



# INSTITUTE OF ECONOMIC GROWTH

University Enclave, University of Delhi (North Campus), Delhi-110 007, INDIA

August 9, 2019

## SEMINAR NOTICE

Topic: "A Latent Class Approach for Alleviating *Ad hoc* Truncation and Homogeneous Preferences: An Application to the On-site Recreational Model"

Speaker: Dr. Kavita Sardana,  
Assistant Professor,  
Teri School of Advanced Studies

Chair: Professor Purnamita Dasgupta

The seminar details are as follows:

Date & time: Friday, August 30, 2019 at 3.30 p.m.

Venue: A.M. Khusro Room  
Institute of Economic Growth,  
University Enclave, North Campus,  
Delhi-110 007

All are welcome.

(Oindrila De)

### **Abstract:**

In this paper, we estimate a recreational demand model for George Washington-Jefferson (GW-J) National Forest, Virginia, USA, using an on-site latent class Poisson model. By relaxing constraints of *ad hoc* truncation and homogenous preferences when estimating the on-site recreation demand model, we show that three distinct classes of visitors with heterogenous preferences, which we term *recreation enthusiasts*, *casual visitors* and *local residents*, exist in the population of GW-J National Forest recreation visitors. *Casual visitors* have a 26% probability of being in this visitor population and visit about 26 times per year. *Local residents* have a 6% probability of being in this visitor population and visit about 136 times per year. The resulting demand functions, price responsive behaviors, and consumer surplus estimates reflect differences across these classes of visitors. In particular, the constrained model assuming homogenous preferences and following the protocol of dropping high-frequency visitors results in underestimates of recreation benefits (consumer surplus) as compared to the unconstrained model assuming heterogenous preferences and retaining high-frequency visitors in the demand function data set.