Bread Attributes.

Kelvin Balcombe, Michail Bitzios, Iain Fraser and Janet Haddock-Fraser¹

We present a new Bayesian econometric specification for a hypothetical Discrete Choice Experiment (DCE) incorporating respondent ranking information about attribute importance. Our results indicate that a DCE debriefing question that asks respondents to rank the importance of attributes helps to explain the resulting choices. We also examine how mode of survey delivery (online and mail) impacts model performance, finding that results are not substantively affected by the mode of survey delivery. We conclude that the ranking data is a complementary source of information about respondent utility functions within hypothetical DCEs.

Key Words: Attribute Importance Rankings, Discrete Choice Experiment, Survey Mode

JEL Classification: C11, C25, L66

1 Introduction

There is a rapidly growing literature that examines how respondents interact and use the attributes employed within hypothetical Discrete Choice Experiments (DCE). For example, Hensher et al. (2005) explain that it is normally assumed that when a survey participant

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undertakes a hypothetical DCE they pay attention to all attributes. However, there are reasons to assume that respondents may employ less than the full set of attributes when making choices. Within the literature this form of behavior has become known as attribute non-attendance (ANA) and its existence has been shown to significantly effect model performance (Scarpa et al., 2010; Balcombe et al., 2011; Alemu et al., 2013; Kehlbacher et al., 2013; Scarpa et al., 2013). To date two general approaches have developed to examine ANA. Either debriefing questions are included between choice sets (Scarpa et al., 2010; Puckett and Hensher, 2009) or at the end of the choice sets (Campbell et al., 2008). Inclusion at the end of choice sets has been more widely employed in practice. Debriefing questions directly ask respondents which attributes they used or did not. Alternatively, econometric methods have been employed to reveal ANA *ex-post* from a data set (Scarpa et al., 2009; Hensher et al., 2012). This approach is often referred to as a form of post estimation conditioning. Generally, most studies focus on one approach or the other, although Hess and Hensher (2010) do provide an interesting comparison of both approaches.

A central issue within the stated ANA literature has largely been on whether respondents really ignore attributes and what the implications of this would be for Random Utility Models. It is now well known that many respondents, when prompted, often state that they ignore some subset of the attributes presented to them in a hypothetical DCE. For example Campbell et al. (2008) report that 36 percent of respondents do not use at least one attribute. So while the initial goal of the ANA literature was to determine whether people have employed simplification strategies, this literature has resulted in demonstrating that asking debriefing questions about attribute attendance is an important source of information about peoples utility functions. However, with exceptions (Balcombe et al., 2011), the majority of papers seem to suggest that respondents do not fully ignore attributes that they state that they do not attend. Essentially, it seems that respondents who indicate ANA place lower importance, which need not be zero, on those attributes when making choices, but they do not ignore them altogether (Hess and Hensher, 2010; Alemu et al., 2013). If

stated non-attendance is an indicator of an attribute’s ‘value’, asking respondents if they have ignored an attribute with a simple dichotomous yes/no question might be viewed as a crude approach. A non-attendance response no longer signals a zero value on the contribution of a specific attribute within the econometric model, and setting the marginal utility to zero, as is typically done, may impair model performance.

In this paper we take a different approach to stated ANA. Instead of asking people whether they have ignored (or used) attributes within our hypothetical DCE we ask them to rank the attributes in order of importance to them. This should not be confused with a ranking approach for alternatives that is reasonably common within the DCE literature (Layton, 2000; Scarpa et al., 2011). As with much of the existing ANA literature our ranking question is employed after all the choices have been completed. We also note that there is no reason *a priori* that our approach could not be implemented after each choice set. By employing a single ranking question we allow survey respondents to place a lower value on particular attributes without assuming that they have zero value. Since respondents only perform this task once, this simple de-briefing question offers important insights into respondent behavior with only a small increase in the total cognitive burden placed on respondents.² We show how this information can be used in a parsimonious way by modifying the Mixed Logit without imposing the condition that the ranking information must necessarily indicate an attributes relative marginal utility.

Overall, we believe that our approach provides an interesting alternative to the assessment of attribute use and importance compared to a dichotomous non-attendance question. As our results demonstrate the inclusion of attribute rank data within the model significantly improves model performance. However, we also acknowledge that by asking respondents

²We note that there is nothing in principle stopping researchers from employing the ranking approach with each specific choice task. As has been argued elsewhere in the literature (i.e., Campbell et al., 2008) this can increase the insight provide by a de-briefing question. However, whilst a choice specific de-briefing question is feasible from a more general econometric perspective, varying marginal utilities over the choice set for a respondent has no strong theoretical motivation. Furthermore, introducing non-attendance de-briefing questions in this manner might lead, that is induce, respondents to indicate nonattendance when maybe it is not an issue.

to rank the importance of attributes that we do not in principle explicitly reveal attribute non-attendance. But, as previously noted within the literature (Hess and Hensher, 2010; Alemu et al., 2013) simply offering a respondent a yes or no option ignores the possibility that a specific attribute only has lower importance as opposed to zero importance.

Here we examine two alternative ways of incorporating ranking data. The first uses the ranking data as a covariate. The second, which is new to the literature, uses the ranking data to scale the parameters in a manner we will refer to as the "contraction" approach. We first assess if rank data are consistent with marginal utilities estimated independently of the ranking data. We then employ a modified (Bayesian) Mixed Logit model that incorporates the ranking data and we make model comparisons employing model marginal likelihoods.

Our specific application is a hypothetical DCE study into the attributes of bread, including a functional ingredient and a health claim. The inclusion of both attributes was employed to allow us to examine the relative importance of each attribute for survey participants. As such this DCE adds to a growing literature examining consumer preferences and attitudes towards foods modified with functional ingredients as well as the provision of information to help consumers make informed food choices (Cowburn and Stockley, 2005; Grunert and Wills, 2007; Mazzocchi et al., 2009; Balcombe et al., 2010; Hellyer and Haddock-Fraser, 2011; Hellyer et al., 2012).

The hypothetical DCE employed in this paper has previously been analyzed by Bitzios et al. (2011). However, we extend the previous analysis by employing attribute ranking data as well as 318 additional survey responses collected online. As the DCE collected data using two modes of survey delivery – mail and online, we are able to compare model performance for both types of data. There already exist several studies that examine if the mode of DCE survey delivery impacts resulting model estimates (e.g., Savage and Waldman, 2008; Olsen, 2009; Lindhjem and Navrud, 2011; Windle and Rolfe, 2011). Our analysis adds to this literature by examining differences in model results for the mail and online survey data for all models estimated.

The structure of the paper is as follows. In section 2 we briefly describe the hypothetical DCE employed in this study. We then introduce and develop the econometric models we use to estimate our data. In section 4 we describe our data and report model results. In Section 5 we provide a summary and conclude.

2 DCE Design and Data

The hypothetical DCE employed in this paper was designed to provide willingness-to-pay (WTP) estimates for various types of bread with assorted attributes. The data employed had two modes of delivery, a mail version and an online version. Bitzios et al. (2011) analyzed the mail version data only using a latent class approach, and did not employ the ranking data as we do in this paper. The two versions of the survey employed in this paper only differ in their mode of delivery. A full description of the design of the DCE can be found in Bitzios et al. (2011) including the approach to attribute selection, experimental design and choice card format. A brief description of the attributes and levels employed in the DCE are provided in Table 1.

[Approximate Position of Table 1]

The survey had four different versions (24 options that were presented to respondents in four blocks of six choice cards). The survey was composed of six sections. The first section gave information, which met regulatory requirements, explained the concept of functional food and contrasted these to a typical health claim with an associated benefit. This information is as follows:

"Research in the area of nutrition has emphasised the importance of food to promote better health and help reduce the risk of various diseases. An important advance in this area of study has been the increased use of so called, "functional ingredients".

Functional ingredients are food components that naturally occur in food products (eg. Lycopene in tomatoes) or they can be added to make the food functional.

Scientifically, functional foods are defined as “food products that are satisfactorily demonstrated to affect beneficially one or more target functions of the body”.

In plain English, functional foods can provide benefits to the human body in addition to nutritional value.

Distinction between functional foods and healthy foods:

Healthy foods are beneficial for the general state of your health.

Functional foods are products that, as part of a healthy diet, promote health and help reduce the risk of certain diseases."

Both concepts were defined in the survey instrument based upon agreed rules governing claims on food products in the UK. The second section included some warm-up questions on bread eating behavior and bread knowledge. The third section explained the choice task using an example, and the fourth section presented the actual choice exercises that had to be completed. The next section included questions about attitudes towards food. In addition, this section included the ranking of attributes question. The final section collected socio-economic individual specific information.

The specific ranking question that we asked was as follows:

For your choice card responses please rank from 1 (Most Important) to 7 (Least Important) the attributes which affected your choices. No two attributes should receive the same rank number.

- *Type of bread*
- *Production method of grain*
- *The presence of functional ingredient*
- *Whether it is sliced or unsliced*
- *The texture of bread*
- *The potential health benefit*

■ *Price of bread*

The online version of the survey was implemented using SurveyMonkey, an online survey software and questionnaire tool (www.surveymonkey.com/). We employed an opt-in approach to survey participation. To attract survey participants we placed a link to the survey on the University of Kent website, advertised via the news section of the University's website. The advertisement provided a link for respondents to the survey. We also placed a link on the Home Grown Cereals Authority website which was advertised via their e-club "*Crop Research News*". For both sites the link to the specific version of the survey was modified every few days to ensure that we obtained a balance of responses across the four blocks of choice cards we had employed with the postal version of the survey instrument. The mail survey had 341 usable responses and the online survey returned 318. A comparison of both mail and online respondents is provided in Table 2.

[**Approximate Position of Table 2**]

Table 2 shows that there are a number of statistical differences in the two samples. For example, we have more female respondents than males for both survey modes, and that the proportion of females is significantly higher for the online version of the survey. Our mail sample has an above average age compared to the UK average of 39, whereas the online sample has a lower average age. The average income of respondents (excluding non-responses) is just over £31,000 for mail and £33,000 for online.

Notably, the online survey attracted proportionally more females than the mail survey and generally the online participants were considerably younger. The online participants also tended to be slightly more highly educated, paid and in work, and health conscious.

In terms of the attribute ranking raw data presented in Table 2 it is evident that type of bread is clearly identified as the most important attribute by respondents for both survey modes. Also we note that the sample average score for both groups is significantly different. This is followed by price, texture, and health benefit. Interestingly, the statistical significance

of the mean score differences between the survey modes is less for these three attributes compared to those attributes that are ranked lower. As we might expect an explicit health claim in the form of a benefit ranks higher than the inclusion of functional ingredient which may yield health benefits. Despite some of the identified differences in sample composition the rank order of DCE attributes was the same across the two modes of delivery.

In Section 4 the importance rankings will be used within the estimation of the Mixed Logit. As we will see these rankings are able to be used in the estimation of marginal utilities and they do have an impact.

3 Model Specification and Estimation

3.1 *The Standard ‘Mixed Logit’ (Model 1)*

The utility (U) that the j th ($j = 1, \dots, J$) individual receives from the i th choice ($i = 1, \dots, I$) in the s th choice set ($s = 1, \dots, S$) is assumed to be of the form

$$U_{ijs} = \dot{x}'_{ijs} \dot{g}(\beta_j) + e_{ijs} \quad (1)$$

where \dot{x}_{ijs} denotes the $K \times 1$ vector of attributes presented. The error e_{ijs} is ‘extreme value’ (Gumbel) distributed, is independent of \dot{x}_{ijs} , and is uncorrelated across individuals or across choices. β_j is a $(k \times 1)$ vector describing the preferences of the j th individual and obeys

$$\beta_j = \alpha + u_j \quad (2)$$

where α is the mean and u_j is a independently and identically normally distributed vector with variance covariance matrix Ω . The function $\dot{g}(\beta_j) = (\dot{g}_1(\beta_{1j}), \dots, \dot{g}_K(\beta_{Kj}))$ is a dimension preserving transformation of the vector β_j . For example, by using an exponential transformation for a given attribute coefficient, the marginal utility for that attribute be-

comes log normal. The errors $\{u_j\}$ are assumed to be uncorrelated across individuals. It is also common to condition the marginal utility in (2) on variables that characterize the respondent, as we discuss below.

3.1.1 *Ranking as Covariates (Model 2)*

In this DCE we have observations $\{z_{jk}\}$ which represent the rank of the k th attribute by the j th respondent. As outlined above, each respondent was required to rank the data on a scale from one through R (in case $R = 7$). Respondent were required to assign a unique rank to each attribute (with no ties allowed) with one being the highest ranked (most important) attribute and R being the lowest. Note, in the case where a given attribute is categorical so that the coding uses dummy variables then the number of attributes to be ranked (R) will be smaller than K . Each of the dummy variables associated with a given attribute will receive the same rank.

In common with the treatment of non-attendance data, we could choose to extend (2) so as to treat the rank as an explanatory variable for β_j . More specifically

$$\beta_j = \alpha_0 - \alpha_1 \frac{(z_{jk} - 1)}{R - 1} + u_j \quad (3)$$

In equation (3) α_0 is equal to α in equation (2) if α_1 is equal to zero which occurs if the ranking data has no impact on the model. However, if the rank data does impact the model then α is equal to $\alpha_0 - \alpha_1 \frac{(z_{jk}-1)}{R-1}$. Note, we only report α_1 for this model which represents the deviation of the coefficient from what it would be if it was given the highest rank (1) and lowest rank (R).

This ‘covariate approach’ is potentially unsatisfactory because by treating the variance term of β_j as invariant to the ranking of an attribute we ignore the fact that it is not only a shift in the mean that would be expected but that people with very low rankings of some attributes are more likely to have marginal utilities clustered around zero.

3.2 The Contraction Approach (Model 3)

In order to take account of the problems identified with the use of the attribute ranking data in model 2 we now propose an alternative, where we define utility as in (1).

First, let us define the matrix $\Lambda_j = \text{diag}(\lambda_{j1}, \dots, \lambda_{jK})$ which has the elements

$$\lambda_{jk} = (1 - \tau) + \tau \frac{(R - z_{jk})}{R - 1} \quad (4)$$

where τ is a parameter that is to be estimated and is free to vary between zero and one. As $\tau \rightarrow 0$ this implies that the ranking data is unimportant in determining the mean and variance of the coefficients. At the other extreme, $\tau = 1$ implies that the lowest ranked attribute has zero marginal utility. How does this work? If we assume that $\tau = 1$ and $R = 7$ and $z_{jk} = 7$, then by substituting these values into (4) that yields a value of $\lambda_{jk} = 0$. In this case this implies that α is equal to zero for the lowest ranked attribute. In contrast, if we assume that $\tau = 0.5$, $R = 7$ and $z_{jk} = 6$, and again substituting these values into (4) we now find that $\lambda_{jk} = 0.583$. This implies that the ranking data is important and that it yields an estimate of α equal to $0.583 * \alpha_0$ where α_0 is equal to α in equation (2). Thus, the higher the (mean) rank of an attribute the bigger the relative estimate of λ_{jk} and the lower the contraction effect on the resulting estimate of α .

It then follows that the individual marginal utilities are modelled by assuming $g(\beta_j) = (g_1(\beta_{j1}), \dots, g_K(\beta_{jK}))$ where g_k is a transformation (e.g. an exponential) and likewise defining the elements of $\dot{g}(\beta_j)$

$$\dot{g}_k(\beta_{jk}) = \lambda_{jk} g_k(\beta_{jk}) \quad (5)$$

We note that for the highest ranked attribute $\lambda_{jk} = 1$ regardless of the value of τ . Without this condition the model would not be identified. We note that a similar condition is employed by Layton (2000) in his examination of DCE rank data. We refer to this model format as

the ‘contraction approach’. We can write this in vector form using

$$\dot{g}(\beta_j) = \Lambda_j g(\beta_j) \tag{6}$$

3.3 *Estimation of the Contraction Model*

The contraction model is simple to estimate using Bayesian methods, since it can be specified in a similar way to the standard Mixed Logit, with the normal latent variables being multiplied by the shrinkage terms. If we define

$$g(\beta_j) = \Lambda_j^{-1} \dot{g}(\beta_j) \tag{7}$$

where as before:

$$\beta_j \sim N(\alpha, \Omega) \tag{8}$$

Viewing utility in this way we have

$$U_{ijs} = (\dot{x}'_{ijs} \Lambda_j) g(\beta_j) + e_{ijs} \tag{9}$$

By defining

$$x'_{ijs} = \dot{x}'_{ijs} \Lambda_j \tag{10}$$

the non-stochastic component of utility is defined conventionally as

$$V_{ijs} = x'_{ijs} g(\beta_j) \tag{11}$$

and the posterior densities for the parameters $\{\beta_j\}$, α , Ω , and τ , are obtained by observing that the probability of i being chosen in the circumstance js is the standard logit probability

$$p_{ijs} = \frac{e^{V_{ijs}}}{\left(\sum_i e^{V_{ijs}}\right)} \quad (12)$$

If the observed choices are defined by $y_{ijs} = 1$ where the i th option is chosen in circumstance js and $y_{ijs} = 0$ otherwise, then the likelihood of all the observed choices (Y) is

$$f(Y|\tau, \alpha, \Omega) = \prod_i \prod_j \prod_s p_{ijs}^{y_{ijs}} \quad (13)$$

Conditionally on Λ_j , the steps for generating latent variables $\{\beta_j\}$ along with α and Ω can be estimated using Markov Chain Monte Carlo (MCMC) steps as in the standard Mixed Logit (e.g., Train and Sonnier, 2005). That is, having normalized the attributes ($x'_{ijs} = \dot{x}'_{ijs}\Lambda_j$) the conditional distributions for β_j along with α and Ω are defined in the usual way (in terms of x_{ijs}). However, since τ is estimated, the normalized attributes need to be updated at each iteration, and the posterior distributions for τ is also required. The precision matrix has a Wishart prior $W(I, k + 4)$ where k is the dimension of the covariance matrix. The precise priors that we use have a mean of zero for α and a diagonal covariance matrix for α with a variance of 100 for each of the effects common to all models. For the covariate terms in the model using the ranking data (Model 2) the variances were set to 10. Thus, the prior variance for α was set so as to be relatively uninformative for the estimates, and small enough so that the penalty for additional parameters in the model would not be very restrictive. Therefore, it follows that the posterior distributions for τ is

$$f(\tau|Y, \alpha, \Omega) \propto f(Y|\tau, \alpha, \Omega) f(\tau) \quad (14)$$

where τ has a uniform prior over the unit interval $[0,1]$. Estimation proceeds by iterating through the sequence of conditional draws: $\{\beta_j\} | \alpha, \Omega, \tau, Y; \alpha | \{\beta_j\}, \Omega, \tau, Y; \Omega | \{\beta_j\}, \alpha, \tau, Y; \tau | \alpha, \Omega, \{\beta_j\}, Y$. The conditional posterior distributions for the first three components are the same as in Train and Sonnier (2005). The conditional posterior distribution for τ is obtained from (14). These can be sampled using Metropolis Hastings steps with a random walk proposal density.³

4 Results

4.1 Model Comparisons

We now examine the relative performance and results of three competing models across the two data sets (Mail and Online). The three models which we employ differ in their treatment of the ranking data. The first model (Model 1) makes no use of the ranking data. The second model (Model 2) uses the ranking data as a covariate on marginal utilities, thus allowing the mean to depend on the rankings of attributes (as in (3)). The third model (Model 3) uses the ranking data in the manner described previously (the contraction model).

The results for the logged marginal likelihoods (MargLL) are presented in Table 3.

[Approximate Position of Table 3]

For completeness we also present the maximum log likelihood (MaxLL) (calculated using the simulation method with Halton Sequences) visited by the sampler. From a Bayesian perspective the MargLLs are sufficient for us to make model comparisons (Balcombe et al., 2009). Comparisons should only be made vertically (we are not comparing between online and mail surveys). The larger the MargLL, the ‘more preferred’ a model. The

³All models estimated using GAUSS 11.0. The estimation procedure adopted was a burn in of 1,000 iterations followed by every 100th draw kept yielding 10,000 in total from 1,000,000 iterations. We tested for model convergence using standard diagnostics.

exponential of the difference between the MargLL for two models gives the ‘Bayes Factor’ between two models when each is considered equally plausible *a priori*. For example, models which have a difference of three in the MargLL would indicate that the model with the larger MargLL is over 20 times more likely to be the true model after incorporating the sample information. The MargLL implicitly takes into account whether one model has more parameters than another, so no adjustment needs to be made to the MargLL in order to make model comparisons.

As the results show, in most cases the differences between the MargLLs between competing models are quite large. For both the mail and online data Model 3 is preferred to Model 2 which in turn is preferred to Model 1. As can also be seen from the MaxLL within Table 3, there is also a very large improvement in the MaxLL when comparing Model 3 with Model 1, even though there is only one additional parameter. Since Model 3 nests Model 1, one could calculate a classical p-value using a likelihood ratio statistic that would reject the restriction that $\tau = 0$ at very low levels ($p < 0.001$). The results, therefore, seem unequivocal. Using the ranking data improves model performance whether ranks are used as covariates, or the contraction approach. However, as can also be seen there is a large improvement in MargLLs from using the contraction approach over the covariate approach.

4.2 *Standard Mixed Logit (Model 1)*

We first present the results of the parameter estimates of the standard Mixed Logit (Model 1) in Table 4.

[Approximate Position of Table 4]

We consider this model because our first interest is about whether there is a relationship between the importance rankings (reported in Table 1) and the size of the coefficients when they are estimated independently of the ranking data. Within Table 4 we report, for both online and mail data, the estimates and standard deviation of α (in columns 1, 2, 4 and

5) along with the estimates (the mean of the posterior) for the diagonal elements of Ω (in columns 3 and 6). These are referred to as ‘the mean of the variances’. Whereas α determines the means of the latent variables, the variances Ω_{ii} determine how diffuse these marginal utilities are across the population. If $\sqrt{\Omega_{ii}}$ is large relative to α_i (unless the utility is transformed) then a significant part of the population will have differently signed marginal utilities.

As can be seen from Table 4 the average attribute importance scores reported in Table 2 correspond reasonably with the size of the coefficients which, given that they are mainly dummies, are able to be compared. This is most evident with regard to the bread type. We see that whether a bread is wholegrain or brown has a very large average marginal utility, though this does differ substantially across the population (the variance estimates reflecting respondent heterogeneity are high). Examining the importance rankings in Table 2 we see that bread type was considered the most important attribute on average. Likewise, the next most important attribute (texture) also seems to have a relatively large effect on peoples utility given the coefficients in Table 4. The fourth most important ranked attribute is the health benefit which seems to play a large role in peoples choices given the quite large marginal utility (0.819) and relatively small standard deviation for this estimate (0.112). Importantly, for both survey modes health claims yield higher levels of marginal utility compared to a functional ingredient. This in part goes back to the difference in these attributes. As previously shown; *"Functional foods are products that, as part of a healthy diet, promote health and help reduce the risk of certain diseases."* In contrast food with a health claim was defined as; *"Healthy foods are beneficial for the general state of your health."* Thus, with a functional ingredient there is a conditional relationship between consumption of the food and a positive health outcome. In contrast a health claim makes an explicit and general link between consumption and health.

Finally, if we compare the results across survey mode we see that there are few significant differences in sign, although these tend to be associated with α_i estimates that have a

relatively high standard deviation e.g., method of production and thick sliced. We note the high mean of the variance for rye bread which indicates that respondents typically either really like or dislike this type of bread.

4.3 *Rankings as Covariates (Model 2)*

We now examine the impact of the attribute ranking data when they are included as covariates on the marginal utilities. These results are presented in Table 5.

[Approximate Position of Table 5]

From Table 5 we can see that the importance rankings seem to be strongly correlated with the marginal utilities. We would expect that marginal utility which was positive would have a ‘significant’ positive ranking coefficient (e.g., $\alpha_1 > 0$). As we can see for bread types, price and health benefit, this is indeed the case.

There are a couple of counter intuitive results. First, is texture, whereby although the effects included in the models were positive, those indicating that they have high importance for these attributes were estimated to have lower utilities (as shown by the fact that the dummy covariates have negative signs). This result is consistent across both survey modes. It is likely that this result highlights the fact that the type of texture coded as the base level (i.e., soft) is the generally preferred type of this attribute. Second, the method of production is now positive for the mail survey model and relatively more important than functional ingredients. Third, there is a reversal in signs for the sliced attribute estimates. However, the magnitude of the associated standard deviations for the α_1 estimates indicates that these estimates need to be treated with caution.

4.4 *Contraction Model (Model 3)*

We now present our estimates of Model 3 using the contraction approach. These results are shown in Table 6.

[Approximate Position of Table 6]

The first thing to note are the contraction coefficient estimates at the bottom of Table 6. The estimates for the contraction coefficients are approximately 0.94 and 0.80 for the mail and online versions respectively. These estimates are high suggesting that people have very small marginal utilities for those attributes they rank as having low importance. Also, for both survey modes these estimate are statistically significant.

In terms of interpretation, the 0.94 coefficient for the mail version of the survey indicates that a respondent who ranks an attribute the lowest (i.e., 7th), would have marginal utility of 6% (0.06 derived from equation (4)) of that which they would otherwise have been predicted to have. For the online version the lowest ranked attribute would have a marginal utility of 20%.

It we consider higher ranked attributes, a higher rank score will mean that the impact of the contraction coefficient is reduced. So for an attribute ranked third most important, using the estimates reported in Table 6 and equation(4), for the mail version the associated marginal utility will be 69%, whereas for the online version the marginal utility will be 73%.

Overall, while both surveys give comparable results, those in the mail version have a significantly greater contraction coefficient. This in part might be a result of the greater spread of mean ranks scores that are reported in Table 2. As we can see in Table 2 the mail survey yields the highest and lowest average rank scores recorded.

Turning to the estimates of marginal utility there is a reasonable correspondence between mail and online for most attributes, except for differences between rye, crunchy and springy. As with the covariate model texture yields some negative estimates for the mail version, although these are all positive for the online version. As above it is likely that the type of texture coded as the base level (i.e., soft) is the preferred type.

4.5 *WTP Estimates*

We need to be clear that the values of α and α_1 within Tables 4, 5 and 6 cannot be directly compared. It is possible to obtain a rescaling of the α coefficients at the mean ranking level. However, this can be more effectively done through the WTP estimates which we present in Table 7 for all three models.

[Approximate Position of Table 7]

The WTPs are estimated using simulation from the distribution of the latent coefficients and contraction coefficients. In Table 7 we see that the estimates are, for the most part, fairly robust to changes in method and survey mode.

If we compare Models 1 and 3, we can see that there is a tendency for downward absolute revision in WTP estimates, although the changes are not dramatic. For example, for the wholegrain estimates the reduction is 14 percent for the mail survey and 10 percent for the online survey. However, this was not the case where the attribute rank score was used as a covariate (Model 2). In this case the WTP estimates tended to become slightly higher.

According to these results, it is striking that people are prepared, on average, to pay a large premium for wholegrain breads (anywhere from around £1.46 to £2.18) taking the lowest and highest estimates. However, the best performing model (Model 3) gives the lowest estimates (£1.46 to £1.76 mail or online respectively).

The most noticeable difference between the mail and online results is in the WTP results for method of production: conventional versus organic. For the mail results we found very small or even negative WTP for organic bread, whereas this result was given a premium of 30 pence for the online. Slightly larger values were also found online for the inclusion of a functional ingredient and for a health benefit. Over all models and survey modes, the health benefit was given a higher WTP than for the functional ingredient or organic production, with an estimate of an average 60 pence premium for the health benefit. We also note that the respondents appear more homogeneous in their liking for the health benefit, whereas there

was a great deal of heterogeneity across the population about liking for organic production or functional ingredients.

5 Summary and Conclusions

This paper has introduced a new way of using respondent debriefing ranking information about attribute importance in the context of a hypothetical DCE for various attributes of bread. The attribute ranking information was incorporated into the Mixed Logit using a new model specification. Our results indicate that a DCE debriefing question that asks respondents to rank the importance of attributes helped to explain the resulting choices and improved estimates of respondent utility functions. We explored incorporating the ranking information in two different ways: as a covariate explaining marginal utilities and a ‘contraction’ of the marginal utility towards zero where the degree of contraction was estimated. The second approach proved to be the preferred one in terms of overall model performance, although the covariate approach also improved model performance relative to using no information at all.

The mode of survey delivery (online and mail) did not substantively alter our conclusions either with regard to the use of debriefing information or with regard to the estimates of marginal utilities and WTP. Our results indicated that attributes which were ranked the lowest by respondents had a very small marginal utility for those respondents.

With regard to the determinants of people’s WTP for attributes of bread, the largest premiums were, on average, attached to ‘wholegrain’ closely followed by ‘brown’, but with a very large variation across the population with many consumers preferring white bread. Organic production received only a small premium on average, as did ‘functional ingredients’. However, a health benefit in the form of claim was valued highly by the vast majority of the survey respondents.

The research in this paper has built upon the literature on stated ANA which has shown that debriefing questions about attribute knowledge can assist our understanding of respondent utility functions in a way that is complementary to the observation of discrete choices. Overall the ranking exercise undertaken by respondents is a relatively low cost exercise and we would advocate its use in DCE.

More generally there is good reason to assume that the results regarding contractions based on rankings may depend, *inter alia*, on the number of attributes in the DCE. There is already an interesting literature developing on the complexity of DCE and in particular the number of attributes (Burton and Rigby, 2012). We believe that combining work on design complexity along with the type of debriefing questions and the econometric methods examined in this paper is an area of research that warrants further investigation. There is also further work to be done on how best to formally incorporate other forms of information into the estimation process using multiple debriefing questions. For example, as Scarpa et al. (2013) note, it would be interesting to see if respondent eye-tracking data collected during the choice process could be used to explain attribute use. Preliminary results, reported in Balcombe et al. (2013) appear to support this conjecture about the potential of using eye-tracking to enhance data collection and subsequent model performance for DCE. Finally, we note the possibility for future comparative research of the method developed in this paper with existing ANA approaches in a manner similar to Hess and Hensher (2010) by suitable design of hypothetical DCE.

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Table 1: Attributes and Levels Employed in the DCE

Attributes	Description	Levels
Type of Bread	Breads offered in the hypothetical market	White, Wholemeal Brown, 50-50, Rye
Method of Production	Grain type used in bread	Conventional, Organic
Functional Ingredient	Ingredient that can potentially deliver nutritional benefits	Yes, No
Sliced/Unsliced	Bread sold sliced or not	Medium, Thick, Unsliced
Texture	Consistency of the bread	Soft, Firm, Crunchy, Springy
Health benefit	If bread promotes health	Yes, No
Price	Cost (£) of standard 800gr loaf	0.7, 1, 1.3, 1.6, 1.9, 2.2

Table 2: DCE Descriptive Statistics

Socio-Economics (Avg)	Units	Sample	Mail	Online	Difference
Gender	Female=1	0.71	0.64	0.81	-0.18***
Age	Years	44.27	52.66	33.65	19***
Children	Number	0.45	0.47	0.42	0.05
Education	1 to 5	2.27	1.72	2.9	-1.18***
Income	£000's	32.12	31.02	33.61	-2.59
Exercise Regularly	Yes = 1	0.6	0.62	0.58	0.04
Health Conscious	Yes = 1	0.72	0.69	0.76	-0.07**
Gluten Intolerance	Yes = 1	0.04	0.05	0.04	0.02
Work	Yes = 1	0.57	0.54	0.6	-0.06*
Rank Scores (1 high, 7 low)					
Bread Type		2.03	1.89	2.19	-0.3**
Production Method		4.99	5.2	4.76	0.44***
Functional Ingredient		5.13	5.29	4.96	0.33***
Sliced		4.24	4.11	4.37	-0.26**
Bread Texture		3.73	3.67	3.81	-0.14
Health Benefits		4.13	3.99	4.22	-0.23*
Bread Price		3.78	3.85	3.7	0.15

Note: Statistically significantly different at 1% (***), 5% (**) and 10% (*).

Table 3: Marginal Log Likelihoods and Max Log Likelihoods

	Mail		Online		
	MargLL	MaxLL	MargLL	MaxLL	No. of Parameters
Model 1	-2083.66	-1968.86	-2058.92	-1954.64	104
Model 2	-2061.48	-1901.44	-2057.56	-1904.61	117
Model 3	-1994.19	-1889.72	-2016.16	-1911.78	105

Table 4: Standard Mixed Logit Results (Model 1)

	Mail			Online		
	Mean α	St Dev α	Mean Var	Mean α	St Dev α	Mean Var
Price (log-normal)	-0.44	0.22	1.72	-0.29	0.26	2.55
Bread (White)*						
Wholegrain	2.33	0.31	13.30	1.76	0.24	6.10
Brown	1.51	0.25	7.91	1.30	0.22	5.71
50/50	1.23	0.21	2.22	0.93	0.21	1.43
Rye	-0.43	0.34	14.74	-0.04	0.29	12.21
Method Production	-0.09	0.11	0.39	0.39	0.11	0.50
Functional Ingredient	0.25	0.11	0.23	0.23	0.10	0.20
Sliced (Thin)*						
Thick	0.08	0.12	0.48	-0.05	0.11	0.281
Un sliced	-0.22	0.13	0.58	-0.24	0.13	0.51
Texture (Soft)*						
Firm	0.33	0.16	1.00	0.33	0.14	0.62
Crunchy	0.13	0.15	1.07	0.22	0.13	0.53
Springy	0.25	0.15	0.59	0.35	0.14	0.68
Health Benefits	0.82	0.11	0.44	0.58	0.11	0.43

Note: * - Attribute level in brackets are the base level for dummy coding

Table 5: Impact of Rank on Mixed Logit (Model 2)

	Mail		Online	
	Mean α_1	St Dev α_1	Mean α_1	St Dev α_1
Price (log-normal)	0.77	0.12	0.61	0.14
Bread (White)*				
Wholegrain	0.39	0.17	0.32	0.11
Brown	0.31	0.14	0.22	0.10
50/50	0.16	0.12	0.09	0.08
Rye	0.27	0.18	0.32	0.13
Method Production	0.20	0.06	0.19	0.05
Functional Ingredient	0.17	0.07	0.08	0.06
Sliced (Thin)*				
Thick	0.01	0.06	-0.04	0.05
Un sliced	0.01	0.06	-0.11	0.05
Texture (Soft)*				
Firm	-0.10	0.07	-0.15	0.07
Crunchy	-0.02	0.08	-0.06	0.07
Springy	-0.16	0.07	-0.18	0.07
Health Benefits	0.34	0.05	0.21	0.05

Note: * - Attribute level in brackets are the base level for dummy coding

Table 6: Model Results With Contraction (Model 3)

	Mail			Online		
	Mean α	St Dev α	Mean Var	Mean α	St Dev α	Mean Var
Price (log-normal)	-2.31	0.27	2.92	-0.78	0.26	2.68
Bread (White)*						
Wholegrain	2.84	0.32	16.60	2.22	0.28	7.85
Brown	1.83	0.27	10.83	1.58	0.26	7.65
50/50	1.56	0.23	3.13	1.19	0.24	2.50
Rye	-0.60	0.40	21.63	0.08	0.35	16.53
Method Production	0.28	0.26	1.86	0.81	0.19	1.22
Functional Ingredient	0.88	0.22	0.83	0.57	0.19	0.54
Sliced (Thin)*						
Thick	-0.08	0.20	1.18	-0.05	0.16	0.48
Un sliced	-0.44	0.20	2.05	-0.51	0.20	1.72
Texture (Soft)*						
Firm	0.15	0.23	1.87	0.37	0.20	1.22
Crunchy	-0.32	0.25	3.93	0.21	0.20	1.47
Springy	-0.07	0.21	1.29	0.29	0.22	1.34
Health Benefits	1.62	0.17	0.65	1.15	0.16	0.60
	Mean	St Dev		Mean	St Dev	
Contract Coefficient	0.94	0.04		0.79	0.06	

Note: * - Attribute level in brackets are the base level for dummy coding

Table 7: Median WTP Estimates

	Mail			Online		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
Price (log-normal)	1.00	1.00	1.00	1.00	1.00	1.00
Bread (White)*						
Wholegrain	1.71	1.85	1.47	1.97	2.18	1.77
Brown	1.09	1.16	0.91	1.43	1.53	1.20
50/50	0.91	0.95	0.85	1.07	1.10	0.95
Rye	-0.30	-0.37	-0.24	-0.07	-0.08	0.06
Method Production	-0.06	-0.06	0.03	0.40	0.39	0.29
Functional Ingredient	0.17	0.21	0.11	0.21	0.25	0.19
Sliced (Thin)*						
Thick	0.06	0.01	-0.01	-0.05	-0.08	-0.02
Un sliced	-0.15	-0.22	-0.06	-0.23	-0.29	-0.20
Texture (Soft)*						
Firm	0.23	0.23	0.03	0.33	0.40	0.18
Crunchy	0.10	0.10	-0.03	0.21	0.22	0.10
Springy	0.18	0.20	-0.01	0.37	0.41	0.14
Health Benefits	0.60	0.63	0.50	0.55	0.65	0.60

Note: * - Attribute level in brackets are the base level for dummy coding