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The design and interpretation of freight stated preference experiments seeking to elicit behavioural valuations of journey attributes

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Abstract

This paper considers how best to establish user valuations of the benefits for freight traffic from reducing both scheduled journey times and the variability of actual journey times. It first looks at who receives these benefits and establishes a case for delving further. A theoretical discussion then shows that estimated 'values of time' are likely to be conflation of several different effects, most probably varying from study to study. Results are then given from a case study where special care was taken to separate out these effects. As an Adaptive Stated Preference method is used, arguments are presented that counter the suggestion that resulting estimates will necessarily be biased. The paper ends with some conclusions.

Keywords: Value of Time, Freight, Adaptive Stated Preference, Reliability

1. Introduction

The purpose of this paper is fourfold. Firstly, it is desired to set out a description of what user valuations we may wish to measure, relating to choices between options for moving freight. Secondly, some difficulties in measuring those quantities will be described. Thirdly, results from a case study involving freight movements in the UK will be presented both as an application of some of the points discussed and in order to add to the stock of knowledge in the public domain of the magnitudes of these valuations. Fourthly, the chosen case study survey methodology will be defended in order to enhance confidence in the presented results and begin a discussion of the merits of that methodology.

2. Who benefits from investment in improving journey attributes for freight movements?

2.1. What attributes are of significant interest to freight shippers?

It is reasonable to assume that governmental bodies will wish, when making transport investment decisions, to take into account the views of users, particularly regarding how they value the benefits and disbenefits that may accrue to them. In the UK the results of a series of commercially confidential studies were summarised by NERA/MVA/STM/ITS (1997) in a report for the UK Office of the Rail Regulator (since renamed), and reproduced here as Table 1, which helps explain why most studies of freight attributes have focussed on

reliability and scheduled journey time. de Jong et al (2004) give a good overview of published results, but not all the presented estimates are directly comparable, for reasons that will be discussed later.

Table1

Order of importance of freight transport attributes (excluding cost) when considering mode choice

	Rank
RELIABILITY	1
SCHEDULED TRANSIT TIME	2
FLEXIBILITY (in departure time)	3
CONTROL/TRACKING	4
SECURITY	5
EASE OF (UN)LOADING	6
ENVIRONMENT	7
DAMAGE	8
(EQUIPMENT) AVAILABILITY	9

Source: NERA/MVA/STM/ITS (1997)

Because there are fairly small numbers of freight decision makers and freight movement contracts are usually confidential, it has proved almost impossible to use Revealed Preference to study freight in the UK. Conventional Stated Preference also has its limitations if interviews are required with high level decision makers in big companies. This has led to some use of Adaptive Stated Preference techniques, whereby the design changes within the experiment in reaction to responses (see section 4). Both forms of Stated Preference have to defend themselves against the possibility that respondents will react to a journey improvement as though they were the only one to receive it, and so imagine they will gain a competitive advantage. In the case of a new road scheme, for instance, that will not be the case and so the real value of the improvement may be overestimated.

2.2 What are the benefits to society from reducing freight travel times and their variability?

This question is most easily answered by looking at its inverse, ie. what are the disbenefits from increasing freight journey times and their variability. Firstly, all modes except pipelines have personnel accompanying the goods when in transit, so slowing down transits will increase wage costs, as will reduced reliability. Most often we think of lorry drivers' wages in this regard. Secondly, there may be vehicle related costs. More congested roads may cause lorries to use fuel less efficiently, and later completion of a journey may reduce the amount of work that lorry can do that day. Thirdly, over time some products deteriorate or become harder to handle. Perishable foods are an obvious example, but some powders and liquids will 'settle' or solidify and so become

difficult to unload. Longer and/or less reliable journey times may therefore generate extra costs or diminish the value of the load. For valuable goods, inventory costs may also become important. Fourthly, a longer journey time will dictate either an earlier departure or a later arrival. Both may cause costs by requiring loading staff at inconvenient times. Starting out earlier might rush production and reduce production efficiency. Later arrivals might delay Just-In-Time production processes or lead to stock-outs on shop shelves. To maintain customer service levels a denser network of depots may be required, at greater cost.

The above discussion suggests that the matter of valuing freight travel time and travel time variability may be complex. In addition, there is the obvious link between travel time and its variability such that worries over unreliability can be offset by allowing greater scheduled journey time. This last point will not be considered further, but we will try to understand what journey time related costs there are, and attempt to value them.

3. A theoretical insight

3.1. Introduction

In this section we will attempt to gain insight into how valuations of different disutilities affect the choice of departure time. The sorts of things that need to be taken into account include length of journey time, variability in journey time, cost of departing earlier and the cost of arriving later. Initially, we will temporarily assume that journey time is known (so that the decision on departure time determines arrival time, and there is no journey time variability to consider). This case will be dealt with in a diagram, after which those temporary assumptions will be relaxed in a mathematical treatment incorporating the slopes from that diagram into a Generalised Cost expression together with cost, journey time and journey time variability.

3.2. A helpful diagram

The inability, for whatever reason, to depart at the optimal time, impacts on a business (or supply chain) in various ways. Fig.1 has been drawn on the basis of the following assumptions:

- It is not feasible to depart before time TA (absolutely impossible to have the load ready any earlier, or no vehicle available)
- Time TB is the optimal departure time, against which (dis)utility is measured. Moving from TB towards TA incurs disutility due to rushed production, lorry scheduling difficulties, warehouse staff overtime, etc
- The time (TC-TB) is system slack time, which has a positive utility as it can be used only once
- Beyond TC, penalties arise quickly due to stock-outs, disruption to production schedules, etc
- Beyond TD, it doesn't matter any more - for whatever reason e.g. the customer has gone elsewhere or the load replaced from another source.
- All the lines between TA and TD can be curves, possibly sigmoid.

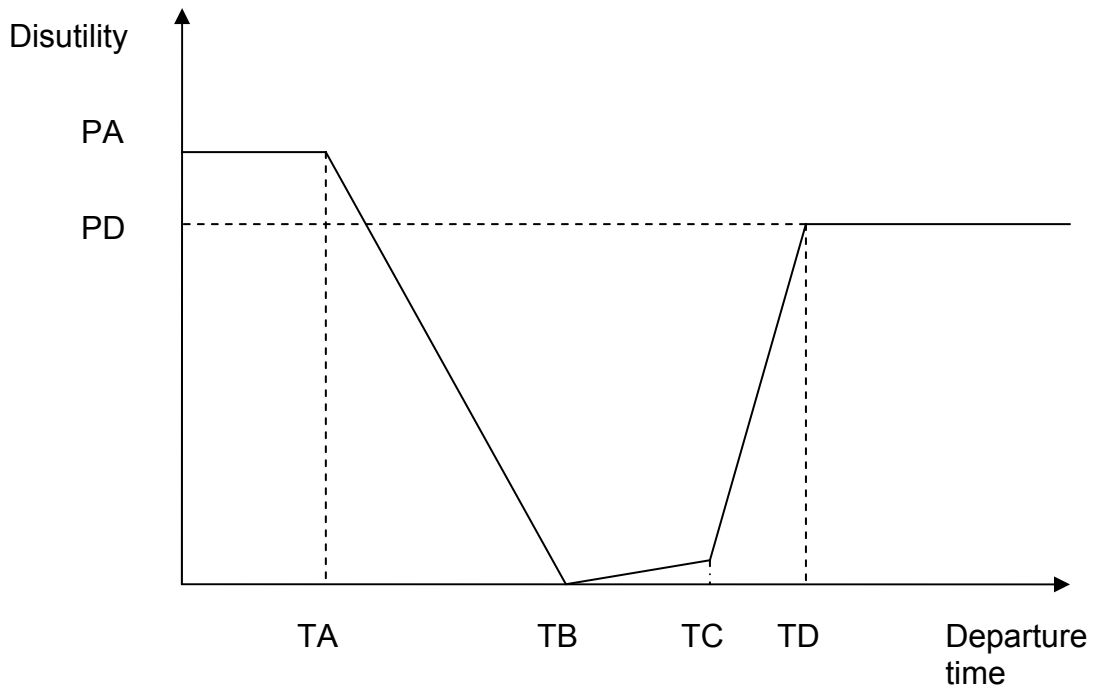


Fig 1: An illustration of the total disutility (to all parties combined) associated with different departure times, with journey time known and zero variability

3.3. Mathematical treatment

We may summarise what we have just seen in a Generalised Cost (GC) expression:

$$GC = C + \beta_1 JT + \beta_2 SP + \beta_3 \text{Max}(TB-DT,0) + \beta_4 \text{Max}(DT-TB,0) + \beta_5 \text{Max}(DT-TC,0) - \beta_3 \text{Max}(TA-DT,0) - (\beta_4 + \beta_5) \text{Max}(DT-TD,0) \quad (1)$$

where C is monetary cost,
 JT is journey time duration,
 SP is journey time spread, reflecting journey time reliability,
 and DT is departure time

A single binary discrete choice (Revealed or Stated Preference) places the respondent on one side or the other of a Boundary Value Ray (Fowkes, 1991), which delineates attribute valuations that equate the Generalised Costs. In a Stated Preference experiment the Boundary Value Rays can be chosen by the designer, but it may not be possible to isolate the parameter it is wished to estimate. That is the case with equation (1), for example if we seek to estimate the value of β_1 , as we shall now see.

Suppose that we have a road improvement scheme that gives users a 5 minutes quicker journey, with no change to journey time spread. Suppose, further, that our respondent's current departure time, DT1, is 10 minutes before the (otherwise) optimal departure time, TB, due to the need to get the goods to the destination by a certain time with a fixed probability. It follows that the new

departure time, with the scheme completed, DT2, will be 5 minutes before TB. For simplicity, let us assume that TA is earlier than DT1.

We have $TB-DT1 = 10$; $TB-DT2 = 5$

$$GC1 = C1 + \beta_1JT1 + \beta_2SP + 10\beta_3$$

$$GC2 = C2 + \beta_1JT2 + \beta_2SP + 5\beta_3$$

Setting $GC1=GC2$, to find the point of indifference (or Boundary Value) between the two cases, gives:

$$C1 + \beta_1JT1 + 10\beta_3 = C2 + \beta_1JT2 + 5\beta_3 \quad (2)$$

Fowkes (1991) defines the Boundary Value of Time (BVOT) to be minus the difference of the costs divided by the difference of the times, ie.

$$BVOT = -(C1-C2)/(JT1-JT2) \quad (3)$$

Substituting for $(C1-C2)$ using equation (2), and noting that $JT1-JT2=5$ gives:

$$BVOT = (\beta_1(JT1-JT2)+5\beta_3)/(JT1-JT2) = \beta_1 + \beta_3$$

Each preference observation places the subject on one side or the other of BVOT, except in the event of indifference between the two cases where we would conclude that

$$VOT = \beta_1 + \beta_3$$

We have demonstrated mathematically that estimates of values of journey time (β_1) will be conflated with the value of starting out early (β_3). That may be exactly what we want, but it is useful to understand what is going on. Having an (exogenous) estimate of β_3 would allow us to estimate β_1 , and vice versa. For changes involving time losses it may become necessary to arrive later, in which case other betas come into play.

3.4. Insights gained

In statistical terms we say that the problem of identifying (in a single model) a 'value of journey duration reduction' as well as the gradients of the sloping lines in Figure 1 is under-identified and contains one too few 'degrees of freedom'. Any estimates we do get are likely to be conflation of those we really want. This point can more easily be seen by analogy with a morning commute journey for a car driver, where the journey duration varies with the time of departure, due to changing congestion conditions on the road. That commuter might value highly time at home in the morning (in bed, tending to children etc), and for that reason wish to depart as late as possible. We might like to estimate a per-minute value for that. The commuter may dislike time spent driving, and so may wish to minimise the difference between the departure time and the arrival time. We might like to estimate a per-minute value for that, and call it something like the 'value of a journey time duration saving'. Finally, there will most probably be increasing penalties the later the commuter arrives at work. This may be in the form of direct penalties imposed by the employer or because of missed

deadlines. We may wish to estimate a per-minute disutility arising from these causes. However, we can observe only two times – the departure time and the arrival time. From these two pieces of information it is quite impossible to simultaneously derive estimates for each of these separate three causes of disutility.

For that reason, it is conventional to conflate sources of disutility when deriving values of travel time savings. Theoretical work (following DeSerpa, 1971, and concisely summarised in Mackie, Jara-Diaz and Fowkes, 2001) on the 'value of time' defines it to be the sum of the disutility of travel time plus the opportunity cost of that time. In the commuting analogy, that 'value of time' would be the value of reducing the difference between the departure and arrival times plus the value of the preferred balance between starting out a bit later and arriving a bit earlier. It is important to realise that the value of a travel time saving (VTTS) is not just the value of reducing time spent travelling, but also includes the benefit gained from leaving later and/or arriving earlier. If we can obtain a separate estimate of the latter we can deduce the former, the extra piece of information giving us the extra degree of freedom we require.

When making decisions on journey times, a range of factors will be taken into account, including those shown in Fig.1 as well as the disutility of having goods in transit and the problems caused by the travel time variability. The preferred outcome will be a trade-off between these various concerns. The diagram shows some fixed constraints as is likely to be the case in practice. Within those constraints there are different penalties/gains for moving departure time backwards or forwards. To counter the uncertainties it is usual to include some slack time in the system as shown in the diagram (TB-TC).

Furthermore, it is to be expected that the true disutility functions will be non-linear, thus the sloped straight lines in the diagram will most likely be curves, possibly sigmoid where appropriate. This suggests that we include non-linear terms in our estimations, and allow for that in our experimental design. However, we are unlikely to be able to have sufficient degrees of freedom to estimate all quantities of interest, so we must prioritise.

4. The Case Study and Leeds Adaptive Stated Preference (LASP) Methodology

4.1. The LASP method

At the time when it became practical to interview respondents in front of a computer it was realised that Stated Preference and Conjoint Analysis designs could be made to react as each response from a given individual was received (see Johnson, 1985; and Bradley, 1988). This appeared to offer the prospect of greater efficiency in surveying. This was particularly attractive where the number of potential respondents was small, as can often be the case in studies of freight transport.

The Leeds Adaptive Stated Preference (LASP) methodology was developed by Fowkes and Tweddle (1988). In very brief terms, respondents are shown a screen containing several alternative ways of moving their goods, described by

various attributes set to particular levels, and asked to rate each alternative. On the next screen, those alternatives liked are generally made less attractive and vice versa. First results were published as Fowkes, Nash and Tweddle (1991). LASP has been used in The Netherlands, Switzerland (Bolis and Maggi, 2002) and India (Shinghal and Fowkes, 2002), besides Great Britain (eg. Fowkes et al, 2004). Danielis and Rotaris (1999) found only 16 studies of freight transport via Stated Preference techniques, of which 5 openly used LASP and a further study used a LASP derived look-alike.

An up to date description of the LASP methodology is given in Fowkes and Shinghal (2002). Once ratings have been obtained for three alternatives over roughly ten choice sets, a transformation is used to yield a logit expression that forms the dependent variable in a weighted linear regression. Bates and Terzis (1992) presented an alternative way of analysing these ratings. Ibáñez and Fowkes (2005) reviewed some alternative ways of modelling LASP ratings.

4.2. The survey

A total of 49 LASP interviews were conducted with transport managers for this study between September 2003 and February 2004, with Non-bulks surveyed first and Bulks later, as part of a larger survey for the UK Strategic Rail Authority. The aim of these interviews was to investigate freight users' willingness to pay for a range of user benefits. The LASP experiment sought to face interviewees with a choice of mode and service quality for a typical flow when given a range of available alternatives provided by a third party carrier at stated costs. Due to limitations on the likely believability/credibility to all respondents of large improvements in service quality, usually alternatives with attributes set at worse than current levels were offered, and the required price discount sought. Only road and rail modes were considered.

Each interview consisted of two sections. The first section involved the gathering of background information about (i) the firm and its activities, (ii) the firm's freight movements and (iii) the typical flow chosen for the LASP experiment. The second section of the interview was the LASP experiment, consisting of (usually) 10 screens each containing 4 alternative journeys set out in 4 columns, as illustrated in Fig.2. The experiment is customised by the data gained in (iii). The entire interview was scheduled to last about one hour.

Iteration Number 2				
	Alternative 1	Alternative 2	Alternative 3	Alternative 4
COST (£)	600	360	450	360
Cost Index	200	120	150	120
Mode	Road	Road	Road	Rail
Latest Departure Time	Day 1 07:50	Day 1 07:50	Day 1 05:05	Day 1 12:15
Earliest Arrival Time	Day 1 13:20	Day 1 13:20	Day 1 10:35	Day 1 17:45
90% arrive by	Day 1 13:40	Day 1 14:30	Day 1 11:00	Day 1 18:05
95% arrive by	Day 1 14:05	Day 1 15:35	Day 1 11:20	Day 1 18:30
98% arrive by	Day 1 14:50	Day 1 17:50	Day 1 12:05	Day 1 19:15
RATING	100	60	105	40
		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Remarks	<input type="text"/>			
			<input type="button" value="Enter"/>	<input type="button" value="Stop"/>

Fig.2: Illustration of the LASP iteration screen

The four alternatives were described on the LASP screen in terms of mode (road or rail), latest departure time, earliest arrival time (if there were no delays not specifically allowed for in the schedule), and the time by which 98% of arrivals will have occurred. The LASP screen interpolates 90% and 95% arrival times, for purely presentational purposes. In Column 1, all of these attributes take on their current reported levels. In Columns 2 to 4 one or more of the non-cost attribute levels are varied from those in Column 1, usually such that the service quality is worse. By offering generally worse alternatives, in terms of service quality, than the current service, it is believed that this survey will not be subject to the problem (mentioned in 2.1 above) whereby respondents overstate the benefits to them of a service improvement due to wrongly imagining that they would gain an advantage over their competitors.

The final attribute is the freight rate offered to the firm by the third party. To the freight shipper it will be cost, just as it would if the shipper moved the goods on 'own account' (eg. in the shipper's own lorries). Respondents were asked to assume that the own account option was not available (for some unexplained reason). The freight rate is displayed in monetary terms and as a cost index (denoted C) where the current C is 100. The C for Alternative 1 is set at 200, i.e. double current cost. It is not advisable to set C to 100 as that would make the first column the exact current service. Bates (1999) found that considerable

distortion to estimates could arise from 'habit' effects when the current situation was offered as one of the alternatives in a major study of car drivers' values of time.

Column 1 remains constant over all iterations. Respondents were asked to rate Columns 2 to 4 on a scale of 1 to 999, where Column 1 is fixed at 100, or to reject a column completely (in which case it was replaced). If advice was sought, respondents were told that if they think one alternative is twice as good as another, then it should receive twice the rating. Once the ratings for the screen were completed, the columns were placed in 'rating order', for the respondent to check that the ranking was as required. If the respondent was happy the ratings (and attribute levels) were recorded and a new screen generated. Subsequent screens react to earlier ratings and attempt to induce respondents to change their rankings of columns (i.e. the ordering of the ratings) and so pass over a Boundary Ray. At some point LASP decides to move on to a subsequent 'task' and the process repeats.

4.3. Derived attributes

Table 2 shows in its top part the primary attributes displayed to respondents, and in its lower part some derived attributes used in modelling. As discussed in Section 3, linear dependence prevents the setting of departure times, journey duration and arrival times independently in a single column. Therefore it was decided to model changes in journey duration alongside a 'shift' in the timing of the journey.

Table 2: Symbols and Formulae with sample calculation (simplified)

Attribute	Formula	Journey 1	Journey A	Journey B	Journey C
Cost (£)		400	300	200	150
Latest Departure Time (G)		18.00 day 1	15.00 day 1	20.00 day 1	20.00 day 1
Earliest Arrival Time (E)		06.00 day 2	03.00 day 2	08.00 day 2	09.00 day 2
98% Arrival Time (L)		06.30 day 2	08.00 day 2	09.00 day 2	10.00 day 2
		J'ny 1 (mins)	J'ny A (mins)	J'ny B (mins)	J'ny C (mins)
Cost Index (C)	Indexed to C1 = 200, $C=200£(X)/£(1)$	200	150	100	75
Journey Time Duration(JT)	$JT = E - G$	720	720	720	780
Spread (SP)	$SP = L - E$	30	300	60	60
Early Shift (ESH)	$ESH = \text{Max}(G1-GX - \text{Max}(JTX-JT1, 0), 0)$	-	180	0	0
Late Shift (LSH)	$LSH = \text{Max}(GX-G1 - \text{Max}(JT1-JTX), 0), 0)$	-	0	120	120
Shift (SH)	$SH = ESH + LSH$	-	180	120	120
Lateness (AL)	$AL = \text{Max}(LX-L1, 0)$	-	90	150	210
Lateness Squared (ALSQ)	$ALSQ = AL^2$	-	8100	22500	44100
Earliness (AE)	$AE = \text{Max}(G1-GX, 0)$	-	180	0	0
Earliness Squared (AESQ)	$AESQ = AE^2$	-	32400	0	0

Table 2 provides clarity of definition on this: by showing the notation used, the formulae that define the derived attributes, and an example of the calculations. Journey 1 is, in this case, the base journey, from which differences are measured, and Journey X is any other journey, such as A, B or C. JT is journey time, defined as the difference between the latest departure time and the earliest arrival time. Note that later in the paper the prefix V denotes a monetary valuation, eg. VJT. The formulae have been constructed on the assumption that JT1 is less than or equal to JTX. Spread (SP) measures the difference between the earliest arrival and the 98% arrival – a measure of the dispersion of arrivals. Early Shift (ESH) and Late Shift (LSH) attempt to measure how much a journey has been shifted to another time. Only one of Early Shift and Late Shift can be non-zero – either the journey is earlier or later, not both. Also shown is unspecified Shift (SH), which does not distinguish between whether the shift is to an earlier or later time. The calculation of shift (ESH, LSH & SH) is complicated if the journey duration (JT) also changes as well as the departure and arrival times. Journey A has an earlier departure, and Journeys B and C have later departures. In the case of C, the journey time is also longer, so the shift times are calculated bearing that in mind. In this way we have sought to separate out journey duration changes from journey time shifts.

Lateness (AL) measures the difference in the offered 98% arrival time from the current 98% arrival time. Journey A illustrates that a journey can still have lateness, even though it has a positive early shift. This is because shift times are only adjusted for changes in journey duration (JT) and not for changes in the length of time between the earliest arrival time and the 98% arrival time, which we call spread (SP). The square of AL is also constructed, ALSQ, for the purpose of capturing a non-linear effect. The counterpart of lateness is Earliness (AE, AESQ).

4.4. The LASP design

LASP can undertake up to 6 tasks, of which 3 are first priority. It was determined that the most important attribute was SP, representing reliability. The two tasks for Column 2 (i.e. one priority and one not) were both allocated to reliability, initially doubling the spread, and then tripling it. By comparing estimates for these two points to the base (Column 1) it was possible to recover a non-linear valuation. The next most important attribute was judged to be journey duration (JT). This was allocated the priority task of Column 3, with latest departure time moved forward by half of JT to give a 50% increase in journey time. The next attribute in order of importance was the “Mode Specific Constant”, or modal penalty for the use of rail. This was allocated the priority task of Column 4, and so that column was labelled “Rail” if the current mode was road (and vice versa). Lastly, there was interest in valuing frequency/flexibility. However, there is little point telling respondents there are two services a day unless they are told when they are. It was deemed appropriate to present the service closest to the current service by moving the latest departure time but holding journey time (and all else) constant. This is achieved by using our time shift attributes (SH, ESH and LSH) to which the remaining two (non-priority) tasks were allocated. Having two tasks so allocated facilitated, in principle, the examination of “earlier” and “later” starts separately, though it was decided that earlier starts were not meaningful for Bulks, for which both tasks were allocated to “later”.

5. Case Study Results

5.1. The Manual method

The first method of analysis used was the Manual method. The Manual modelling looked at all occurrences of a ranking change, involving Column 1, where the non-cost attributes had remained unchanged. For example, if a fall in C (in a particular column) from index 180 (i.e. 180% of the actual current freight rate) to index 160 caused a rating change from 90 to 110, then it would be deduced that the value of that column’s service compared to Column 1 was worth between 20% and 40% of the current freight rate (i.e 200-180 and 200-160, where 200 is the C for Column 1). The best guess here would be 30%, i.e. halfway between 20 and 40 since 100 (the Column 1 rating) is halfway between 90 and 110. If the only difference between the two columns was that Column 1 was 50 minutes quicker, the value of journey duration (VJT) would be indicated as being 0.6% of the freight rate per minute. Knowing the freight rate allows us to produce monetary estimates. These may then be averaged over groups of firms.

5.2. Weighted regression

The second method, (weighted) regression analysis of logit transforms of the ratios of the ratings, is described in Fowkes and Shinghal (2002). Suffice it here to say that the four columns of the LASP screens were ‘exploded’ to three binary choices, where column 1 was compared in turn to columns 2 to 4. Since we have a continuous dependent variable, the usual techniques of discrete choice modelling are not required. Modelling was conducted for Non-bulks and Bulks separately, models being calibrated for individual respondents. Several model forms were tried. When grouping respondents, it is essential that all respondents in the group have the same model, so the failure of a model to fit for one respondent rules out that model for the whole group. Weightings were chosen on the basis of goodness of fit, with many being tried but just these 3 featuring in the final results: (i) no weight, (ii) the lower of $(\text{rate}/100)^4$ or $(100/\text{rate})^4$, (iii) the exponential of the rate divided by the square of one plus the exponential of the rate. The rationale of (ii) was to favour ratings close to 100, while that of (iii) was to accommodate heteroskedasticity.

Again, valuations for groups of respondents may be averaged. In order to minimise the variance of the combined estimate, \hat{r} , individual valuations, \hat{r}_k , are weighted by the inverse of the variance of the estimate, v_k , i.e. the valuation which has the greatest variance (i.e. the poorest estimate) gets least weight. Let us denote the variance of the combined estimate by v .

$$\hat{r} = \frac{\sum \frac{\hat{r}_k}{v_k}}{\sum \frac{1}{v_k}} \quad \text{and} \quad v = \frac{1}{\sum \frac{1}{v_k}} \quad (4)$$

5.3. Interpreting estimated values

As should be clear from section 3 of this paper, when interpreting model valuations, care must be taken to see which other valuations were derived in the same model. For example, VJT valued scheduled journey time duration, and VAE valued having to start out earlier. If there were an absolute constraint on the arrival time, an increase in the scheduled journey time duration (JT) of x minutes would be accommodated by starting out x minutes earlier. Consequently, it can be deduced that, all else equal, the estimated value of VJT in the absence of VAE in the model would be the sum of the estimated values of VJT and VAE were they both to be present. From the opposite viewpoint, the VJT estimate when both are present has its early start penalty stripped out of it. A second example is the obvious effect on VALSQ depending on whether or not VAL is included.

It is hoped that our interviews will have minimised the inclusion of any benefit due to saving driver hours or vehicle operating costs. This is because respondents have been told they were valuing door-to-door services provided by a third party at the price shown. The costs to the third party should be of no direct interest to the respondent. Following the discussion in Section 3, the value of a travel time saving, VTTS, for use in road scheme appraisal can be

taken to be the sum of: (i) driver wage savings (DWS); (ii) vehicle operating cost savings (VCS); (iii) the value of journey time reduction (VJT), and (iv) the value of not having to start out so early (VAE). Hence

$$VTTS = DWS + VCS + VJT + VAE \quad (5)$$

In line with the insight gained by considering Fig.1, as journey time increases, at some point VAE will be replaced by VAL as an earlier start becomes impractical forcing a later arrival. It should be noted that in this case study VAE has been taken to be zero for Bulks.

Tables 3 to 7 show results for nine commodity groups using both the Manual method and (in each case) one of the regression models. All valuations are in sterling at end 2003 prices. The number of respondents in each group is the same for all 5 tables, and is shown in Table 3. Recommended values are also shown based on considerations of goodness of fit, and including consideration of results from other model forms not reported in those tables. Also shown are 't' statistics against zero. It should be noted that the only variation being considered here is that resulting from failure to exactly explain all the reported ratings in terms of the attribute levels being rated. Additional, non-included, error will be present relating to any failure of respondents to rate honestly, and any failure of the limited number of firms sampled to reflect any larger grouping of interest.

Table 3: Estimates of the value of journey time duration (VJT), expressed in pence per minute per tonne, end-2003 prices

	MANUAL	REGRESSION		RECOMMENDED	SAMPLE
					SIZE
	VJT	VJT	t	VJT	IN
					GROUP
	SCHEDULED	SCHEDULED		SCHEDULED	
	TIME	TIME		TIME	
	p/min/tonne	p/min/tonne		p/min/tonne	
COAL	0.19	0.20	3.5	0.20	4
METALS	0.05	-0.14	-0.8	0.05	5
AGGREGATES	0.08	0.04	0.6	0.10	5
OIL & CHEMICALS	0.63	0.55	3.5	0.70	5
AUTOMOTIVE	1.95	1.95	3.2	2.00	5
OTHER BULKS	0.16	0.12	0.2	0.15	4
ALL BULKS	0.26	0.15	3.8	0.20	28
CONTAINER	2.30	0.00	0.0	2.00	6
FINISHED	3.90	0.90	1.9	1.00	7
EXPRESS	63.00	5.05	1.2	5.00	8
ALL NON-BULKS	1.38	0.80	1.8	1.00	21
ALL SAMPLE	0.74	0.43	N/A	0.50	49

Table 4: Estimates of the value of journey time spread (VSP), expressed in pence per minute per tonne, end-2003 prices

	MANUAL	REGRESSION		RECOMMENDED
	VSP	VSP	t	VSP
	DELAY SPREAD	DELAY SPREAD		DELAY SPREAD
	p/min/tonne	p/min/tonne		p/min/tonne
COAL	0.20	0.19	2.1	0.20
METALS	0.20	0.06	0.4	0.10
AGGREGATES	0.26	0.43	2.1	0.40
OIL & CHEMICALS	0.60	0.78	4.3	0.70
AUTOMOTIVE	2.50	1.06	1.1	2.00
OTHER BULKS	0.43	1.46	1.3	0.80
ALL BULKS	0.98	0.26	4.1	0.40
CONTAINER	5.00	0.50	0.6	3.00
FINISHED	2.90	0.55	2.0	1.00
EXPRESS	22.50	10.70	7.9	10.00
ALL NON-BULKS	8.55	0.95	3.6	2.00
ALL SAMPLE	4.22	0.56	N/A	1.00

Table 5: Estimates of the value of journey time shift (early (VESH) and late (VLSH)), expressed in pence per minute per tonne, end-2003 prices

	MANUAL	MANUAL
	VESH	VLSH
	EARLY SHIFT	LATE SHIFT
	p/min/tonne	p/min/tonne
COAL	N/A	0.05
METALS	N/A	0.56
AGGREGATES	N/A	0.12
OIL & CHEMICALS	N/A	0.90
AUTOMOTIVE	N/A	2.86
OTHER BULKS	N/A	0.57
ALL BULKS	N/A	0.52
CONTAINER	0.20	5.60
FINISHED	1.65	3.20
EXPRESS	27.30	43.00
ALL NON-BULKS	0.90	8.20
ALL SAMPLE	N/A	3.80

Table 6: Estimates of the value of early start (VAE) expressed in pence per minute per tonne; and the value of its square (VAESQ), expressed in pence per minute squared per tonne, end-2003 prices

	REGRESSION		RECOMMENDED	REGRESSION		RECOMMENDED
	VAE	t	VAE	VAESQ	t	VAESQ
	EARLY START		EARLY START	EARLY START SQ		EARLY START SQ
	p/min/tonne		p/min/tonne	p/minsq/tonne		p/minsq/tonne
COAL	N/A			N/A		
METALS	N/A			N/A		
AGGREGATES	N/A			N/A		
OIL & CHEMICALS	N/A			N/A		
AUTOMOTIVE	N/A			N/A		
OTHER BULKS	N/A			N/A		
ALL BULKS	N/A			N/A		
CONTAINER	-2.45	-1.3	-1.00	0.00428	1.9	0.00400
FINISHED	0.35	1.1	0.50	0.00061	2.3	0.00060
EXPRESS	4.65	2.2	5.00	0.00022	0.1	0.00020
ALL NON-BULKS	0.40	1.2	0.50	0.00070	2.5	0.00070
ALL SAMPLE	N/A					

Table 7: Estimates of the value of late arrival (VAL) expressed in pence per minute per tonne; and the value of its square (VALSQ), expressed in pence per minute squared per tonne, end-2003 prices

	REGRESSION		RECOMMENDED	REGRESSION		RECOMMENDED
	VAL	t	VAL	VALSQ	t	VALSQ
	LATE ARRIVAL		LATE ARRIVAL	LATE ARRIVAL		LATE ARRIVAL
				SQ		SQ
	p/min/tonne		p/min/tonne	p/minsq/tonne		p/minsq/tonne
COAL	0.28	2.2	0.10	0.00011	2.2	0.00005
METALS	-0.03	-0.2	0.05	-0.00003	-0.5	0.00002
AGGREGATES	0.26	2.2	0.25	-0.00016	-0.9	-0.00060
OIL & CHEMICALS	0.40	1.8	0.40	0.00000	0	-0.00006
AUTOMOTIVE	1.86	1.9	1.50	0.00019	0.2	0.00004
OTHER BULKS	-1.02	-0.5	0.05	-0.02964	-1.9	-0.00006
ALL BULKS	0.20	2.9	0.20	0.00004	1.1	0.00001
CONTAINER	4.55	7.2	4.50	0.00111	2.8	0.00120
FINISHED	1.00	3.8	1.00	0.00008	1.1	0.00000
EXPRESS	11.50	7.6	20.00	0.00661	1.6	0.01000
ALL NON-BULKS	1.80	7.5	1.50	0.00001	1.6	0.00003
ALL SAMPLE	1.00	N/A	0.75	0.00003	N/A	0.00002

5.4. The value of journey time duration (VJT)

Here the correspondence between the Manual and regression methods can be seen to be exceptionally good (Table 3). For much Bulk traffic it appears that there is no significant VJT. This is not evidence of a poor model but a low user valuation. COAL, OIL and AUTO do seem to have a significant VJT. The recommended values have given the remaining Bulk commodities values somewhat below that found for COAL, but it is recognised that there are grounds for giving them zero VJT. Except for AUTO (for which the decision to classify it as a Bulk was less than ideal when it comes to grouping the results), it is usually possible to carry about 30 tonnes per lorry of bulks in the UK, in which case the 0.2 equates to £3.60 per hour per lorry load. For AUTO, a load of 10 tonnes might be more typical, in which case the recommended VJT value equates to £12 per hour per lorry load.

Turning to Non-Bulks, high estimates of VJT were obtained from the Manual Analysis. The Regression analysis gave a zero VJT estimate for CONTAINERS, which may be correct when one considers how long some of them are left waiting at ports awaiting collection, but which we ignored in favour of a recommendation (£24/hr/lorry-load) near to the Manual estimate. Strength of feeling regarding that recommendation is not great, and zero would not be unreasonable. FINISHED (ie. General) goods had higher estimated VJT but were given a lower recommended value (£12/hr/lorry-load). Lastly, movements that we classified as EXPRESS, such as parcels operations, had a Regression and recommended estimate of £60/hr/lorry-load.

5.5. Value of Reliability (Spread, VSP)

Estimated values for VSP (Table 4) are generally between the VJT estimates and twice those estimates. Recommended values for VSP for the whole sample, and the Bulks and Non-bulk subgroups are set exactly double those for VJT.

5.6. Early and Late Shifts, Starts and arrivals (VESH, VLSH, VAE, VAESQ, VAL, VALSQ)

Only poor results were obtained from the Regression models for the journey time shift variables, so Table 5 merely reports the Manual analysis results. Bulks were only subject to late shifts. COAL and OIL again yielded sizeable estimates, with those from AUTO much larger. The recommended VLSH for Bulks was around £10/lorry-load for a retiming of one hour later, for a particular shipment. For Non-bulks, estimates of both VESH and VLSH are available. For CONTAINERS, early shift is hardly valued at all, whereas for EXPRESS movements, possibly working on a hub and spoke system and awaiting feeder traffic, it was very highly valued. Values for later retimings were even higher. The recommended values for Non-bulks, for VESH and VLSH respectively, were approximately £11 and £100 per lorry-load per hour.

Tables 6 and 7 report Regression models of the early start (AE) and late arrival (AL) variables. Again, early starts were not possible for the Bulks. For Non-bulks it was intended that the quadratic possibilities would allow for the TA to TB segment in Fig.1 to be curved. Containers actually seemed to favour an earlier start, but non-significantly and there was a positive penalty attached to the square of early start time (AESQ), though the combined effect would only become positive after 10 hours (trimmed to 4 hours recommended). FINISHED (ie General) goods had a small positive VAE, again non-significant, plus a small positive VAESQ. EXPRESS goods have a large significant VAE with a small insignificant VAESQ. The chosen recommended values give a £56 disbenefit per lorry-load for a one hour forced early start.

For VAL and VALSQ we have estimates for both Bulks and Non-bulks. The intention was to handle the initial low penalty (TB to TC) in Fig.1 and the steeper slope (TC to TD) as lateness increased, as well as allowing for some curvature in the straight lines shown there. Excepting AUTO, Bulks VAL estimates tended to be small. Overall for Bulks, a one hour later arrival than the current 98% arrival time was valued at about £3 per lorry-load. COAL was slightly more sensitive to late arrivals than that. For METALS, on the other

hand, no late penalty could be found. For AUTO, the penalty for a one hour late arrival would be about £10 per lorry-load. Turning to Non-bulks, FINISHED goods had a similar lateness penalty to AUTO, whilst containers had a penalty of about £50 for a one-hour late arrival. EXPRESS goods were again subject to severe penalties. For being one hour late, the penalty was estimated to be some £140 per lorry-load, rising to £300 when two hours late.

5.7. Conclusions on the Case Study findings.

The presented results are from a small sample in one country at a particular point in time. Nevertheless, they illustrate many of the points discussed in this paper and give some guide as to magnitudes. In practice, as was allowed for in Figure 1, some slack or buffer time will be built into schedules, so a particular lorry faced with the option of using a free congested road or a quick toll road may not actually pay the toll even when the valuations presented in this paper suggest they should. That lorry may have some slack time left and may have little incentive to arrive 'early'. For many commodities, the value of a scheduled journey time saving (over and above driver's wages and vehicle operating cost savings) is shown to be relatively small, with the same going for reliability improvements. For some other commodities there does seem to be a significant willingness to pay. Fuller results from the case study are available in Booz Allen Hamilton and ITS Leeds (2004).

6. Are the Results subject to Bias?

6.1 Defence of the LASP method

A major advantage of Adaptive Stated Preference (ASP) in studying freight decision making is that we can hope to obtain much greater information per respondent. Indeed, LASP fits models to each respondent, and then averages over valuations obtained from a group of respondents. In passenger transport studies this is rarely important, as respondents are usually plentiful and reasonably homogeneous. Freight decision makers are much fewer, and much more disparate. In the first LASP study (Fowkes, Nash and Tweddle, 1991) we chose to interview the GB cement industry, at that time comprising 6 companies, of which 4 agreed to be interviewed. We could only have increased our sample size above 4 by including 'similar' industries. Besides the problems of expense and exactly how we could define 'similarity', we would clearly dilute the 'cement content' of our sample. By the time we had a conventional SP sample size we would probably have had to include all bulks.

Whilst these arguments in favour of ASP have generally been held to be persuasive, there have been great concerns that ASP is prone to biases. There are anecdotal reports that some early ASP studies had problems with poor, i.e. implausible, estimates. Bradley and Daly (1993) conducted simulations that -

"indicate that adapting levels presented in SP designs on the basis of preceding choices can lead to biased estimates in the presence of 'taste variation' in the sample' – either in the coefficients or in the residual error component. The bias arises from the fact that the levels of the independent variables become correlated with the unmeasured components of individual preferences across the sample. Even when the sample is homogeneous, the endogenous adaptive design tested here

did not produce accurate estimates due to high correlations introduced between the design variables.”

The theoretical reason why this should be the case was not particularly clear, but allowing the explanatory ‘X’ values (i.e. the attribute level differences) to vary in response to (previous) response ‘Y’ variable (i.e. the respondent’s rating) looked to be far removed from the statistician’s ideal regression theory. The practice of ASP, other than LASP, greatly diminished in subsequent years. Perseverance with LASP was never on the grounds that LASP was not susceptible to bias. It is accepted that analysis of LASP results will be subject to problems arising from endogeneity, but attempts have been made to keep any adverse effects to a manageable scale in the following 3 ways:

(i). Firstly, the model is calibrated at the level of the individual respondent. It is not difficult to see that estimation over several respondents all of whom had been taken off in their own direction by the Adaptive SP could give rise to bias. To give a very stark example, if the number of responses per respondent were variable, and if respondents with high values were asked more questions (say because the experiment started off looking for low values and only slowly adjusted to responses of high value respondents, cutting off only once ‘close enough’) then naively pooling these responses will give a bias towards high values as they are over-represented in the data set. This was not the case simulated by Bradley and Daly, but they were grouping non-homogenous respondents and something similar may have been occurring. LASP models only individual respondents.

(ii). Secondly, LASP has a manual analysis method, which involves looking for indifference, or bounds for the indifference point. For example, a respondent observed to be willing to pay £4 but not £5 for a ten minute time saving might reasonably be taken to have a value of time in the range £24/hour to £30/hour, with the actual ratings allowing a more accurate estimate within that range. It is not easy to see how these manual estimates can be biased to any non-negligible extent. Comparative results for the Manual and Regression methods were presented in Tables 3 and 4, and showed good agreement. Since the Manual results cannot be biased, there cannot be much bias in the Regression model results.

(iii). Thirdly, candidate designs are subject to extensive simulation tests in order to spot problems with computerised attribute value recovery, including bias. Currently LASP self-testing takes 3 values (Low, Medium, High - or whatever) for each attribute valuation and combines these in every possible combination. Table 8 presents results from one simulation which looked for valuations of VJT, VSP, VSH, and of the Mode Specific Constant (VMSC). This gives 4 attributes combined at 3 levels=81, all simulated for 4 levels of response sensitivity, giving 324 models. Weighted averaging over models using equations (4) yielded the values in Table 8. Since they are not averaged over the Low/Medium/High split, each result in that table is an average of 108 model estimates. The IN columns give the assumed values and the OUT columns the respective estimates. Of course, the results in Table 8 do not represent the precision from a single LASP

experiment, but they do show that asymptotically the method seems to find the correct value, and there seems little pattern in the errors.

Table 8: Simulation results from 324 combinations of input attribute levels

	LOW		MEDIUM		HIGH	
	IN	OUT	IN	OUT	IN	OUT
VJT	0.03	0.033	0.3	0.300	3	2.71
VSP	0.03	0.032	0.3	0.332	3	3.57
VSH	0.03	0.027	0.3	0.300	3	2.18
VMSC	-5	-4.20	5	5.38	25	24.28

As can be seen, the simulation results were best for the ‘medium’ values in the middle column, which is as it should be as these were the centre of the attribute valuation space for which the experiment was designed. Despite the extra attention given to the estimation of the reliability variable (VSP), in the ‘Medium’ column its recovery is the poorest. Looking at all three columns, we see that VSP is the only valuation overestimated in all three cases. Of the 12 values simulated, 6 were overestimated, 4 were underestimated, and 2 were spot on. Indeed, if we consider the absolute values, the -4.20 can then be taken as an underestimate, giving 5 of each. These results are not felt to be suggestive of serious bias. Experience with LASP has shown that as the accuracy of an estimate improves (due to alterations to the design), the apparent bias reduces – contrary to the notion of bias as defined by statisticians. It might be reasonable to conclude that LASP is, in some broad sense, asymptotically unbiased.

7. Conclusions

This paper has considered the concepts of freight value of time and reliability, discussed some of the difficulties involved in deriving monetary estimates of them, and provided illustrative results for the UK. It has been stressed that the concept of value of time is vague and situation specific. A road scheme appraisal, for example, will require an estimate of the value to society of a consequential travel time saving. This paper has argued that this VTTS will be the sum of the value of getting the goods to the destination more quickly (VJT), savings in drivers’ wages (DWS), reductions in vehicle costs (VCS), and reduced disutility from being able to make a later start or earlier arrival (VAE, VAL). A related point is that value of time estimates will vary according to the organisation of the freight movement. A company moving goods on ‘Own Account’ will value savings in drivers’ time (and possibly vehicle cost savings) over and above the benefits of journey time savings perceived by shippers using a ‘Third Party’ carrier.

The paper then gave results from a survey founded on this understanding. That survey used the Leeds Adaptive Stated Preference (LASP) methodology. Results were presented for 9 commodity groups as well as an overall total. Great care needed to be exercised in interpreting the results since the

estimated valuation of one attribute sometimes necessarily varied according to the presence or otherwise in the model of a related variable. The main empirical finding from the case study was that, when respondents ignore driver and vehicle costs, for many commodities valuations of improvements in journey time and its variability are negligible, which is in line with current UK Department for Transport thinking. However, shippers of some commodities do exhibit some willingness to pay, occasionally quite a lot. The results presented here may help revise appraisal methods for projects giving time and reliability gains, while the reverse case of increased journey times and unreliability from transport systems running ever closer to capacity can also be valued using these estimates.

The paper ends by defending the Adaptive Stated Preference methodology against worries of bias. It was accepted that there was always a danger of endogeneity bias, but it was argued that good experimental design, checked with simulations, could provide results that showed no significant bias.

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