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Testing the effect of changes in elicitation format, payment vehicle and bid range on the hypothetical bias for moral goods

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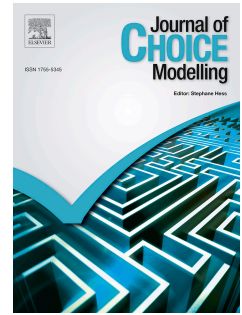
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1            TESTING THE EFFECT OF CHANGES IN ELICITATION FORMAT,  
2            PAYMENT VEHICLE AND BID RANGE ON THE HYPOTHETICAL BIAS  
3            FOR MORAL GOODS

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8                            ABSTRACT

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9            This paper explores how changes in survey design influence the conclusions reached from discrete  
10           choice models, a topic which is of particular interest in the context of stated and revealed preference  
11           comparisons investigating potential hypothetical bias. We systematically test the WTP of a good  
12           with no related market value, using two standard, hypothetical stated preference data collections  
13           and an incentivized stated preference data collection, using a real donation mechanism. The  
14           investigations into the nature of hypothetical bias typically involve changes in more than just the  
15           elicitation format. Therefore, we explicitly test the importance of changes in bid range, payment  
16           vehicle, and elicitation format upon the estimated hypothetical bias, while keeping the survey  
17           context constant. Our results show that depending on the characteristics of the good in question, the  
18           choice of payment vehicle, bid range and elicitation format may affect the results. In many cases,  
19           the importance of payment vehicle itself is negligible – especially when the good in question is  
20           distant to people. The implication of our study is that caution should be applied when conducting  
21           stated and revealed preference comparisons in the context of public good with strong moral  
22           components, as even very small design decisions may influence the observed WTP disparities.

23           Keywords: choice experiment, hypothetical bias, bid range, elicitation format, payment vehicle,  
24           learning effects, public good

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