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Ooh la la: Testing the one-and-one-half bound dichotomous choice elicitation method for robustness to anomalies

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BOUND DICHOTOMOUS CHOICE ELICITATION
METHOD FOR ROBUSTNESS TO ANOMALIES**

By

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**OOH LA LA: TESTING THE ONE-AND-ONE-HALF BOUND
DICHOTOMOUS CHOICE ELICITATION METHOD FOR ROBUSTNESS TO ANOMALIES**

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Abstract

Although attractive in terms of its incentive compatibility, the standard single bound (SB) dichotomous choice technique for eliciting willingness to pay (WTP) responses in contingent valuation surveys has a major drawback in terms of its low statistical efficiency. While alternatives such as the double bound (DB) approach (which supplements an initial SB style question concerning a specified bid amount with a subsequent follow-up question concerning a different bid amount) offer improved statistical efficiency, they do so at the cost of compromised incentive compatibility and have also been shown to be vulnerable to a number of response anomalies. An innovative alternative, the one-and-one-half-bound (OOHB) dichotomous choice approach, has recently been proposed by Cooper, Hanemann and Signorello (2002). The OOHB differs from the DB in a number of important respects; the most important being that while each respondent is again exposed to two bid amounts, these are presented prior to any response as upper and lower limits on the cost of schemes. This preserves the incentive compatibility of responses concerning those two limits while generating most of the efficiency gains afforded by the DB method. However, Cooper, Hanemann and Signorello fail to test the method for robustness against response anomalies. Such a test is provided by the present paper. A number of theoretical consistency hypotheses are formulated by contrasting standard expectations with those derived from non-standard reference dependent utility theory. These are tested through the first application of the OOH method within its intended public goods context in a study concerning WTP for remediating impacts upon water quality associated with climate change. Data is collected through a face-to-face survey of over 1250 UK households. Results reject the theoretical consistency of elicited WTP responses showing that the OOHB is highly vulnerable to a number of anomalies. In particular acceptance rates for a given bid amount varied according to which other amount it was paired with and the order in which responses were elicited. We speculate upon the implications of these findings.

Keywords:

Contingent valuation, elicitation techniques, one-and-one-half bound, anomalies, willingness to pay, water quality.

JEL codes:

Q51; Q25; C25; D80

1. INTRODUCTION

More than fifty years ago, Ciriacy-Wantrup (1947, 1952) suggested that “appropriately constructed interviews” are capable of obtaining information about people’s preferences for goods not ordinarily priced in the market. While it took some time for economists to embrace survey techniques (Davis, 1963; Randall et al., 1974), the contingent valuation (CV) method is now widely used to obtain willingness-to-pay (WTP) values for an assortment of environmental and other non-market goods (Carson, forthcoming). Indeed it is the valuation question itself which is the central feature of any CV study. However, given the hypothetical nature of the CV market, the method by which a valuation response is to be elicited is not immediately obvious. A wide variety of elicitation techniques have been proposed and tested ranging from early forays using simple open-ended questions (Brookshire et al., 1983) or bidding games (Davis, 1963; Randall et al., 1974) to payment ranges (Cameron and James, 1987), referenda (Carson et al., 1992) and more recently randomised card sorting (Carthy et al., 1999; Beattie et al., 1998). Comparisons across these elicitation techniques revealed significant differences between resultant benefit estimates (Bateman et al., 1995). However, rather than being random, these differences have been shown to be linked to a mixture of theoretical expectations (typically linked to differences in the incentive compatibility of differing approaches) and a range of theoretically unanticipated but empirically replicated anomalies (Carson, Groves and Machina, 2000; Bateman and Jones, 2003).

Given this diversity of techniques and consequent variation in estimated values, the identification of a clearly superior approach to the elicitation of WTP responses has been one of the most consistent themes in CV research and official guidance (Cummings et al., 1986; Mitchell and Carson, 1989; Arrow et al., 1993; Bateman et al., 2002). While different commentators have emphasised different attributes, in sum we can see three defining characteristics for an ideal elicitation method: (i) incentive compatibility, ruling out strategy space such that it is in the best interest of the respondent to answer truthfully; (ii) procedural invariance; in particular robustness to the range of preference anomalies identified in CV literature and; (iii) statistical efficiency, such that the technique can provide sufficient data in order to permit robust estimation of WTP without recourse to excessive sample size. Although all three criteria are important, it was the issue of incentive compatibility which dominated the landmark NOAA Blue-Ribbon Panel report on CV (Arrow et al., 1993). Here, building upon the work of Gibbard (1973) and Satterthwaite (1975) who establish the potential incentive compatibility of one-shot referenda¹, Arrow et al., recommend the use of the ‘single bound’ (SB) dichotomous choice elicitation technique² wherein each respondent is presented with a single question asking if they are willing to pay a specified sum, \$X, for the good in question, to which they can only reply ‘yes’ or ‘no’. By varying the amount X across the sample CV researchers can estimate decision compatible measures such as mean WTP.

The dichotomous nature of the SB approach is incentive compatible (Carson, Groves and Machina, 2000) and the technique is considered by many CV researchers to be robust against anomalies³. However, it is not statistically efficient, eliciting only whether a given respondent’s WTP lies above or below the bid amount \$X offered to them. In order to address this latter problem, Hanemann, Loomis, and Kanninen (1991) proposed a double-bounded (DB) format. Here, following an initial SB response, a second ‘follow-up’ or ‘conditional’ question is added to further probe the respondents’ WTP. However, while this yields substantial gains in terms of statistical efficiency, subsequent empirical testing showed a number of response anomalies, in particular a lack of consistency between determinants of

¹ Within the CV context this argument is developed through Hoehn and Randall (1987) and Carson et al., (2000).

² First introduced by Bishop and Heberlein (1979)

³ Note that the single response of the SB method is difficult to test for anomalies. Nevertheless, some commentators argue that it is not inherently robust to such problems (Green et al., 1998).

the first and second response and adverse reactions to the 'surprise' follow-up amount (Cameron and Quiggen, 1994; Herriges and Shogren, 1996; Alberini, Kanninen, and Carson, 1997; Bateman et al. 2001; DeShazo, 2002).

More fundamentally, theoretical analyses have identified that the DB approach fails incentive compatibility criteria (Mitchell and Carson, 1989; Carson, Groves and Machina, 2000). Specifically, the approach undermines the crucial face value interpretation of the bid amount as being the cost of providing the good in question. While this is credible in the initial question, it is no longer so in the follow-up. Clearly, only one of these amounts can be the real cost of the good. This loss of credibility compromises the incentive compatibility of the second question contributing to a characteristic reduction in acceptance rates relative to the first response.

In an innovative effort to retain much of the statistical efficiency gains of the DB approach, Cooper, Hanemann, and Signorello (2002; hereafter CHS) propose the one-and-one-half bound (OOHB) format. This makes a virtue of the difference between an initial and follow-up dichotomous choice amount by presenting both of these to the respondent as lower and upper (or upper and lower) bounds on the costs of providing the good in question. These bounds are presented prior to eliciting any valuation response thus ensuring incentive compatibility (providing these bounds are credible it remains in the best interests of the respondent to answer truthfully) and avoiding any elements of 'surprise' which may be engendered by the introduction of unexpected cost information. CHS show that, in comparison to the SB method, much of the statistical efficiency gains of the DB are retained by the OOHB approach. This combined with the incentive compatibility of the latter make it clearly superior to the DB and raise the promise of superiority over the standard SB method. However, CHS fail to test their method for procedural invariance against commonly observed preference anomalies. This paper undertakes such a test and in so doing provides the first application of the OOHB method within its intended public goods arena.

In the following section we provide a fuller account of the operation of the OOHB technique and provide a formal description of the regression models used to analyse our survey data. In Section 3 we derive a set of testable hypotheses concerning procedural invariance. In particular we draw upon the literature regarding prospect theory and reference dependent utilities (Kahneman and Tversky, 1979; Tversky and Kahneman, 1991; Bateman et al., 1997) to identify a set of anomalies relative to standard Hicksian theory which might arise from the process of providing survey respondents with prior information concerning the upper and lower bid amounts. Section 4 presents findings from our survey and reports results from our formal hypotheses tests. Finally, Section 5 discusses our findings and concludes.

2. THE OOHB ELICITATION FORMAT

The OOHB approach, as proposed by CHS, is defined by two key features which distinguish it from either the SB or DB dichotomous choice techniques. The first of these features is that, prior to any valuation response being elicited, respondents are told that the price of the good in question is uncertain but lies between two stated values – a lower bound and an upper bound. A random process (unseen by the respondent) is used to determine whether the initial question posed will use the lower or upper of the pair of stated values. The chosen question is then presented to the respondent using the standard dichotomous format and a response recorded. The second distinguishing feature is that a follow-up question is only asked in two circumstances: when a “yes” response is given to a lower amount - which results in a second question using the upper amount; or when a “no” response is given to an upper amount - which results in a second question using the lower amount. When, in response to the initial question, an upper amount is accepted or a lower amount rejected then no follow-up question is asked. This process ensures that the respondent only faces amounts which are presented at the outset rather than being surprised by unexpected amounts which have dubious validity.

The CHS OOHB model begins by assuming that the an individual's WTP is a random variable with a cumulative distribution function (CDF) denoted $G(C_i; \theta)$. Define a range of bid values as $[L, U]$ where $\$L < \U . An ‘ascending’ sequence presents the $\$L$ bid first and presents the $\$U$ bid only if a ‘yes’ response arises on the first question. We call this sequence LU. A ‘descending’ sequence presents the bid values in the opposite order and is denoted UL. There are three possible response probabilities for each of these two sequences, those for LU being detailed as Equation (1).

$$\begin{aligned}\pi_i^N &= \Pr \{ C_i \leq L \} = G(L; \theta) \\ \pi_i^{YN} &= \Pr \{ L \leq C_i \leq U \} = G(U; \theta) - G(L; \theta) \\ \pi_i^{YY} &= \Pr \{ C_i \geq U \} = 1 - G(U; \theta)\end{aligned}\tag{1}$$

The response probabilities for the UL sequence are given in Equation (2).

$$\begin{aligned}\pi_i^Y &= \Pr \{ C_i \geq U \} = 1 - G(U; \theta) \\ \pi_i^{NY} &= \Pr \{ L \leq C_i \leq U \} = G(U; \theta) - G(L; \theta) \\ \pi_i^{NN} &= \Pr \{ C_i \leq L \} = G(L; \theta)\end{aligned}\tag{2}$$

The corresponding log-likelihood function is detailed in Equation (3).

$$\ln L^{OOHB}(\theta) = \sum_{i=1}^N \{ d_i^Y \ln[1 - G(U; \theta)] + d_i^{YN} \ln[G(U; \theta) - G(L; \theta)] + d_i^N \ln[G(L; \theta)] \}\tag{3}$$

Given the symmetry of responses, it should be noted that $d_i^N = 1$ when either the starting bid is $\$L$ and the response is (no) or the starting bid is $\$U$ and the response is (no, no), and 0 otherwise. Similarly, $d_i^{YN} = 1$ when either the starting bid is $\$L$ and the response is (yes, no) or the starting bid is $\$U$ and the response is (no, yes), and 0 otherwise. Finally, $d_i^{YY} = 1$ when either the starting bid is $\$L$ and the response is (yes, yes) or the starting bid is $\$U$ and the response is (yes), and 0 otherwise. The log-likelihood function in Equation (3) is estimated using maximum likelihood techniques programmed in Gauss, described more fully in the results section of the paper.

3. PROCEDURAL INVARIANCE IN THE OOHB FORMAT: FORMULATING HYPOTHESES

CHS show that the OOHB format exhibits efficiency gains over the SB format without indulging in the compromised incentive compatibility of the DB approach. However, they fail to test for robustness against a number of commonly observed response anomalies. Building upon the notions of prospect theory and loss aversion set out by Kahneman and Tversky (1979) and Tversky and Kahneman (1991), DeShazo (2002) offers a useful review of anomalies that affect the DB technique which in turn provides a basis for formulating the tests employed in our analysis of the OOHB approach. Most pertinently to the present analysis, when considering the DB format, DeShazo describes a model in which the respondent assumes that the good described in a valuation scenario will be provided with either certainty or with some subjective probability, say p . The respondent further assumes that she is being offered the good at the specified price. Prior to the asking of the first dichotomous choice question, the respondent's expected gain is the surplus value from the transaction times the probability that the good is provided. In Equation (4) WTP^T is the true underlying WTP, while EP is the expected price the respondent holds for the good.

$$EG = p[WTP^T - EP] \quad (4)$$

Now the respondent is asked the first dichotomous choice question. Suppose this involves a bid value of $\$L$. It is assumed that the respondent believes that she will receive the good if she says 'yes' to paying this amount. Under these circumstances she forms a new reference point equal to the updated expected consumer surplus shown in Equation (5).

$$EG = p[WTP^T - L] \quad (5)$$

The crucial point is that following a 'yes' response this new reference point becomes the relevant benchmark against which the gains or losses associated with any subsequent questions are assessed. On the other hand, suppose the respondent says 'no' to the first price offered. Here DeShazo argues that a new reference point is not formed since rejection of the good at the stated price reflects uncertainty on the part of the respondent both with respect to provision of the good and the price of such provision.

The existence of a reference point is relevant for the second question of a DB format but has different implications according to whether the questions are asked in an ascending sequence (the lower bid presented first then, iff a 'yes' responses is given the second, higher bid question is asked) or in a descending sequence (the higher bid presented first then, iff a 'no' responses is given the second, lower bid question is asked). In an ascending sequence, since the second bid is higher than the first ($\$L < \U), the person frames the follow-up bid as an expected loss (EL) defined by Equation (6):

$$EL = p[L - U] \quad (6)$$

As a result of this updating of the reference point, the overall expected utility change for the respondent in such an ascending sequence is given in Equation (7).

$$\Delta EU = U \{p [(WTP^T - L) + (L - U)]\} \quad (7)$$

DeShazo (2002) argues that respondents view such a follow-up question as negatively framed. Furthermore, there is a resulting piecewise construction of expected utility, which leads such respondents to believe that the expected utility in Equation (7) is less than the expected utility of an "unframed prospect" arising from a situation in which a respondent is asked to respond to $\$U$ in the first instance. The expected consumer surplus from purchasing the good at the second price without prior information is given in Equation (8).

$$EG = p [WTP^T - U] \quad (8)$$

In contrast to the ascending sequence, DeShazo asserts that the descending sequence should not result in the respondent viewing a second, lower bid as being a positively framed question. This follows from the assumption that, after having said ‘no’ to the first (\$U) bid, the respondent does not form a new reference point.

The application of this loss aversion framework to explain response anomalies in a DB format leads to testable hypotheses regarding the relative proportions of respondents accepting a given bid level in a follow-up question dependent upon the relation of that bid amount to that posited in the initial WTP question. Specifically, it predicts that the probability of a respondent answering ‘yes’ to a follow-up question from an ascending sequence (negatively framed) is less than the probability of a respondent answering ‘yes’ to the same value presented in an initial valuation question. A further prediction is the presence of a downward bias in WTP in ascending sequences and an overall downward bias in sample mean WTP.

The reference dependent utility approach provides a useful framework for the analysis of responses to questions posed in the OOHB format. Recall that the OOHB approach tells respondents upfront that the costs to households could range between \$L and \$U. Suppose a respondent is presented with this range of bids and she believes that the lower bound value of these bids (\$L) will occur with probability q and thus, the upper bound value (\$U) is believed to occur with probability (1-q). We will assume that these limits are set so that $q \neq 0$ implying that each limit is to at least some degree credible. In this case, the expected gain *prior* to the first question being asked is the probability of the good being provided times a weighted average of the two possible consumer surpluses associated with the upper and lower bound bid values, as in Equation (9).

$$EG^{OOHB} = p \{E (q [WTP^T - L] + (1 - q)[WTP^T - U])\} \quad (9)$$

If the respondent believes at the outset that the two bid values are equally likely, then the EG^{OOHB} will be a simple average of the two possible consumer surpluses, as in Equation (10)⁴.

$$EG^{OOHB} = p \{E (q [WTP^T - \frac{(L + U)}{2}])\} \quad (10)$$

With the OOHB format the respondent then replaces the initial reference point of Equation (4) with that in Equation (9) *prior* to the first question being asked. This means that, unlike in a DB format, both questions in a sequence will be affected by framing. In order to investigate the implications of this situation we distinguish between two the different sequences of questioning arising under the OOHB format: that of the ascending (lower bound bid is asked first, followed by upper bound, only if appropriate) and descending sequence (upper bound bid is asked first, followed by lower bound, only if appropriate).

We begin with the first question in the *ascending sequence*. First, prior to any response being elicited, the respondent is informed of the lower and upper limits of the cost estimate. Recall that this generates the reference point EG^{OOHB} as in Equation (9). Now, the respondent faces the bid level of the first question in which she is told that she need pay only \$L. This represents a positively framed outcome relative to the reference point.

⁴ An examination of equation (7) reveals that people who believe the lower bound value has a higher weight (i.e. probability) will tend to have a larger EG or initial reference point since the weighted average of the two bids will be lower, the more weight is put on the lower bid. This means that they will feel the loss associated with receiving the upper bid in the second round even more keenly.

Turning to the second question in the ascending sequence, we direct our attention to the subset of people who say ‘yes’ to the \$L question⁵. After giving this positive response, the respondent updates her reference point to the gain arising from the difference between her true willingness to pay and the lower bound bid to which she has just said yes, as shown in Equation (11)⁶.

$$EG = p[WTP^T - L] \quad (11)$$

In the ascending sequence of the OOHb format, the respondent is now asked to state whether they will or will not pay the upper amount \$U. When compared to the updated reference point, this is a negatively framed question and seen as a loss.

We turn next to the *descending sequence*. Again, prior to any response being elicited, the respondent is informed of the lower and upper limits of the cost estimate. This will again result in respondents forming a first reference point based on some combination of these values. Insofar as respondents have the same utility function and homogeneous tastes, this reference point should be identical to the one formed by respondents who answered questions in an ascending sequence. It should be solely based on the values themselves and on the range between these values since, at the outset, the respondent does not know the order in which questions will be asked.

With the first question in the descending sequence the respondent is asked to state whether they will or will not pay the higher of the two values (\$U). Even, though this is a first question, it is negatively framed as it represents a loss relative to the expected gain from the reference point based on some combination of the upper and lower bound values. Only those who refuse to pay this initial amount are asked the follow-up question concerning the lower amount (\$L). Extending DeShazo’s argument to the OOHb format, the expectation would be that, for such respondents, the reference level of utility remains linked to the initially perceived balance of the \$U and \$L amounts. Here then the lower amount (\$L) encountered in the follow-up question constitutes a gain over this reference level. However, this gain will become larger if, in fact, the respondent alters their reference level to one based solely upon the larger \$U amount encountered in the first question.

A final speculation concerns the influence of either the relative or absolute distance between the \$U and \$L amounts upon responses to either of these bounds. We postulate that increases in one or either of these measures may impinge directly upon the size of any reference framing effects. So we might expect that a given effect might be more pronounced where the difference between the \$U and \$L is ‘large’. Whether the definition of a large effect should be in terms of relative or absolute amounts (and whether these interact or exhibit eventually diminishing sensitivity as might be implied from Tversky and Kahneman, 1992) is an open empirical question which we investigate subsequently.

Given this theoretical framework of positively and negatively framed questions we can formulate a series of testable hypotheses. We define Prob (\$X=Yes | L-U) as the probability of a yes response to particular bid value, \$X, when it is asked first in an ascending sequence, i.e. when \$X is the lower bid value \$L and is therefore presented within a positively framed question. Similarly, Prob (\$X=yes | \$Z=yes | L-U) is the probability of a yes response to the same bid value (\$X), when it is asked second in an ascending sequence. In order for this question to be asked, it must be the case that the respondent has already said yes to a lower bound bid of \$Z. This means that \$X represents the upper bound value (\$U) for this particular sequence of questions and is therefore presented within a negatively framed question. Similarly, we can think about a particular \$X bid value as being asked as

⁵ Recall, those individuals who said ‘no’ to \$L are not asked the second question, however, they would still be affected by the bid range in answering their first question.

⁶ Note that this is equivalent to DeShazo’s reference point after a first lower bound bid is asked in a DB format.

either the first question in a descending sequence (and so representing the upper bound value and subject to negative framing) or as the second question in a descending sequence (thereby representing the lower bound value and subject to positive framing). The associated probabilities of yes responses for these two cases are: $\text{Prob}(\$X=\text{yes} \mid \text{U-L})$ and $\text{Prob}(\$X \mid \$Z=\text{no} \mid \text{U-L})$. It should be remembered in this latter case that $\$Z$ represents the upper bound value asked first which has been rejected by the respondent. Given this nomenclature we can now define four distinct hypotheses with which to test for preference anomalies and thereby examine procedural invariance within the OOH format. In each case the null hypothesis H_o is defined in accordance with standard Hicksian theory which does not allow for reference dependent effects and therefore implies that the probability of accepting some given bid level $\$X$ should be invariate to the frame within which it is presented and therefore should not vary according to whether that amount is presented within either an ascending or descending sequence or as the initial or follow-up question.

H_o^1 : $\text{Prob}(\$X=\text{Yes} \mid \text{L-U}) = \text{Prob}(\$X=\text{yes} \mid \$Z=\text{yes} \mid \text{L-U})$. Here the null hypothesis of equality is contrasted with an alternative hypothesis derived from reference dependent utility theory which states that, for responses to ascending sequence questions the probability of agreeing to pay a given amount $\$X$ will be higher when it is presented in the first (lower amount; positively framed) question than in the second (higher amount; negatively framed) question. Therefore we have H_a^1 : $\text{Prob}(\$X=\text{Yes} \mid \text{L-U}) > \text{Prob}(\$X=\text{yes} \mid \$Z=\text{yes} \mid \text{L-U})$

H_o^2 : $\text{Prob}(\$X \mid \$Z=\text{no} \mid \text{U-L}) = \text{Prob}(\$X=\text{yes} \mid \text{U-L})$. Here the null hypothesis of equality is again contrasted with an alternative hypothesis derived from reference dependent utility theory which states that, for responses to descending sequence questions the probability of agreeing to pay a given amount $\$X$ will be higher when it is presented in the second (lower amount; positively framed) question than in the first (higher amount; negatively framed) question. Therefore we have H_a^2 : $\text{Prob}(\$X \mid \$Z=\text{no} \mid \text{U-L}) > \text{Prob}(\$X=\text{yes} \mid \text{U-L})$.

H_o^3 : $\text{Prob}(\$X \mid \$Z=\text{no} \mid \text{U-L}) = \text{Prob}(\$X=\text{Yes} \mid \text{L-U})$. Here the null hypothesis of equality is contrasted with an alternative hypothesis which tests whether respondents update their frames between the first response and second response. Specifically we have H_a^3 : $\text{Prob}(\$X \mid \$Z=\text{no} \mid \text{U-L}) \neq \text{Prob}(\$X=\text{Yes} \mid \text{L-U})$ which argues that, for a given dollar value, $\$X$, we expect a differing probability of yes responses to the positive framed follow-up question within a descending sequence than to a similar positively framed response to an initial question in an ascending sequence.

H_o^4 : $\text{Prob}(\$X=\text{yes} \mid \$Z=\text{yes} \mid (\text{L-U})^*) = \text{Prob}(\$X=\text{yes} \mid \$Z=\text{yes} \mid (\text{L-U})^{**})$ where $(\text{L-U})^* < (\text{L-U})^{**}$. Here the null hypothesis of equality is contrasted with an alternative hypothesis which tests whether the difference between $\$U$ and $\$L$, whether measured in either absolute or relative terms, impacts upon response rates for any given amount $\$X$. Note that H_o^4 is written in terms of a response to a follow-up question from an ascending sequence. However, this test is also applicable to first response and descending sequence scenarios and is tested across all feasible combinations for both absolute and relative differences.

4. DATA AND ESTIMATION RESULTS

4.1 The Survey Instrument Design and Implementation Process

The data used to examine the OOHb were collected using a face-to-face interview survey designed, in all other respects, in accordance best practice guidelines (Mitchell and Carson, 1989; Arrow et al., 1993; Bateman et al., 2002). Extensive use was made of focus groups to refine the description of the public good in question and formulate an appropriate contingent market which was conveyed using a combination of clear and concise text augmented by visual aids. The resultant survey instrument was tested through a pilot survey of some 100 households after which the final survey questionnaire was refined. This is reported in full in the Appendix to this paper. Both focus group and pilot exercises were also used to define an appropriate vector of bid amounts across which a range of positive and negative responses might be expected. The final survey instrument was applied to a sample of randomly selected households in and around the city of Norwich, England. Surveying was conducted during a five week period in the summer of 2003, all interviews being undertaken in a face-to-face format by a team of trained interviewers.

The public good chosen to be valued was a typical focus for CV research, namely the remediation of eutrophication problems affecting nearby rivers and lakes. Survey respondents were presented with a proposal to address this problem by installing new technology at sewage works so as to remove phosphates from household sewage. Survey respondents were told that such treatment would increase their annual household water bill. This payment vehicle is attractive from a CV perspective as it is effectively universal and unavoidable thereby avoiding the strategic behaviour associated with discretionary payment vehicles (Bateman et al., 2002).

In accordance with the principles of the OOHb approach, survey respondents were informed in advance that the cost to their household of the phosphate removal scheme was between a specified lower and upper bound (\$L and \$U respectively). An unseen random process was used to allocate respondents to one of thirteen pairs of amounts. Of these seven described ascending sequences as follows: £10-£50; £25-£100; £50-£100; £75-£100; £100-£150; £100-£200; £48.50-£98.50. The remaining six pairs describe descending sequences as follows: £50-£10; £100-£25; £100-£50; £100-£75; £150-£100; and £200-£100. These pairs were chosen upon two criteria: first that they all fell within the distribution of bids implied by our focus group and pilot survey investigations; second, that they permitted ready and unambiguous testing of our various hypotheses. In particular the repetition of certain bid amounts, such as the £100 bid, across a variety of framing contexts permits simple non-parametric testing of hypotheses (although in the present paper we focus upon more embracing regression based tests to allow for the impact of other covariates upon acceptance rates). Note that the £48.50-£98.50 pair was only used in the ascending sequence to provide a side analysis comparison with the £50-£100 pair examining whether the implied greater accuracy of the former pair resulted in any significant impact upon acceptance rates. Although households were randomly allocated to bid pairs care was taken to ensure that roughly similar numbers were allocated to each pairing.

4.2 Results I: Acceptance Rates Across Treatments

In total 1254 households provided completed questionnaires⁷. Table 1 shows the resulting acceptance rates for each bid level from each of the thirteen bid pairings describing our

⁷ In total a further 1067 households were approached but declined to take part in the survey giving a response rate of 54%. The most common reasons for refusing to take part were time constraints and a lack of interest in any survey (respondents were unaware of the subject matter of the study at the outset of the survey). Arguably this may mean that estimated values might overstate true WTP across the population. However, this was not the principle focus of the present research.

various ascending and descending sequences. Comparison of identical bid amounts presented in either sequence as either the initial or follow-up amount reveals substantial differences across these various treatments. These differences provide our first commentary upon the various hypothesis tests described previously.

Table 1: Comparison of bid acceptance rates across treatments[†]

Ascending Sequence (LH)

Treatment:	LOW 1		HIGH 2		
	First bound		Second bound		
Label	Initial (Lower) bid amount (\$L)	Acceptance rate for \$L (%)	Follow-up (Higher) bid amount (\$H)	Acceptance rate for \$H ^{††} (%)	Absolute difference (\$H - \$L)
LH1	10	90.1%	50	46.5%	40
LH2	50	55.7%	100	23.7%	50
LH3	100	42.1%	150	26.3%	50
LH4	100	46.9%	200	9.2%	100
LH5	25	82.1%	100	22.1%	75
LH6	75	41.6%	100	32.7%	25
LH7	48.50	52.6%	98.50	18.6%	50

Descending Sequence (HL)

Treatment:	HIGH 1		LOW 2		
	First bound		Second bound		
Label	Initial (Higher) bid amount (\$H)	Acceptance rate for \$H (%)	Follow-up (Lower) bid amount (\$L)	Acceptance rate for \$L ^{††} (%)	Absolute difference (\$H - \$L)
HL1	50	59.4%	10	90.1%	40
HL2	100	36.6%	50	65.6%	50
HL3	150	38.9%	100	48.4%	50
HL4	200	28.1%	100	61.5%	100
HL5	100	30.5%	25	85.3%	75
HL6	100	31.1%	75	42.2%	25

[†] Total sample size = 1254 households. Sample sizes within each treatment vary from a minimum of 90 to a maximum of 106 households. All bid amounts are in pounds Sterling.

†† Acceptance (rejection) rates for follow-up questions include as ‘yes’ (‘no’) responses those respondents who were not asked the second question because they had implicitly accepted (rejected) this amount in their initial response.

A cursory inspection of the data presented in Table 1 suggests some substantial treatment effects arising from the various negative and positive frames provided by the OOH process. Formal testing of our various hypotheses is given in the following section however an overview commentary is presented here.

With respect to the ascending sequences H_o^1 we note that acceptance rates for identical bid amounts are substantially lower when that amount is presented in the first question as the lower of the two amounts shown (\$L) than when it is presented in the follow-up question as the higher of the two amounts (\$U). For example, acceptance rates for the £100 bid amount vary between 43.5% and 47.4% when it is presented as the lower first amount but only between 22.0% and 33.3% when the same amount is presented in the follow-up question as the higher of the two amounts. A similar although less extreme effect is noted with respect to the £50 bid level used in both the initial and follow-up questions. Taken overall, this suggests the rejection of the standard expectation given in H_o^1 in favour of the reference utility predictions underpinning H_a^1

Considering the descending sequence tested under H_o^2 we find acceptance rates for the £100 amount rising as high as 62.8% when this is presented in a follow-up question as the lower of two amounts, yet acceptance rates for the same bid amount fall as low as 30.0% when it is presented in the initial question as the higher of the two amounts seen by a given respondent. This again suggests a rejection of the standard expectation given by H_o^2 in favour of the reference utility based alternative hypothesis H_a^2 . Again a similar but less extreme pattern is observed for the £50 bid level, a point to which we return subsequently.

Null hypothesis H_o^3 considers consistency across sequences. Here an interesting contrast can be seen between acceptance rates for initial questions, which are relatively similar across sequences, and those for follow-up questions which diverge remarkably across sequences. So, for example, considering responses to the £100 amount when presented in the initial question we see consistently higher acceptance rates for the ascending sequence (where this is presented in a positive frame as the lower of the two amounts resulting in rates between 43.5% and 47.4%) than in the descending sequence (where this is presented in a negative frame as the higher of the two amounts resulting in rates between 30.0% and 37.4%). However, these differences are dwarfed by those recorded for follow-up questions. Here, acceptance rates for the negatively framed ascending sequence range from 33.3% down to a low of just 22.0%. In contrast acceptance rates for the positively framed descending sequence range from a low of 47.8% to a high of 66.0%. Therefore acceptance rates can triple across ordering sequences suggesting that the OOH approach clearly fails procedural invariance tests being highly susceptible to preference anomalies.

Hypothesis H_o^4 concerns the possible impact upon acceptance rates of either the absolute or relative difference between those amounts. Returning to the findings regarding H_o^1 and H_o^2 above recall that the treatment effects observed with respect to the £100 bid amounts are replicated but to a lesser extent within acceptance rates for the £50 bid level. However, whether this is due to the absolute size of these bid amounts or the absolute or relative

difference between paired amounts is unclear. This uncertainty suggests that further investigation of H_o^4 is justified within our subsequent regression analysis.

Finally our comparison of the bid pairs (£48.50, £98.50) and (£50, £100) reveals no clear evidence that the former ‘more accurate’ pair resulted in any substantial impact upon acceptance rates.

4.3 Results II: Regression Testing of Hypotheses

In order to examine these relationships further, we estimate a series of bid functions that allow us to permit the mean of the distribution to be shifted by the socioeconomic characteristics of respondents⁸. We include variables for respondents’ sex, age, income and their annual frequency of visits to lakes and rivers in East Anglia. Our objective is to test the extent to which the distribution of WTP, once we have controlled for socioeconomic heterogeneity, might differ between four subsamples of valuation questions. These are as follows:

- Low amount asked as the First question in an ascending sequence (LOW1)
- Low amount asked as the Second question in a descending sequence (LOW2)
- High amount asked as the First question in a descending sequence (HIGH1)
- High amount asked as the Second question in an ascending sequence (HIGH2)

We specify the model to allow both the mean and variance of the WTP distributions to differ across the four treatments. The model must account for the fact that many, but not all, individuals provide two responses, one to a high amount and one to a low amount. Their responses were initially assumed to be drawn from a bivariate normal or lognormal distribution in which the correlation between responses is captured by the estimated parameter ρ . Respondents answering just the one valuation question are assumed to draw responses from a univariate normal or lognormal distribution and their answers do not contribute to the calculation of the correlation coefficient ρ . Initial analysis found that the underlying relationships were consistent across the normal and lognormal assumptions and so only the latter are reported here as this seems a theoretically more plausible assumption.

A further objective of the modelling exercise is to assess the extent to which the response to the second of the two valuation questions may be influenced by the difference between the two bid amounts. One testable hypothesis is that respondents will increasingly reject a high bid amount in the second question the greater the difference between this bid amount and the low amount offered in the first question (loss aversion arising from a negatively framed second question). Likewise, we might expect greater acceptance of a low amount in the second question the greater the decrease in this amount when compared to the high bid amount in the first question. We test two specifications, one that uses the absolute difference in bid amounts and another which uses the relative difference in bid amounts.⁹ Such a finding would describe, for any given bid amount, a ‘fanning out’ of acceptance rates as respondents move through the various permutations of the OOHB bidding tree.

⁸ While Table 1 is compiled from responses from the full set of 1254 households, the regression models are restricted to a smaller set of some 1112 households who provided responses in terms of the socioeconomic and demographic covariates considered. The extent of this change is dictated by item non-response to the income question for which 142 households (11.3% of those interviewed) failed to provide a response.

⁹ The code used to model this data was written in Gauss by the authors and is similar to that developed by Joe Cooper for the CSH (2002) paper. The differences between the two codes are the following. First, our code constrains the correlation coefficient to lie between -1 and 1 . Second, our code replaces numerical with analytical calculation of the Hessian of the log-likelihood, providing improved speed of convergence and greater accuracy in the calculation of the variance-covariance matrix of the parameters. Finally and most importantly, our code allows a variety of parameter constraints that are required for the testing strategy we have adopted in this paper.

Tables 2 to 6 report a series of models in which different constraints are imposed on the WTP distributions of the four treatments; LOW1, LOW2, HIGH1, HIGH2. A number of preliminary comments will facilitate interpretation of the modelling results. First, each WTP distribution is determined by two parameters, a *location* parameter and a *scale* parameter. Roughly put, the location parameter determines where the WTP distribution is centred; higher values of the location parameter shift the distribution to higher WTP values, lower values shift the distribution to lower WTP values. The scale parameter determines the spread of the WTP distribution. Again, higher values of the scale parameter indicate the WTP distribution is more widely dispersed, lower values that it is more tightly concentrated. In terms of the parameters of the model, the location parameter is determined by the value of the CONSTANT. A constant can be entered for each treatment or constants for different treatments can be constrained to have equal values. To account for the effect of COVARIATES, we include variables reflecting socioeconomic characteristics of households. These act to shift around the location parameter. Again we can allow the effect of covariates to be different in the different treatments, or impose equality constraints across treatments. The scale parameter of the WTP distributions is parameterised as the coefficient on the BID variable. To be more exact, the negative of the coefficient on the BID variable. Once again, we can include separate BID variables for each treatment to determine the independent scale of the four WTP distributions or we can impose equality constraints between the different treatments. Finally, the degree of correlation that exists between the two responses from the same individuals is captured by the parameter RHO. If individuals are responding consistently to the two questions then we would expect the correlation in their answers to be high on perfect and rho would take a value of one. In this work we constrain rho to be identical across all pairs of treatments¹⁰.

Table 2 describes results from three regression models, all of which impose certain constraints upon our coefficient estimates. Model 1 assumes that WTP follows a lognormal distribution and that all four WTP distributions (LOW1, LOW2, HIGH1 and HIGH2) are identical. The location parameter of this distribution, as determined by the CONSTANT, is positive and highly significant. Moreover, WTP is seen to increase significantly with income and the number of visits to lakes and rivers, decline significantly with age, but is not significantly determined by the sex of the respondent. The scale of the WTP distribution, as determined by the LnBID coefficient, is highly significant as expected. The correlation coefficient, RHO, is positive and significantly different from zero, implying that there is positive correlation between individuals' responses. More intriguingly, the correlation is far from perfect; RHO is highly significantly different from a value of 1 (t-stat 8.38).

¹⁰ Future work will investigate if the degree of correlation in responses is different in a LOW to HIGH pair of answers when compared to a HIGH to LOW pair, although it is considered unlikely that this will have much effect.

Table 2: Comparison of coefficients from constrained models

Variable	MODEL 1 (WTP distributions constrained to be identical: LOW1 = LOW2 = HIGH1 = HIGH2 for location and scale parameters)	MODEL 2 (WTP distributions allowed to differ for first and second bids only; (LOW1 = HIGH1) $\neq$ (LOW2 = HIGH2) for location and scale parameters)	MODEL 3 (WTP distributions allowed to differ for high and low bids; first and second bid distributions assumed to be the same; (LOW1 = LOW2) $\neq$ (HIGH1 = HIGH2) for location and scale parameters)
Ln BID	-0.7783 (0.0584) *	N/a	N/a
INCOME	0.0133 (0.0024) *	N/a	N/a
AGE	-0.0040 (0.0019) **	N/a	N/a
FEMALE	0.0652 (0.0680)	N/a	N/a
VISITOR	0.0009 (0.0004) **	N/a	N/a
CONSTANT	3.0917 (0.2777) *	N/a	N/a
Ln BID1 (first bid only)	N/a	-0.7433 (0.0623)*	N/a
Ln BIDLOW (low bids only)	N/a	N/a	-0.8058 (0.0556) *
INCOME	N/a	0.0137 (0.0029) *	0.0170 (0.0032) *
AGE	N/a	-0.0027 (0.0023)	-0.0027 (0.0025)
FEMALE	N/a	-0.0239 (0.0805)	-0.0763 (0.0895)
VISITOR	N/a	0.0007 (0.0005)	0.0004 (0.0005)
CONSTANT	N/a	2.9572 (0.3045) *	3.1773 (0.3115) *
Ln BID2 (second bid only)	N/a	-0.8883 (0.0951) *	N/a
Ln BIDHIGH (high bids only)	N/a	N/a	-0.5310 (0.1096) *
INCOME	N/a	0.0135 (0.0035) *	0.0103 (0.0030) *
AGE	N/a	-0.0052 (0.0029) **	-0.0052 (0.0025) **
FEMALE	N/a	0.2007 (0.1005) **	0.1998 (0.0884) **
VISITOR	N/a	0.0011 (0.0005) ***	0.0013 (0.0005) **
CONSTANT	N/a	3.5358 (0.4387) *	2.4243 (0.5119) *
RHO	0.4263 (0.1134) *	0.5025 (0.1155)	0.4988 (0.1653)

		*	*
LLF	-1092.157	-1086.909	-1085.311

Figures in parentheses are standard errors. Confidence levels are: * 99 % ; ** 95 % ; *** 90 %

For Model 2 we allow the parameters of the WTP distributions for the first and second questions to be independently determined. A quick glance down the coefficient values reveals that they remain remarkably similar across the two distributions. The only difference of note is in the coefficient on FEMALE. In response to the first question males and females give the same answers. However, in response to the second question females are more likely to answer yes to any particular bid level than are males. However, overall Model 2 provides no significant improvement over the fully constrained model, Model 1. We cannot reject the hypothesis of equality of parameters between the first and second WTP distributions at the 95% or even 90% level of confidence (LR stat = 10.49, df = 6, p-value = .105).

For Model 3, we allow the parameters of the WTP distributions for the low and high questions to be independently determined. As Table 2 shows, this provides further evidence that the two distributions differ. The likelihood ratio test comparing model 1 with model 3 (LR stat = 13.69, df = 6, p-value = .03) rejects the hypothesis that the parameters of the two distributions are identical. From the coefficient on FEMALE in the second equation (high bid values only), it appears that women are more likely to say yes to higher bid values, regardless of whether these are asked in an ascending or descending sequence. Notice that RHO continues to take a value significantly different from one, indicating that given the constraints of the model, individual's responses fall far short of being perfectly correlated.

In both Models 2 and 3, it is also interesting to note that while the age of the respondent appears to be unimportant for answering the first question (or for low bid values), it is negative and significantly different for either the second question or for high bid values.

Table 3: Unconstrained model coefficients

Variable	MODEL 4 (WTP distributions unconstrained; allowed to differ for first and second bids and for high and low bids; LOW1 $\neq$ LOW2 $\neq$ HIGH1 $\neq$ HIGH2 for location and scale parameters)
Equation 1: Responses to First Question	
Respondents receiving low bids	
Ln BID	-0.7368 (0.0721) *
INCOME	0.0205 (0.0037) *
AGE	0.0008 (0.0029)
FEMALE	-0.1205 (0.1089)
VISITOR	0.0006 (0.0006)
CONSTANT	2.6446 (0.3247) *
Respondents receiving high bids	
Ln BID	0.1651 (0.0677)**

INCOME	-0.0130 (0.0055) **
AGE	-0.0052 (0.0043)
FEMALE	-.2635 (0.1598) ***
VISITOR	0.0000 (0.0010)
ABSDIFF	-0.0051 (0.0023) **
Equation 2: Responses to Second Question	
Respondents receiving low bids	
Ln BID	-0.7023 (0.0796) *
INCOME	0.0154 (0.0037) *
AGE	-0.0045 (0.0031)
FEMALE	0.1084 (0.1142)
VISITOR	0.0021 (0.0006) *
CONSTANT	3.2306 (0.3592) *
Respondents receiving high bids	
Ln BID	-0.0850 (0.0707)
INCOME	-0.0033 (0.0057)
AGE	-0.0026 (0.0046)
FEMALE	0.0488 (0.1691)
VISITOR	-0.0019 (0.0010) ***
ABSDIFF	-0.0850 (0.0707)
RHO	1.0000 (0.0000) *
LLF	-1057.234

Figures in parentheses are standard errors. Confidence levels are: * 99 % ; ** 95 % ; *** 90 %

In Model 4 (detailed in Table 3) we report a completely unconstrained model in which we allow each of the four treatments to have a different WTP distribution. Here, we have two equations corresponding to the first and second responses. Within these we take as our base case responses to the lower of the two amounts seen by each respondent (\$L) and then calculate departures for responses to the higher of these two amounts (\$U). This allows the locational parameters to vary. We also allow the scales of the distributions to vary by defining as separate variables the LnBID values faced by each treatment. The coefficients on the first and second Low bid WTP distributions are given by the LnBID values. The scale of the HIGH1 WTP distribution is found by adding the two LnBID coefficients under Equation 1, whilst the scale of the HIGH2 WTP distribution is found adding the two LnBID coefficients under Equation 2. Similarly, the coefficient on the INCOME variable in Equation 1 for the low bid shows the influence of this variable on the low bid WTP distribution when these low bid questions are answered first. To find the influence of income on the high bid WTP distribution we add this coefficient to the high bid income coefficient.

We experimented with a number of ways of specifying differences in the constants for the four distributions. The specification shown in Table 3 includes the absolute difference between the high and low bids encountered by a respondent as the variable ABSDIFF. This specification enforces the logical restriction that, if there is no difference between the two bids, then there would be no difference between the constants of the distributions. This

specification results in the best fit for the data according to the log likelihood function values.¹¹

Let us now examine the coefficients reported for this unconstrained model. First, observe the value of ρ . Now that we have removed all constraints from the model, the correlation between an individual's responses is high on perfect at a value of 1. We can conclude that differences in the way individuals respond to the two questions have been captured by the specification of the model.

Now, observe the scale coefficients for the four different WTP distributions. Since the coefficient on $\ln\text{BID}$ for the high bid first responses is significantly different from zero (p-value .015), there is some evidence to suggest that there is somewhat less dispersion in WTP when respondents answer a high question first. However, closer examination of the scale coefficients for all four distributions shows that they are actually remarkably similar, a point to which we will return shortly in the next section.

Consider next the variables parameterising the constant of the location parameter of the WTP distributions. The coefficients on the CONSTANT variables in Equations 1 and 2 indicate the constants for the LOW1 and LOW2 WTP distributions. The coefficients on the ABSDIFF variables (indicating the absolute difference between high and low bids) capture the degree to which each £ difference between the LOW and HIGH bids shifts the HIGH1 and HIGH2 WTP distributions away from their respective LOW WTP distributions. Notice first that the CONSTANT in Equation 2 is somewhat larger than that in Equation 1. This suggests that WTP when estimated from the low bid asked as the first question tends to be smaller than WTP when estimated from the low bid asked as the second question. Moreover, observe that both of the coefficients on the ABSDIFF variables are negative and significantly different from zero. It seems that WTP when calculated from responses to High bids is significantly smaller than that calculated from Low bids and that this difference increases with the absolute difference between the low and high bids. This is a finding replicated in the iterative bid literature (DeShazo, 2002).

Finally consider the significance of the High-bid specific covariate coefficients. Only the coefficient on income in the first equation seems to differ between high and low distributions. There does not appear to be a great deal of evidence to support the contention that covariates influence responses to high bids differently than they do low bids. However, we return to this issue when we test the hypothesis that the covariates have the same influence on all the distributions in the next model.

A number of further speculations were explored before we refined our final model. First we tested the hypothesis that the scales of the four different distributions were equal by constraining the coefficient on $\ln\text{BID}$ to be constant for the WTP distributions of all four treatments (i.e. responses to first/second questions concerning the upper/lower bid of the two seen by each respondent). The resulting model is detailed in Table 4. Here Equation 1 describes responses to the first question while Equation 2 describes response to the second question. Within each of these equations we see parameter estimates for all covariates. Here those relating to responses to the lower of the two bids seen by each respondent are

¹¹ Two other approaches were tried. The first was to include a constant in both Equations specific to the HIGH responses so that the coefficients on these HIGH specific constants indicate the degree to which the HIGH distributions are shifted away from the LOW distributions. The limitation of this approach is that it assumes that the degree of shift in the distributions is constant. A second approach that allows the degree of shift to be determined by the difference in the bid amounts faced by any one individual was also tried. This was done by specifying a HIGH variable that measure the ratio of the high to the low bid in the first and second equations. Comparing the maximised values of the log likelihood from these three specifications reveals that the specification we present in the Table best fits the data. The log likelihood for the constants model is -1065.55, for the ratios of bids model is -1061.45 and for the absolute differences in bids model is -1057.23.

described by the CONSTANT and parameters on the covariate INC, AGE, SEX and VIS, defined previously. Responses to the higher of the two bids are shown by the interaction terms HI1D (which shifts the previously estimated CONSTANT; the same effect is achieved by HI2D in the second equation), INCHI, AGEHI, SEXHI and VISHI which show the departures from the estimates applying to responses for low bids. Note that we now have a single scale parameter measured as the estimated coefficient on Ln BID. Carrying out a likelihood ratio test between the model shown in Table 4 and that detailed in Table 3 (with unconstrained scales) indicated that we cannot reject the hypothesis of equal scales (LR stat = 5.82, df = 3, p-value = 0.12), i.e. once we control for our four treatments (being the combination of first/second/upper/lower bid amounts) then respondents react in a similar manner to the absolute value of the bid amount.

Table 4: Constraining all distributions to have equal scale

Variable	MODEL 5 (assumes WTP distributions have unconstrained location parameters ($LOW1 \neq LOW2 \neq HIGH1 \neq HIGH2$) but fully constrained scale parameters ($LOW1 = LOW2 = HIGH1 = HIGH2$))
Equation 1: Responses to First Question	
HI1D	-0.0023 (0.0019)
INC	0.0166 (0.0035)***
AGE	-0.0030 (0.0025)
SEX	-0.1486 (0.1086)
VIS	0.0005 (0.0007)
INCHI	-0.0056 (0.0047)
AGEHI	0.0024 (0.0030)
SEXHI	0.3104 (0.1594) *
VISHI	0.0002 (0.0010)
CONS	2.8623 (0.2852)***
Equation 2: Responses to Second Question	
HI2D	-0.0103 (0.0023)***
INC	0.0136 (0.0036)***
AGE	-0.0064 (0.0028)**
SEX	0.0890 (0.1136)
VIS	0.0020 (0.0007)***
INCHI	0.0008 (0.0048)
AGEHI	0.0018 (0.0032)
SEXHI	0.0838 (0.1695)
VISHI	-0.0018 (0.0010)*
CONS	3.0790 (0.2910)***
Common coefficients constrained to be same for both equations	
lnBID	-0.7160 (0.0597)***
RHO	1.0000 (0.0218)***
LL	-1060.144

Figures in parentheses are standard errors. Confidence levels are: * 99 % ; ** 95 % ; *** 90 %

A further model tested the hypothesis that the influence of the covariates on the locations of the WTP distributions for our four treatments are equal. Results for this model are presented in Table 5. Again we cannot reject this hypothesis (LR stat = 17.20, df = 12, p-value = 0.14) and conclude that the covariates act upon the locations of the distributions in much the same way.

Table 5: Constraining all distributions to have equal scale and covariate effects

Variable	MODEL 6 (assumes WTP distributions have unconstrained location parameters ($LOW1 \neq LOW2 \neq HIGH1 \neq HIGH2$) but fully constrained scale parameters ($LOW1 = LOW2 = HIGH1 = HIGH2$) and equal covariate effects)
Equation 1: Responses to First Question	
HI1D	-0.0007 (0.0013)
CONS	2.8425 (0.2696)***
Equation 2: Responses to Second Question	
HI2D	-0.0109 (0.0015)***
CONS	3.0360 (0.2727)***
Common coefficients constrained to be same for both equations	
lnBID	-0.7140 (0.0592)***
INC	0.0142 (0.0025)***
AGE	-0.0034 (0.0020)*
SEX	0.0468 (0.0711)
VIS	0.0009 (0.0004)**
RHO	0.9985 (1.3554)
LL	-1068.744

Figures in parentheses are standard errors. Confidence levels are: * 99 % ; ** 95 % ; *** 90 %

Further tests showed that we cannot reject equality of the constants in the low and high WTP distributions arising solely from the first question responses and that the variable measuring the absolute difference between the high and low bid values is insignificant in explaining responses to the first question.

Given the above findings we now know that we can impose the constraints of equal scales (imposed through a single lnBID variable), equal covariate effects upon the location of the distributions and equality of the constants in the low and high WTP distributions arising solely from the first question responses and that the variable measuring the absolute difference between the high and low bid values is insignificant in explaining responses to the first question.. Our final model, reported in Table 6 imposes all of these constraints and findings and tests a final constraint of equality of the constant for the low and high WTP distributions in response to the second question. In contrast to our finding that the absolute difference variable is insignificant in equation one, the extreme significance of the coefficient

in the second equation indicates that there is no such simplification possible with the high and low WTP distributions in response to the second question.

Table 6: Equal scale and covariates effects for all distributions; low and high intercepts for first equation constrained; intercepts for second question unconstrained

Variable	MODEL 7 (Covariate effects constrained to be equal across WTP distributions unconstrained; allowed to differ for first and second bids and for high and low bids; for locational parameters constrained to be equal for first but not second response ((LOW1 = HIGH1) $\neq$ LOW2 $\neq$ HIGH2); scale parameters fully constrained (LOW1 = LOW2 = HIGH1 = HIGH2))
Equation 1 (First question)	
CONSTANT (same for both low and high bids in first equation)	2.8975 (0.2509) *
Equation 2 (Second Question)	
ABSDIFF	-0.0109 (0.0015) *
CONSTANT	3.1106 (0.2371) *
Common coefficients constrained to be same for both equations	
Ln BID	-0.7312 (0.0504)*
INCOME	0.0142 (0.0025)*
AGE	-0.0034 (0.0020)***
FEMALE	0.0470 (0.0711)
VISITOR	0.0009 (0.0004) **
RHO	0.9991 (27.9580)
LLF	-1068.895

Figures in parentheses are standard errors. Confidence levels are: * 99 % ; ** 95 % ; *** 90 %

At first glance it may appear that the constants given for Equation 1 and 2 in Table 6 are not significantly different. However, the distribution of second question responses is fixed both by the locational parameter (the CONSTANT in Equation 2; which locates responses for the 'low' bids) and the ABSDIFF variable. This latter variable adjusts the location for responses to high bids; the degree of adjustment being given by multiplying its coefficient (-0.0109) by the absolute difference, in pounds, between the low and high bids. Note that, as the locational CONSTANT for the second responses (3.1106) is larger than that for the first (2.8975) this implies that, when ABSDIFF is very small, then for a given bid amount

acceptance rates are higher in the second response than in the first. But as ABSDIFF increases so its negative coefficient shifts the implied WTP distribution downwards, past that of the first response to acceptance levels which are substantially lower than those given for the same bid amount encountered in the first bound.

The significance of this difference between first and second responses was tested via a hypothesised further constraint of equality of constants between first and second responses. This was rejected due to a significant reduction in loglikelihood for such a model (-1077.24) and a likelihood ratio test reveals that we cannot accept the hypothesis of equality of parameters between the LOW2 and LOW1 and HIGH1 distributions (LR stat = 16.98, df = 1, p-value <.001). In contrast, the extreme significance of the ABSDIFF coefficient in Table 6 indicates that there is no such simplification possible with the high and low WTP distributions in response to the second question. We conclude that responses to the second question of a pair of questions under OOHb elicitation differ significantly according to whether this is the low or high bid in the pair.

The results given in Table 6 appears to support the “fanning out” hypothesis. That is, the WTP distributions in response to the first question are effectively the same regardless of whether respondents face the high or low bid of the bid pair. However, the implied distribution of WTP for those facing a low bid as the second question (LOW2) shifts up significantly, i.e. for a given bid amount, a positively framed second question elicits a higher probability of acceptance than is observed when that same amount is encountered within the initial question. Moreover, in contrast to the LOW2 WTP distribution, those facing a high bid as the second question (HIGH2) tend to express significantly lower WTP, and the degree of shift is determined by the difference between this bid and the low bid they received in the first question. This again supports the reference dependent utility framework of a negatively framed second question leading to a lower likelihood of accepting a given bid amount. Moreover, the greater the distance between the bid values, the lower the likelihood of a respondent accepting a negatively framed second bid.

A simple illustration of this result can be observed in Table 1. Here the £100 bid amount has a mean acceptance rate of between 44-47% when encountered in the first bound of the ascending sequence (i.e. within a positive frame as the \$L amount). However, when encountered in the second bound of the same sequence (i.e. within a negative frame, being presented as the higher (\$U) of the two bids seen by the respondent) the acceptance rate is consistently lower. Importantly this difference increases with the size of the absolute difference between low and high bids such that acceptance rate is 33% when preceded by \$L = £75 (i.e. ABSDIFF = 25) but falls even further to 22% when preceded by \$L = £50 (i.e. ABSDIFF = 50)¹². Therefore, as per our model, as ABSDIFF increases so the difference between first and second bound WTP distributions increases.

¹² Note that this acceptance rate then stays roughly constant for further increases in ABSDIFF. This may reflect a quadratic shape in the ABSDIFF effect upon the second WTP distribution. Alternatively, it may signify a residue of yea-sayers (respondents who say ‘yes’ irrespective of the amounts concerned) observed within dichotomous choice CV studies (Mitchell and Carson, 1989; Kanninen, 1995; Alberini and Carson, 2001).

5. DISCUSSION AND CONCLUSIONS

The OOHB approach is an innovative addition to the armoury of contingent valuation elicitation methods. It combines the response simplicity of a dichotomous choice approach yet offers substantial statistical efficiency gains over the more conventional single bound approach without incurring the incentive compatibility compromises of the double bounded method. Therefore the promise of the OOHB approach is extremely high. However, in order for this promise to be fulfilled the method has to be proved robust against common response anomalies such as those afflicting the double bound approach. This paper represents the first test of the theoretical consistency of the OOHB. It also represents the first application of the method to its intended target of environmental public goods. Data is collected through a very large sample survey using state of the art instrument procedures and high quality, resource intensive face-to-face interviewing techniques. Our findings reject the consistency of resulting expressed preferences with economic-theoretical expectations. On the contrary, evidence is found of a number of persistent response anomalies. These are extreme in nature. For example, mean acceptance rates for a given £100 bid amount vary from a low as 22% to as high as 66% across treatments which are equivalent from a standard theory perspective. Indeed response patterns are more consistent with non-standard reference dependent theories. Given these findings, further application of the OOHB approach cannot be justified for policy appraisal purposes until these anomalies are either rectified or explained in a theoretically consistent manner.

One useful line of future enquiry might be to attempt to disentangle the extent to which the relationship between the absolute difference between low and high bids is either triggering theoretically inconsistent framing effects, or is inducing increased uncertainty regarding whether the project is technically feasible or will indeed be undertaken. However, until such justification is forthcoming it may be preferable to treat the OOHB as a target for research effort rather than a tool for practical appraisal use. This is somewhat regrettable given the other highly desirable properties of this innovative approach and underlines the ongoing difficulties faced in constructing theoretically consistent, robust and statistically efficient elicitation methods for contingent valuation applications.

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Appendix: Questionnaire and showcards

In this appendix we report the full questionnaire and survey showcards as used in the \$L to \$U version of our main survey instrument. Some minor reformatting (including the deletion of serial number headers) has taken place to fit the format of the current working paper. These materials or extracts thereof may only be used with the written permission of Ian Bateman.

SURVEY QUESTIONNAIRE: CONFIDENTIAL
QUESTIONNAIRE TYPE 1 – OFF-SITE SURVEY

PRIOR TO INTERVIEW SPECIFY BIDL AND BIDU LEVELS (ON PAGE 8)

TIME INTERVIEW STARTED (24 HOUR CLOCK)

		:		
--	--	---	--	--

COMPLETE THE REMAINDER OF THIS SECTION AT THE END OF THE INTERVIEW

TIME INTERVIEW ENDED (24 HOUR CLOCK)

		:		
--	--	---	--	--

THE INTERVIEW WAS CONDUCTED (please circle number):

1. INDOORS
2. AT DOORSTEP
3. OTHER LOCATION (please give details).....

INTERVIEWER INSTRUCTIONS:

1. Statements and questions to be read out are shown in **bold** type;
2. Items in lower case type or CAPITALS give you instructions or tell you that a new section is starting - do not read out;
3. When recording answers circle the number of the appropriate response or fill in boxes as indicated;
4. You should not interview those under 18;
5. If interviewing a family group or party you should aim to interview the adult with the closest birthday to the present day;
6. Circle the code number 99 or 9999 if an interviewee gives a 'Don't Know' response - BUT it is **VERY IMPORTANT** to try and avoid these unless they are really completely unsure; do try to probe and give time for answers, do not hurry them into a don't know response.

INTRODUCTION

Hello, my name is {GIVE NAME} from the University of East Anglia [SHOW I.D. CARD] and I'm conducting a survey of people's opinions about an issue to do with East Anglia. This research is funded by you, the taxpayer, and not by any private companies. The study is being undertaken by the University so the results are completely independent. The survey takes about 15 minutes, all answers are confidential and I'm not trying to sell anything!. Would you be willing to help me with this?

[IF NO AND AT HOUSEHOLD: Is there another time that would be more convenient for me to call?

IF YES: ARRANGE CALL BACK TIME AND ENTER DETAILS IN CALL LOG.

IF NO: **Thank you and I'm sorry to have bothered you. Goodbye.** ENTER REFUSAL DETAILS IN CALL LOG. THESE ARE: SEX, APPROXIMATE AGE, PROPERTY TYPE]

[IF NO AND NOT AT HOUSEHOLD: Thank you and I'm sorry to have bothered you. Goodbye. ENTER REFUSAL DETAILS IN CALL LOG. THESE ARE: SEX, APPROXIMATE AGE]

[IF YES: Before I begin can I just ask if you live in the East Anglia region? (Norfolk, Suffolk, Cambridgeshire, Essex, Lincolnshire) (Circle number for appropriate response):

0 = No (in which case say **I'm sorry but we are only interviewing those who live within East Anglia so I will have to stop the interview, but thank you for your help** [end])

1 = Yes [carry on with interview]

A. USAGE & PERCEPTION OF RESOURCE, MOTIVATIONS & ATTITUDES

Much of this questionnaire concerns lakes and rivers in East Anglia including the Norfolk Broads.

If interviewing in the Norfolk Broads skip to Q.A-2

A-1. Have you ever visited any lakes or rivers in East Anglia? (circle one response number)

0 = No (go to Q. B-1)

1 = Yes (go to Q. A-2)

A-2. Which of these rivers or lakes in East Anglia do you visit most frequently? (please specify just one location, if in the Norfolk Broads then state this but also find out which area of the Broads)

A-3. How many visits do you usually make in a typical year? (if the respondent requires help answering this try working out the regularity of visits, e.g. once a week/month/quarter/summer etc. and calculate a number. Ask if the respondent feels this is correct before writing it down. Enter zero if the respondent has never visited such a site. If visits less than once per year, express as decimal e.g. once every 2 years = 0.5 per year).

Typical number of visits per year

A-4 How far do you have to travel to reach that area (the one way distance) from your home?

			•	
Miles				Tenths of a mile

A-5 How long does that one-way journey take?

		Hours			Minutes
--	--	-------	--	--	---------

A-6. **How do you usually travel to that area?** (Circle one response number)

1. = Car
2. = Local bus
3. = Coach
4. = Walk
5. = Cycle
6. = Train
7. = Other (including multiple modes, please specify).....

A-7. **Including yourself, how many people typically travel with you on a trip to that area most frequently visited?**

Number of persons in group:.....

A-8. **Please tell me your best estimate of the following costs of a typical trip to this area**

- (a) Petrol cost
- (b) Car parking fees
- (c) Entrance fees
- (d) Accommodation
- (e) Other costs 1 (specify)
- (f) Other costs 1 (specify)
- (g) Other costs 1 (specify)
- Total (check with respondent)

Pounds (£)	Pence (p)

A-9. **Now I want you think about the last trip you made to that area. I want you to imagine that the enjoyment you got from that trip is represented by one hundred counters. I would like you to divide these counters so as to represent the enjoyment you got from being at that area, the enjoyment you got from visit any other areas on that trip, and the enjoyment you got from travelling to and from these areas and your home**

Enjoyment from being at that area	
Enjoyment from being at other areas during that trip	
Enjoyment from travelling	
Total	100

A-10. If, on your last trip, instead of going to the area you most frequently visit what area, if any, would you have visit instead?

A-11. How far is that from your home (one way distance)?

			•		99
Miles				Tenths of a mile	No substitute Option

(Circle 99 if this applies)

Now for the remaining questions in this section, please think of all the East Anglian rivers and lakes which you visit.

A-12. How many visits would you make in a typical year to all such areas, including your most frequently visited area and all others you visit? (Calculate as per A-3 if necessary; should be no smaller than answer to A-3)

Typical number of visits per year

A-13. For this list of activities (SHOW SHOWCARD A-13) please tell me how often you or your family participates in the activity during visits to these areas. For each activity please tell me whether you undertake it Always, Often, Sometimes, Rarely or Never during your visits. (circle the responses)

Activity	Always	Often	Some-times	Rarely	Never	Don't know
1. fishing	1	2	3	4	5	99
2. swimming	1	2	3	4	5	99
3. motor boating	1	2	3	4	5	99
4. sailing	1	2	3	4	5	99
5. rowing/canoeing/kayaking/windsurfing	1	2	3	4	5	99
6. enjoying scenery	1	2	3	4	5	99
7. wildlife/nature watching	1	2	3	4	5	99
8. bird-watching	1	2	3	4	5	99
9. picnicking/relaxing	1	2	3	4	5	99
10. walking	1	2	3	4	5	99

A-14. Using this scale (SHOW SHOWCARD A-14/15) where a value of one means very poor and five means very good, how would you rate the scenery in these areas?

Very Poor		Average		Very Good	Don't know
1	2	3	4	5	99

A-15. Using the same scale (SHOW SHOWCARD A-14/15) how would you rate the quality of the water in the rivers and lakes in the area you visit?

Very Poor		Average		Very Good	Don't know
1	2	3	4	5	99

B. PROBLEMS AND SOLUTIONS

I now want you to think about all lakes and rivers in East Anglia. These are facing two pressures: (SHOW PICTOGRAM CARD AND INDICATE APPROPRIATE PICTURES AS YOU READ THE FOLLOWING TEXT)

First, the population of East Anglia is rising and there are more households

- So demand for water is growing
- And the amount of household sewage is rising.
- This sewage contains something called phosphate.
- At present only a small amount of this phosphate is removed at sewage works.
- Although phosphate also comes from other sources, the type contained in household sewage is ideal food for algae to grow in rivers and lakes. Algae are tiny plants which give a green or bluish tinge to the water.

Second, the past two or three decades have seen a change in weather patterns.

- In particular, spring has come earlier in the year
- This is leading to a longer dry period in summer
- With less rain
- This lack of rain combined with summer temperatures also means more algae in the water

B-1. Have you ever seen algae before in any river or lake?

0 = No

1 = Yes

99 = Not sure

Now I would like to tell you what excess algae can do to a lake or river

Have a look at this information.

(SHOW INFORMATION CARD)

Impacts of algae:

PICTURES: Excess algae can change river and lakes from this.....
.....to this

- Excess algae forms a scum in and on top of the water
- This cuts out light and reduces the amount of oxygen in the water
- This can kill larger water plants and the fish and wildlife that depend on them.
- It creates an unpleasant odour (a musty or mouldy smell).
- Algae prevent swimming and may affect other recreation, such as enjoying the view.

Problems of excess algae have already occurred in parts of East Anglia, may occur this summer and are expected to get worse in the near future.

B-2. (ONLY ASK THOSE FOR PEOPLE WHO NAME AN AREA IN A-2) **Now recalling the lake or river that you mentioned at the start of this survey, you stated that, on average, you visit that area about (INSERT RESPONSE TO QUESTION A-3 HERE) times per year.**

How often would you typically visit each year if that area was affected by excess algae as shown in the pictures? (CALCULATE AS PER INFORMATION IN A-3)

Revised typical number of visits per year

B-3. **Which of these statements (SHOW SHOWCARD B-3) best describes any effect which the presence of excess of algae would have upon your enjoyment of visits (Circle response number).**

- 0 = No change in enjoyment of visits
- 1 = Slight reduction in enjoyment of visits
- 2 = Considerable reduction in enjoyment of visits

SOLUTION

There is a solution. Phosphates can be removed at sewage works but this treatment costs money and would raise household water bills.

(Background information given to interviewers re microbe's treatment – not read out unless requested by respondent) extra information – only on request: "phosphates are removed by adding to the sewage harmless natural microbes which 'eat' the phosphates. These microbes cannot live without this source of phosphates and so cannot contaminate water supplies or rivers."

Circle '1' below if the above information is given, otherwise circle '0'

0 = no extra information requested or given

1 = extra information on treatment requested and given

We want you to consider a scheme which would pay for this treatment and avoid excess algae in the lakes and rivers of the region.

If this scheme was put in place, it would start working next year.

While you would still pay your water bill in the same way you do now, these bills would go up.

1 & 1 ½ BOUND

Calculations based on engineering costs have established that the annual addition to a household's water bill would be between (EMPHASISE CLEARLY) £..... and £..... every year, starting at the beginning of next year.

Now I am going to ask you questions about whether you would pay either of these amounts but before I do want you to keep the following in mind:

Studies have shown that when people are asked about whether they would pay for environmental schemes, such as this one, they often say yes at the time they are surveyed, but later on wish they had said no when the time actually comes to pay. This is often for good reason, because people then realise that this will take money away from other things that are also important to them.

So, when considering what you would be prepared to pay for this scheme, I want you to think carefully about whether your household really would prefer to pay for this scheme, or would prefer to continue purchasing other things that are important to you. Remember that this money would be coming out your pocket and that would mean there would be less money for you to spend on other purchases that you might like to make.

-----[LOWER TO UPPER (LU)]-----

B-4.1: If the extra amount on your household water bill was £..... per year which of these options would you prefer? [SHOW SHOWCARD B-4 – INDICATE AS APPROPRIATE – READ OUT THE TEXT FROM THE CARD AS FOLLOWS] (circle response number)

1 = Would pay (go to question B-4.2)

2 = Would not pay (end of valuation questions)

Option 1: An addition to your water bill to pay for the phosphate removal scheme which prevents excess algae.

or

Option 2: No addition to your water bill so the phosphate removal scheme is not put in place and excess algae occurs.

SHOWCARD B-4

B-4.2 (Only ask to respondents who answered WOULD PAY to question B-4.1 – STILL SHOW SHOWCARD B-4) And if the scheme cost £..... per year would you prefer to have the phosphate removal scheme or not? (circle response number)

1 = Yes, Would pay (end of valuation questions)

2 = No, Would not pay (end of valuation questions)

C. MOTIVATION AND ATTITUDE QUESTIONS

C-1. In your own words, what were you thinking of when you answered the question(s) about paying for the scheme?

.....

.....

.....

.....

C-2. Earlier on I told you that the population of East Anglia was rising. Which of these three statements (SHOW SHOWCARD C-2/3/4/5) best describes whether you believe this information to be true or untrue. (circle number below)

1 = I believe this is untrue

2 = I am unsure whether I believe this is true or untrue

3 = I believe this is true

C-3. (SHOW SHOWCARD C-2/3/4/5) I also told you about changes in weather patterns with spring coming earlier in the year leading to a longer drier periods in summer. Again which of these three statements (SHOW SHOWCARD C-2/3/4/5) best describes whether you believe this information to be true or untrue. (circle number below)

1 = I believe this is untrue

2 = I am unsure whether I believe this is true or untrue

3 = I believe this is true

C-4. (SHOW SHOWCARD C-2/3/4/5) I also told you about the possibility of excess algae occurring in the rivers and lakes of the region. Again which of these three statements (SHOW SHOWCARD C-2/3/4/5) best describes whether you believe this information to be true or untrue. (circle number below)

1 = I believe this is untrue

2 = I am unsure whether I believe this is true or untrue

3 = I believe this is true

C-5. (SHOW SHOWCARD C-2/3/4/5) I also told you that the phosphate removal scheme would prevent excess algae occurring in the rivers and lakes of the region. Again which of these three statements (SHOW SHOWCARD C-2/3/4/5) best describes whether you believe this information to be true or untrue. (circle number below)

1 = I believe this is untrue

2 = I am unsure whether I believe this is true or untrue

3 = I believe this is true

D. WATER SERVICES & SOCIO-ECONOMIC QUESTIONS

To finish off, I just have a few more questions about you and your household. These will only be used for statistical purposes to see if we have interviewed a fair range of people and please remember that all of these answers are completely confidential.

D-1. PLEASE RECORD RESPONDENT'S GENDER: [CIRCLE CODE NUMBER]

0	Female
1	Male

First some questions about your water and sewerage services

D-2. Are you on mains water supply

- 0 = No
- 1 = Yes

D-3. Are you on mains sewerage?

- 0 = No
- 1 = Yes

D-4. How do you pay your water bill? (Please circle one.)

- 1 = Direct debit/standing order
- 2 = Cheque/cash/internet banking
- 3 = As part of rent
- 4 = Other (please specify)_____
- 5 = Don't know or aren't sure _____
- 6 = Don't pay

D-5. How often do you pay for your water services?

- 1 = Once per month
- 2 = Fortnightly
- 3 = Quarterly
- 4 = Every six months
- 5 = Once per year
- 6 = Other (please specify)_____
- 7 = Don't know or aren't sure _____

D-6. Now, thinking about the whole of the year, what is your best estimate of your total water and sewerage bill per year?

£ Per year

Circle this number if, after sufficient consideration the respondent cannot give an answer (then skip next question)

9999

D-7. Of that amount, what is your best estimate of how much of your annual bill is for your sewerage?

£ Per year

Circle this number if, after sufficient consideration the respondent cannot give an answer

9999

And finally some questions about your household.

D-8. Could you tell me your full post code? (This is simply to see if we have a representative spread of people across the country. Note that we are not asking for their house number and they will not be receiving any mail)

(Get full postcode)

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--	--	--

IF RESPONDENTS ARE INTERVIEWED AT HOME THEN GO TO QUESTION E-3.

Alternatively, if you do not know your full post code could you tell me your approximate address ignoring the house number and street name (typical examples are area in a city and that city name [not just city name], or village or nearest town. In all cases also elicit the county name).

Village or area within a

Town/City _____

Town/City _____

Country _____

D-9. Could you tell me approximately how long you have lived in East Anglia?

years

--	--

D-10. If you have ever lived outside of East Anglia could you tell me where? (just give city, county or, if not UK, country)

D-11. [SHOW SHOWCARD D-11] **Which of these educational levels have you completed?** (circle all that apply)

1	Primary School (up to 10 yrs)
2	Secondary School (up to 16 yrs)
3	Upper Secondary School (up to 18 yrs)
4	University degree or equivalent
5	Professional qualification

D-12. [SHOW SHOWCARD D-12] **Which of these statements best describes your current employment status?** (circle all that apply)

1	Self-employed
2	Employed full-time
3	Employed part-time
4	Student
5	Unemployed
6	Looking after the home full-time
7	Retired
8	Unable to work due to sickness or disability
9	Other (please specify) _____

D-13. [SHOW SHOWCARD D-13/14] **Looking at this card could you tell me which letter describes your age group?** (please circle the letter that applies)

LETTER (please circle one)	AGE IN YEARS
A	Under 6
B	6-17
C	18-25
D	26-35
E	36-45
F	46-55
G	56-65
H	66-75
I	Over 75

D-14. [SHOW SHOWCARD D-13/14] **And thinking about all the people in your household, including yourself, could you tell me how many people fall into each age group?**

LETTER	AGE IN YEARS	NUMBER OF PEOPLE IN HOUSEHOLD (write in numbers here)
A	Under 6	
B	6-17	
C	18-25	
D	26-35	
E	36-45	
F	46-55	
G	56-65	
H	66-75	
I	Over 75	

D-15. [SHOW SHOWCARD D-15] **Looking at this card could you tell me which letter best approximates your total household income before tax.** (circle one letter)

[IF NECESSARY DO REASSURE THEM THAT ALL INFORMATION IS COMPLETELY CONFIDENTIAL AND THIS IS THE BEST INDICATOR OF WHETHER WE HAVE INTERVIEWED A REPRESENTATIVE RANGE OF PEOPLE]

PER YEAR	PER MONTH	(circle one letter)
Up to £6,000 per year	Up to £500 per month	A
£6,001 to £12,000 per year	£501 - £1,000 per month	B
£12,001 - £18,000 per year	£1,001 - £1,500 per month	C
£18,001 - £24,000 per year	£1,501 - £2,000 per month	D
£24,001 - £30,000 per year	£2,001 - £2,500 per month	E
£30,001 - £36,000 per year	£2,501 - £3,000 per month	F
£36,001 - £42,000 per year	£3,001 - £3,500 per month	G
£42,001 - £48,000 per year	£3,501 - £4,000 per month	H
Over £48,000 per year	Over £4,000 per month	I

Don't know

99

Refused

9999

D-16. [SHOW SHOWCARD D-16] **Looking at this card and tell me which, if any, of these organisations you or any others in your household are members of.** (Circle all that apply)

1	Any sports club
2	Any church/religious/charity group and Women's Institute
3	School fund raising group
4	Scout / Guide group
5	Lions/Rotary etc
6	Climbing Club /Ramblers Association
7	Angling Club
8	National Trust / RSPB
9	Greenpeace / Friends of the Earth / World Wide Fund for Nature
10	Other local or County nature trust, society or volunteers
11	Other not covered above (please specify)_____

D-17. **This is the final question. Looking at this last card [SHOW SHOWCARD D-17], if there was a General Election tomorrow, which letter corresponds to the party you would vote for.**

A	Labour
B	Liberal
C	Conservative
D	Green Party
E	Other party
F	Don't Know
G	Would not vote
H	Not prepared to say

E. CLOSING

E-1. That was the last of my questions. This survey will continue for several weeks. At the end of that time there is a possibility that my supervisor might have some follow up questions about which he would like to call you. Could you please give me a telephone number where you can be contacted and your first name. This will be kept strictly confidential and will not be given to anyone else.

Telephone number

(

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)

--	--	--	--	--	--	--	--	--	--

First name

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

That's the end of the interview!

Thank you very much for your time and help, it is very much appreciated!

F. INTERVIEWER'S EVALUATION

NOT TO BE READ OUT TO RESPONDENT – TO BE COMPLETED AFTER INTERVIEW

F-1. How well did the respondent understand what he or she was asked to do in the valuation questions? [CIRCLE ONE ONLY]

Understood completely	1
Understood a great deal	2
Understood somewhat	3
Understood a little	4
Did not understand very much	5
Did not understand at all	6

Other
(specify) _____

F-2. How serious was the consideration given by the respondent to arrive at a value for the water quality improvement schemes? [CIRCLE ONE ONLY]

Extremely serious	1
Very serious	2
Somewhat serious	3
Slightly serious	4
Not at all serious	5

F-3. For interviews at home please record property type (CIRCLE ALL THAT APPLY; e.g. detached & bungalow)

Flat in multiple occupancy building	1
Terrace	2
End terrace	3
Semi-detached	4
Detached	5
Bungalow	6

Other
(specify) _____

Please add any other comments you feel would help us regarding this interview

.....

.....

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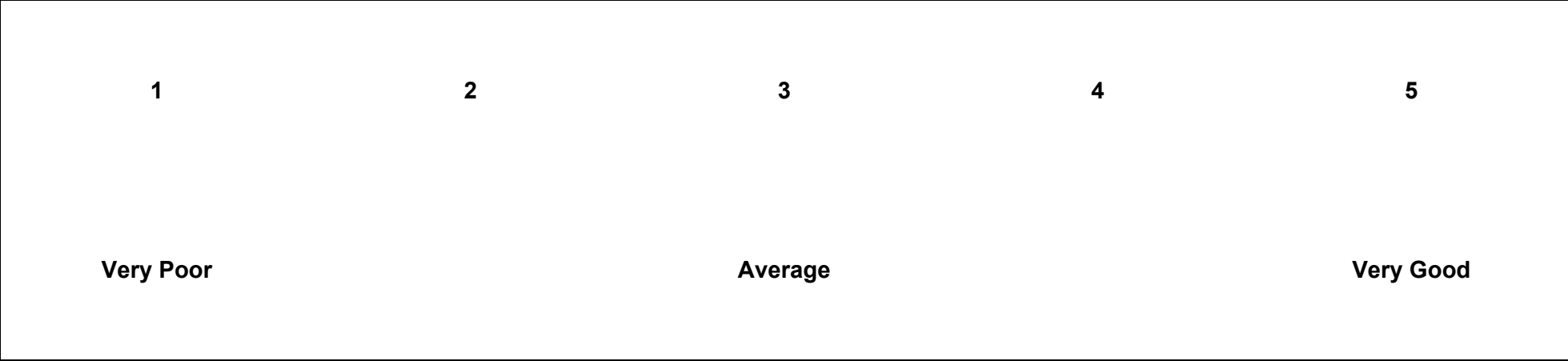
NOW COMPLETE THE REMAINDER OF THE FRONT COVER

(Showcards)

How often do you or your family participate in these activities during visits to these areas?

1. fishing	Always	Often	Sometimes	Rarely	Never
2. swimming	Always	Often	Sometimes	Rarely	Never
3. motor boating	Always	Often	Sometimes	Rarely	Never
4. sailing	Always	Often	Sometimes	Rarely	Never
5. row/canoe/kayak/windsurf	Always	Often	Sometimes	Rarely	Never
6. enjoying scenery	Always	Often	Sometimes	Rarely	Never
7. wildlife/nature watching	Always	Often	Sometimes	Rarely	Never
8. bird-watching	Always	Often	Sometimes	Rarely	Never
9. picnicking/relaxing	Always	Often	Sometimes	Rarely	Never
10. walking	Always	Often	Sometimes	Rarely	Never

SHOWCARD A-13



SHOWCARD A-14/15

0	No change in enjoyment of visits
1	Slight reduction in enjoyment of visits
2	Considerable reduction in enjoyment of visits

SHOWCARD B-3

OPTION 1	Addition to your water bill	Phosphate removal scheme put in place	Excess algae avoided
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OPTION 2	No addition to your water bill	Phosphate removal scheme not put in place	Excess algae occurs
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SHOWCARD B-4

1	2	3
I believe this is untrue	I am unsure whether this is true or untrue	I believe this is true

SHOWCARD C-2/3/4/5

Which of these educational levels have you completed?

Primary School (up to 10 yrs)	1
Secondary School (up to 16 yrs)	2
Upper Secondary School (up to 18 yrs)	3
University degree or equivalent	4
Professional qualification	5

SHOWCARD D-11

What is your current employment status?

Self-employed	1
Employed full-time	2
Employed part-time	3
Student	4
Unemployed	5
Looking after the home full-time	6
Retired	7
Unable to work due to sickness or disability	8
Other (please specify)	9

SHOWCARD D-12

LETTER	AGE IN YEARS
A	Under 6
B	6-17
C	18-25
D	26-35
E	36-45
F	46-55
G	56-65
H	66-75
I	Over 75

SHOW SHOWCARD D-13/14

Which letter best approximates your total household income before tax?

	<u>PER YEAR</u>	<u>PER MONTH</u>
A	Up to £6,000 per year	Up to £500 per month
B	£6,001 to £12,000 per year	£501 - £1,000 per month
C	£12,001 - £18,000 per year	£1,001 - £1,500 per month
D	£18,001 - £24,000 per year	£1,501 - £2,000 per month
E	£24,001 - £30,000 per year	£2,001 - £2,500 per month
F	£30,001 - £36,000 per year	£2,501 - £3,000 per month
G	£36,001 - £42,000 per year	£3,001 - £3,500 per month
H	£42,001 - £48,000 per year	£3,501 - £4,000 per month
I	Over £48,000 per year	Over £4,000 per month

SHOWCARD D-15

Which, if any, of these organisations are you or any others in your household members of?

1	Any sports club
2	Any church/religious/charity group and Women's Institute
3	School fund raising group
4	Scout / Guide group
5	Lions/Rotary etc
6	Climbing Club /Ramblers Association
7	Angling Club
8	National Trust / RSPB
9	Greenpeace / Friends of the Earth / World Wide Fund for Nature
10	Other local or County nature trust, society or volunteers
11	Other not covered above (please specify)_____

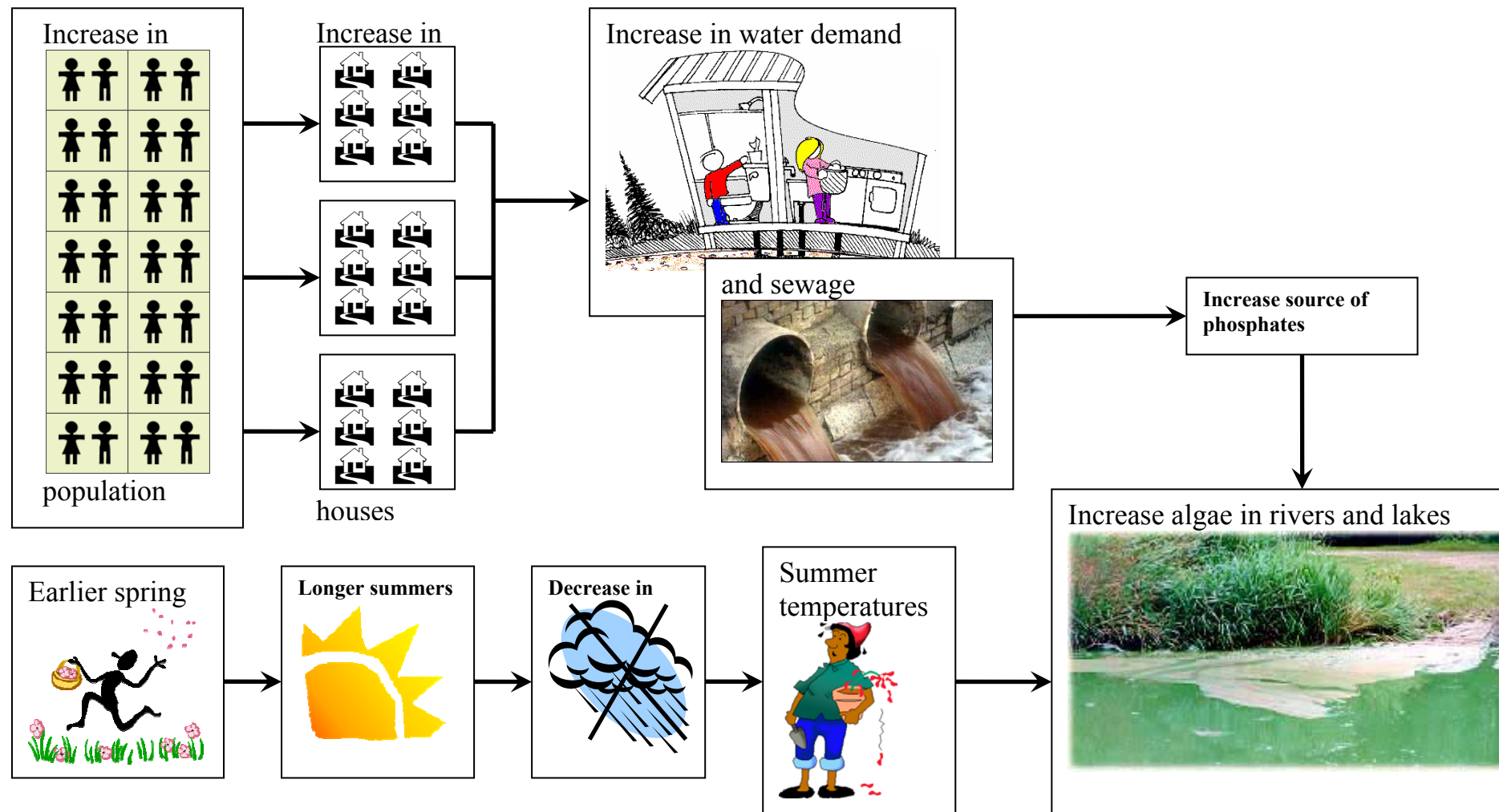
SHOWCARD D-16

A	Labour
B	Liberal
C	Conservative
D	Green Party
E	Other party

SHOW SHOWCARD D-17

(Pictogram card)

THE WATER ENVIRONMENT IN EAST ANGLIA IS FACING TWO PRESSURES



(Information card)

Excess algae can change rivers and lakes from this ...



To this....



- **Excess algae forms a scum in and on top of the water**
- **This cuts out light and reduces the amount of oxygen in the water**
- **This can kill larger water plants and the fish and wildlife that depend on them.**
- **It creates an unpleasant odour (a musty or mouldy smell).**
- **Algae prevents swimming and may affect other recreation, such as enjoying the view.**