

**Introducing Non-Normality of Latent Psychological Constructs in Choice Modeling with an  
Application to Bicyclist Route Choice**

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## **ABSTRACT**

In the current paper, we propose the use of a multivariate skew-normal (MSN) distribution function for the latent psychological constructs within the context of an integrated choice and latent variable (ICLV) model system. The multivariate skew-normal (MSN) distribution that we use is tractable, parsimonious in parameters that regulate the distribution and its skewness, and includes the normal distribution as a special interior point case (this allows for testing with the traditional ICLV model). Our procedure to accommodate non-normality in the psychological constructs exploits the latent factor structure of the ICLV model, and is a flexible, yet very efficient approach (through dimension-reduction) to accommodate a multivariate non-normal structure across all indicator and outcome variables in a multivariate system through the specification of a much lower-dimensional multivariate skew-normal distribution for the structural errors. Taste variations (*i.e.*, heterogeneity in sensitivity to response variables) can also be introduced efficiently and in a non-normal fashion through interactions of explanatory variables with the latent variables. The resulting skew normal ICLV (SN-ICLV) model we develop is suitable for estimation using Bhat's (2011) maximum approximate composite marginal likelihood (MACML) inference approach. The proposed SN-ICLV model is applied to model bicyclists' route choice behavior using a web-based survey of Texas bicyclists. The results reveal evidence for non-normality in the latent constructs. From a substantive point of view, the results suggest that the most unattractive features of a bicycle route are long travel times (for commuters), heavy motorized traffic volume, absence of a continuous bicycle facility, and high parking occupancy rates and long lengths of parking zones along the route.

*Keywords:* Multivariate skew-normal distribution, multinomial probit, ICLV models, MACML estimation approach, bicyclist route choice.

## 1. INTRODUCTION

Economic choice modeling has continually seen improvements and refinements in specification, partly because of the availability of new techniques to estimate models. One such development is the incorporation of random taste heterogeneity (*i.e.*, taste variations in response to explanatory variables) across decision makers using discrete (non-parametric) or continuous (parametric) or mixture (combination of discrete and continuous) random distributions for model coefficients. Such a specification also leads to correlations across alternative utilities when one or more random coefficients appear in the utility specifications of multiple alternatives. Early examples included studies by Revelt and Train (1996) and Bhat (1997), and there have now been many applications of this approach, using (primarily) latent-class multinomial logit and mixed multinomial logit formulations. A second development is the explicit consideration of latent psychological constructs (such as attitudes, perceptions, values and beliefs) within the context of economic choice models, which has the advantage (over the random taste heterogeneity approach) that it imparts more structure to the underlying choice process based on theoretical concepts and notions drawn from the psychology field. Additionally, it provides the opportunity to efficiently introduce random taste variations and the concomitant correlations across alternative utilities (we will come back to this latter point, which we believe has been less discussed and less exploited in the literature to date). This second development, commonly referred to as integrated choice and latent variable (ICLV) models (Ben-Akiva *et al.*, 2002, and Bolduc *et al.*, 2005), may be viewed as a variation of the traditional structural equation methods (SEMs) (see, for example, Muthen, 1978 and Muthen, 1984) to accommodate an unordered-response outcome. Specifically, the traditional SEM includes a structural equation model for the latent variables (as a function of exogenous variables) as well as a measurement equation model that relates latent variables to observed continuous, binary, or ordered-response indicator variables. The ICLV model, conceptually speaking, adds an unordered-response outcome variable that may be considered as another indicator variable in the measurement component of the traditional SEM (except that the measurement component typically does not include exogenous variables, while the unordered-response choice variable is modeled as a function of exogenous variables).

Another area of intense research in the recent past, but originating more from the statistical field, is the consideration of non-normal distributions in modeling data. This has been

spurred by the increasing presence of multi-dimensional data that potentially exhibit non-normal features such as asymmetry, heavy tails, and even multimodality. Parametric approaches to accommodate non-normality span the gamut from finite mixtures of normal distributions to skew-normal distributions (and more general skew-elliptical distributions) to mixtures of skew-normal distributions (and mixtures of more general skew-elliptical distributions). Some recent applications include Pyne *et al.* (2009), Lachos *et al.* (2010), Contreras-Reyes and Arellano-Valle (2013), Riggi and Ingrassia (2013), Lin *et al.* (2013), and Vrbik and McNicholas (2014). Many of these recent studies use either a multivariate skew-normal or a skew-t distribution as the basis for accommodating non-normality, with different proposals on how to characterize these skew distributions (see Lee and McLachlan (2013) for a recent review and synthesis of the many different proposals). In the context of the multivariate skew-normal distribution, broadly speaking, there are two forms – restricted and unrestricted, with what Lee and McLachlan characterize as “extended” and “generalized” being relatively minor generalizations of the restricted and unrestricted forms. However, it is well recognized now that the underlying basis for all of the different proposals for the multivariate skew-normal distribution originate in the pioneering work of Azzalini and Dalla Valle (1996). Arellano-Valle and Azzalini (2006) provided a unified framework to characterize the many other proposals since Azzalini and Dalla Valle (1996), and showed how their unified skew-normal (SUN) distribution includes all other proposals as special cases. Thus, in this research, we will maintain notations that correspond to the SUN distribution.

In the current paper, we bring together the two developments discussed above – the ICLV model structure and the treatment of non-normality through a multivariate skew-normal or MSN distribution specification. In particular, we allow the latent constructs in the ICLV model to be skew-normal. After all, there is no theoretical basis for specifying these constructs as normal (as is typically assumed in the literature); thus, there is substantial appeal in specifying a more general non-normal specification that is then characterized empirically. To our knowledge, this is the first such ICLV model proposed in the econometric literature, which has several important features. First, it recognizes the very real possibility that latent variables are non-normally distributed after conditioning on exogenous variables. Imposing normality when the structural errors in the latent variable relationship with exogenous variables are non-normal can render the parameter estimates inconsistent in the measurement equations corresponding to binary or

ordinal indicators, as well as in the unordered outcome model (this is because of the non-linear nature of the relationship with the latent variable; see Geweke and Keane, 1999, Caffo *et al.*, 2007, and Wall *et al.*, 2012). Of course, this inconsistency will permeate into the coefficients of the structural component (relating the latent variables to exogenous variables) because these structural coefficients are being implicitly estimated through the relationship embedded in the measurement equations. Incorrectly imposing normality will also lead, in general, to inefficient estimation in all of the ICLV model components and can lead to incorrect inferences. Second, our proposal to include non-normality exploits the latent factor structure of the ICLV model. That is, our approach constitutes a flexible, yet very efficient approach (through dimension-reduction) to accommodate a multivariate non-normal structure across all indicator and outcome variables through the specification of a much lower-dimensional multivariate skew-normal distribution for the structural errors. This leads to parsimony in the additional parameters introduced because of non-normality. Third, taste variations (*i.e.*, heterogeneity in sensitivity to response variables) can also be introduced efficiently and in a non-normal fashion through interactions of explanatory variables with the latent variables. Thus, for example, in a bicyclist route choice model, bicyclists who are more safety conscious (say a latent variable) than their peers may be more sensitive to motorized traffic volumes and on-street parking. By interacting safety consciousness with exogenous variables corresponding to motorized traffic volumes and on-street parking, we then allow non-normal taste variation in response to both these exogenous attributes, but originating from a single skew-normal distribution associated with the safety conscious latent variable. Fourth, the multivariate skew-normal (MSN) distribution that we use has properties that make it an ideal one for incorporation into the ICLV model. In particular, the MSN distribution is tractable, parsimonious in parameters that regulate the distribution and its skewness, and includes the normal distribution as a special interior point case (this allows for testing with the traditional ICLV model). It also is flexible, allowing a continuity of shapes from normality to non-normality, including skews to the left or right and sharp versus flat peaking toward the mode (see Bhat and Sidharthan, 2012). Besides, the MSN generates skew by shifting mass to the left or right of the mean of the normal distribution, thus generating asymmetry and flexibility, but keeping the tails thin as in the normal density function (which makes estimation of the parameters of the MSN distribution easier than other asymmetric distributions such as the log-normal that have long tails). Additionally, the MSN distribution immediately accommodates

correlation across the latent variables because of its multivariate structure. Finally, the MSN distribution has specific properties that enable the use of Bhat’s (2011) maximum approximate composite marginal likelihood (MACML) inference approach for estimation of the resulting skew-normal ICLV (or SN-ICLV) model. This substantially simplifies the estimation approach because the dimensionality of integration in the composite marginal likelihood (CML) function that needs to be maximized to obtain a consistent estimator (under standard regularity conditions) for the SN-ICLV model parameters is independent of the number of latent variables and the number of ordinal indicator variables in the model system.

The rest of this paper is structured as follows. Section 2 presents a general discussion of the multivariate skew normal distribution and some of its properties that are particularly relevant to this paper. Section 3 presents the SN-ICLV model formulation and estimation approach. Section 4 presents an application of the proposed SN-ICLV model to bicyclist route choice, and Section 5 summarizes the findings of the paper.

## **2. THE MULTIVARIATE SKEW-NORMAL DISTRIBUTION FUNCTION**

### **2.1. Overview**

As indicated earlier, in this paper, we use the multivariate skew distribution (MVSN) version originally proposed by Azzalini and Dalla Valle (1996) for a number of reasons (this is also referred to by Lee and McLachlan, 2013 as the restricted multivariate skew normal distribution, though we will drop the label “restricted” in the rest of this paper for ease in presentation). Specifically, the MVSN version used here is (1) efficient in the number of additional parameters to be estimated, (2) allows independence between skew-normally distributed and normally-distributed elements in a multivariate vector (useful in the ICLV context where the structural equation errors of the latent psychological constructs are considered independent of the measurement equation errors), (3) is closed under any affine transformation of the skew-normally distributed vector (is the key to the MACML estimation of the skew-ICLV model), and (4) is closed under the sum of independent skew-normally distributed and normally distributed vectors of the same dimensions (is the key to mixing non-normally distributed latent variables with normally distributed measurement equation errors). At the same time, the cumulative distribution function of an  $L$ -variate skew normally distributed variable of the Azzalini and Dalla

Valle type requires only the evaluation of an  $(L+1)$ -dimensional multivariate cumulative normal distribution function.

Consider an MVSN distributed random variable vector  $\boldsymbol{\eta} = (\eta_1, \eta_2, \eta_3, \dots, \eta_L)'$  with an  $(L \times 1)$ -location parameter vector  $\mathbf{0}_L$  (that is, an  $(L \times 1)$  vector with all elements being zero) and an  $(L \times L)$ -symmetric positive-definite correlation matrix  $\boldsymbol{\Gamma}^*$ . Then, the MVSN distribution for  $\boldsymbol{\eta}$  implies that  $\boldsymbol{\eta}$  is obtained through a latent conditioning mechanism on an  $(L+1)$ -variate normally distributed vector  $(C_0^*, \mathbf{C}_1^{*'})'$ , where  $C_0^*$  is a latent  $(1 \times 1)$ -vector and  $\mathbf{C}_1^{*'}$  is an  $(L \times 1)$ -vector:

$$\begin{pmatrix} C_0^* \\ \mathbf{C}_1^{*'} \end{pmatrix} \sim MVN_{L+1} \left( \begin{pmatrix} 0 \\ \mathbf{0} \end{pmatrix}, \boldsymbol{\Omega}_+^* \right), \text{ where } \boldsymbol{\Omega}_+^* = \begin{pmatrix} 1 & \boldsymbol{\rho}' \\ \boldsymbol{\rho} & \boldsymbol{\Gamma}^* \end{pmatrix}. \quad (1)$$

$\boldsymbol{\rho}$  is an  $(L \times 1)$ -vector, each of whose elements may lie between  $-1$  and  $+1$ . The matrix  $\boldsymbol{\Omega}_+^*$  is also a positive-definite correlation matrix. Then,  $\boldsymbol{\eta} = \mathbf{C}_1^{*'} | (C_0^* > 0)$  has the standard multivariate skew-normal (SMVSN) density function shown below:

$$\tilde{\phi}_L(\boldsymbol{\eta} = \mathbf{z}; \boldsymbol{\Omega}_+^*) = 2\phi_L(\mathbf{z}; \boldsymbol{\Omega}_+^*)\Phi(\boldsymbol{\alpha}'\mathbf{z}), \text{ where } \boldsymbol{\alpha} = \frac{(\boldsymbol{\Gamma}^*)^{-1}\boldsymbol{\rho}}{(1 - \boldsymbol{\rho}'(\boldsymbol{\Gamma}^*)^{-1}\boldsymbol{\rho})^{1/2}}, \quad (2)$$

where  $\phi_L(\cdot)$  and  $\Phi(\cdot)$  represent the standard multivariate normal density function of  $L$  dimensions and the standard univariate cumulative distribution function, respectively. We write  $\boldsymbol{\eta} \sim \text{SMVSN}(\boldsymbol{\Omega}_+^*)$ . To obtain the density function of the non-standardized multivariate skew-normal distribution, consider the distribution of  $\mathbf{Y} = \boldsymbol{\zeta} + \boldsymbol{\omega}\boldsymbol{\eta}$ . This MVSN distribution for  $\mathbf{Y}$  implies that  $\mathbf{Y}$  is obtained through a latent conditioning mechanism on an  $(L+1)$ -variate normally distributed vector  $(C_0, \mathbf{C}_1)'$ , where  $C_0$  is a latent  $(1 \times 1)$ -vector and  $\mathbf{C}_1$  is an  $(L \times 1)$ -vector:

$$\begin{pmatrix} C_0 \\ \mathbf{C}_1 \end{pmatrix} \sim MVN_{L+1} \left( \begin{pmatrix} 0 \\ \boldsymbol{\zeta} \end{pmatrix}, \boldsymbol{\Omega}_+ \right), \text{ where } \boldsymbol{\Omega}_+ = \begin{pmatrix} 1 & \boldsymbol{\sigma}' \\ \boldsymbol{\sigma} & \boldsymbol{\Gamma} \end{pmatrix}, \boldsymbol{\sigma} = \boldsymbol{\omega}\boldsymbol{\rho}, \text{ and } \boldsymbol{\Gamma} = \boldsymbol{\omega}\boldsymbol{\Gamma}^*\boldsymbol{\omega}. \quad (3)$$

Specifically, we write  $\mathbf{Y} \sim \text{MVSN}(\boldsymbol{\zeta}, \boldsymbol{\omega}, \boldsymbol{\Omega}_+)$ , and the conditioning-type stochastic representation of  $\mathbf{Y}$  is obtained as  $\mathbf{Y} = \mathbf{C}_1 | (C_0 > 0)$ . The probability density function of the random variable  $\mathbf{Y}$

may be written in terms of the SMVSN density function above as (see Bhat and Sidharthan, 2012):

$$f_L(\mathbf{Y} = \mathbf{y}; \boldsymbol{\zeta}, \boldsymbol{\omega}, \boldsymbol{\Omega}_+^*) = \left( \prod_{j=1}^L \omega_j \right)^{-1} \tilde{\phi}_L(\mathbf{z}; \boldsymbol{\Omega}_+^*), \text{ where } \mathbf{z} = \boldsymbol{\omega}^{-1}(\mathbf{y} - \boldsymbol{\zeta}), \quad (4)$$

and  $\omega_j$  is the  $j$ th diagonal element of the matrix  $\boldsymbol{\omega}$ .

The cumulative distribution function for  $\boldsymbol{\eta}$  may be obtained as:

$$P(\boldsymbol{\eta} < \mathbf{z}) = \tilde{\Phi}_L(\mathbf{z}; \boldsymbol{\Omega}_+^*) = 2\Phi_{L+1}(\mathbf{0}, \mathbf{z}, \boldsymbol{\Omega}_-^*); \quad \boldsymbol{\Omega}_-^* = \begin{pmatrix} 1 & -\boldsymbol{\rho}' \\ -\boldsymbol{\rho} & \boldsymbol{\Omega}_+^* \end{pmatrix}. \quad (5)$$

The corresponding cumulative distribution function for  $\mathbf{Y}$  is:

$$P(\mathbf{Y} < \mathbf{y}) = \tilde{\Phi}_L(\boldsymbol{\omega}^{-1}(\mathbf{y} - \boldsymbol{\zeta}); \boldsymbol{\Omega}_+^*) = 2\Phi_{L+1}(\mathbf{0}, \boldsymbol{\omega}^{-1}(\mathbf{y} - \boldsymbol{\zeta}), \boldsymbol{\Omega}_-^*). \quad (6)$$

## 2.2. Properties of the MVSN Distribution

The close correspondence of the MVSN distribution with the normal distribution leads to several desirable properties. The three properties that are key to the formulation of the SN-ICLV model proposed in this paper are listed below. The proofs for the first two properties are available in Arellano-Valle and Azzalini (2006) and Bhat and Sidharthan (2012). The proof for the third property, which is critical for the current paper, is based on the marginal and conditional distribution properties of the multivariate normal distribution.

**Property 1:** The sum of a MVSN distributed vector  $\mathbf{Y}$  (dimension  $L \times 1$ ) [ $\mathbf{Y} \sim \text{MVSN}(\boldsymbol{\zeta}, \boldsymbol{\omega}, \boldsymbol{\Omega}_+^*)$ ] and an independently distributed multivariate normally (MVN) distributed vector  $\mathbf{W}$  (dimension  $L \times 1$ ) [ $\mathbf{W} \sim \text{MVN}(\boldsymbol{\mu}, \boldsymbol{\Sigma})$ ] is still MVSN distributed:

$$\mathbf{Y} + \mathbf{W} \sim \text{MVSN}(\boldsymbol{\zeta} + \boldsymbol{\mu}, \tilde{\boldsymbol{\omega}}, \tilde{\boldsymbol{\Omega}}_+^*), \quad \text{where} \quad \tilde{\boldsymbol{\Omega}}_+^* = \begin{pmatrix} 1 & \tilde{\boldsymbol{\rho}}' \\ \tilde{\boldsymbol{\rho}} & \tilde{\boldsymbol{\Omega}}^* \end{pmatrix}, \quad \tilde{\boldsymbol{\Omega}}^* = (\tilde{\boldsymbol{\omega}})^{-1} \tilde{\boldsymbol{\Omega}} (\tilde{\boldsymbol{\omega}})^{-1}, \quad \tilde{\boldsymbol{\Omega}} = \boldsymbol{\Omega} + \boldsymbol{\Sigma},$$

$\tilde{\boldsymbol{\rho}} = (\tilde{\boldsymbol{\omega}})^{-1} \boldsymbol{\omega} \boldsymbol{\rho}$ , and  $\tilde{\boldsymbol{\omega}}$  is the diagonal matrix of standard deviations of  $\tilde{\boldsymbol{\Omega}}$ .



**Property 2:** The affine transformation of the MVSN distributed vector  $\mathbf{Y}$  (dimension  $L \times 1$ ) [ $\mathbf{Y} \sim \text{MVSN}(\boldsymbol{\zeta}, \boldsymbol{\omega}, \boldsymbol{\Omega}_+^*)$ ] as  $\mathbf{a} + \mathbf{B}\mathbf{Y}$ , where  $\mathbf{B}$  is a  $(h \times L)$  matrix, is also an MVSN distributed vector of dimension  $h \times 1$ :

$$\mathbf{a} + \mathbf{B}\mathbf{Y} \sim \text{MVSN}(\mathbf{a} + \mathbf{B}\boldsymbol{\zeta}, \tilde{\boldsymbol{\omega}}, \tilde{\boldsymbol{\Omega}}_+^*), \text{ where } \tilde{\boldsymbol{\Omega}}_+^* = \begin{pmatrix} \mathbf{1} & \tilde{\boldsymbol{\rho}}' \\ \tilde{\boldsymbol{\rho}} & \tilde{\boldsymbol{\Omega}}^* \end{pmatrix}, \tilde{\boldsymbol{\Omega}}^* = (\tilde{\boldsymbol{\omega}})^{-1} \boldsymbol{\Omega} (\tilde{\boldsymbol{\omega}})^{-1}, \tilde{\boldsymbol{\Omega}} = \mathbf{B}\boldsymbol{\Omega}\mathbf{B}',$$

$\tilde{\boldsymbol{\rho}} = (\tilde{\boldsymbol{\omega}})^{-1} \mathbf{B}\boldsymbol{\omega}\boldsymbol{\rho}$ , and  $\tilde{\boldsymbol{\omega}}$  is the diagonal matrix of standard deviations of  $\tilde{\boldsymbol{\Omega}}$ .

**Property 3:** Partition the MVSN vector  $\mathbf{Y}$  into sub-vectors  $\mathbf{Y}_1$  of dimension  $L_1 \times 1$  and  $\mathbf{Y}_2$  of dimension  $L_2 \times 1$ , so that the conditioning type representation for  $\mathbf{Y}$  (of dimension  $L (= L_1 + L_2) \times 1$ ) in Equation (3) may be written as follows:

$$\begin{pmatrix} C_0 \\ C_1 \\ C_2 \end{pmatrix} \sim \text{MVN}_{L+1} \left( \begin{pmatrix} 0 \\ \boldsymbol{\zeta}_1 \\ \boldsymbol{\zeta}_2 \end{pmatrix}, \boldsymbol{\Omega}_+ \right), \text{ where } \boldsymbol{\Omega}_+ = \begin{pmatrix} 1 & \boldsymbol{\sigma}'_1 & \boldsymbol{\sigma}'_2 \\ \boldsymbol{\sigma}_1 & \boldsymbol{\Gamma}_1 & \boldsymbol{\Gamma}'_{12} \\ \boldsymbol{\sigma}_2 & \boldsymbol{\Gamma}_{12} & \boldsymbol{\Gamma}_2 \end{pmatrix}, \boldsymbol{\sigma}_1 = \boldsymbol{\omega}_1 \boldsymbol{\rho}_1, \boldsymbol{\sigma}_2 = \boldsymbol{\omega}_2 \boldsymbol{\rho}_2, \quad (7)$$

and  $\boldsymbol{\Gamma}_1 = \boldsymbol{\omega}_1 \boldsymbol{\Gamma}_1^* \boldsymbol{\omega}_1, \boldsymbol{\Gamma}_2 = \boldsymbol{\omega}_2 \boldsymbol{\Gamma}_2^* \boldsymbol{\omega}_2, \boldsymbol{\Gamma}_{12} = \boldsymbol{\omega}_2 \boldsymbol{\Gamma}_{12}^* \boldsymbol{\omega}_1$ .

Then, the marginal distribution of  $\mathbf{Y}_1$  is also MVSN distributed:  $\mathbf{Y}_1 \sim \text{MVSN}(\boldsymbol{\zeta}_1, \boldsymbol{\omega}_1, \boldsymbol{\Omega}_{1+}^*)$ , where

$$\boldsymbol{\Omega}_{1+} = \begin{pmatrix} 1 & \boldsymbol{\sigma}'_1 \\ \boldsymbol{\sigma}_1 & \boldsymbol{\Gamma}_1 \end{pmatrix} \text{ and } \boldsymbol{\Omega}_{1+}^* = \begin{pmatrix} 1 & \boldsymbol{\rho}'_1 \\ \boldsymbol{\rho}_1 & \boldsymbol{\Gamma}_1^* \end{pmatrix}. \text{ A similar result holds for the marginal distribution of } \mathbf{Y}_2.$$

The proofs for the marginal distributions are straightforward given the conditioning representation above. For future reference, we also note that, with a re-arrangement of the vectors  $C_0, C_1$ , and  $C_2$  in Equation (7) and using the properties of the multivariate normally distributed vector, the conditional density function of  $C_0$  and  $C_2$  given  $C_1 = \mathbf{y}_1$  is also multivariate normally distributed. Specifically, define the following:

$$\tilde{\boldsymbol{\zeta}}_0 = \boldsymbol{\sigma}_1 \boldsymbol{\Gamma}_1^{-1} (\mathbf{y}_1 - \boldsymbol{\zeta}_1), \tilde{\boldsymbol{\zeta}}_2 = \boldsymbol{\zeta}_2 + \boldsymbol{\Gamma}_{12} \boldsymbol{\Gamma}_1^{-1} (\mathbf{y}_1 - \boldsymbol{\zeta}_1), \quad \boldsymbol{\Theta}_0 = 1 - \boldsymbol{\sigma}_1 \boldsymbol{\Gamma}_1^{-1} \boldsymbol{\sigma}'_1, \boldsymbol{\Theta}_{02} = \boldsymbol{\sigma}_2 - \boldsymbol{\Gamma}'_{12} \boldsymbol{\Gamma}_1^{-1} \boldsymbol{\sigma}'_1 \quad \text{and} \\ \boldsymbol{\Theta}_2 = \boldsymbol{\Gamma}_2 - \boldsymbol{\Gamma}_{12} \boldsymbol{\Gamma}_1^{-1} \boldsymbol{\Gamma}'_{12}. \text{ Then, the conditional density function of } C_0 \text{ and } C_2 \text{ given } C_1 = \mathbf{y}_1 \text{ is}$$

$$\begin{pmatrix} C_0 \\ C_2 \end{pmatrix} \Big|_{(C_1 = \mathbf{y}_1)} \sim \text{MVN}_{L_2+1} [\tilde{\boldsymbol{\zeta}}, \boldsymbol{\Theta}], \text{ where } \tilde{\boldsymbol{\zeta}} = \begin{pmatrix} \tilde{\boldsymbol{\zeta}}_0 \\ \tilde{\boldsymbol{\zeta}}_2 \end{pmatrix} \text{ and } \boldsymbol{\Theta} = \begin{pmatrix} \boldsymbol{\Theta}_0 & \boldsymbol{\Theta}'_{02} \\ \boldsymbol{\Theta}_{02} & \boldsymbol{\Theta}_2 \end{pmatrix}. \quad (8)$$

The above property will be used to derive the conditional (cumulative) distribution function of  $\mathbf{Y}_2$  given  $\mathbf{Y}_1$ , which will be important in the estimation of the proposed SN-ICLV model (as discussed later in Section 3.4, we are not aware of any earlier and explicit derivation of the conditional distribution function of a sub-vector of an MVSN distributed vector given another subvector).

### 3. THE SN-ICLV MODEL FORMULATION

There are three components of the SN-ICLV model: (1) the latent variable structural equation model; (2) the latent variable measurement equation model; and (3) the choice model. In the following presentation, we will use the index  $l$  for latent variables ( $l=1,2,\dots,L$ ), and the index  $i$  for alternatives ( $i=1,2,\dots,I$ ). In the current set-up, we assume a stated preference exercise (as in the empirical context of the paper) in which each respondent provides a single set of indicators (of the latent variables) in the measurement equation model, but is presented with multiple choice scenarios for the choice component estimation. So, we will use the index  $t$  for choice occasion ( $t=1,2,\dots,T$ ). Note also that the presence of individual-specific latent variables immediately engenders a covariance pattern among the multiple choice instances of the same individual, because the individual-specific (stochastic and MVSN-distributed) latent variables enter into the utility functions of each choice instance from the same individual. Finally, we will use the index  $q$  for individuals ( $q=1,2,\dots,Q$ ), though, as appropriate and convenient, we will suppress this index in parts of the presentation.

#### 3.1. Latent Variable Structural Equation Model

For the latent variable structural equation model, we will assume that the latent variable  $z_l^*$  is a linear function of covariates as follows:

$$z_l^* = \boldsymbol{\alpha}_l' \boldsymbol{w} + \eta_l, \quad (9)$$

where  $\boldsymbol{w}$  is a  $(\tilde{D} \times 1)$  vector of observed individual-specific covariates (not including a constant),  $\boldsymbol{\alpha}_l$  is a corresponding  $(\tilde{D} \times 1)$  vector of coefficients, and  $\eta_l$  is a random error term. In our notation, the same exogenous vector  $\boldsymbol{w}$  is used for all latent variables; however, this is in no way restrictive, since one may place the value of zero in the appropriate row of  $\boldsymbol{\alpha}_l$  if a specific

variable does not impact  $z_l^*$ . Next, define the  $(L \times \tilde{D})$  matrix  $\boldsymbol{\alpha} = (\boldsymbol{\alpha}_1, \boldsymbol{\alpha}_2, \dots, \boldsymbol{\alpha}_L)'$ , and  $(L \times 1)$  vectors  $\mathbf{z}^* = (z_1^*, z_2^*, \dots, z_L^*)'$  and  $\boldsymbol{\eta} = (\eta_1, \eta_2, \eta_3, \dots, \eta_L)'$ . To allow correlation among the latent variables,  $\boldsymbol{\eta}$  is assumed to be standard multivariate skew-normally distributed:

$$\boldsymbol{\eta} \sim \text{SMVSN}(\boldsymbol{\Omega}_+^*), \boldsymbol{\Omega}_+^* = \begin{pmatrix} 1 & \boldsymbol{\rho}' \\ \boldsymbol{\rho} & \boldsymbol{\Gamma} \end{pmatrix}, \text{ where } \boldsymbol{\Gamma} \text{ is a correlation matrix of size } (L \times L) \text{ (we assume}$$

the matrix  $\boldsymbol{\Gamma}$  to be a correlation matrix rather than a covariance matrix due to identification considerations as discussed later in the paper). In matrix form, Equation (9) may be written as:

$$\mathbf{z}^* = \boldsymbol{\alpha}\boldsymbol{w} + \boldsymbol{\eta}. \quad (10)$$

### 3.2. Latent Variable Measurement Equation Model

For the latent variable measurement equation model, let there be  $H$  continuous variables  $(S_1, S_2, \dots, S_H)$  with an associated index  $h$  ( $h = 1, 2, \dots, H$ ). Let  $S_h = \delta_h + \mathbf{d}'_h \mathbf{z}^* + \xi_h$  in the usual linear regression fashion, where  $\delta_h$  is a scalar constant,  $\mathbf{d}_h$  is an  $(L \times 1)$  vector of latent variable loadings on the  $h^{\text{th}}$  continuous indicator variable, and  $\xi_h$  is a normally distributed measurement error term. Stack the  $H$  continuous variables into a  $(H \times 1)$  vector  $\mathbf{S}$ , the  $H$  constants  $\delta_h$  into a  $(H \times 1)$  vector  $\boldsymbol{\delta}$ , and the  $H$  error terms into another  $(H \times 1)$  vector  $\boldsymbol{\xi} = (\xi_1, \xi_2, \dots, \xi_H)$ . Also, let  $\boldsymbol{\Sigma}_\xi$  be the covariance matrix of  $\boldsymbol{\xi}$ . And define the  $(H \times L)$  matrix of latent variable loadings  $\mathbf{d} = (\mathbf{d}_1, \mathbf{d}_2, \dots, \mathbf{d}_H)'$ . Then, one may write, in matrix form, the following measurement equation for the continuous indicator variables:

$$\mathbf{S} = \boldsymbol{\delta} + \mathbf{d}\mathbf{z}^* + \boldsymbol{\xi}. \quad (11)$$

Similar to the continuous variables, let there also be  $G$  ordinal indicator variables, and let  $g$  be the index for the ordinal variables ( $g = 1, 2, \dots, G$ ). Let the index for the ordinal outcome category for the  $g^{\text{th}}$  ordinal variable be represented by  $j_g$ . For notational ease only, assume that the number of ordinal categories is the same across the ordinal indicator variables, so that  $j_g \in \{1, 2, \dots, J\}$ . Let  $S_g^*$  be the latent underlying variable whose horizontal partitioning leads to the observed outcome for the  $g^{\text{th}}$  ordinal indicator variable, and let the individual under consideration choose the  $n_g^{\text{th}}$  ordinal outcome category for the  $g^{\text{th}}$  ordinal indicator variable.

Then, in the usual ordered response formulation, we may write the following for the individual:  $S_g^* = \tilde{\delta}_g + \tilde{\mathbf{d}}_g' \mathbf{z}^* + \tilde{\xi}_g$ ,  $\psi_{g,n_{g-1}} < S_g^* < \psi_{g,n_g}$ , where  $\tilde{\delta}_g$  is a scalar constant,  $\tilde{\mathbf{d}}_g$  is an  $(L \times 1)$  vector of latent variable loadings on the underlying variable for the  $g^{\text{th}}$  indicator variable, and  $\tilde{\xi}_g$  is a standard normally distributed measurement error term (the normalization on the error term is needed for identification, as in the usual ordered-response model; see McKelvey and Zavoina, 1975). Note also that, for each ordinal indicator variable,  $\psi_{g,0} < \psi_{g,1} < \psi_{g,2} \dots < \psi_{g,N_g-1} < \psi_{N_g}$ ;  $\psi_{g,0} = -\infty$ ,  $\psi_{g,1} = 0$ , and  $\psi_{g,J} = +\infty$ . For later use, let  $\boldsymbol{\psi}_g = (\psi_{g,2}, \psi_{g,3}, \dots, \psi_{g,J-1})'$ , and  $\boldsymbol{\psi} = (\boldsymbol{\psi}'_1, \boldsymbol{\psi}'_2, \dots, \boldsymbol{\psi}'_G)'$ . Stack the  $G$  underlying continuous variables  $S_g^*$  into a  $(G \times 1)$  vector  $\mathbf{S}^*$  and the  $G$  constants  $\tilde{\delta}_g$  into a  $(G \times 1)$  vector  $\tilde{\boldsymbol{\delta}}$ . Also, define the  $(G \times L)$  matrix of latent variable loadings  $\tilde{\mathbf{d}} = (\tilde{\mathbf{d}}_1, \tilde{\mathbf{d}}_2, \dots, \tilde{\mathbf{d}}_G)'$ , and let  $\boldsymbol{\Sigma}_s$  be the correlation matrix of  $\tilde{\boldsymbol{\xi}} = (\tilde{\xi}_1, \tilde{\xi}_2, \dots, \tilde{\xi}_G)$ . Stack the lower thresholds  $\psi_{g,n_{g-1}}$  ( $g = 1, 2, \dots, G$ ) into a  $(G \times 1)$  vector  $\boldsymbol{\psi}_{low}$  and the upper thresholds  $\psi_{g,n_g}$  ( $g = 1, 2, \dots, G$ ) into another vector  $\boldsymbol{\psi}_{up}$ . Then, in matrix form, the measurement equation for the ordinal indicators may be written as:

$$\mathbf{S}^* = \tilde{\boldsymbol{\delta}} + \tilde{\mathbf{d}} \mathbf{z}^* + \tilde{\boldsymbol{\xi}}, \quad \boldsymbol{\psi}_{low} < \mathbf{S}^* < \boldsymbol{\psi}_{up}. \quad (12)$$

Define  $\tilde{\mathbf{S}} = (\mathbf{S}', [\mathbf{S}^*]')'$ ,  $\tilde{\boldsymbol{\delta}} = (\boldsymbol{\delta}', \tilde{\boldsymbol{\delta}})'$ ,  $\tilde{\mathbf{d}} = (\mathbf{d}', \tilde{\mathbf{d}})'$ , and  $\tilde{\boldsymbol{\xi}} = (\boldsymbol{\xi}', \tilde{\boldsymbol{\xi}})'$ . Then, the continuous parts of Equations (11) and (12) may be combined into a single equation as:

$$\tilde{\mathbf{S}} = \tilde{\boldsymbol{\delta}} + \tilde{\mathbf{d}} \mathbf{z}^* + \tilde{\boldsymbol{\xi}}, \quad \text{with } E(\tilde{\mathbf{S}}) = \begin{bmatrix} \boldsymbol{\delta} + \mathbf{d} \mathbf{z}^* \\ \tilde{\boldsymbol{\delta}} + \tilde{\mathbf{d}} \mathbf{z}^* \end{bmatrix}, \quad \text{and } \text{Var}(\tilde{\boldsymbol{\xi}}) = \tilde{\boldsymbol{\Sigma}} = \begin{bmatrix} \boldsymbol{\Sigma}_s & \boldsymbol{\Sigma}_{ss^*} \\ \boldsymbol{\Sigma}'_{ss^*} & \boldsymbol{\Sigma}_{s^*} \end{bmatrix}. \quad (13)$$

### 3.3. Choice Model

Assume a typical random utility-maximizing model, and let  $i$  be the index for alternatives ( $i=1, 2, 3, \dots, J$ ). Note that some alternatives may not be available to some individuals during some choice instances, but the modification to allow this is quite trivial. So, for presentation convenience, we will assume that all alternatives are available to all individuals at all choice instances. The utility for alternative  $i$  at time period  $t$  ( $t=1, 2, \dots, T$ ) for individual  $q$  is then written as (suppressing the index  $q$ ):

$$U_{it} = \boldsymbol{\beta}' \mathbf{x}_{it} + \boldsymbol{\gamma}'_i (\boldsymbol{\varphi}_{it} \mathbf{z}^*) + \varepsilon_{it}, \quad (14)$$

where  $\mathbf{x}_{it}$  is a  $(D \times 1)$ -column vector of exogenous attributes.  $\boldsymbol{\beta}$  is a  $(D \times 1)$ -column vector of corresponding coefficients,  $\boldsymbol{\varphi}_{it}$  is an  $(N_i \times L)$ -matrix of exogenous variables interacting with latent variables to influence the utility of alternative  $i$ ,  $\boldsymbol{\gamma}_i$  is an  $(N_i \times 1)$ -column vector of coefficients capturing the effects of latent variables and its interaction effects with other exogenous variables, and  $\varepsilon_{it}$  is a normal error term that is independent and identically normally distributed across *individuals and choice occasions*. The notation above is very general. Thus, if each of the latent variables impacts the utility of alternative  $i$  purely through a constant shift in the utility function,  $\boldsymbol{\varphi}_{it}$  will be an identity matrix of size  $L$ , and each element of  $\boldsymbol{\gamma}_i$  will capture the effect of a latent variable on the constant specific to alternative  $i$ . Alternatively, if the first latent variable is the only one relevant for the utility of alternative  $i$ , and it affects the utility of alternative  $i$  through both a constant shift as well as an exogenous variable, then  $N_i=2$ , and  $\boldsymbol{\varphi}_{it}$  will be a  $(2 \times L)$ -matrix, with the first row having a ‘1’ in the first column and ‘0’ entries elsewhere, and the second row having the exogenous variable value in the first column and ‘0’ entries elsewhere.<sup>1</sup>

Next, let the variance-covariance matrix of the vertically stacked vector of errors  $\boldsymbol{\varepsilon}_t [= (\varepsilon_{t1}, \varepsilon_{t2}, \dots, \varepsilon_{tI})']$  be  $\boldsymbol{\Lambda}$  and let  $\boldsymbol{\varepsilon} = (\boldsymbol{\varepsilon}'_1, \boldsymbol{\varepsilon}'_2, \dots, \boldsymbol{\varepsilon}'_T)'$  ( $TI \times 1$  vector). The covariance of  $\boldsymbol{\varepsilon}$  is  $\mathbf{IDEN}_T \otimes \boldsymbol{\Lambda}$ , where  $\mathbf{IDEN}_T$  is an identity matrix of size  $T$ .<sup>2</sup> Define the following vectors and matrices:  $\mathbf{x}_t = (\mathbf{x}_{t1}, \mathbf{x}_{t2}, \dots, \mathbf{x}_{tI})'$  ( $I \times D$  matrix),  $\mathbf{x} = (\mathbf{x}'_1, \mathbf{x}'_2, \dots, \mathbf{x}'_T)'$  ( $TI \times D$  matrix),  $\mathbf{U}_t = (U_{t1}, U_{t2}, \dots, U_{tI})'$  ( $I \times 1$  vector),  $\mathbf{U} = (\mathbf{U}'_1, \mathbf{U}'_2, \dots, \mathbf{U}'_T)'$  ( $TI \times 1$  vector),

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<sup>1</sup> In the empirical context of the current paper, we use unlabeled alternatives and thus the individual-specific demographic and latent variables are introduced purely as interaction terms to alternative-specific attributes. In the notation of Equation (14), individual-specific demographic variables are introduced by interacting them with alternative attributes as part of the  $\mathbf{x}_{it}$  vector, while the individual-specific latent variables are introduced by specifying  $\boldsymbol{\varphi}_{it}$  as a matrix containing only alternative-specific attributes (that is, by interacting the latent variables with alternative-specific attributes with no constant shift effect, because of the unlabeled nature of the alternatives). Indeed, in this case,  $\boldsymbol{\varphi}_{it}$  is of the same size across all alternatives, and  $\boldsymbol{\gamma}_i$  is the same across all alternatives. However, in the presentation here, we will maintain a more general notation that includes the case of labeled alternatives.

<sup>2</sup> For the unlabeled alternatives case of our empirical context, there is no meaning to having a general covariance matrix  $\boldsymbol{\Lambda}$  for the error terms across alternatives. Thus,  $\boldsymbol{\Lambda}$  is specified to be an identity matrix of size  $I$ . But, for completeness, we will formulate the model with a general  $\boldsymbol{\Lambda}$  matrix that may be specified for labeled alternatives.

$\boldsymbol{\varphi}_i = (\boldsymbol{\varphi}'_{i1}, \boldsymbol{\varphi}'_{i2}, \dots, \boldsymbol{\varphi}'_{iI})'$   $\left( \sum_{i=1}^I N_i \times L \right)$  matrix,  $\boldsymbol{\varphi} = (\boldsymbol{\varphi}'_1, \boldsymbol{\varphi}'_2, \dots, \boldsymbol{\varphi}'_T)'$   $\left( T \sum_{i=1}^I N_i \times L \right)$ . Also, define the

$\left( I \times \sum_{i=1}^I N_i \right)$  matrix  $\boldsymbol{\gamma}$ , which is initially filled with all zero values. Then, position the  $(1 \times N_1)$  row vector  $\boldsymbol{\gamma}'_1$  in the first row to occupy columns 1 to  $N_1$ , position the  $(1 \times N_2)$  row vector  $\boldsymbol{\gamma}'_2$  in the second row to occupy columns  $N_1+1$  to  $N_1 + N_2$ , and so on until the  $(1 \times N_I)$  row vector  $\boldsymbol{\gamma}'_I$  is appropriately positioned. Then, in matrix form, we may write the following equation for the vector of utilities across all choice instances of the individual:

$$U = \mathbf{x}\boldsymbol{\beta} + (\mathbf{IDEN}_T \otimes \boldsymbol{\gamma})\boldsymbol{\varphi} \mathbf{z}^* + \boldsymbol{\varepsilon} = \mathbf{x}\boldsymbol{\beta} + \boldsymbol{\lambda} \mathbf{z}^* + \boldsymbol{\varepsilon}, \text{ where } \boldsymbol{\lambda} = (\mathbf{IDEN}_T \otimes \boldsymbol{\gamma})\boldsymbol{\varphi} \text{ (} TI \times L \text{ matrix)}. \quad (15)$$

As in the case of any choice model, for the case of labeled alternatives, one of the alternatives has to be used as the base when introducing alternative-specific constants and variables that do not vary across the  $I$  alternatives. Also, only the covariance matrix of the error differences is estimable. Taking the difference with respect to the first alternative, only the elements of the covariance matrix  $\check{\check{\Lambda}}$  of  $\boldsymbol{\varsigma} = (\varsigma_2, \varsigma_3, \dots, \varsigma_I)$ , where  $\varsigma_i = \varepsilon_i - \varepsilon_1$  ( $i \neq 1$ ), are estimable.  $\check{\check{\Lambda}}$  is constructed from  $\check{\Lambda}$  by adding an additional row on top and an additional column to the left. All elements of this additional row and column are filled with values of zeroes. In addition, an additional scale normalization needs to be imposed on  $\check{\check{\Lambda}}$ , which may be accomplished by normalizing the first element of  $\check{\check{\Lambda}}$  to the value of one. Third, in MNP models, when only individual-specific covariates are used, exclusion restrictions are needed in the form of at least one individual characteristic being excluded from each alternative's utility in addition to being excluded from a base alternative (but appearing in some other utilities; (see Keane, 1992 and Munkin and Trivedi, 2008).

### 3.4. Overall Model System Identification and Estimation

Let  $\boldsymbol{\theta}$  be the collection of parameters to be estimated:  
 $\boldsymbol{\theta} = [\text{Vech}(\boldsymbol{\alpha}), \text{Vech}(\boldsymbol{\Gamma}), \text{Vech}(\boldsymbol{\rho}), \check{\check{\boldsymbol{\delta}}}, \text{Vech}(\check{\check{\boldsymbol{d}}}), \boldsymbol{\psi}, \text{Vech}(\check{\check{\boldsymbol{\Sigma}}}), \boldsymbol{\beta}, \text{Vech}(\boldsymbol{\gamma}), \text{Vech}(\check{\check{\Lambda}})]$ , where  $\text{Vech}(\boldsymbol{\alpha})$ ,  $\text{Vech}(\boldsymbol{\rho})$ ,  $\text{Vech}(\check{\check{\boldsymbol{d}}})$ , and  $\text{Vech}(\boldsymbol{\gamma})$  represent vectors of the elements of the  $\boldsymbol{\alpha}$ ,  $\boldsymbol{\rho}$ ,  $\check{\check{\boldsymbol{d}}}$ , and  $\boldsymbol{\gamma}$ , respectively, to be estimated, and  $\text{Vech}(\boldsymbol{\Gamma})$  represents the vector of the non-zero upper

triangle elements of  $\Gamma$  (and similarly for other covariance matrices). For future use, define  $E = H + G + TI$ , and  $\tilde{E} = G + (I - 1)T + 1$ .

To develop the reduced form equations, we define some additional notations as follows:

$$\boldsymbol{\pi} = (\tilde{\boldsymbol{d}}', \boldsymbol{\lambda}')' (E \times L \text{ matrix}),$$

$$\boldsymbol{g} = (\tilde{\boldsymbol{\xi}}', \boldsymbol{\varepsilon}')' (E \times 1 \text{ vector}),$$

$$\text{where } \boldsymbol{g} \sim \text{MVN}_E \left[ \mathbf{0}_E, \begin{pmatrix} \tilde{\boldsymbol{\Sigma}} & \mathbf{0} \\ \mathbf{0} & \boldsymbol{\Lambda} \end{pmatrix} \right] \sim \text{MVN}[\mathbf{0}_E, \boldsymbol{\Sigma}].$$

Now, replace the right side of Equation (10) for  $\mathbf{z}^*$  in Equations (13) and (15) to obtain the following system:

$$\tilde{\boldsymbol{S}} = \tilde{\boldsymbol{\delta}} + \tilde{\boldsymbol{d}}\mathbf{z}^* + \tilde{\boldsymbol{\xi}} = \tilde{\boldsymbol{\delta}} + \tilde{\boldsymbol{d}}(\boldsymbol{a}\boldsymbol{w} + \boldsymbol{\eta}) + \tilde{\boldsymbol{\xi}} = \tilde{\boldsymbol{\delta}} + \tilde{\boldsymbol{d}}\boldsymbol{a}\boldsymbol{w} + \tilde{\boldsymbol{d}}\boldsymbol{\eta} + \tilde{\boldsymbol{\xi}} \quad (16)$$

$$\boldsymbol{U} = \boldsymbol{x}\boldsymbol{\beta} + \boldsymbol{\lambda}\mathbf{z}^* + \boldsymbol{\varepsilon} = \boldsymbol{x}\boldsymbol{\beta} + \boldsymbol{\lambda}(\boldsymbol{a}\boldsymbol{w} + \boldsymbol{\eta}) + \boldsymbol{\varepsilon} = \boldsymbol{x}\boldsymbol{\beta} + \boldsymbol{\lambda}\boldsymbol{a}\boldsymbol{w} + \boldsymbol{\lambda}\boldsymbol{\eta} + \boldsymbol{\varepsilon}. \quad (17)$$

Next, consider the  $(E \times 1)$  vector  $\boldsymbol{SU} = [\tilde{\boldsymbol{S}}', \boldsymbol{U}']'$ . Define

$$\boldsymbol{SU} = \begin{bmatrix} \tilde{\boldsymbol{\delta}} + \tilde{\boldsymbol{d}}\boldsymbol{a}\boldsymbol{w} \\ \boldsymbol{x}\boldsymbol{\beta} + \boldsymbol{\lambda}\boldsymbol{a}\boldsymbol{w} \end{bmatrix} + [\boldsymbol{\pi}\boldsymbol{\eta}] + [\boldsymbol{g}]. \quad (18)$$

Then, by successive application of properties 1 and 2 from Section 2.2, we obtain

$$\boldsymbol{SU} \sim \text{MVSN}_E(\tilde{\boldsymbol{B}}, \boldsymbol{\omega}_{\tilde{\Gamma}}, \tilde{\boldsymbol{\Omega}}_+^*), \quad (19)$$

$$\text{where } \tilde{\boldsymbol{B}} = \begin{bmatrix} \tilde{\boldsymbol{\delta}} + \tilde{\boldsymbol{d}}\boldsymbol{a}\boldsymbol{w} \\ \boldsymbol{x}\boldsymbol{\beta} + \boldsymbol{\lambda}\boldsymbol{a}\boldsymbol{w} \end{bmatrix} (E \times 1) \text{ vector, } \tilde{\boldsymbol{\Omega}}_+^* = \begin{pmatrix} 1 & [\tilde{\boldsymbol{\rho}}]' \\ \tilde{\boldsymbol{\rho}} & \tilde{\boldsymbol{\Gamma}}^* \end{pmatrix} (E+1) \times (E+1) \text{ matrix, } \tilde{\boldsymbol{\Gamma}}^* = \boldsymbol{\omega}_{\tilde{\Gamma}}^{-1} \tilde{\boldsymbol{\Gamma}} \boldsymbol{\omega}_{\tilde{\Gamma}}^{-1},$$

$$\tilde{\boldsymbol{\Gamma}} = \boldsymbol{\pi}\boldsymbol{\Gamma}\boldsymbol{\pi}' + \boldsymbol{\Sigma}, \tilde{\boldsymbol{\rho}} = \boldsymbol{\omega}_{\tilde{\Gamma}}^{-1}\boldsymbol{\pi}\boldsymbol{\rho}, \text{ and } \boldsymbol{\omega}_{\tilde{\Gamma}} \text{ is the diagonal matrix of the standard deviations of } \tilde{\boldsymbol{\Gamma}}.$$

General and necessary identification conditions for ICLV models have yet to be developed, but good discussions of sufficiency conditions may be found in Stapleton (1978), Vij and Walker (2014), Alvarez-Daziano and Bolduc (2013), and Bhat and Dubey (2014). So we will only list the sufficiency conditions here: (1) Identification of each of the ordinal measurement equation system and the choice model hold, as discussed in Sections 3.2 and 3.3, respectively, (2)  $\boldsymbol{\Gamma}$  is a correlation matrix, and the measurement equation error term covariance matrix  $\tilde{\boldsymbol{\Sigma}}$  is strictly diagonal, (3) For each latent construct or variable (that is for each  $\mathbf{z}_i^*$ ), there is at least one indicator variable that loads only on that latent variable and no other latent variable

(that is, there is at least one factor complexity one indicator variable for each latent variable), (4) If a specific variable (or specific interaction variable of an individual-specific attribute and an alternative-specific attribute in the case of unlabeled alternatives) impacts the utility of an alternative in the choice model through the  $\mathbf{x}$  vector, the utility of that alternative not depend on any latent variable that contains that specific variable (or specific interaction variable in the case of unlabeled alternatives) as a covariate in the structural equation system.

Next, to estimate the model, we need to develop the distribution of the vector  $\mathbf{Su} = \left( \tilde{\mathbf{S}}', \mathbf{u}^* \right)'$ , where  $\mathbf{u}^* = \left[ \left( \mathbf{u}_1^*, \mathbf{u}_2^*, \dots, \mathbf{u}_T^* \right)' \right]$ ,  $\mathbf{u}_t^* = \left( u_{t1m_t}^*, u_{t2m_t}^*, \dots, u_{tm_t}^* \right)'$ ,  $u_{im_t}^* = U_{ii} - U_{im_t}$  ( $i \neq m_t$ ), and  $m_t$  indicates the chosen alternative at choice occasion  $t$ . To obtain the vector  $\mathbf{Su}$  from  $\mathbf{SU}$ , define a matrix  $\mathbf{M}$  of size  $[H + G + (I - 1) * T] \times [H + G + TI]$ . Fill this matrix with values of zero. Then, insert an identity matrix of size  $G + H$  into the first  $G + H$  rows and  $G + H$  columns of the matrix  $\mathbf{M}$ . Next, consider the last  $(I - 1) * T$  rows and  $TI$  columns of the matrix  $\mathbf{M}$ . Position a block-diagonal matrix in these rows and columns, each block diagonal being of size  $(I - 1) \times (I)$  and containing the matrix  $\mathbf{M}_t$ , which itself is an identity matrix of size  $(I - 1)$  with an extra column of '-1' values added at the  $m_t^{th}$  column. Then,  $\mathbf{Su} = \mathbf{M}(\mathbf{SU})$ , and we can write

$$\mathbf{Su} \sim MVS\mathcal{N}_{H+G+(I-1)*T}(\tilde{\mathbf{B}}, \tilde{\omega}, \tilde{\Omega}_+^*), \quad \text{where} \quad \tilde{\mathbf{B}} = \mathbf{M}\tilde{\mathbf{B}} \quad \text{and} \quad \tilde{\Omega}_+^* = \begin{bmatrix} 1 & \tilde{\rho}^* \\ \tilde{\rho}^* & \tilde{\Gamma}^* \end{bmatrix}, \tilde{\Gamma}^* = (\tilde{\omega})^{-1} \tilde{\Gamma} (\tilde{\omega})^{-1}, \tilde{\Gamma} = \mathbf{M}\tilde{\Gamma}\mathbf{M}', \text{ and } \tilde{\rho}^* = (\tilde{\omega})^{-1} \mathbf{M}\pi\rho. \quad (20)$$

where  $\tilde{\omega}$  is the diagonal matrix of standard deviation of  $\tilde{\Gamma}$ .

In the conditioning representation for MVS $\mathcal{N}$  variables (see Section 2), we may write:

$$\begin{pmatrix} C_0 \\ C_1 \end{pmatrix} \sim MV\mathcal{N}_{H+\tilde{E}} \left( \begin{pmatrix} 0 \\ \tilde{\mathbf{B}} \end{pmatrix}, \mathbf{\Omega}_+ \right), \quad \text{where } \mathbf{\Omega}_+ = \begin{pmatrix} 1 & \sigma' \\ \sigma & \tilde{\Gamma} \end{pmatrix}, \sigma = \tilde{\omega}\tilde{\rho}^*, \text{ and } \tilde{\Gamma} = \tilde{\omega}\tilde{\Gamma}^*\tilde{\omega}. \quad (21)$$

Next, partition  $\mathbf{Su}$  into a component corresponding to the continuous observed indicators (captured in the vector  $\mathbf{S}$ ) and another component corresponding to the continuous latent underlying constructs manifested in the form of the ordinal indicators and the utility differentials in the choice model:  $\mathbf{Su} = (\mathbf{S}', \tilde{\mathbf{u}})'$ , where  $\tilde{\mathbf{u}} = [(s^*)', (\mathbf{u}^*)']'$ . Correspondingly, also partition  $\tilde{\mathbf{B}}$

into components for the mean of the vectors  $\mathbf{S}$  and  $\tilde{\mathbf{u}}$   $\left[ \tilde{\mathbf{B}} = \tilde{\mathbf{B}}_s', \tilde{\mathbf{B}}_{\tilde{\mathbf{u}}}' \right]'$ , and appropriately



partition the covariance elements  $\tilde{\Gamma}$  and  $\sigma$  in  $\Omega_+$ :  $\tilde{\Gamma} = \begin{pmatrix} \tilde{\Gamma}_S & \tilde{\Gamma}'_{\tilde{u}} \\ \tilde{\Gamma}_{S\tilde{u}} & \tilde{\Gamma}_{\tilde{u}} \end{pmatrix}$  and  $\sigma = (\sigma'_S, \sigma'_{\tilde{u}})'$ . Then,

using Equation (21), we may write:

$$\begin{pmatrix} C_0 \\ C_S \\ C_{\tilde{u}} \end{pmatrix} \sim \text{MVN}_{H+\tilde{E}} \left( \begin{pmatrix} 0 \\ \tilde{B}_S \\ \tilde{B}_{\tilde{u}} \end{pmatrix}, \Omega_+ \right), \text{ where } \Omega_+ = \begin{pmatrix} 1 & \sigma'_S & \sigma'_{\tilde{u}} \\ \sigma_V & \tilde{\Gamma}_S & \tilde{\Gamma}'_{S\tilde{u}} \\ \sigma_{\tilde{u}} & \tilde{\Gamma}_{S\tilde{u}} & \tilde{\Gamma}_{\tilde{u}} \end{pmatrix} \quad (22)$$

Also, using Property 3 in Section 2.2, define the following for a specific value of  $S = s$ :

$$\mu_0 = \sigma_S \tilde{\Gamma}_S^{-1} (s - \tilde{B}_S), \mu_{\tilde{u}} = \tilde{B}_{\tilde{u}} + \tilde{\Gamma}_{S\tilde{u}} \tilde{\Gamma}_S^{-1} (s - \tilde{B}_S), \Theta_0 = 1 - \sigma_S \tilde{\Gamma}_S^{-1} (s - \tilde{B}_S), \Theta_{0\tilde{u}} = \sigma_{\tilde{u}} - \tilde{\Gamma}_{S\tilde{u}} \tilde{\Gamma}_S^{-1} \sigma'_S,$$

and  $\Theta_{\tilde{u}} = \tilde{\Gamma}_{\tilde{u}} - \tilde{\Gamma}_{S\tilde{u}} \tilde{\Gamma}_S^{-1} \tilde{\Gamma}'_{S\tilde{u}}$ . Then, the conditional density function of  $C_0$  and  $C_{\tilde{u}}$  given  $C_S = s$  is multivariate normally distributed:

$$\begin{pmatrix} C_0 \\ C_{\tilde{u}} \end{pmatrix} \Big| (C_S = s) \sim \text{MVN}_{\tilde{E}} [\boldsymbol{\mu}, \boldsymbol{\Theta}], \text{ where } \boldsymbol{\mu} = \begin{pmatrix} \mu_0 \\ \boldsymbol{\mu}_{\tilde{u}} \end{pmatrix} (\tilde{E} \times 1) \text{ and } \boldsymbol{\Theta} = \begin{pmatrix} \Theta_0 & \Theta'_{0\tilde{u}} \\ \Theta_{0\tilde{u}} & \Theta_{\tilde{u}} \end{pmatrix} (\tilde{E} \times \tilde{E}). \quad (23)$$

That is,

$$f_{C_0, C_{\tilde{u}}} (C_0 = \tilde{h}, C_{\tilde{u}} = \tilde{\mathbf{g}}) | (C_S = s) = \left( \prod_{r=1}^{\tilde{E}} \omega_{\Theta_r} \right)^{-1} \phi_{\tilde{E}} \left( \boldsymbol{\omega}_{\Theta}^{-1} [(\tilde{h}, \tilde{\mathbf{g}})'] - \boldsymbol{\mu}; \boldsymbol{\omega}_{\Theta}^{-1} \boldsymbol{\Theta} \boldsymbol{\omega}_{\Theta}^{-1} \right). \quad (24)$$

Next, supplement the threshold vectors defined earlier as follows:  $\tilde{\boldsymbol{\psi}}_{low} = \left[ \boldsymbol{\psi}'_{low}, (-\infty_{(I-1)*T})' \right]'$ ,

and  $\tilde{\boldsymbol{\psi}}_{up} = \left[ \boldsymbol{\psi}'_{up}, (\mathbf{0}_{(I-1)*T})' \right]'$ , where  $-\infty_{(I-1)*T}$  is an  $(I-1)*T \times 1$ -column vector of negative

infinities, and  $\mathbf{0}_{(I-1)*T}$  is another  $(I-1)*T \times 1$ -column vector of zeroes ( $\tilde{\boldsymbol{\psi}}_{low}$  and  $\tilde{\boldsymbol{\psi}}_{up}$  are  $(\tilde{E}-1) \times 1$  vectors). Then the likelihood function may be written as:

$$\begin{aligned} L(\boldsymbol{\theta}) &= f_S(\mathbf{S} = \mathbf{s}; \tilde{\mathbf{B}}_S, \boldsymbol{\omega}_{\tilde{\Gamma}_S}, \boldsymbol{\Omega}_{S+}^*) \times \left[ \Pr(j_1 = n_1, j_2 = n_2, \dots, j_G = n_G; m_1, m_2, \dots, m_T) \mid \mathbf{S} = \mathbf{s} \right] \\ &= f_S(\mathbf{S} = \mathbf{s}; \tilde{\mathbf{B}}_S, \boldsymbol{\omega}_{\tilde{\Gamma}_S}, \boldsymbol{\Omega}_{S+}^*) \times \frac{\int_{\tilde{\mathbf{g}} \in D_{\tilde{\mathbf{g}}}} \int_{\tilde{h}=0}^{\infty} f_{C_0, C_{\tilde{u}}} (C_0 = \tilde{h}, C_{\tilde{u}} = \tilde{\mathbf{g}}) | (C_S = s) d\tilde{h} d\tilde{\mathbf{g}}}{\text{Prob}[C_0 > 0] | (C_S = s)}, \end{aligned} \quad (25)$$

where  $D_{\tilde{\mathbf{g}}}$  is the region of integration such that  $D_{\tilde{\mathbf{g}}} = \{\tilde{\mathbf{g}} : \tilde{\boldsymbol{\psi}}_{low} < \tilde{\mathbf{g}} < \tilde{\boldsymbol{\psi}}_{up}\}$ ,

$f_S(\mathbf{S} = \mathbf{s}; \tilde{\mathbf{B}}_S, \boldsymbol{\omega}_{\tilde{\Gamma}_S}, \boldsymbol{\Omega}_{S+}^*)$  is the MVSND density function of dimension  $H$  (number of continuous indicators in the measurement equation) given by (see Property 3 of Section 2.2):

$$f_S(\mathbf{S} = \mathbf{s}; \tilde{\mathbf{B}}_S, \boldsymbol{\omega}_{\tilde{\Gamma}_S}, \boldsymbol{\Omega}_{S^+}^*) = \left( \prod_{j=1}^H \omega_{\tilde{\Gamma}_S} \right)^{-1} \tilde{\phi}_H(\mathbf{s}^*; \boldsymbol{\Omega}_{S^+}^*), \text{ where } \mathbf{s}^* = \boldsymbol{\omega}_{\tilde{\Gamma}_S}^{-1}(\mathbf{s} - \tilde{\mathbf{B}}_S), \boldsymbol{\Omega}_{S^+} = \begin{pmatrix} 1 & \boldsymbol{\sigma}'_S \\ \boldsymbol{\sigma}_S & \tilde{\Gamma}_S \end{pmatrix}, \text{ and} \\ \boldsymbol{\Omega}_{S^+}^* = \boldsymbol{\omega}_{\tilde{\Gamma}_S}^{-1} \boldsymbol{\Omega}_{S^+} \boldsymbol{\omega}_{\tilde{\Gamma}_S}^{-1}. \quad (26)$$

The denominator in the expression in Equation (25) is given by:

$$\text{Prob}[C_0 > 0] | (\mathbf{C}_S = \mathbf{s}) = \Phi \left[ \frac{-\mu_0}{\sqrt{\Theta_0}} \right]. \quad (27)$$

The likelihood function in Equation (25) involves the evaluation of a  $\tilde{E} = G + (I - 1)T + 1$  dimensional rectangular integral, which can be cumbersome and difficult as the number of ordinal indicators or the number of alternatives or the number of choice occasions per individual increases. Hence, we use Maximum Approximate Composite Marginal Likelihood (MACML) approach proposed by Bhat (2011), as it only involves the computation of univariate and bivariate cumulative distribution functions.

### 3.5. The MACML Estimation Approach

The MACML approach, similar to the parent CML approach (see Varin *et al.*, 2011, Lindsay *et al.*, 2011, Yi *et al.*, 2011, and Bhat, 2014, for recent reviews of CML approaches), maximizes a surrogate likelihood function that compounds much easier-to-compute, lower-dimensional, marginal likelihoods. The CML approach, which belongs to the more general class of composite likelihood function approaches (see Lindsay, 1988, and Bhat, 2014), may be explained in a simple manner as follows. In the SN-ICLV model, instead of developing the likelihood function component for the joint probability of the observed ordinal indicators and the observed choice outcome conditional on the observed continuous variable vector (the second component of Equation (25)), one may compound (multiply) the probabilities of each pair of observed ordinal indicators, and each combination of an ordinal indicator with the choice outcome, conditional on the observed continuous variable vector. The CML estimator (in this instance, the pairwise CML estimator) is then the one that maximizes the resulting surrogate likelihood function. The properties of the CML estimator may be derived using the theory of estimating equations (see Cox and Reid, 2004, Yi *et al.*, 2011, and Bhat, 2014). Specifically, under usual regularity assumptions (Molenberghs and Verbeke, 2005, page 191, Xu and Reid, 2011), the CML estimator is consistent and asymptotically normally distributed (this is because of the

unbiasedness of the CML score function, which is a linear combination of proper score functions associated with the marginal event probabilities forming the composite likelihood; for a formal proof, see Xu and Reid, 2011 and Bhat, 2014).

In the context of the proposed SN-ICLV model, consider the following (pairwise) composite marginal likelihood function for an individual  $q$  as follows:

$$L_{CML,q}(\boldsymbol{\theta}) = f_S(\mathbf{S} = \mathbf{s}; \tilde{\mathbf{B}}_S, \boldsymbol{\omega}_{\Gamma_S}, \boldsymbol{\Omega}_{S^+}^*) \times \left[ \left( \prod_{g=1}^{G-1} \prod_{g'=g+1}^G \Pr(j_g = n_g, j_{g'} = n_{g'}) \times \prod_{g=1}^G \prod_{t=1}^T \Pr(j_g = n_g; m_t) \right) \times \left( \prod_{t=1}^{T-1} \prod_{t'=t+1}^T \Pr(m_t, m_{t'}) \right) \right] (\mathbf{S} = \mathbf{s}) \quad (28)$$

In the above CML approach, the MVNCD function appearing in the CML function is of dimension equal to three for  $\Pr(j_g = n_g, j_{g'} = n_{g'})$  (corresponding to the probability of each pair of observed ordinal indicators), equal to  $I+1$  for  $\Pr(j_g = n_g; m_t)$  (corresponding to each combination of an ordinal indicator and the observed choice outcome at a specific time period  $t$ ), and equal to  $2(I-1)+1$  for  $\Pr(m_t, m_{t'})$  (corresponding to each combination of observed choice outcomes at time period  $t$  and time period  $t'$ ). To write out the CML function explicitly, define the following matrices: (1) A selection matrix  $\mathbf{A}_{g_t}$  ( $g=1,2,\dots,G$  and  $t=1,2,\dots,T$ ) of dimension  $(I+1) \times \tilde{E}$ : Fill this matrix with values of zero for all elements and position an element of '1' in the first row and first column. Then, position an element of '1' in the second row and the  $(g+1)^{\text{th}}$  column. Also, position an identity matrix of size  $I-1$  in the last  $I-1$  rows and columns from  $G+(I-1)(t-1)+2$  to  $G+(I-1)t+1$ ; (2) A selection matrix  $\mathbf{N}_{gg'}$  ( $g, g'=1,2,\dots,G, g \neq g'$ ) of dimension  $3 \times \tilde{E}$ : Fill this matrix with values of zero for all elements and position an element of '1' in the first row and first column. Then, position an element of '1' in the second row and the  $(g+1)^{\text{th}}$  column, as well as an element of '1' in the third row and the  $(g'+1)^{\text{th}}$  column; (3) A selection matrix  $\mathbf{R}_{t't'}$  ( $t, t'=1,2,\dots,T, t \neq t'$ ) of dimension  $[2*(I-1)+1] \times \tilde{E}$ : Fill this matrix with values of zero for all elements and position an element of '1' in the first row and first column. Then, insert an identity matrix of size  $I-1$  in rows 2 to  $(I-1)+1$  and columns  $G+(I-1)(t-1)+2$  to  $G+(I-1)t+1$ . Similarly, position another identity matrix of size  $I-1$  in the rows  $(I-1)+2$  to  $2*(I-1)+1$  and columns

$$G + (I - 1)(t' - 1) + 2 \quad \text{to} \quad G + (I - 1)t' + 1; \quad (4) \quad \Theta_- = \begin{pmatrix} \Theta_0 - \Theta'_{0\bar{u}} \\ -\Theta_{0\bar{u}} \quad \Theta_{\bar{u}} \end{pmatrix} (\tilde{E} \times \tilde{E} \text{ matrix});$$

$$(5) \quad \check{\Psi}_{gg'u} = \left(0, [\psi_{up}]_g, [\psi_{up}]_{g'}\right), \quad \check{\Psi}_{gg'l} = \left(0, [\psi_{low}]_g, [\psi_{low}]_{g'}\right), \quad \check{\Psi}_{gg'ul} = \left(0, [\psi_{up}]_g, [\psi_{low}]_{g'}\right),$$

$$\check{\Psi}_{gg'lu} = \left(0, [\psi_{low}]_g, [\psi_{up}]_{g'}\right) \quad (\text{all } (3 \times 1) \text{ vectors}), \quad \text{and} \quad \check{\Psi}_{g,up} = \left[0, [\psi_{up}]_g, (\theta_{(I-1)})'\right] \quad \text{and}$$

$$\check{\Psi}_{g,low} = \left[0, [\psi_{low}]_g, (-\infty_{(I-1)})'\right] [(I+1) \times 1], \quad \text{where } [\psi_{up}]_g \text{ refers to the } g^{\text{th}} \text{ element of } \psi_{up} \text{ and}$$

$$[\psi_{low}]_g \text{ refers to the } g^{\text{th}} \text{ element of } \psi_{low}; \quad (6) \quad \check{\mu}_{gg'} = \mathbf{N}_{gg'} \boldsymbol{\mu} \quad (3 \times 1), \quad \check{\Theta}_{gg'} = \mathbf{N}_{gg'} \Theta_- \mathbf{N}'_{gg'} \quad (3 \times 3);$$

$$(7) \quad \check{\mu}_{gt} = \mathbf{A}_{gt} \boldsymbol{\mu} [(I+1) \times 1], \quad \check{\Theta}_{gt} = \mathbf{A}_{gt} \Theta_- \mathbf{A}'_{gt} [(I+1) \times (I+1)]; \quad \text{and}$$

$$(8) \quad \check{\mu}_{t't'} = \mathbf{R}_{t't'} \boldsymbol{\mu} [(2(I-1)+1) \times 1] \text{ and } \check{\Theta}_{t't'} = \mathbf{R}_{t't'} \Theta_- \mathbf{R}'_{t't'} [(2(I-1)+1) \times (2(I-1)+1)].$$

With the above definitions, we may write:

$$L_{CML}(\boldsymbol{\theta}) = \left( \frac{f_S(\mathbf{S} = \mathbf{s}; \check{\mathbf{B}}_S, \boldsymbol{\omega}_{\check{\Gamma}_S}, \boldsymbol{\Omega}_{S^+}^*)}{\text{Prob}[C_0 > 0] | (\mathbf{C}_S = \mathbf{s})} \right) \times$$

$$\left( \prod_{g=1}^{G-1} \prod_{g'=g+1}^G \left[ \begin{array}{l} 2\Phi_3 \left[ (\check{\Psi}_{gg'u} - \check{\mu}_{gg'}) \boldsymbol{\omega}_{\check{\Theta}_{gg'}}^{-1}; \boldsymbol{\omega}_{\check{\Theta}_{gg'}}^{-1} \check{\Theta}_{gg'} \boldsymbol{\omega}_{\check{\Theta}_{gg'}}^{-1} \right] - \\ 2\Phi_3 \left[ (\check{\Psi}_{gg'ul} - \check{\mu}_{gg'}) \boldsymbol{\omega}_{\check{\Theta}_{gg'}}^{-1}; \boldsymbol{\omega}_{\check{\Theta}_{gg'}}^{-1} \check{\Theta}_{gg'} \boldsymbol{\omega}_{\check{\Theta}_{gg'}}^{-1} \right] - \\ 2\Phi_3 \left[ (\check{\Psi}_{gg'ul} - \check{\mu}_{gg'}) \boldsymbol{\omega}_{\check{\Theta}_{gg'}}^{-1}; \boldsymbol{\omega}_{\check{\Theta}_{gg'}}^{-1} \check{\Theta}_{gg'} \boldsymbol{\omega}_{\check{\Theta}_{gg'}}^{-1} \right] + \\ 2\Phi_3 \left[ (\check{\Psi}_{gg'l} - \check{\mu}_{gg'}) \boldsymbol{\omega}_{\check{\Theta}_{gg'}}^{-1}; \boldsymbol{\omega}_{\check{\Theta}_{gg'}}^{-1} \check{\Theta}_{gg'} \boldsymbol{\omega}_{\check{\Theta}_{gg'}}^{-1} \right] \end{array} \right] \times \quad (29)$$

$$\left( \prod_{g=1}^G \prod_{t=1}^T \left[ 2\Phi_{1+1} \left[ (\check{\Psi}_{g,up} - \check{\mu}_{gt}) \boldsymbol{\omega}_{\check{\Theta}_{gt}}^{-1}; \boldsymbol{\omega}_{\check{\Theta}_{gt}}^{-1} \check{\Theta}_{gt} \boldsymbol{\omega}_{\check{\Theta}_{gt}}^{-1} \right] - 2\Phi_{1+1} \left[ (\check{\Psi}_{g,low} - \check{\mu}_{gt}) \boldsymbol{\omega}_{\check{\Theta}_{gt}}^{-1}; \boldsymbol{\omega}_{\check{\Theta}_{gt}}^{-1} \check{\Theta}_{gt} \boldsymbol{\omega}_{\check{\Theta}_{gt}}^{-1} \right] \right] \times$$

$$\left( \prod_{t=1}^{T-1} \prod_{t'=t+1}^T 2\Phi_{2^*(I-1)+1} \left[ (\boldsymbol{\omega}_{\check{\Theta}_{t't'}}^{-1}) (-\check{\mu}_{t't'}); \boldsymbol{\omega}_{\check{\Theta}_{t't'}}^{-1} \check{\Theta}_{t't'} \boldsymbol{\omega}_{\check{\Theta}_{t't'}}^{-1} \right] \right),$$

where  $f_S(\mathbf{S} = \mathbf{s}; \check{\mathbf{B}}_S, \boldsymbol{\omega}_{\check{\Gamma}_S}, \boldsymbol{\Omega}_{S^+}^*)$  and  $\text{Prob}[C_0 > 0] | (\mathbf{C}_S = \mathbf{s})$  are as provided in Equations (26) and (27), respectively.

In the above expression, an analytic approximation approach is used to evaluate the MVNCD functions in the second, third, and fourth elements (this analytic approach is embedded within the MACML approach of Bhat, 2011). Specifically, the logarithm of Equation (29) is computed for each of the individuals  $q$  in the sample using the MACML approach

$(\log L_{MACML,q}(\boldsymbol{\theta}))$  and the MACML estimator is then obtained by maximizing the following function:

$$\log L_{MACML}(\boldsymbol{\theta}) = \sum_{q=1}^Q \log L_{MACML,q}(\boldsymbol{\theta}). \quad (30)$$

The covariance matrix of the parameters  $\boldsymbol{\theta}$  may be estimated by the inverse of Godambe's (1960) sandwich information matrix (see Zhao and Joe, 2005).

$$V_{MACML}(\boldsymbol{\theta}) = [G(\boldsymbol{\theta})]^{-1} = [H(\boldsymbol{\theta})]^{-1}[J(\boldsymbol{\theta})][H(\boldsymbol{\theta})]^{-1},$$

where  $H(\boldsymbol{\theta})$  and  $J(\boldsymbol{\theta})$  can be estimated in a straightforward manner at the MACML estimate  $\hat{\boldsymbol{\theta}}_{MACML}$  as follows:

$$\begin{aligned} \hat{H}(\hat{\boldsymbol{\theta}}) &= - \left[ \sum_{q=1}^Q \frac{\partial^2 \log L_{MACML,q}(\boldsymbol{\theta})}{\partial \boldsymbol{\theta} \partial \boldsymbol{\theta}'} \right]_{\hat{\boldsymbol{\theta}}_{MACML}}, \text{ and} \\ \hat{J}(\hat{\boldsymbol{\theta}}) &= \sum_{q=1}^Q \left[ \left( \frac{\partial \log L_{MACML,q}(\boldsymbol{\theta})}{\partial \boldsymbol{\theta}} \right) \left( \frac{\partial \log L_{MACML,q}(\boldsymbol{\theta})}{\partial \boldsymbol{\theta}'} \right) \right]_{\hat{\boldsymbol{\theta}}_{MACML}}. \end{aligned} \quad (31)$$

### 3.6. Ensuring the Positive-Definiteness of Matrices

The covariance matrices in the CML function need to be positive definite. This can be assured by ensuring that the covariance matrix  $\boldsymbol{\Theta}$  in Equation (23) is positive definite, which itself requires

that  $\boldsymbol{\Omega}_+^* = \begin{pmatrix} 1 & \boldsymbol{\rho}' \\ \boldsymbol{\rho} & \boldsymbol{\Gamma} \end{pmatrix}$  in the structural equation system be positive definite and the covariance

matrix of utility differentials in the choice model,  $\tilde{\boldsymbol{\Lambda}}$ , also be positive definite. The simplest way to ensure the positive-definiteness of these matrices is to use a Cholesky-decomposition and parameterize the CML function in terms of the Cholesky parameters (rather than the original covariance matrices). For  $\boldsymbol{\Omega}_+^*$ , we also need to ensure that the Cholesky decomposition  $\mathbf{L}_{\Omega_+^*}$  is such that  $\boldsymbol{\Omega}_+^*$  is a correlation matrix. This is done by parameterizing the diagonal terms of  $\mathbf{L}_{\Omega_+^*}$  as

follows:

$$\mathbf{L}_{\Omega_+^*} = \begin{bmatrix} 1 & 0 & 0 & \cdots & 0 \\ l_{21} & \sqrt{1-l_{21}^2} & 0 & \cdots & 0 \\ \vdots & \vdots & \vdots & \ddots & \vdots \\ l_{L+1,1} & l_{L+1,2} & l_{L+1,3} & \cdots & \sqrt{1-l_{L+1,1}^2 - l_{L+1,2}^2 - \cdots - l_{L+1,L}^2} \end{bmatrix}. \quad (32)$$

In the estimation, the Cholesky elements in the matrix  $\mathbf{L}_{\Omega_+^*}$  are estimated, guaranteeing that  $\mathbf{\Omega}_+^*$  is indeed a correlation matrix. In addition, the top diagonal element of  $\tilde{\mathbf{\Lambda}}$  has to be normalized to one (as discussed earlier), which implies that the first element of the Cholesky matrix of  $\tilde{\mathbf{\Lambda}}$  is fixed to the value of one.

## **4. APPLICATION TO BICYCLIST ROUTE CHOICE**

### **4.1. Background**

Americans are less dependent on motorized vehicles today and are driving less than in 2005. This trend is particularly being led by millennials (those born between 1983 and 2000) who wait longer to obtain a driver's license and who drive significantly fewer miles than previous generations of young Americans (see Dutzik and Baxandall, 2013). The decrease in driving, not surprisingly, has been associated with an increase in travel by other means of transportation. For instance, the number of workers commuting by the bicycle mode has increased by 39 percent between 2005 and 2011. At an absolute level, 18 percent of the U.S. population age 16 or older rode a bicycle at least once during the summer of 2012, according to the 2012 National Survey of Bicyclist and Pedestrian Attitudes and Behavior (Schroeder and Wilbur, 2013). These trends of decreasing driving and the increasing use of non-motorized forms of travel has not gone unnoticed by planners and policy leaders. In particular, there is increasing attention today on designing built environments that promote the use of non-motorized travel modes of transportation, as part of an integrated land use-transportation approach to address traffic congestion issues (see, for example, Metropolitan Transportation Commission, 2009, and Southern California Association of Governments, 2012). This is as opposed to the predominantly one-dimensional and resource-intensive solution in the past of building additional roadway capacity, which is becoming increasingly more difficult to sustain from a financial and environmental perspective.

Even as transportation professionals view the promotion of non-motorized forms of transportation as an element of a multidimensional toolbox of strategies to address traffic congestion issues (and consequent air pollution and greenhouse gas emissions considerations), health scientists view walking and bicycling as a means to build up a "health capital" from physical activity participation. Specifically, it is now well established in the epidemiological

literature that physical activity is important for the health and well-being of individuals. In addition to reducing the incidence of obesity and its several concomitant adverse mental and physical health consequences, physical activity presents benefits even to non-obese and non-overweight individuals from the standpoint of increasing cardiovascular fitness, improving mental health, and decreasing heart disease, diabetes, high blood pressure, and several forms of cancer side effects (National Center for Health Statistics, 2010).

In the context of the above discussion, the empirical focus of this paper is on bicycle route choice. This emphasis is motivated by the fact that designing good routes for bicycling (with desired facilities along the way) is an important component of promoting bicycling in the first place. Besides, with limited funds, policy makers need to identify the best pathways along which to invest in bicycle facilities. Additionally, a good knowledge of bicyclist route choice decisions can help design vibrant and physically active cities. At its core, route choice entails an analysis of how individuals perceive, and trade-off among, a host of route attributes such as travel distances, travel times, traffic volumes, terrain grade, parking presence and type (no parking allowed or parallel parking or angled parking), speed limits, number of cross-streets, and the type and number of traffic control devices along a route.

To be sure, there have been many studies in the recent past that have examined bicyclist route choice decisions. These studies have used revealed preference data (that is, collecting route choice in a natural setting and then developing a set of non-chosen alternatives) or stated preference data (that is, providing a hypothetical set of two to three routes characterized by specific attributes, and asking the individual to make a route choice between the presented routes).<sup>3</sup> Some recent examples of revealed preference-based bicyclist route choice models include Menghini *et al.*, 2010, Hood *et al.*, 2011, Broach *et al.*, 2012, and Rendell *et al.*, 2012), while some recent examples of stated preference-based bicyclist route choice models include

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<sup>3</sup> There are advantages and disadvantages of using revealed preference and stated preference data for bicyclist route choice analysis. Revealed preference data are naturalistic and provide information on the actual chosen alternative. However, they are relatively cumbersome to collect, provide limited variation in relevant route attributes and also require the generation of non-chosen paths (and inappropriate generation of non-chosen paths can lead to biased estimation results). Stated preference data are easier to collect, provide variation over a range of potentially relevant attributes (since the routes are constructed by the analyst) to provide rich trade-off information, obviate the need to generate choice sets, and can examine attributes/attribute levels that are not manifested in current bicycling routes. Limitations of stated preference data include comprehension difficulties in the hypothetical scenarios, and exaggeration effects to attempt to influence policy decisions. Stinson and Bhat (2003) and Hood *et al.* (2011) discuss the advantages and disadvantages of revealed and stated preference data in more detail. In this paper, as we will discuss in the next section, a stated preference survey is used in the analysis.

Sener *et al.*, 2009, Caulfield *et al.*, 2012, and Chen and Chen, 2013. These earlier studies have made important contributions to our understanding of bicyclist route choice decisions, and have underscored the fact that bicyclists do indeed consider a range of route attributes when making their route choices (in contrast to the typical practice in travel demand modeling that assumes that distance is the sole criterion in bicyclist route choice decisions; see also Menghini *et al.*, 2010 and Rendell *et al.*, 2012). Earlier studies have also indicated that the valuation of route attributes differ according to trip purpose (commuting versus non-commuting) and demographic characteristics. But none of these earlier route choice studies have explicitly considered bicycling attitudes and perceptions. In fact, except for Sener *et al.* (2009) and Chen and Chen (2013), earlier studies have not even considered potential taste (sensitivity) variations across individuals to route attributes due to unobserved individual characteristics. For instance, some individuals may be avid and intense pro-bicycle enthusiasts (relative to their otherwise observationally equivalent peers), and this may translate to increased sensitivity to such route operational characteristics as number of cross-streets (because pro-bicyclists may see cross-streets as a nuisance). Of course, it is also possible that pro-bicycle enthusiasts have a decreased sensitivity to the number of cross-streets because they take things in stride. Similarly, some bicyclists may be very safety conscious (say an unobserved variable to the analyst) relative to their observationally equivalent peers, which can then get manifested in the form of increased sensitivity to on-street parking attributes, bikeway facility characteristics (such as a continuous versus discontinuous facility), and roadway functional characteristics (such as motorized traffic volumes along route and speed limit on roadway). But even Sener *et al.* (2009) and Chen and Chen (2013) consider the effects of unobserved characteristics only implicitly, by allowing continuous (in the case of Sener *et al.*, 2009) or discrete (in the case of Chen and Chen, 2013) random distributions to capture sensitivity variations across individuals to route attributes (that is, taste heterogeneity). This random distribution approach, while better than assuming the absence of the moderating effects of unobserved factors, still treats unobserved psychological preliminaries of choice (*i.e.*, attitudes and preferences) as being contained in a “black box” to be integrated out. On the other hand, the ICLV approach allows a deeper understanding into the route choice decision process of bicyclists by developing a conceptual structural model for the “soft” psychometric measures associated with individual attitudes and perceptions. Specifically, the latent constructs of attitudes and perceptions are related to observed individual-specific



covariates in the structural equation model, and these latent constructs then are interacted with the “hard” observed route attribute variables to explain route choice. In doing so, a parsimonious and behavioral structure is provided to the nature of heterogeneity (across individuals) in route attribute effects. Importantly, this specification immediately considers both observed and unobserved heterogeneity in route attribute effects (because the latent constructs are related to observed individual variables), as well as accommodates covariance in the route attribute effects (because the same latent variable may be interacted with multiple route attributes; thus, for example, safety consciousness can lead to increased sensitivity to multiple route attributes at once). Finally, our specification immediately allows non-normal distribution effects for the heterogeneity effects of route attributes, rather than *a priori* imposing a normal distribution.

To our knowledge, this is the first application of an ICLV structure to bicycle route choice modeling, in addition to this being the first application of the SN-ICLV model in the econometric literature. In addition, we apply the SN-ICLV model to a repeated choice data case, rather than the cross-sectional analysis of some other ICLV studies (such as Prato *et al.*, 2012).

#### **4.2. Data and Sample Formation**

The data for this study is drawn from a 2009 web based survey conducted by the University of Texas at Austin. Details of the survey procedures are provided in Sener *et al.* (2009), and so only a brief overview of the survey is provided here. The focus of the survey effort was on obtaining information from individuals (aged 18 years or above) who have had some experience in bicycling, since the objective was to elicit useful information for an assessment of bicycle facilities and an analysis of bicycling concerns/reasons. Further, given the focus on bicyclists, the route choice model estimates are valid even though we do not have a representative sample of bicyclists. This is due to Manski and Lerman’s (1977) result for exogenous samples, which is applicable here because the alternatives in the route choice analysis are unlabeled alternatives constructed by the analyst. In this sense, we do not have a choice-based sample because respondents are not chosen based on their route choice.

The survey collected limited information on demographic (age, gender, education, and household size) and employment-related characteristics (commute distance, work schedule flexibility), along with much more comprehensive information on the bicycling characteristics of the respondents (in the rest of this paper, we will refer to the demographic and employment-

related characteristics as individual-specific attributes). In addition, the survey solicited respondent views on three psychological construct indicators related to the overall quality of bicycle facilities, bicycling safety from traffic crashes, and the frequency of non-commute bicycling during the year. All these three indicator variables were measured on a 4-point ordinal scale, as follows: (1) overall quality of bicycle facilities (very inadequate, inadequate, adequate, very adequate), (2) bicycle safety from traffic crashes (very dangerous, somewhat dangerous, somewhat safe, and very safe), and (3) frequency of non-commute bicycling (about once or twice a month, about once a week, 2-3 days per week, and 4-5 days (or more) per week). We hypothesize that individuals with a “pro-bicycle” attitude (the first latent construct we use) will be more positive about the quality of bicycle facilities (the first indicator variable) and will undertake more bicycling for non-commuting purposes (the third indicator variable). Also, we propose that a “safety-conscious” personality (the second latent construct we use) will tend to have a lower evaluation of bicycle safety from traffic crashes (the second indicator variable).

The route choice stated preference (SP) scenarios were presented in the form of a table with three columns and five rows (each column representing a hypothetical route, and each row representing a certain level of an attribute; respondents were asked to choose the route they would use from the three routes presented). The route attributes included the following:

- On-street parking – Parking type (none, angled, or parallel), parking turnover rate, length of parking area, and parking occupancy rate.
- Bicycle facility characteristics – On-road bicycle lane (a designated portion of the roadway striped for bicycle use) or shared roadway (a shared roadway open to both bicycle and motor vehicle travel), width of bicycle lane if present or overall roadway width if shared roadway, and bicycle facility continuity.
- Roadway physical characteristics – Roadway grade, and number of stop signs, red lights and cross streets.
- Roadway functional characteristics – Motorized traffic volume and speed limit.
- Roadway operational characteristics – Travel time.

The route attribute levels corresponding to the attributes listed above, except travel time, are available in Sener *et al.* (2009), and reproduced in Table 1 for completeness. Before discussing the generation of travel time attribute levels in the experiments, we should note that separate experimental designs were developed for commuter bicyclists (those who bicycle for commuting

purposes, some of whom may also bicycle for non-commuting reasons) and non-commuter bicyclists (designated to be those who bicycle only for non-commuting purposes). The identification of respondents into these two bicyclist groups was based on questions before the SP experiments were presented. Further, travel time was included as an attribute only for commuter bicyclists, since non-commute travel is mainly for recreation pursuits with no specific destination in mind. The travel time attribute level for each route (for commuter bicyclists) in the SP experiments was designed to be pivoted off the actual commute time by bicycle as reported by the individual. This was done to preserve some amount of realism in presenting alternative routes in the stated choice experiments.

In total, there are 11 route attributes for commuting-related SP experiments, and 10 route attributes for non-commuting-related experiments. To reduce respondent burden when evaluating routes, we used a partitioning mechanism where only five attributes were used to characterize routes for any single respondent. At the same time, the selection of the five attributes for any individual was undertaken in a carefully designed rotating and overlapping fashion to enable the capture of all variable effects when the responses from the different SP choice scenarios across different individuals are brought together. Each respondent is presented with four choice questions (or choice experiments) in the survey.

The survey included a total of 1689 respondents. After screening for missing data and other inconsistencies, the final sample size included a total of 1429 respondents with a total sample size of 5716 (1429 individuals with 4 choice occasions each). Further, we split the sample into 70% for estimation and 30% for prediction. Thus, the estimation and prediction samples included 1000 respondents (with 4000 choice occasions) and 429 respondents (with 1716 choice instances), respectively.

### **4.3. Impact of Latent Variables**

The route choice experiments involve unlabeled route alternatives, in which each route is represented by a set of attributes. Thus, the impact of the latent variables on route choice is characterized by moderating the effect of these route attributes on route choice. Based on the discussion in the previous section, we expect that pro-bicycle enthusiasts will be less sensitive to route physical and operational characteristics, while safety conscious bicyclists will be highly sensitive to on-street parking attributes, bikeway facility characteristics, and roadway functional

characteristics. The overall conceptual diagram for the model system is provided in Figure 1. First, both the latent constructs, pro-bicycle and safety consciousness, are specified as a function of the individual-specific characteristics of cyclists in a structural equation model (see the center of Figure 1). The two latent constructs are mapped to cyclists' perceptions through indicator variables in a measurement equation model (shown separately at the bottom of Figure 1). As discussed in the previous section, the "pro-bicycle" attitude is mapped to the ordinal indicators related to the overall quality of bicycle facilities and the frequency of non-commute bicycling, while the "safety conscious" personality is mapped to the ordinal indicator related to bicycling safety from traffic crashes. The latent constructs and individual-specific variables (subject to the identification issues discussed in Section 3.4) are then interacted with the route attributes to formulate the utility of each unlabeled route alternative. The utility of a route is manifested in the actual observed route choice in the stated preference experiments.

#### **4.4. Explanatory Variables in Route Choice Model**

In the route choice model, we consider all the route attributes described in Table 1. In the discussion below, we discuss our general expectations of the effects of these route attributes as well as the interaction effects with latent variables. For the parking related variables (parking type, parking turnover rate, length of parking area and parking occupancy rate), we expect to observe a negative coefficient, as routes with parking facilities, high parking turnover rate, high parking area length, and high parking occupancy rate are likely to cause ride discomfort to bicyclists and at the same time increase the likelihood of crashes between motorized vehicles and bicyclists (due to the presence of blind spots, reduction in sight distance and limited lateral space for maneuverability). We also allow interaction effects with the latent variable "safety consciousness". Second, for the bicycle facility variables (on-road bicycle lane rather than a shared roadway, bikeway facility width, and continuous bicycle facility indicator variable), we expect positive coefficients, as the presence of a separate bicycle lane or a large facility width or a continuous bicycle facility along a route is likely to encourage the use of the route due to better maneuvering and cushion space, lower chances of accidents, and less interruptions in bicycling. We consider interactions among the bicycle facility variables and the latent variable 'pro-bicycle' to test the hypothesis that individuals who are more "pro-bicycle" would be more accommodating of limited bicycle facilities relative to those who are less "pro-bicycle". Third,

we expect the physical characteristics of the roadway (terrain grade and number of stop signs, red lights, and cross streets) to impact route choice. For terrain grade, one may observe positive or negative effects on bicyclists' route choice decisions. Thus, bicyclists may prefer flat terrains for the commute (relative to non-commute travel purposes), so that they do not overexert and they arrive at work in a presentable way. But, for non-commute bicycling, respondents may prefer a moderate grade over no grade as they may prefer some level of physical activity benefit. Further, assuming that "pro-bicycle" individuals are likely to be fitter, we hypothesize that they are more likely to prefer moderate to high grades over flat terrains. For the number of stop signs, red lights, and cross-streets, we anticipate a negative influence on route choice because of the travel disruption, and we hypothesize that this negative influence will be particularly pronounced for avid "pro-bicycle" individuals who bicycle often. Fourth, for roadway functional characteristics (traffic volume and speed limit), we also expect negative coefficients, as high motorized traffic volumes and high speed limits increase the likelihood of accidents and the consequences of an accident. We allow an interaction between the 'safety' latent variable and roadway functional characteristics, with the expectation that individuals who are safety conscious would particularly shy away from routes with high motorized traffic volumes and high speed limits. Finally, we expect a negative coefficient on the travel time variable for commute bicycling route choice.

#### **4.5. Structural Equation Model Results**

Table 2 provides the results for the effects of individual-specific variables on the two latent constructs in the structural equation model, each of which is discussed in turn in the subsequent sections. But before doing so, a couple of issues. For the effects of the age variable on the latent constructs, we attempted continuous functional forms as well as spline effects (that is, piecewise linear effects), but the dummy variable specification as in Table 2 provided the best results. Second, we have introduced the specification for all the dummy variables in Table 2 in such a way that the estimated coefficients are all positive. This is accomplished by choosing the base category for each exogenous variable such that the base category has the lowest value on the latent constructs. This is done so that the location values of the latent constructs (that is, the  $\alpha_w$  component in Equation (10)) is always positive, which helps when we interpret the moderating

effects of the latent constructs on the sensitivity to route attributes in the route choice model (see Section 4.7).

#### **4.5.1. Pro-Bicycle Attitude**

The results in Table 2 indicate that the pro-bicyclist tendency is the highest for individuals in the 18-24 years age group (the youngest age group) and progressively decreases thereafter. This result may be a reflection of the increasing acceptance and use of alternatives modes of transportation (other than driving alone) by young individuals (the so-called millennials), a trend that started to surface in about 2008 (Pucher *et al.*, 2011). This trend has been associated with factors such as higher environmental consciousness in the younger generation, the high costs of insurance and fuel at a time when the economy has been weak, and substitution of in-person “hangouts” by virtual “hangouts” using social mobile devices. The steady decrease in pro-bicyclist attitudes with age may also be an indirect manifestation of the fact that bicycling requires physical effort, and the participation levels and intensity of physical activity, in general, tend to decrease with age (Pucher and Renne, 2003).

The pro-bicycle attitude also has a clear gender association, with men more likely to have pro-bicyclist tendencies than women (see Pucher *et al.*, 2011). This may reflect a preference for less strenuous forms of physical activity among women or may be attributable to less discretionary time available to invest in bicycling and recreation because of women’s traditional work-family responsibilities (Garrard *et al.*, 2008). In addition, Table 2 shows a higher pro-bicycling attitude among single person households relative to other types of households, consistent with some earlier studies (for example, Handy *et al.*, 2010) that have found a higher propensity to bicycle among people living alone.

#### **4.5.2. Safety-Conscious Personality**

For the ‘safety-conscious’ latent variable, we observe that individuals in the middle age group (between 25-44 years of age) and beyond (more than 44 years of age) are more safety conscious than younger individuals (between 18-24 years of age, which is the base age category). This may be reflective of humans tending to be opportunistic and less risk-averse when young (between 18-24 years of age) due to sensation-seeking and a feeling of invincibility, but becoming less adventurous and more risk-averse in their late 20’s and beyond when child-rearing and career-

building take center stage (Turner and McClure, 2003 and Dohmen *et al.*, 2010). In the bicycling context, it may also be related to the worry about slower reflexes and recovering from bicycle-related crash injuries, combined with family responsibilities, when individuals are beyond 44 years of age (which makes this group of individuals the most safety conscious).

The gender variable also affects the ‘safety-conscious’ latent construct; women are more safety-conscious than men in the context of bicycling safety from traffic crashes, a finding generally consistent with the psychological literature (see Akar *et al.*, 2013). For example, Croson and Gneezy (2009) offer three explanations for the gender difference in risk-taking (which is on the reverse scale of safety-consciousness). The first is based on the notion of “risk as feelings” (see also Loewenstein *et al.*, 2001), which states that our instinctive and intuitive emotions dominate reasoned approaches when faced with risk. Further, since women experience feelings of nervousness and fear more than men in anticipation of negative outcomes, the net result is a heightened risk-averseness (or higher safety consciousness) among women. The second is based on the notion of confidence; many earlier studies indicate that men tend to be more overconfident in uncertain situations (see also Soll and Klayman, 2004 and Niederle and Vesterlund, 2007), which translates to more risk-taking (and less safety-consciousness) in men than women. The third explanation is tied to the notion of believed appropriate response; that is, men tend to view a risky situation as a challenge that warrants participation, while women tend to view risky situations as threats that must be avoided (McDaniel and Zuckerman, 2003 and Meier-Pesti and Penz, 2008). In the context of the current paper, bicycling represents the risky situation, given that bicyclists in the U.S. are 2.3 times more likely to be fatally injured on a given trip relative to motorized vehicle occupants (see Beck *et al.*, 2007).

Finally, Table 2 indicates that the lower the education status of an individual, the higher is the level of concern about safety from traffic crashes. Rosen *et al.*, (2003) found a similar result that individuals with high education status exhibit more risk-taking tendencies compared to individuals with low education status. In the context of bicycling, it is possible that individuals with higher levels of education tend to be more aware of traffic safety rules and regulations, and have a more objective and less negative perspective of safety from traffic crashes

The correlation matrix of  $\boldsymbol{\eta}$ , which is standard multivariate skew-normally distributed,  $\boldsymbol{\eta} \sim \text{SMVSN}(\boldsymbol{\Omega}_+^*)$ , is given by:

$$\mathbf{\Omega}_+^* = \begin{pmatrix} 1 & \boldsymbol{\rho}' \\ \boldsymbol{\rho} & \mathbf{\Gamma} \end{pmatrix} = \begin{bmatrix} 1.00 \text{ (fixed)} & -0.52 \text{ (-5.7)} & -0.10 \text{ (-5.2)} \\ -0.52 \text{ (-6.8)} & 1.00 \text{ (fixed)} & -0.60 \text{ (-19.2)} \\ -0.10 \text{ (-5.2)} & -0.60 \text{ (-19.2)} & 1.00 \text{ (fixed)} \end{bmatrix}, \quad (33)$$

where the t-statistics of the estimated parameters are provided in parenthesis. As can be observed, there is significant skew in both the pro-bicycle and safety-consciousness latent constructs. The implied shapes of the marginal skew-normal density functions for the two latent constructs are provided in Figure 2. There is a clear left skew in the density functions, suggesting a large fraction of individuals who do not have a favorable opinion about bicycling in general and a large fraction of individuals who also are relatively insensitive to bicycling safety from crashes. However, as should be obvious from the figure, the distribution of the safety-consciousness tendency is much closer to the normal than that of the pro-bicycle attitude. We did not have any a priori hypotheses about these distributions, since these can be context-specific. However, we should note that the left skew for safety consciousness is rather consistent with the longer right tail generally observed in the social-psychological literature (see, for example, Bakshi and Madan, 2006). That is, in the context of risk-taking, more people lie in the lower spectrum of risk-taking, though there is that small fraction of high risk-takers. In any case, the important point is that the empirical fit shows that the latent constructs (and especially the pro-bicycling attitude) are not symmetric and are not normally distributed. Statistically speaking, the skew parameters in the  $\boldsymbol{\rho}$  vector (see the first column of the covariance matrix  $\mathbf{\Omega}_+^*$  of Equation (33)) are different from zero, indicating that the latent constructs are statistically different from normal distributions. Finally, there is a significant negative correlation between the pro-bicycle and safety-conscious latent constructs, which is quite intuitive. That is, individuals who are more pro-bicycle than their observationally equivalent peers are also less concerned about the dangers of bicycle-related crashes.

#### 4.6. Measurement Equation Model Results

The measurement equation model provides the loading of the latent constructs on the indicator variables (see the bottom of Figure 1). In our empirical context, all the three indicator variables are of an ordinal nature, and Equation (12) in Section 3.2 applies. In this equation, the parameter vectors  $\tilde{\boldsymbol{\delta}}$  and  $\boldsymbol{\psi}$  do not have any substantive interpretations, and simply map the scale of the



underlying latent variable vector  $\mathbf{z}^*$  to the observed ordinal indicators (we do not present the  $\tilde{\delta}$  and  $\boldsymbol{\psi}$  estimates here to conserve on space, but these are available from the authors). More important are the estimates of the vector  $\tilde{\mathbf{d}}$  in Equation (12). The estimated values for this vector are as follows: (1) The loading of the “pro-bicycle” latent variable on the overall quality of bicycle facilities is 1.71 (t-statistic of 8.96), showing that respondents with a high pro-bicycle attitude also have a favorable opinion of the quality of bicycle facilities, (2) The loading of the “safety consciousness” personality on bicycling experience from the perspective of safety from traffic crashes is -1.10 (t-statistic of -15.01), reflecting the expected lower evaluation of traffic safety during bicycling by safety-conscious bicyclists, and (3) The loading of the “pro-bicycle” attitude on the frequency of non-commute bicycling throughout the year is 0.27 (t-statistic of 11.23), showing the positive impact of a favorable bicycle attitude on non-commute bicycling frequency.

#### **4.7. Route Choice Model Results**

Table 3 provides the parameter estimates for the route choice model parameters of the SN-ICLV model. In arriving at the final specification, we attempted a number of interaction effects of route attributes with individual-specific observed variables, in addition to interaction effects of route attributes with the two latent constructs (whenever the two effects can be identified based on the sufficiency conditions discussed in Section 3.4). However, none of the individual-specific observed variable interaction effects turned out to be statistically significant (except for trip purpose interacted with terrain grade) when the latent construct interaction effects were also included. That is, our results essentially showed that individual-specific observed variables impact route choice through the latent constructs and not directly, providing substantial support for the ICLV model structure and the specification used in the paper.

In the discussion of Table 3 below, and purely for interpretation ease, we will interpret the coefficients on the latent constructs as though the latent constructs were deterministic (technically, the latent constructs are skew-normally distributed, engendering unobserved heterogeneity in the moderating effects of the latent constructs on the sensitivity to route attributes). Specifically, we will assume that the latent constructs are at their location value of  $\boldsymbol{\alpha}\boldsymbol{w}$ , which, by specification of the structural equation model, is always positive (see Section 4.5.1 and 4.5.2). Also, we note here that the parameters in Table 3 provide the effects of

variables on the utility valuation of routes. Interaction effects of route attributes with the latent constructs/bicyclist characteristics are shown in Table 3 by indenting the labels for latent constructs/bicyclist characteristics under the route attributes.

The effects of on-street parking characteristics indicate that all bicyclists prefer no parking rather than any form of parking on their route (note that the base category for parking type is “absence of parking”, and the signs of all the parking type-related variables are negative). Parking presents a general hindrance to bicycle movement and restricts the cushion between motorized traffic and bicyclists. The results also indicate that angled parking is preferred to parallel parking, presumably because of better visibility and line of sight for bicyclists as cars pull out from an angled parking configuration. On the other hand, parallel parking (a) presents more disruption to bicyclists as motorists maneuver into or out of a parallel parking spot, and (b) poses a “dooring” problem to bicyclists. As importantly, and intuitively, bicyclists who are safety-conscious are more concerned about (and stay away from) routes with parking, particularly those with parallel parking. The effects of the remaining parking variables are also as expected, and reveal that routes with high parking turnover rate, length of parking area, and parking occupancy rate reduces the attractiveness of bicycling routes, particularly so for safety conscious individuals. All of these parking attributes present disruptions to the movement of bicyclists because of more potential conflict occasions and conflict durations during a bicyclist’s trip.

The effects of bicycle facility characteristics reveal that routes with a continuous bicycle facility (the whole route has a bicycle lane or wide outside lane) are preferred relative to those with a discontinuous facility (see also Caulfield *et al.*, 2012). Further, bicyclists prefer routes with no bicycle lane and a wide outside lane of width greater than or equal to 10.5 feet to routes with a bicycle lane of width less than 6.75 feet (we did not find statistically significant differences in preferences between a 3.75 feet bicycle lane and a 6.25 feet bicycle lane, and so both of these levels form the base category). That is, bicyclists appear to prefer wide bicycle facilities (even if not explicitly demarcated and separated from motorist lanes) to demarcated but narrow bicycle lanes. Bernhoft and Carstensen (2008) also found a similar result. While this result may seem counterintuitive, it is suggestive of the notion that facility width is a better representation of space cushion in the mental perception map of bicyclists than is facility separation. Interestingly,

we did not find any statistically significant interaction effect of a safety conscious personality with bicycle facility characteristics.

The effects of roadway physical characteristics provide some surprising results in the context of terrain grade. To interpret the coefficients, we should note first that the location of the pro-bicycle latent construct varies (across individuals) from a value of zero to the value of 0.637 (mean of 0.158), while the location of the safety consciousness construct varies from a value of zero to the value of 0.372 (mean of 0.126). Then, the results in Table 3 indicate that all individuals (technically in the location) most prefer moderate hills to flat grades, especially for non-commuting bicycling (as can be observed from the negative coefficient on commuting bicycling). This trend may be attributed to the preference for a bicycle route that is not monotonous in landscape or physical effort, especially for bicycling for recreation/leisure (see Stinson and Bhat, 2003 for a similar result). The results for “steep hills” are a little more tricky. At the mean location value for the pro-bicycle attitude of 0.158, the coefficient of steep hills is 0.047 ( $=0.087-0.252*0.158$ ) for non-commuting bicyclists and -0.072 ( $=0.087-0.252*0.158-0.119$ ) for commuting bicyclists. That is, non-commuting bicyclists prefer steep hills to a flat grade, while commuting bicyclists prefer flat grades to steep hills. The latter effect is intuitive, because individuals would like to arrive at work in a reasonably presentable fashion. However, surprisingly and when examining the coefficient on the pro-bicycling variable, the results show that individuals who are higher on the pro-bicycle scale have a lower preference for moderate and steep grades relative to individuals who are lower on the pro-bicycle scale. This is contrary to our hypothesis presented in Section 4.4. Perhaps this reflects a pre-trip underestimation of the strenuousness of bicycling along moderate to steep grades by individuals who are lower on the pro-bicycle scale, because they bicycle lesser and have less experience. The second variable in the category of roadway physical characteristics reflects the reduced likelihood of using routes with a higher number of traffic controls and cross-streets, particularly for individuals who are pro-bicycle and potentially see traffic controls as very annoying and disruptive (see also Menghini *et al.*, 2010 and Prato *et al.*, 2012).

Next, the effects of roadway functional characteristics show that bicyclists prefer routes with low volumes of motorized traffic to routes with moderate and high volumes of motorized traffic (see also Prato *et al.*, 2012 for a similar result). This is likely to be a combination of a larger space cushion over the stretch of the route when there is only light traffic as well as a

lower likelihood of crashes. As one may expect, safety-conscious bicyclists, in particular, shy away from routes with moderate to high motorized traffic volumes. Similar safety related issues extend to the effect of speed limit on route choice (as also found by Caulfield *et al.*, 2012), with bicyclists (and particularly safety-conscious bicyclists) preferring routes with a speed limit of less than or equal to 35 miles per hour to routes with speed limits exceeding 35 miles per hour. Finally, the coefficient for travel time (relevant only for commute travel) is negative, suggesting that cyclists prefer routes with lower travel times. We did not find statistically significant effects of the latent constructs on the travel time effect.

#### **4.8. Measures of Data Fit**

In this section, we provide measures of fit for the route choice predictions from our proposed SN-ICLV model, the corresponding ICLV model that imposes normal distributions for the latent constructs, as well as an MNP model that ignores the latent constructs but considers observed and unobserved heterogeneity in the effects of route attributes. We would like to note here that, unlike many earlier ICLV-based studies that compare the ICLV model with a simple discrete choice model without any accommodation of observed or unobserved heterogeneity, we consider both observed and unobserved heterogeneity in the “strawman” MNP specification. We believe this is only fair, and that many earlier ICLV studies have not used an appropriate non-ICLV discrete choice model yardstick to compare the estimated ICLV model with. In developing our MNP specification, we extensively tested for observed and unobserved heterogeneity. At the end, only the random (normal) distributions for terrain grade and motorized traffic volumes turned out to be statistically significant. This is as opposed to the SN-ICLV specification in which the error terms in the structural equation system for the latent constructs permeates into unobserved heterogeneity effects for all route attributes that are interacted with one or both latent constructs. Thus, in Table 3, unobserved heterogeneity appears for 12 route attribute effects (angle parking, parallel parking, parking turnover rate, length of parking area, parking occupancy rate, moderate hills, steep hills, moderate # and high # of stop signs, red lights and cross streets, moderate and heavy traffic volumes, and high speed limit), and in a very parsimonious manner because all these effects originate from only two latent constructs.

The predictions from the route choice models in the SN-ICLV, ICLV, and MNP models are compared as follows. For the SN-ICLV and ICLV models, the model system is estimated as

discussed in Section 3 (for ICLV model, we simply fix the skew parameters to zero in the structural equation). For the MNP model, we use a MACML estimation procedure as described on Bhat (2011) (the detailed estimation results for the ICLV and MNP models are not presented here to conserve on space, but may be obtained from the authors). Then, using Equation (17) and the estimated parameters from the MACML estimation for the three different models, one can obtain the logarithm of the probability of the sequence of observed choices for each respondent from each model, which is the predictive log-likelihood function of the route choice model at convergence  $\mathcal{L}(\hat{\boldsymbol{\theta}})$ . Then, the SN-ICLV and the ICLV models can be compared using the familiar likelihood ratio test. For the test between the SN-ICLV and MNP models, one can compute the adjusted likelihood ratio index with respect to the log-likelihood at equal shares:

$$\bar{\rho}^2 = 1 - \frac{\mathcal{L}(\hat{\boldsymbol{\theta}}) - M}{\mathcal{L}(c)}, \quad (33)$$

where  $\mathcal{L}(\hat{\boldsymbol{\theta}})$  and  $\mathcal{L}(c)$  are the log-likelihood functions at convergence and at equal shares (at each choice instance), respectively, and  $M$  is the number of parameters estimated in the model. To test the performance of the two non-nested models (*i.e.* the SN-ICLV and MNP models) statistically, the non-nested adjusted likelihood ratio test may be used. This test determines if the adjusted likelihood ratio indices of two non-nested models are significantly different. In particular, if the difference in the indices is  $(\bar{\rho}_2^2 - \bar{\rho}_1^2) = \tau$ , then the probability that this difference could have occurred by chance is no larger than  $\Phi\{-[-2\tau\mathcal{L}(c) + (M_2 - M_1)]^{0.5}\}$  in the asymptotic limit. A small value of the probability of chance occurrence indicates that the difference is statistically significant and that the model with the higher value of adjusted likelihood ratio index is to be preferred.

The above predictive likelihood ratio test (for the comparison of the SN-ICLV and ICLV models) and non-nested adjusted likelihood ratio test (for the comparison of the SN-ICLV and MNP models) are undertaken both in the estimation sample and the validation sample. We also evaluate the performance of the three models intuitively and informally by computing the average probability of correct prediction across all choice instances, in both the estimation and validation samples. The use of testing on both the estimation and validation samples is to ensure that there is no over-fitting effects during evaluation.

The results for the estimation sample are presented in the second main column of Table 4. The first row provides the log-likelihood at equal shares, which is, of course, the same across the three models. The second row indicates the superior performance of the SN-ICLV model in terms of the predictive log-likelihood value, as does the adjusted likelihood ratio index in the fifth row. The sixth row formally shows the predictive likelihood ratio test result of the comparison of the SN-ICLV model over the ICLV model, indicating the clear dominance of the SN-ICLV data fit. The same result is obtained in the next row through a non-nested adjusted likelihood ratio test comparing the SN-ICLV model with the MNP model; the probability that the adjusted likelihood ratio index difference between the SN-ICLV and MNP models could have occurred by chance is literally zero. The average probability of correct prediction (see the last row of the table) reinforces the results from the statistical tests. Similar results are obtained in the validation sample. In summary, the SN-ICLV model clearly outperforms the other two models from a statistical standpoint.

#### **4.9. Relative Effects of Route Attributes**

All the route attributes in Table 4 are dummy (discrete) variables (or switches), except for travel time for commute-related route choice, and so one can readily obtain the relative importance of the route attributes. While one cannot technically compare the relative effects of the dummy variables and the travel time variable for commute-related route choice, one approach to get an order of magnitude effect is to compute the (dis-)utility effect of travel time at the mean bicycle commute travel time value of 30 minutes in the sample. This yields a value of -0.93, which may be compared with the coefficients on the route attribute dummy variables.

The magnitudes of the coefficients in Table 3 indicate that routes with long travel times (for commuters) and heavy motorized traffic volume are, by far, the most unlikely to be chosen. Other route attributes with a high impact include whether the route has a continuous bicycle facility or not, high parking occupancy rates and long lengths of parking when parking is allowed, and a high speed limit (more than 35 mph) on the route. On the other hand, bicycle facility width (if a bicycle lane exists) or width of wide outside lane (if a bicycle lane does not exist) are the least important attributes in bicyclist route choice evaluation, while the impact of terrain grade and angle parking are also quite small.

The results above have at least four general implications for bicycling infrastructure investments. First, the results suggest that providing some kind of a continuous facility (either in the form of a wide outside lane or in the form of an exclusive bicycle lane) is more important than the specific type of facility provided (whether a wide outside lane or whether an exclusive bicycle lane). Second, there is a suggestion that providing a wide outside lane (without any demarcation in motorized vehicle and bicycle movement) may be somewhat better than providing a relatively narrow but exclusive bicycle lane (from the perspective of the attractiveness of a route to bicyclists). This is consistent with the concept of vehicular bicycling, which is based on the notion that bicycling safety is improved by sharing of the roadway between motorists and bicyclists, and educating motorists to recognize bicyclists as legitimate users of roadways (see Sener *et al.*, 2009 and Pucher *et al.*, 2011). However, we must emphasize again here that the precise form of the bicycle facility pales in comparison to providing a continuous facility of some form in the first place. Third, our results imply that disallowing parking on potential routes would be a good strategy to attract bicyclists to use these routes. If parking has to be allowed due to other considerations, restricting the length of parking and the hours of parking may be an approach to reduce the deterrent effects on bicycling along the route. Additionally, the notion of limiting the duration of parking for a specific vehicle, while may be helpful from other transportation considerations, does seem to discourage bicycling along the route (since limiting parking duration results in frequent vehicle turnovers). Planners may want to consider these parking-related effects on bicyclist route choice when designing and investing in bicycle facilities. Doing so also has the potential to promote bicycling, since safety conscious bicyclists (and by extension, individuals who may not be bicycling because of their worry about safety when bicycling) are particularly sensitive to parking-related attributes. Fourth, other important issues that planners need to consider in designing bicycle facilities are speed limit restrictions and ways to control motorized traffic volumes.

## **5. CONCLUSIONS**

Integrated choice and latent variable (ICLV) models enable researchers to provide a structure to unobserved effects in choice modeling, and are gaining popularity as a means to unravel the decision process of individuals in choice situations. However, a substantial limitation of traditional ICLV models is that they impose a normal distribution assumption for the unobserved

latent constructs. But there is no theoretical basis for making such an assumption. Besides, imposing this assumption when the structural errors are non-normal can render all parameter estimates inconsistent. In the current paper, we have proposed a skew-normal distribution form for the latent constructs. To our knowledge, this is the first such ICLV model proposed in the econometric literature. The multivariate skew-normal (MSN) distribution that we use is tractable, parsimonious in parameters that regulate the distribution and its skewness, and includes the normal distribution as a special interior point case (this allows for testing with the traditional ICLV model). It also is flexible, allowing a continuity of shapes from normality to non-normality, including skews to the left or right and sharp versus flat peaking toward the mode (see Bhat and Sidharthan, 2012). It also immediately accommodates correlation across the latent variables because of its multivariate structure. The resulting skew normal ICLV (SN-ICLV) model we develop is suitable for estimation using Bhat's (2011) maximum approximate composite marginal likelihood (MACML) inference approach.

The proposed SN-ICLV model was applied to model bicyclists' route choice behavior. In this study, two latent variables - pro-bicycle attitude and safety consciousness in the context of traffic crashes - were specified to moderate the effect of route attributes in bicyclist route choice decisions. These latent variables were assumed to be manifested in three ordinal indicator variables associated with (a) perceptions about the overall quality of bicycle facilities, (b) bicycling experience from the perspective of safety from traffic crashes, and (c) how often the respondent bicycles throughout the year for non-commuting reasons. A stated preference methodology using a web-based survey of Texas bicyclists provided the route choice data to implement the SN-ICLV model. The results showed that individual-specific observed variables impact route choice through the latent constructs we developed and not directly, providing substantial support for the ICLV model structure and the specification used in the paper. Importantly, the results showed evidence for non-normality in the latent constructs, with the proposed SN-ICLV model soundly rejecting the traditional ICLV model (with normal latent constructs) and a multinomial probit model (with unstructured heterogeneity in the influence of unobserved factors on the sensitivity to route attributes) based on data fit considerations. Further, the results suggest that the most unattractive features of a bicycle route are long travel times (for commuters), heavy motorized traffic volume, absence of a continuous bicycle facility, and high parking occupancy rates and long lengths of parking zones along the route.



In conclusion, from a methodological standpoint, this paper has developed an extension of the typical ICLV models to incorporate potential non-linearity in the latent constructs. The resulting model should be applicable in a variety of choice contexts. From a substantive standpoint, the model developed here may be used by planners to assess and improve existing bicycle routes as well as to plan better routes by understanding trade-offs among route attributes.

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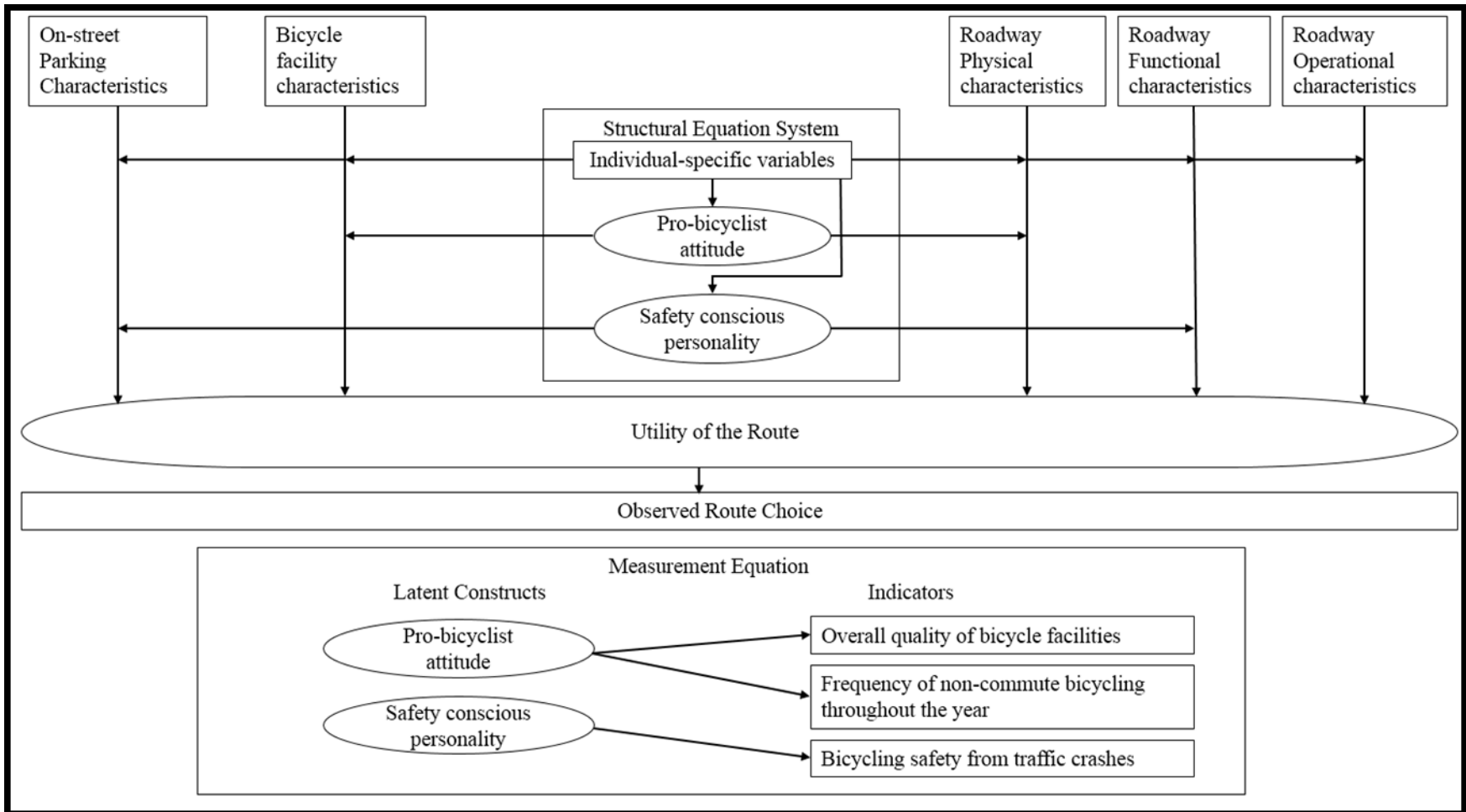
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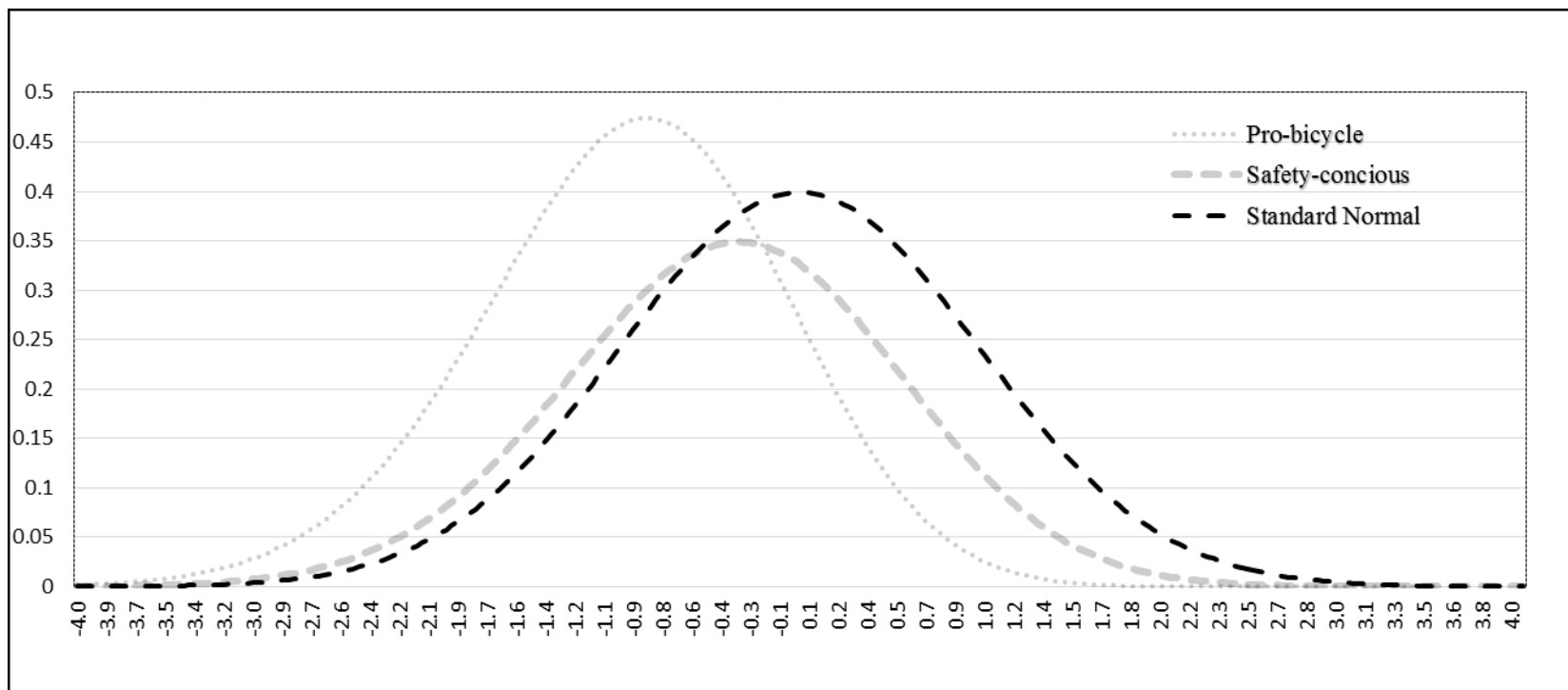
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**Figure 1: Conceptual Diagram for Considering Psychological Constructs in Bicyclists' Route Choice Analysis**



**Figure 2: Marginal Probability Density Plots of latent constructs**



**Table 1. Bicycle Route Attribute Levels Selected for the SP Experiments**

Attribute Category	Attribute	Attribute	Attribute levels	
On-street parking	Parking type	The parking configuration on a shared roadway (for instance, parallel parking)	1. None 2. Parallel 3. Angle	
	Parking turnover rate	The likelihood of a cyclist encountering a car leaving a parking spot along the route	1. Low (A cyclist very occasionally encounters a car leaving a parking spot) 2. Moderate (A cyclist sometimes encounters a car leaving a parking spot) 3. High (A cyclist usually encounters a vehicle leaving a parking spot)	
	Length of parking area	The length of the motor vehicle parking facility on the bicycle route	1. Short (½-1 city block) 2. Moderate (2-4 city blocks) 3. Long (5-7 city blocks)	
	Parking occupancy rate	The percentage of parking spots occupied in a motor vehicle parking facility	1. Low (0-25%) 2. Moderate (26-75%) 3. High (76-100%)	
Bikeway facility	Facility continuity	A bicycle route is considered to be <i>continuous</i> if the whole route has a bicycle facility (a bike lane or wide outside lane) and <i>discontinuous</i> otherwise	1. Continuous – the whole route has a bicycle facility 2. Discontinuous – the whole route does not have a bicycle facility	
	Bikeway facility type and width	The width of the bike lane when it is present; otherwise the roadway width	1. A bicycle lane 1.5 bicycle width wide (or 3.75 feet wide) 2. A bicycle lane 2.5 bicycle width wide (or 6.25 feet wide) 3. No bicycle lane and a 1.5 car width (10.5 feet) wide outside lane 4. No bicycle lane and a 2.0 car width (14.0 feet) wide outside lane 5. No bicycle lane and a 2.5 car width (17.5 feet) wide outside lane	
Roadway physical characteristics	Roadway grade	The terrain grade of the bicycle route (for instance, moderate hills)	1. Flat – no hills 2. Some moderate hills 3. Some steep hills	
	Number of stop signs, red lights and cross streets	Number of stop signs and red lights encountered on the bicycle route	1. 1-2 2. 3-5 3. More than 5	
Roadway functional characteristics	Traffic volume	Traffic volume on the roadways encountered on the bicycle route	1. Light 2. Moderate 3. Heavy	
	Speed limit	Speed limit of the roadways encountered on the bicycle route	1. Less than 20 mph 2. 20-35 mph 3. More than 35 mph	
Roadway operational characteristics	Travel time	Travel time to destination (for commuting bicyclists only)	1. Stated travel time for commute – y 2. Stated travel time for commute – x 3. Stated travel time for commute 4. Stated travel time for commute + x 5. Stated travel time for commute + y	If stated travel time ≤ 25 minutes x = 5, y = 10; If stated travel time > 25 and ≤ 45 minutes x = 5, y = 15; If stated travel time > 45 minutes x = 10, y = 20; The travel time obtained after the operations is rounded off to the nearest multiple of 5

Source: Sener *et al.*, 2009.

**Table 2: Structural Equation Parameter Estimates**

<b>Latent Variable</b>	<b>Attribute</b>	<b>Attribute Level</b>	<b>Estimate (t-stat)</b>
<b>Pro-bicycle</b>	Age (base: greater than 44 years)	Age 18-24 years	0.524 (8.952)
		Age 25-34 years	0.177 (7.970)
		Age 35-44 years	0.031 (2.500)
	Gender (base: female)	Male	0.034 (3.218)
	Household Type (base: non-single household)	Single household	0.079 (5.795)
<b>Safety-conscious</b>	Age (base: age 18-24 years)	Age 25-44 years	0.022 (1.902)
		Greater than 44 years	0.079 (6.236)
	Gender (base: male)	Female	0.084 (9.037)
	Education Status (base: bachelor's degree or graduate degree)	High school or less	0.209 (8.333)
		Associate degree/some college degree	0.080 (9.319)

**Table 3: SN-ICLV Choice Model Parameter Estimates**

	<b>Attribute</b>	<b>Attribute Level and Interactions</b>	<b>Estimate (t-stat)</b>
<b>On-Street Parking Characteristics</b>	Parking type (base: absence of parking)	<i>Angle parking is permitted</i>	-0.192 (-40.104)
		Safety-conscious	-0.014 (-1.676)
	Parking turnover rate (base: low and moderate parking turnover)	<i>Parallel parking is permitted</i>	-0.346 (-67.640)
		Safety-conscious	-0.041 (-1.905)
	Length of parking area (base: short 0.5-1 city blocks)	<i>High</i>	-0.184 (-22.342)
Safety-conscious		-0.191 (-6.903)	
Parking occupancy rate (base: low 0-25%)	<i>Moderate (2-4 city blocks)</i>	-0.297 (-26.257)	
	<i>High (5-7 city blocks)</i> Safety-conscious	-0.341 (-24.171) -0.299 (-5.928)	
<b>Bicycle Facility Characteristics</b>	Continuous bicycle facility (base: discontinuous)	<i>Continuous facility</i>	0.529 (72.071)
	Bicycle facility width/type (base: a bicycle lane of width 3.75 or 6.25 ft)	<i>No bicycle lane and a wide outside lane of width <math>\geq 10.5</math> ft</i>	0.013 (2.107)
<b>Roadway Physical Characteristics</b>	Terrain grade (base: flat-no hills)	<i>Moderate hills</i>	0.230 (27.817)
		Commuting bicycling	-0.101 (-9.415)
		Pro-bicycle	-0.115 (-5.331)
		<i>Steep hills</i>	0.087 (5.510)
# of Stop signs, red lights, and cross streets (base: low 1-2)	Commuting bicycling	-0.119 (-11.363)	
	Pro-bicycle	-0.252 (-7.597)	
	<i>Moderate (3-5)</i>	-0.183 (-18.209)	
	Pro-bicycle	-0.045 (-1.946)	
<b>Roadway Functional Characteristics</b>	Traffic volume (base: light)	<i>High (more than 5)</i>	-0.315 (-24.695)
		Pro-bicycle	-0.045 (-1.946)
	Speed limit (base: low-less than 20 mph and moderate 30-35 mph)	<i>Moderate</i>	-0.273 (-23.768)
		Safety-conscious	-0.339 (-13.534)
Travel time	<i>Heavy</i>	-0.882 (-61.996)	
	Safety-conscious	-0.479 (-15.791)	
<b>Roadway Operational Characteristics</b>		<i>High (more than 35 mph)</i>	-0.337 (-33.388)
		Safety-conscious	-0.195 (-6.923)
		<i>Travel time (minutes)</i>	-0.032 (-12.610)

**Table 4. Measures of Fit of Route Choice Model in Estimation and Validation Sample**

Summary Statistic	Estimation Sample			Validation Sample		
	SN-ICLV	ICLV	MNP	SN-ICLV	ICLV	MNP
Log-likelihood at equal shares for choice model	-13183.35			-5655.66		
Predictive log-likelihood at convergence	-3091.77	-3121.36	-3416.18	-1441.78	-1492.38	-1584.30
Number of parameters	32	30	31	32	30	31
Number of observations	4000			1729		
Predictive adjusted likelihood ratio index	0.763	0.761	0.739	0.740	0.731	0.714
Predictive likelihood ratio test between SN-ICLV and ICLV models	Test statistic $[-2*(LL_{ICLV}-LL_{SN-ICLV})]=59.18$ > Chi-Squared statistics with 3 degrees of freedom at any reasonable level of significance			Test statistics $[-2*(LL_{ICLV}-LL_{SN-ICLV})]=99.20$ > Chi-Squared statistics with 3 degrees of freedom at any reasonable level of significance		
Non-nested adjusted likelihood ratio test between the SN-ICLV and MNP models (validation)	$\Phi[-23.00] \ll 0.0001$			$\Phi[-18.45] \ll 0.0001$		
Average probability of correct prediction	0.75	0.73	0.69	0.69	0.66	0.64