



EXERCISES SESSION 8

The topic of this lab is specification testing of Multinomial Logit (MNL) models. The purpose is to apply all the techniques you tried in the previous exercises sessions and develop the best model you can on the *Optima* data set.

We recommend you to start with a basic model specification as a baseline.

1. Study and estimate the basic model specification.
2. Improve this model by adding attributes of alternatives to the utilities and by trying non-linear specifications of some variables (e.g. piecewise linear specification, Box-Cox transformation, power series, log transformation, etc.).
3. Try some socio-economic segmentation.