



EXERCISES SESSION 4

The purpose of this lab is to compare the different specifications of Multinomial Logit (MNL) models you tried in the exercises session 3 with some given examples and improve your best model by applying a non-linear specification of the utilities and if you have time, a socio-economic segmentation.

Question 1

Compare the different non-linear specifications and tests with the interpretations given on the course web site.

Question 2

Consider the best model you obtained at the end of exercises session 3 and perform the following tasks:

1. Try a socio-economic segmentation of the constant, which is equivalent to add socio-economic variables directly to the utilities. Is this segmentation significant?
2. Try a socio-economic segmentation of attributes of the alternatives one-by-one. Remember the difference between discrete and continuous segmentations. Are your segmentations significant?
3. Try a socio-economic segmentation of all parameters. How do you test if this segmentation is significant? Is a socio-economic segmentation of all parameters relevant?