This is a repository copy of Testing the Importance of Fixing Exogenously Some Parameters in Aggregate Modal Split Models, by means of Sensitivity Analysis.

White Rose Research Online URL for this paper:
http://eprints.whiterose.ac.uk/2407/

Monograph:

Working Paper 118

Reuse
Unless indicated otherwise, fulltext items are protected by copyright with all rights reserved. The copyright exception in section 29 of the Copyright, Designs and Patents Act 1988 allows the making of a single copy solely for the purpose of non-commercial research or private study within the limits of fair dealing. The publisher or other rights-holder may allow further reproduction and re-use of this version - refer to the White Rose Research Online record for this item. Where records identify the publisher as the copyright holder, users can verify any specific terms of use on the publisher's website.

Takedown
If you consider content in White Rose Research Online to be in breach of UK law, please notify us by emailing eprints@whiterose.ac.uk including the URL of the record and the reason for the withdrawal request.
This is an ITS Working Paper produced and published by the University of Leeds. ITS Working Papers are intended to provide information and encourage discussion on a topic in advance of formal publication. They represent only the views of the authors, and do not necessarily reflect the views or approval of the sponsors.

White Rose Repository URL for this paper:  
http://eprints.whiterose.ac.uk/2407/

Published paper
TESTING THE IMPORTANCE OF FIXING EXOGENOUSLY SOME PARAMETERS IN AGGREGATE MODAL SPLIT MODELS, BY MEANS OF SENSITIVITY ANALYSIS

BY J D ORTUZAR

ITS Working Papers are intended to provide information and encourage discussion on a topic in advance of formal publication. They represent only the views of the authors, and do not necessarily reflect the views or approval of the sponsors.
# CONTENTS

## Abstract

1. Introduction .......................................................... 1  
2. Notation and modal split equations for a hierarchical logit model. .............. 1  
3. The problem of fixed endogenous parameters. .............................................. 3  
4. Gaining insight from analytical point elasticities. ...................................... 6  
5. Carrying out the experimental tests. .......................................................... 8  
6. Results of the sensitivity analysis. ........................................................... 11  
7. Conclusions ........................................................................... 17  

## References

18

## Figures

## Acknowledgements

## Appendix

1. Derivation of analytic point elasticities. ...................................................... 19  
2. Producing numerical values. ........................................................................ 22

Aggregate modal split (and distribution) models currently need exogenously determined values for such key parameters as the value of in-vehicle time, the value of waiting time and the car occupancy factor.

Using hierarchical logit modal split models and data from the Garforth Corridor, to the east of Leeds, this paper set out to investigate the effects in the model agreement to the data (and hence in its forecasting capabilities) of inputting different values for these parameters. To gain insight into the relative importance of each of these fixed parameters, the analytical point elasticities of the free parameters in the model with respect to them, were briefly examined. This exercise, together with some more practical post-hoc considerations led us to concentrate on the values of in-vehicle time and waiting time only.

The rather surprising outcome of the analysis was that the model fits were not statistically different, for different values of the fixed parameters, their variation being accommodated by changes in the values of the free parameters. The main conclusion was that provided the exogeneous parameters are reasonably accurate they should produce models that are capable of performing as well (or badly) as models calibrated entirely from the data, and at a much lower cost.
TESTING THE IMPORTANCE OF FIXING EXogeneously SOME PARAMETERS IN AGGREGATE MODAL SPLIT MODELS BY MEANS OF SENSITIVITY ANALYSIS

1. INTRODUCTION

Hierarchical logit modal split models (Williams, 1977) for bus, rail and car morning peak work trips in a corridor to the east of Leeds have been calibrated as part of an SRC project on mixed-mode demand forecasting, using aggregate data provided by West Yorkshire Metropolitan County Council.

The Garforth Corridor has 117 zones and the data available consists of road and public transport networks and trip matrices disaggregated by household car ownership group (0, 1, 2+) and mode (Ortuzar, 1979b). Some preliminary problems with the data and implementation of the models have already been discussed (Hartley and Ortuzar, 1979).

The main objective of this paper is to highlight and discuss one particular issue of aggregate modal split models, which incidentally also applies to trip distribution. This is the need for exogeneously determined values for such key parameters as the value of in-vehicle time, the value of waiting time and average car occupancy. The ideal method should be, of course, to obtain estimates for these parameters from the data itself, as part of the calibration process (as currently occurs with the dispersion and modal penalty parameters), but unfortunately this is not possible with the current aggregate transportation tools and/or packages. This deficiency has been strongly criticised by advocates of disaggregate models. (Spear, 1977, among several others).

The first part of the paper introduces the modal split models and notation involved; then the point elasticities of the model parameters with respect to the fixed parameters under scrutiny are used to get a feeling of their relative importance; finally the findings of an extensive sensitivity analysis with respect to the more relevant parameters, namely the values of in-vehicle and waiting time, is reported.

2. NOTATION AND MODAL SPLIT EQUATIONS FOR A HIERARCHICAL LOGIT MODEL

Throughout the paper we will refer to the hierarchical logit model for bus, car and rail depicted in Figure 1. The secondary split (bus-rail) is in fact a binary logit model, whose parameters \( \lambda \) and \( \delta \) are used in turn
to compute composite costs for the 'public transport' mode that competes against car in the primary split. This has also a binary logit form and will yield parameters $\lambda_1$ and $\delta_1$.

For the secondary split, the current aggregate methodology needs as inputs values for the in-vehicle, and waiting times$^{(1)}$. The primary split requires in addition, a value for the car occupancy factor$^{(2)}$. This last parameter would not present many problems if the data were grouped according to car availability (i.e. individuals with no car available do not make car trips and therefore do not need to have car costs specified$^{(3)}$); however, in our case, for example, approximately 18% of non car owner trips are made by car, and this situation is not particularly uncommon.

We define:

- $D =$ distance (km)
- $FF =$ fixed fare (pence)
- $VF =$ variable fare (p/km)
- $F =$ fare $= FF + VF \cdot D$ (pence)
- $T =$ in-vehicle time (min.)
- $WT =$ waiting time (min)
- $N =$ weight of waiting time, i.e. $WT$ is perceived as $N$ times $T$
- $V =$ value of in-vehicle time (p/min). Notice that the value of waiting time is therefore given by $N \cdot V$
- $OP_c =$ perceived car operating costs i.e. fuel (p/km).
- $CO_c =$ car occupancy factor (travellers per car)
- $b,r,c =$ suffixes indicating bus, rail and car respectively
- $pt =$ suffix denoting public transport
- $\Delta =$ operator denoting the difference between rail and bus attributes
- $\Delta_1 =$ operator denoting the difference between public transport and car attributes
- $\lambda,\lambda_1 =$ secondary and primary modal split dispersion parameters (pence$^{-1}$)
- $\delta,\delta_1 =$ rail and public transport modal penalties (pence)
- $G =$ generalised costs (pence)
- $MS =$ modal split, i.e. proportion selecting the indexed mode.

1. As a matter of fact, a value is also needed for walking time, but we will not consider it in this analysis.
2. We are assuming that car operating costs can be determined more accurately than these other parameters.
3. For a discussion on simple methods to 'transform' car ownership data to car availability data, see Ortuzar (1979a).
then generalised costs are computed as:\(^{(4)}\)

\[ G_b = F_b + (T_b + N \cdot W_{T_b}) V \]  
\[ G_r = F_r + (T_r + N \cdot W_{T_r}) V \]  
\[ \Delta G = \Delta F + (\Delta T + N \cdot \Delta W_T) V \]  

and the consistent composite costs are (Williams, 1977):

\[ G_{pt} = -\frac{1}{\lambda} \ln \{\exp(-\lambda G_b) + \exp(-\lambda (G_r + \delta))\} \]  
\[ (4a) \]

This latter expression can be represented, for our discussion, by a notional service with fares \( F_{pt} \) and times and waiting times \( T_{pt} \) and \( W_{T_{pt}} \) respectively, such that:

\[ G_{pt} = F_{pt} + (T_{pt} + N \cdot W_{T_{pt}}) V \]  
\[ (4b) \]

Then if \( \frac{O_{F_c} \cdot D}{C_{O_c}} \)

\[ G_c = \frac{C_{O_c}}{O_{F_c}} + (T_c + N \cdot W_{T_c}) V \]  
\[ (5) \]

we have that

\[ \Delta_1 G = F_{pt} - \frac{O_{F_c} \cdot D}{C_{O_c}} + (\Delta_1 T + N \cdot \Delta_1 W_T) V \]  
\[ (6) \]

With these definitions in mind, the modal split equations are simply:

\[ \begin{align*}
\text{a) Secondary split:} \\
MS_b &= \frac{1}{1 + \exp(-\lambda (\Delta G + \delta))} \\
MS_r &= 1 - MS_b
\end{align*} \]  
\[ (7) \]

\[ \begin{align*}
\text{b) Primary split:} \\
MS_c &= \frac{1}{1 + \exp(-\lambda_1 (\Delta_1 G + \delta_1))} \\
MS_{pt} &= 1 - MS_c
\end{align*} \]  
\[ (8) \]

3. THE PROBLEM OF FIXED ENDOGENEOUS PARAMETERS

The normal information available in transportation studies comprises fares, operating costs, travel and waiting times, parking charges, etc. plus other important data such as car ownership, household structure, (sometimes) income, etc. To calibrate modal split models, one should

4. Notice that this is a much simplified definition of generalised costs; however, it retains its basic qualities and shortcomings and it is more useful for our purposes than more complex representations. The actual definitions used in the experimental work are described in Hartley and Ortuzar (1979).
write generalised cost equations as above and let the calibration program produce estimates, not only for the λ's and δ's, but also for V, N and C₀. However, as we already mentioned, this is not yet possible with the current aggregate analysis tools.

The calibration process (in our case finding maximum likelihood estimates), will therefore produce the most likely values of λ, δ, λ₁ and δ₁ given input values for V, N and C₀. We would normally expect that if we change these values, the calibrated parameters should change and more importantly, the goodness of fit statistics (e.g. modified log-likelihood) should also change.

Let us examine at this point some of the assumptions behind our modal split equations to put the problem into a better perspective. We are taking people as rational choice decision makers, i.e., they have perfect information about all possible options and they choose consistently the more convenient to them; notice that 'convenient' is not restricted to time and money considerations; we, as modellers, are only capable of observing these attributes, but there may be other attributes which we do not observe and which would explain otherwise apparent irrationalities (e.g. people choosing the slower and more expensive option). If we accept this basic and quite strong assumption, then in our linear in the parameters cost model we assume that individuals place a value on time and on waiting time in order to take a decision. It is quite clear then, that using extraneous information about these values could be rather misleading. For this reason, it is important to find the values of in-vehicle time and of the waiting time weighting that will produce the best fit to our data (5). We will not be concerned here with the very complex problem of response and prediction with the model, where even stronger assumptions are required. (Williams and Ortuzar, 1979).

As mentioned in Section 2, the problem with the car occupancy factor arises from the fact that we need to specify car generalised costs for non car owners or more generally for car passengers. If we had car availability grouped data, the use of an average car occupancy, as surveyed for the system, would probably suffice, i.e. it would not be stronger than the rest of our assumptions.

5. Notice again how simple are the models we are using. We are assuming a single value of in-vehicle time and waiting time, regardless of the choice. We are, however, allowing for different values for different car owning categories.
Not being able to estimate the 'fixed' parameters directly from the data, requires a 'second best' procedure. This clearly is to search for the values of $V$, $N$ and $CO_e$, that optimise the goodness of fit statistics (which is actually equivalent to the first best, but following a more tortuous route). Unfortunately this can be extremely expensive as it is shown below.

In a system of only 300 zones (representing West Yorkshire) CPU times needed by the ICL 1906A computer at Leeds University, for the following calculations are:

<table>
<thead>
<tr>
<th>Operation</th>
<th>CPU time (secs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bus generalised costs, standard fares</td>
<td>5300</td>
</tr>
<tr>
<td>Bus generalised costs, Metrocard</td>
<td>5100</td>
</tr>
<tr>
<td>Rail generalised costs, standard fares</td>
<td>470</td>
</tr>
<tr>
<td>Rail generalised costs, Bullseye tickets</td>
<td>460</td>
</tr>
<tr>
<td>Walking generalised costs</td>
<td>470</td>
</tr>
<tr>
<td>Bus minimum generalised costs</td>
<td>4</td>
</tr>
<tr>
<td>Rail minimum generalised costs, including walking</td>
<td>4</td>
</tr>
<tr>
<td>Rail only minimum generalised costs</td>
<td>4</td>
</tr>
<tr>
<td>Secondary modal split calibration</td>
<td>62</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,874</strong></td>
</tr>
</tbody>
</table>

and this is only for the secondary modal split and for only one pair of values of in-vehicle time and the waiting time weight.

Bearing this in mind it appears that a third best alternative is to explore the behaviour of the goodness of fit statistics for several values of the fixed parameters in a sensitivity analysis. This is neither simple nor inexpensive and for this reason we will start by looking at the elasticities of the calibrated parameters ($\lambda$'s and $\delta$'s) with respect to the fixed parameters in order to gain some insight into their relative importance. The next section presents a brief account of our theoretical results.

It is worth mentioning here that a very detailed sensitivity analysis of a complete transport model with respect both to some parameters representing policy alternatives and parameters regarded as fixed inputs (as in our case) and even with respect to changes in modal...
form, has been reported recently (Bonsall et al., 1977). Unfortunately for our purposes, their modal split model was part of a combined trip distribution-modal split model, quite different to the one presented here. Moreover, they were concerned with testing the sensitivity of model results with respect to the parameters and not with finding (as we are), the exogeneously fixed values of \( V \), \( N \), and \( C_0 \) that should produce the best fit; for these reasons their important results do not help us at this stage.

4. **GAINING INSIGHT FROM ANALYTICAL POINT ELASTICITIES**

By definition if

\[ y = f(X_1, X_2, \ldots, X_n) = f(x) \]  

then the elasticity of \( y \) with respect to \( X_i \) is given by

\[ \varepsilon_{y/X_i} = \frac{\partial f(x)}{\partial X_i} \cdot \frac{X_i}{f(x)} \]

That is, it represents the percentage change in \( f(x) \) for a one percent change in \( X_i \), all other things being equal.

Table 1 shows the range of variation of some numerical estimates of the point elasticities of \( \lambda \) and \( \lambda_1 \), with respect to the fixed parameters (valued at the figures suggested by WYTCONSULT, 1977), for alternative values of the other parameters and for some hopefully not unreasonable mean values of the variables in the model. The Appendix gathers together the analytical derivation of the point elasticities and the assumed mean figures used to work out their numerical values. Notice that we are using even simpler versions of our modal split equations, because we do not consider the scaling parameters \( \delta \) and \( \delta_1 \).

The medium values in the table, correspond to the estimates for the WYTCONSULT figures and the extremes represent their likely range of variation under our assumptions.

6. These values are: \( V = 0.52 \) pence/min; \( N = 2.3 \) and \( C_0 = 1.3 \) travellers/car.
Table 1: Variations in the point elasticity estimates of the dispersion parameters

<table>
<thead>
<tr>
<th>Elasticity</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Minimum</td>
</tr>
<tr>
<td>( \varepsilon_{\lambda/V} )</td>
<td>-0.19</td>
</tr>
<tr>
<td>( \varepsilon_{\lambda/N} )</td>
<td>-0.94</td>
</tr>
<tr>
<td>( \varepsilon_{\lambda_1/V} )</td>
<td>-0.56</td>
</tr>
<tr>
<td>( \varepsilon_{\lambda_1/N} )</td>
<td>-0.43</td>
</tr>
<tr>
<td>( \varepsilon_{\lambda_1/C_0} )</td>
<td>-0.09</td>
</tr>
</tbody>
</table>

The numerical values presented in Table 1 have been calculated for just one point, taken as representing mean values for the Garforth-Leeds corridor, and for varying assumptions concerning the fixed parameters. The only claim we wish to make is that for these assumed conditions, a comparison of the point elasticity estimates can be revealing in terms of which are the more influential parameters. In this sense the conclusions seem to be as follows:

i) The car occupancy factor has the lowest elasticity values and therefore should be regarded as the least influential parameter. This view is reinforced by the fact that it only appears in one cost equation and because it is quite possible to argue that car drivers do not perceive that they share their costs with passengers, and also that full perceived costs provide a proxy for the difficulties associated with being a passenger and to lack control over the journey characteristics (7).

ii) Both the values of in-vehicle time and of the waiting time weight seem to be very important, perhaps the latter slightly more so in view of its greater effect on \( \lambda \) which in turn should affect \( \lambda_1 \) through equation (4a).

7. In fact for these reasons we used a value of \( C_0 = 1 \) traveller per car, in all our calculations.
The next section describes how the tests were carried out and the last section will report on the results of the experimental sensitivity analysis for a wide range of values of \( V \) and \( N \).

5. CARRYING OUT THE EXPERIMENTAL TESTS

Having decided to concentrate our analysis on the variation of the model parameters and fit statistics with respect to \( V \) and \( N \), the first task was to decide what would be a sensible range of variation for these two parameters. Hartley and Ortuzar (1979) studied the likely range of variation of the value of time under several assumptions about its relation with household or workers income. They found that taking WYTCONSULT's value of 0.52 p/min (WYTCONSULT, 1977) as a mean area wide value, possible extremes for the distribution of \( V \) were 0.35 p/min (for non car owners) and 0.98 p/min (for 2+ car owners). Furthermore they found that under the assumption of \( V \) being linearly related with worker's income, while a value of 0.52 p/min was appropriate for both non car owners and one car owners, the corresponding value for members of household owning two or more cars should be 0.62 p/min. We decided to take these four values in our experiments.

In the case of the waiting time weight, the lowest value selected for analysis was 1.7, i.e. WYTCONSULT's assumed walking time weight. The highest value considered was 4, which approximates to the values found in recent American studies (Spear, 1977).

The sensitivity analysis experiments were carried out in two stages, first for the lower hierarchy of the modal split model, i.e. the bus-rail split, and then for the primary split, public transport-car.

In the first case, for each value of \( V \) and \( N \) calculations of minimum costs for each mode were performed as noted in Section 3. Prior to the calibration itself the modal split pattern versus cost differences was carefully analysed in order to define suitable first estimates of \( \lambda \) and \( \delta \).

Having found the maximum likelihood estimates of \( \lambda \) and \( \delta \) we were able to calculate composite costs for the 'public transport' mode, from equation (4a), for each value of \( V \) and \( N \) selected for analysis.
Also for these values, private transport costs were calculated and parking charges added where applicable. The examination of the modal split pattern versus costs differences in this case, made apparent a deficiency in our data. In effect we have only available information on vehicular trips and this means that for short distance trips, the alternative to car, which is walking is not present. To avoid this problem we made the assumption that in the primary split, all trips of lengths less than a certain threshold distance (which itself was subjected to sensitivity analysis) were made by car and therefore did not enter the calibration program. After taking care of this problem the modal split patterns versus cost differences looked very reasonable and suitable first estimates of $\lambda_1$ and $\delta_1$ to enter the calibration were easily derived. It is worth noting that this procedure is partly responsible for public transport 'bonuses' rather than penalties, i.e. in all cases the equiprobability choice occurred for cost differences (public transport less car) greater than zero. These bonuses, of course, reflect the fact that even in the car owning categories not everybody has a car available (this issue is discussed more fully in Ortuzar, 1979a).

The program used to calibrate the models (Hartley and Ortuzar, 1979) produces several indicators such as standard errors, t-ratios and an estimation of the variance-covariance matrix of the parameter estimates. In all the models calibrated, the t-ratios were such that the parameters were highly significant; however, due to the grossed-up nature of the data used, their validity is somewhat questionable and they were omitted from the presentation of results.

0. The threshold distances finally used were 0.66 km. for non car owners and 1.15 km. for car owners. The public transport trips misclassified by this procedure were in every case less than 5%.

9. This problem is discussed at greater length by Hartley and Ortuzar (1979).
by the fact that it was not possible to correctly compare the different models in this way, the reason being that when using different fixed parameters, the number of relevant cost difference bins in which the data is grouped prior to calibration by the program varies. Also there is no guarantee that even if the number of groups is the same (which was never the case), the zone pairs involved would be the same. For this reason we decided to use another goodness of fit measure, namely the coefficient of determination ($R^2$) of the straight line given by:

$$\text{Modelled MS} = A + B \cdot \text{Observed MS} \quad (11)$$

As the degrees of freedom of the regression lines vary with the number of cost bins of each model, it is not possible to decide on the basis of $R^2$ measures alone if two models are statistically different. However, if $R_1^2$ is computed from $N_1$ groups and $R_2^2$ from $N_2$ groups we can calculate variables $Z_1$ and $Z_2$ given by

$$Z_i = \frac{1}{2} \ln \left( \frac{1 + R_i}{1 - R_i} \right), \quad i = 1, 2 \quad (12)$$

and test for 'no significant difference' between the correlations with

$$t' = (Z_1 - Z_2) / \left\{ \frac{1}{n_1 - 3} + \frac{1}{n_2 - 3} \right\}^{1/2} \quad (13)$$

where $t'$ should be approximately distributed standard normal ($N(0,1)$) if there is no statistical difference between the two values (10).

The parameters $A$ and $B$ in equation (11) should be zero and one respectively, for a perfect fit. We also looked for significant departures from these values, but in all cases they were either very close to the appropriate value or well within the error range allowed for by the regression.

10. I am grateful to Hugh Gunn for having suggested this procedure.
Finally we also looked at a measure $p^2$ defined as:

$$p^2 = 1 - \frac{\sum_{i=1}^{n} t_i (\frac{\pi_i}{T_i} - \frac{\pi_i}{T_i})^2}{\sum_{i=1}^{n} \frac{\pi_i}{T_i}}$$

(14)

where: $n =$ total number of cost difference bins in the particular model
$t_i =$ observed number of trips in cost bin $i$
$\pi_i =$ observed number of trips by first mode in cost bin $i$
$p_i =$ modelled probability of choosing the first mode in cost bin $i$.

However, the $p^2$ values were in all cases very similar to the $R^2$ values, so we do not report about them either.

6. RESULTS OF THE SENSITIVITY ANALYSIS

As mentioned in the previous section we started the sensitivity analysis with the bus-rail secondary split. The results of the experiments are shown in Tables 2. As it can be seen, although the dispersion parameter $\lambda$ and the rail penalty $\delta$ show a wide variation (which is consistent with the findings of Section 4), the goodness of fit statistics $R^2$ remained almost unaltered (11). It would appear then that the 'optimum optimorum', rather than being a point looks like a somewhat flat surface.

To further show that the models do indeed seem indistinguishable, Figures 2, 3 and 4 depict the observed and modelled proportions of trips using bus, as a function of cost differences, for the 'best' and 'worse' cases of Tables 2a, 2b and 2c.

11. In fact the biggest difference detected was in Table 2b, for one car owners and corresponded to the cases $V=0.52$, $N=2.3$ and $V=0.98$, $N=3.0$, where the values of $R^2$ were 0.9885 and 0.9770 respectively. Calculating $t'$ from equation (13) yielded the value 1.379 which means that the observed difference could occur by chance in between 15% and 20% of cases even if the two $R^2$'s were truly identical. Therefore we cannot conclude that the observed difference between the $R^2$'s in these two cases is statistically significant.
Although all the differences are statistically insignificant, it is encouraging to find a slight tendency in the non-car owners results of Table 2a towards smaller values of both $V$ and $N$. No clear pattern in terms of tendency emerges from the results for one car owners though (Table 2b) except for a very subtle preference for the medium values of both $V$ and $N$.

The less encouraging results in terms of a tendency shown, are those for members of households with two or more cars, because it would appear, contrary to expectations, that higher values of $V$ and $N$ are not preferred. In fact the results seem to show a slight preference for the smaller values of $V$ and $N$, as was the case for non car owners. However the amount of data was rather small in this case (around 20% of the data for either of the other two groups) and therefore the results must be understandably more suspect.
Table 2b: Sensitivity analysis results for one car owners in the bus-rail secondary split

<table>
<thead>
<tr>
<th>V</th>
<th>1.7</th>
<th>2.3</th>
<th>3.0</th>
<th>4.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.35</td>
<td>(\lambda=0.2264)</td>
<td>(\delta=-0.1703)</td>
<td>(R^2=0.9814)</td>
<td>(n=20)</td>
</tr>
<tr>
<td></td>
<td>(\lambda=0.2053)</td>
<td>(\delta=-0.6091)</td>
<td>(R^2=0.9838)</td>
<td>(n=21)</td>
</tr>
<tr>
<td>0.52</td>
<td>(\lambda=0.1843)</td>
<td>(\delta=-1.7819)</td>
<td>(R^2=0.9836)</td>
<td>(n=25)</td>
</tr>
<tr>
<td></td>
<td>(\lambda=0.1672)</td>
<td>(\delta=-2.3248)</td>
<td>(R^2=0.9885)</td>
<td>(n=27)</td>
</tr>
<tr>
<td></td>
<td>(\lambda=0.1472)</td>
<td>(\delta=-3.8871)</td>
<td>(R^2=0.9864)</td>
<td>(n=34)</td>
</tr>
<tr>
<td>0.62</td>
<td>(\lambda=0.1494)</td>
<td>(\delta=-3.0343)</td>
<td>(R^2=0.9879)</td>
<td>(n=31)</td>
</tr>
<tr>
<td>0.98</td>
<td>(\lambda=0.1072)</td>
<td>(\delta=-7.1715)</td>
<td>(R^2=0.9873)</td>
<td>(n=42)</td>
</tr>
</tbody>
</table>

**NOTATION:** \(\lambda=\) dispersion parameter \((\text{pence}^{-1})\) \(\delta=\) rail penalty \((\text{pence})\) \(R^2=\) coefficient of determination of line defined by equation (11) \(n=\) number of relevant cost bins

Table 2c: Sensitivity analysis results for 2+ car owners in the bus-rail secondary split

<table>
<thead>
<tr>
<th>V</th>
<th>1.7</th>
<th>2.3</th>
<th>3.0</th>
<th>4.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.35</td>
<td>(\lambda=0.4572)</td>
<td>(\delta=-1.8762)</td>
<td>(R^2=0.9982)</td>
<td>(n=19)</td>
</tr>
<tr>
<td></td>
<td>(\lambda=0.3685)</td>
<td>(\delta=-2.5270)</td>
<td>(R^2=0.9978)</td>
<td>(n=20)</td>
</tr>
<tr>
<td>0.52</td>
<td>(\lambda=0.3737)</td>
<td>(\delta=-4.1301)</td>
<td>(R^2=0.9975)</td>
<td>(n=23)</td>
</tr>
<tr>
<td></td>
<td>(\lambda=0.3283)</td>
<td>(\delta=-4.7888)</td>
<td>(R^2=0.9949)</td>
<td>(n=25)</td>
</tr>
<tr>
<td></td>
<td>(\lambda=0.1912)</td>
<td>(\delta=-9.7726)</td>
<td>(R^2=0.9910)</td>
<td>(n=30)</td>
</tr>
<tr>
<td></td>
<td>(\lambda=0.1822)</td>
<td>(\delta=-7.8449)</td>
<td>(R^2=0.9873)</td>
<td>(n=31)</td>
</tr>
<tr>
<td>0.62</td>
<td>(\lambda=0.2704)</td>
<td>(\delta=-6.4249)</td>
<td>(R^2=0.9962)</td>
<td>(n=27)</td>
</tr>
<tr>
<td>0.98</td>
<td>(\lambda=0.1810)</td>
<td>(\delta=-12.1311)</td>
<td>(R^2=0.9922)</td>
<td>(n=38)</td>
</tr>
</tbody>
</table>

**NOTATION:** \(\lambda=\) dispersion parameter \((\text{pence}^{-1})\) \(\delta=\) rail penalty \((\text{pence})\) \(R^2=\) coefficient of determination of line defined by equation (11) \(n=\) number of relevant cost bins
With the values of $\lambda$ and $\delta$ found in this part of the analysis it was 
possible to work out public transport composite costs and to calibrate 
alternative versions of the primary split model. Because the exercise 
is quite expensive and time-consuming and because of the lack of sensitivity 
shown in the secondary split calibrations, we decided to test only those 
cases which appear to have the greatest chance of producing significant 
differences. The results are summarized in Table 3.

Table 3a: Sensitivity analysis results for non car 
owners in the car-public transport split

<table>
<thead>
<tr>
<th>$\lambda$</th>
<th>$\delta$</th>
<th>$R^2$</th>
<th>$n$</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.35</td>
<td>0.0741</td>
<td>0.8530</td>
<td>0.9673</td>
</tr>
<tr>
<td>0.52</td>
<td>0.0743</td>
<td>46.6144</td>
<td>0.9506</td>
</tr>
</tbody>
</table>

NOTATION: $\lambda$ = dispersion parameter (pence $^{-1}$) 
$\delta$ = public transport bias (pence) 
$R^2$ and $n$, as in Table 2.

Several issues are worth noting from these results. First the size 
and sign of the public transport bias (because of the positive sign it 
cannot be called penalty), which gives an indication of how difficult it 
is for non car owners to travel by car (12). Another important fact is 
that again the difference between the models is not statistically significant (13).

12. This was confirmed by Ortuzar, 1979(a) which found a definite relation 
between the value of $\delta_1$ and that of a parameter $\psi$ representing car 
availability. For $\psi = 1$ (everybody has a car available), $\delta_1$ is of the 
order of 50p (ie. the proportion of people choosing car equals that 
choosing public transport, when the cost of public transport less 
the cost of car is 50p) and for $\psi = 0.2$ (only 20% of the population 
has a car available) $\delta_1$ decreased to roughly 19p.

13. In fact $t'$ from equation (13) is less than 1 for the 'worse' case, 
i.e. the difference could appear by chance in more than 30% of the cases.
and moreover, the differences between the parameter themselves are not marked either. The slight tendency towards lower values of \( V \) and \( N \) is consistent with the findings of the secondary split. Table 3b presents the results for one car owners.

<table>
<thead>
<tr>
<th>( V )</th>
<th>( N )</th>
<th>( 2.3 )</th>
<th>( 3.0 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.52</td>
<td>( \lambda_1 = 0.0837 )</td>
<td>( \lambda_1 = 0.0591 )</td>
<td></td>
</tr>
<tr>
<td></td>
<td>( \delta_1 = 12.8837 )</td>
<td>( \delta_1 = 15.9319 )</td>
<td></td>
</tr>
<tr>
<td></td>
<td>( R^2 = 0.9860 )</td>
<td>( R^2 = 0.9805 )</td>
<td></td>
</tr>
<tr>
<td></td>
<td>( n = 21 )</td>
<td>( n = 27 )</td>
<td></td>
</tr>
<tr>
<td>0.98</td>
<td>( \lambda_1 = 0.0432 )</td>
<td>[ \lambda_1 = ]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>( \delta_1 = 22.0939 )</td>
<td>[ \delta_1 = ]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>( R^2 = 0.9584 )</td>
<td>( R^2 = )</td>
<td></td>
</tr>
<tr>
<td></td>
<td>( n = 32 )</td>
<td>( n = )</td>
<td></td>
</tr>
</tbody>
</table>

**NOTATION:**
- \( \lambda_1 \) = dispersion parameter (pence\(^{-1}\))
- \( \delta_1 \) = public transport bias (pence)
- \( R^2 \) and \( n \), as in Table 2

Table 3b: Sensitivity analysis results for one car owners in the car-public transport split.

In this case the variation in the parameter estimates is more marked, but still there are no statistical differences between the goodness of fit statistics\(^{(14)}\). The positive still, but smaller, values of \( \delta_1 \) reflect the car availability problem in one car owning households. If there is a tendency, it seems to show a preference

\(^{14}\) Although in this case the value of \( t' = 1.834 \) for the 'worse' case means that only in between 6% or 7% of cases the differences would have been observed for truly identical \( R^2 \)'s. However the values for the alternative measure \( p^2 \) were almost identical in the three cases.
for the values of V and N recommended by WYTCONSULT (1977), which is roughly consistent with the results of the secondary split. This view is reinforced by the smaller size of the public transport bias, an always welcome feature.

<table>
<thead>
<tr>
<th>V</th>
<th>N</th>
<th>1.7</th>
<th>2.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.52</td>
<td></td>
<td>$\lambda_1 = 0.1276$</td>
<td>$\lambda_1 = 0.1191$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$\delta_1 = 3.9532$</td>
<td>$\delta_1 = 4.9123$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$R^2 = 0.9876$</td>
<td>$R^2 = 0.9789$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>n = 16</td>
<td>n = 17</td>
</tr>
<tr>
<td>0.62</td>
<td></td>
<td>$\lambda_1 = 0.0982$</td>
<td>$\lambda_1 = 0.0982$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$\delta_1 = 5.1316$</td>
<td>$\delta_1 = 5.1316$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$R^2 = 0.9800$</td>
<td>$R^2 = 0.9800$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>n = 20</td>
<td>n = 20</td>
</tr>
</tbody>
</table>

NOTATION: $\lambda_1$ = dispersion parameter (pence$^{-1}$)  
$\delta_1$ = public transport bias (pence)  
$R^2$, and n, as in Table 2

Table 3c: Sensitivity analysis results for 2+ car owners in the car-public transport split.

Again in this case the variation in the parameter estimates is not too marked and again there are no statistical differences between the goodness of fit statistics (15). The small values of $\delta_1$ reflect the increased chance of having a car available in households which own two or more cars.

15. The value of t' was again less than 1.
7. CONCLUSIONS

We have argued throughout this note against the practice of inputting fixed exogenous values for such key parameters as the value of time, the value of waiting time and the car occupancy factor in aggregate modal split modelling. Because the current aggregate tools do not allow us to obtain estimates for these parameters directly from the data and because a full optimization search is prohibitively expensive, we proposed to test the importance of exogenously fixing the parameters using sensitivity analysis.

Analytic estimation and numerical valuation of mean point elasticities of the model parameters \((\lambda's\ and\ \delta's)\) with respect to the parameters under scrutiny \((V, N\ and\ CO_c)\), led to the conclusion that the sensitivity analysis should be centred on the first two. This conclusion was supported post-hoc by other more practical considerations and because the car occupancy factor only affects car costs, while the others affect all costs.

The extensive sensitivity analysis, summarized in Tables 2 and 3 of the previous section showed no significant improvements to the models fits when varying the fixed parameters. We are fairly certain that our data base is typical of aggregate modelling. For this reason our main and rather unexpected conclusion is that the current procedure of fixing the values of \(V, N\ and\ CO_c\), exogenously to the calibration process, does not seem to be of any significance to the model agreement to the data. Therefore, provided the exogenous values are roughly on target they should produce models that perform as well (or badly) as models calibrated entirely from the data, with the added advantage of being a less costly procedure.
REFERENCES


ORTUZAR, J.D. (1979a), Simplified methods to transform car ownership data into car availability data: a discussion, Technical Note (forthcoming), Institute for Transport Studies, University of Leeds.


NOTATION:
\( \lambda, \lambda_1 \) = secondary and primary split dispersion parameters.
\( \delta, \delta_1 \) = rail and public transport modal penalties.

FIGURE 1: Representation of a hierarchical logit modal split model for car, bus and rail trips.
NOTATION:
P_b = proportion using bus.
• = best fit, for V = 0.35 and N = 1.70.
• = worse fit, for V = 0.98 and N = 2.30.
V = value of in-vehicle time (p/min).
N = waiting time weight.

FIGURE 2: Non car owners.
Comparison of best and worse model fits in the bus-rail split.
NOTATION:

- $P_b$ = proportion using bus.
- $V$ = value of in-vehicle time (p/min).
- $N$ = waiting time weight.

$P_b = \text{proportion using bus.}$
$O = \text{best fit, for } V=0.52 \text{ and } N=2.30.$
$\bullet = \text{worse fit, for } V=0.98 \text{ and } N=3.00.$

FIGURE 3: One car owners. Comparison of best and worse model fits in the bus-rail split.
NOTATION:

\( P_b \) = proportion using bus.

○ = best fit, for \( V=0.35 \) and \( N=1.70 \).

● = worse fit, for \( V=0.98 \) and \( N=3.00 \).

\( V \) = value of in-vehicle time.

\( N \) = waiting time weight.

FIGURE 4: Two or more car owners. Comparison of best and worse model fits in the bus-rail split.
This work would not have been possible without the data for 1975 peak journeys in West Yorkshire, provided by West Yorkshire Metropolitan County Council.

I wish to thank my colleagues Trevor Hartley, Dirck Van Vliet, Huw Williams and Luis Willumsen for useful discussions and amendments to the original manuscripts. Special thanks are due to Hugh Gunn for his patience and knowledge.

Finally, I would like to thank the team of secretaries of ITS for deciphering the manuscript into type and Margarita Greene for skilfully producing the figures.
1. **Derivation of analytic point elasticities**

For the purposes of this analysis we will examine an even simpler version of the equations presented in Section 2. We will not consider here the modal penalties, which are in fact, just scaling parameters. Therefore, equation (7) can be rewritten as:

\[
MS_b = \frac{1}{1 + \exp(-\lambda AG)}
\]

\[
MS_r = 1 - MS_b
\]

Similarly, equation (8) can be rewritten as:

\[
MS_c = \frac{1}{1 + \exp(-\lambda_1 AG)}
\]

\[
MS_{pt} = 1 - MS_c
\]

Now the following identities are easily derived from the equations presented in Section 2.

\[
\frac{\partial \Delta G}{\partial \Delta V} = \Delta T + N \Delta WT
\]

(A3)

\[
\frac{\partial \Delta G}{\partial N} = \Delta WT \cdot V
\]

(A4)

\[
\frac{\partial \Delta_1 G}{\partial V} = \Delta_1 T + N \Delta_1 WT
\]

(A5)

\[
\frac{\partial \Delta_1 G}{\partial N} = \Delta_1 WT \cdot V
\]

(A6)

\[
\frac{\partial \Delta_1 G}{\partial \Delta G_c} = \frac{OP_c \cdot D}{CO_c^2}
\]

(A7)
For the purposes of working out elasticities for the parameters in the secondary split equation we need to assume that the modal split remains constant; this is in fact equivalent to say, looking at equation (A1), that:

\[ \lambda \Delta G = \text{constant} = K \]  

(A8)

For the primary split case we can similarly have that:

\[ \lambda_1 \Delta_1 G = \text{constant} = K' \]  

(A9)

From these two identities, we can easily derive the following equations:

\[ \frac{\partial \lambda}{\partial \Delta G} = -\frac{K}{\Delta G^2} \]  

(A10)

\[ \frac{\partial \lambda_1}{\partial \Delta_1 G} = -\frac{K'}{\Delta_1 G^2} \]  

(A11)

Therefore, the elasticity of \( \lambda \) with respect to \( V \) can be worked out as:

\[ \varepsilon_{\lambda/V} = \frac{\partial \lambda}{\partial V} \cdot \frac{V}{\lambda} \]

\[ = \frac{\partial \lambda}{\partial \Delta G} \cdot \frac{\partial \Delta G}{\partial V} \cdot \frac{V}{\lambda} \]  

(A12)

and from equations (A10), (A3) and (A8), this simply reduces to:

\[ \varepsilon_{\lambda/V} = \frac{(AT + nATW)}{\Delta G} \cdot \frac{V}{\lambda} \]  

(A13)

Now recalling that

\[ \Delta G = \Delta F + (AT + nATW) V \]

we can rewrite equation (A13) as:
\[ \varepsilon_{\lambda/V} = - \frac{1}{1 + \frac{\Delta F}{V (\Delta T + N \Delta WT)}} \]  

Proceeding similarly for the others we get:

\[ \varepsilon_{\lambda/N} = - \frac{1}{1 + \frac{\Delta F + \Delta T \cdot V}{N \Delta WT \cdot V}} \]  

\[ \varepsilon_{\lambda_1/V} = - \frac{1}{1 + \frac{P_{pt} - \frac{OP c \cdot D}{CO c}}{V (\Delta_1 T + N \Delta_1 WT)}} \]  

\[ \varepsilon_{\lambda_1/N} = - \frac{1}{1 + \frac{P_{pt} - \frac{OP c \cdot D}{CO c} + \Delta_1 T \cdot V}{N \Delta_1 WT \cdot V}} \]  

\[ \varepsilon_{\lambda_1/CO_c} = - \frac{1}{\frac{P_{pt} + V (\Delta_1 T + N \Delta_1 WT)}{OP c \cdot D / CO_c} - 1} \]
2. Producing numerical values

In order to have some numerical values which will allow us to make some comparisons, we will boldly postulate from our data and common sense, that not unreasonable mean values for the Leeds-Garforth corridor are as follows:

\[ \begin{align*}
D &= 3 \text{ Kms} \\
T_b &= 11.25 \text{ min (speed of 10 mph)} \\
T_r &= 4.50 \text{ min (speed of 25 mph)} \\
WT_b &= 7 \text{ min} \\
WT_r &= 15 \text{ min} \\
T_c &= 4.50 \text{ min (speed of 25 mph)} \\
WT_c &= 1.0 \text{ min}
\end{align*} \]

Apart from these assumed values, the standard fares for bus and rail and the car operating costs in 1975 were as follows, according to WYCONSULT (1977):

\[ \begin{align*}
F_b &= 4.63 \text{ pence} + 0.97 \text{ p/km} \\
F_r &= 7.50 \text{ pence} + 0.95 \text{ p/km} \\
OP_c &= 1.77 \text{ p/km}
\end{align*} \]

With all these values we can work out the following mean differences:

\[ \begin{align*}
\Delta F &= 2.81 \text{ pence} \\
\Delta T &= -6.75 \text{ min} \\
\Delta WT &= 8.00 \text{ min} (*)
\end{align*} \]

Because the split bus-rail for the whole of West Yorkshire is roughly 9:1 for the journey to work, a not unreasonable representation of the composite public transport costs is:

\[ \begin{align*}
F_{pt} &= 4.9 \text{ pence} + 0.97 \text{ p/km} \\
T_{pt} &= 10.5 \text{ min} \\
WT_{pt} &= 7.8 \text{ min}
\end{align*} \]

therefore

\[ \begin{align*}
\Delta_{1T} &= 6 \text{ min} \\
\Delta_{1WT} &= 6.8 \text{ min} (*) \\
OP_c D &= 5.31 \text{ pence}
\end{align*} \]

\[ (*) \text{ Notice that we are taking } \Delta WT \text{ and } \Delta_{1WT} \text{ as being of the same order of } \Delta T \text{ and } \Delta_{1T}. \text{ As the former are further amplified by } N \text{ in the model, if our assumption is incorrect it could lead to very misleading results. For this reason we will check what happens if these values are reduced substantially (i.e people 'time' their arrivals).} \]
Using these mean values we can get an idea of the magnitude of the elasticities derived above. Notice in the formulae, that the elasticities with respect to $V$ depend on $N$ and vice versa. Notice also that the elasticities of $X_1$ are more complex than those of $X$ because they depend indirectly on $X$ through the values for the fares and times of the composite public transport mode.

The rest of the Appendix is a collection of tables showing the sort of variations it is possible to get in the point elasticity estimates under several assumptions. We will be interested both in the range and in the absolute magnitude of the values.

<table>
<thead>
<tr>
<th>$N$</th>
<th>$\varepsilon_{\lambda/V}$ for $V = 0.52$ p/min and $\Delta W = 8$ min.</th>
<th>$\varepsilon_{\lambda/V}$ for $V = 0.52$ p/min and $\Delta W = 4$ min.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.7</td>
<td>- 0.56</td>
<td>- 0.009</td>
</tr>
<tr>
<td>2.3</td>
<td>- 0.68</td>
<td>- 0.310</td>
</tr>
<tr>
<td>3.0</td>
<td>- 0.76</td>
<td>- 0.490</td>
</tr>
<tr>
<td>4.0</td>
<td>- 0.82</td>
<td>- 0.630</td>
</tr>
<tr>
<td>5.0</td>
<td>- 0.86</td>
<td>- 0.710</td>
</tr>
</tbody>
</table>

Table A1: Elasticities of $\lambda$ with respect to $V$ for different values of $N$ and $\Delta W T$.

<table>
<thead>
<tr>
<th>$V$</th>
<th>$\varepsilon_{\lambda/N}$ for $N = 2.3$ and $\Delta W T = 8$ min.</th>
<th>$\varepsilon_{\lambda/N}$ for $N = 2.3$ and $\Delta W T = 4$ min.</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.35</td>
<td>- 0.94</td>
<td>- 0.88</td>
</tr>
<tr>
<td>0.52</td>
<td>- 1.08</td>
<td>- 1.17</td>
</tr>
<tr>
<td>0.62</td>
<td>- 1.14</td>
<td>- 1.32</td>
</tr>
<tr>
<td>0.98</td>
<td>- 1.27</td>
<td>- 1.73</td>
</tr>
</tbody>
</table>

Table A2: Elasticities of $\lambda$ with respect to $N$ for different values of $V$ and $\Delta W T$. 
Table A3: Elasticity of $\lambda_1$ with respect to $V$ for different values of $N$ and $C_0c$.

<table>
<thead>
<tr>
<th>$\epsilon_{\lambda_1/V}$</th>
<th>$N$</th>
<th>1.7</th>
<th>2.3</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td></td>
<td>-0.73</td>
<td>-0.82</td>
<td>-0.85</td>
<td>-0.87</td>
<td>-0.89</td>
</tr>
<tr>
<td>1.3</td>
<td></td>
<td>-0.64</td>
<td>-0.75</td>
<td>-0.79</td>
<td>-0.82</td>
<td>-0.85</td>
</tr>
<tr>
<td>1.5</td>
<td></td>
<td>-0.61</td>
<td>-0.73</td>
<td>-0.76</td>
<td>-0.80</td>
<td>-0.83</td>
</tr>
<tr>
<td>2.0</td>
<td></td>
<td>-0.56</td>
<td>-0.69</td>
<td>-0.73</td>
<td>-0.77</td>
<td>-0.80</td>
</tr>
</tbody>
</table>

Table A4: Elasticity of $\lambda_1$ with respect to $N$ for different values of $V$ and $C_0c$.

<table>
<thead>
<tr>
<th>$\epsilon_{\lambda_1/N}$</th>
<th>$V$</th>
<th>0.35</th>
<th>0.52</th>
<th>0.62</th>
<th>0.98</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td></td>
<td>-0.54</td>
<td>-0.59</td>
<td>-0.61</td>
<td>-0.65</td>
</tr>
<tr>
<td>1.3</td>
<td></td>
<td>-0.48</td>
<td>-0.54</td>
<td>-0.57</td>
<td>-0.61</td>
</tr>
<tr>
<td>1.5</td>
<td></td>
<td>-0.46</td>
<td>-0.52</td>
<td>-0.55</td>
<td>-0.60</td>
</tr>
<tr>
<td>2.0</td>
<td></td>
<td>-0.43</td>
<td>-0.50</td>
<td>-0.52</td>
<td>-0.58</td>
</tr>
</tbody>
</table>

Table A5: Elasticity of $\lambda_1$ with respect to $C_0c$ for different values of $V$ and $N$.

<table>
<thead>
<tr>
<th>$\epsilon_{\lambda_1/C_0c}$</th>
<th>$N$</th>
<th>1.7</th>
<th>2.3</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.35</td>
<td></td>
<td>-0.50</td>
<td>-0.36</td>
<td>-0.32</td>
<td>-0.27</td>
<td>-0.23</td>
</tr>
<tr>
<td>0.52</td>
<td></td>
<td>-0.39</td>
<td>-0.27</td>
<td>-0.23</td>
<td>-0.19</td>
<td>-0.17</td>
</tr>
<tr>
<td>0.62</td>
<td></td>
<td>-0.35</td>
<td>-0.24</td>
<td>-0.20</td>
<td>-0.17</td>
<td>-0.14</td>
</tr>
<tr>
<td>0.98</td>
<td></td>
<td>-0.25</td>
<td>-0.16</td>
<td>-0.14</td>
<td>-0.11</td>
<td>-0.09</td>
</tr>
</tbody>
</table>
Table A6 summarizes our results presenting for the dispersion parameters ($\lambda$ and $\lambda_1$) point elasticities with respect to $V$, $N$ and $C_0$, their mean estimates for the WYTCOONSULT values and their likely range of variation under our assumptions.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Minimum</th>
<th>Medium</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\varepsilon_{\lambda/V}$</td>
<td>-0.56</td>
<td>-0.68</td>
<td>-0.86</td>
</tr>
<tr>
<td>$\varepsilon_{\lambda/N}$</td>
<td>-0.94</td>
<td>-1.08</td>
<td>-1.27</td>
</tr>
<tr>
<td>$\varepsilon_{\lambda_1/V}$</td>
<td>-0.56</td>
<td>-0.75</td>
<td>-0.89</td>
</tr>
<tr>
<td>$\varepsilon_{\lambda_1/N}$</td>
<td>-0.43</td>
<td>-0.54</td>
<td>-0.65</td>
</tr>
<tr>
<td>$\varepsilon_{\lambda_1/C_0}$</td>
<td>-0.09</td>
<td>-0.27</td>
<td>-0.50</td>
</tr>
</tbody>
</table>

Table A6: Variation in the point elasticity estimates of the dispersion parameters.

If we accept the trends shown by these values it would appear that $V$ and $N$ are both very important, perhaps the latter slightly more so in view of its effect on $\lambda$ which in turn would affect $\lambda_1$. It also appears quite clearly that $C_0$ is the less worthwhile factor to consider, a not surprising finding.