**Checklist for designing quality revealed preference valuation studies**

Use the checklist below to inform/guide the design of a revealed preference valuation study or assess a study prepared by a consultant. The checklist provides the different criteria/features of a revealed preference study. The checklist should be used to support the selection of a primary valuation study technique. The checklist can also be used to test the quality of preceding revealed preference valuation studies and their usefulness for inclusion in a benefit transfer study.

Revealed preference valuation studies (such as the travel cost method or hedonic pricing) are technically complex and benefit greatly from expert assistance. The checklist below is simplified and policy analysts should seek further guidance as required.

| Key Survey Feature | Key Considerations |
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| Is the research question being asked well-defined?  | Is the non-market impact being assessed largely related to use values (i.e. not non-use?)Has a well-defined research question and a testable hypothesis been articulated?Has the study perspective been described, and has the study been placed in a particular decision-making or policy context? |
| Linkage between a non-market value and an observable market activity  | Is there evidence (such as literature reviews, focus groups, or other scientific methods) which indicate the existence of such a link? |
| Identification of people’s actual preferences  | Revealed preferences may not be same as actual preferences. To test if the survey is at risk of bias by not appropriately identifying actual preference apply the following guidance/checks:Is the survey likely to be impacted by one of the following five factors that increase the likelihood of a gap between people’s actual preferences and their revealed preferences:* Passive choice – people passively accept defaults that are chosen by others.
* Complexity – is the survey likely to be impacted by needing to make difficult decisions thereby causing people to delay choice and increasing the fraction of individuals that accept default options. Complexity biases choice, since people tend to avoid more complicated alternatives and complexity adds noise to choices, making distinctions between elements of value more difficult to identify.
* Limited personal experience
* Third-party marketing – there are some cases where such preferences may not deserve normative weight due to influence of third party marketing
* Intertemporal choice – revealed preference discounting rates do not necessarily reflect people actual preferences. For instance, if people make choices that imply a consistent discount rate, it is not obvious that economists should give that revealed discount rate normative weight.

If the survey is likely to be impacted by one of the factors there are six approaches that jointly contribute to the identification of actual (normative) preferences within a revealed preference valuation study. Survey design should consider applying one or more of the following approaches:* Structural estimation – the model forces the researcher to make clear assumptions about behavioural biases while enabling the researcher to simultaneously identify both actual preferences and the underlying behavioural model;
* Active decisions – the use of an active decision mechanism can be used to force individuals to explicitly state their own preferences;
* Asymptotic choice – the investment behaviour of experienced workers is more informative in terms of identifying actual preferences than the behaviour of inexperienced workers who have not experienced changes over time, so disproportionate weight should be given to the investment behaviour of longer-serving workers when attempting to identify actual investment preferences;
* Aggregated revealed preferences – actual preferences can sometimes be inferred from the central tendencies of aggregate distributions of behaviour, negating individual error-prone decisions;
* Reported preferences – with self-reporting, people can inflate or deflate preferences, while behaviour has real consequences. However, self-reporting can be used to assess someone’s confidence that their behavioural choices are optimal, therefore providing confidence that revealed preferences reflect actual values;
* Informed preferences – the contribution of expert or informed opinion in preference identification can play an important role in the identification of actual preferences.
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| Will the data be collected and analysed appropriately? | Have preferences been elicited appropriately, given the research question?Has appropriate respondent information been collected (such as demographic, attitudinal, etc)?Is the sampling strategy justified (including, sample size, stratification, and methods of recruitment)? If using a stratified sample, have respondent characteristics been examined and tested?Has the quality of the responses been examined (for example, rationality, validity, reliability)?Has the model estimation been conducted appropriately? |
| Are the results and conclusions valid? | Did study results reflect testable hypotheses and account for statistical uncertainty?Are study conclusions supported by the evidence and compared with existing findings in the literature?Are study limitations and the ability to draw wider conclusions about other locations or examples from it adequately discussed? |
| Is the presentation of the study clear, concise, and complete? | Are the study importance and research context adequately described?Are the study data-collection instrument and methods described?Are the study implications clearly stated and understandable to a wide audience? |