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## EXERCISES SESSION 5

The purpose of this lab is to compare the different specifications of Multinomial Logit (MNL) models you tried in the exercises session 4 with some given examples and improve your best model by applying a socio-economic segmentation.

### Question 1

Compare the different non-linear specifications and tests you tried in exercises session 4 with the interpretations given on the course web site.

### Question 2

Consider the best model you obtained at the end of exercises session 4 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?
4. Improve the model you developed in exercises session 4 by applying all the techniques you have learnt (adding variables, non-linear specification, segmentation, specification testing).