

Comparison of Logit and Neural Network Models in Inter-Island Discrete Choice Analysis

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Abstract—Logit-based models have often been used for discrete choice analysis. However, conventional logit models preserve a linear relationship that requires variables that are independent of each other, which is generally not the proper assumption. In this paper, the researcher addresses the non-linear behavior and inter-dependence of variables using neural networks in modeling inter-island travel choice. Neural network analysis was employed to a previous work to test the applicability of neural network in discrete choice models for inter-island travel. It was found that the neural network model is statistically acceptable in describing travel choice behavior, while the logit model is more inclined to model the decision making process. Also, it was found that the neural network model is capable of accurately predicting the minority, which has long been a problem when using logit models as these are usually treated as errors.

Index Terms—discrete choice, multinomial logit, neural network, inter-island travel

I. INTRODUCTION

LOGIT-BASED models have often been used for discrete choice analysis. These are based on the random utility theory, which employs an abstract measurement of the degree of satisfaction for any choice an individual makes, with the assumption that rational people act to maximize their utility. However, conventional logit models preserve a linear relationship that requires variables that are independent of each other, which is generally not the proper assumption. In this paper, the non-linear behavior and inter-dependence of variables are addressed using neural networks in modeling inter-island travel choice.

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Previous works on the application of neural networks on discrete choice behavior have shown potentials and advantages of employing neural networks over the traditional logit models. As early as the late 1990s, Nijkamp, et al. [1] conducted a study on the comparison of neural network and logit analysis in modeling inter-urban transport flows. Bentz and Merunka [2], Hensher and Ton [3], Cantarella and Luca [4], Vythoukias and Koutsopoulos [5], Norets [6], Nakayama, et al. [7], and Dia [8] all have contributions on the field with their respective researches on using artificial neural networks on discrete choice applications. Even until recently, Pulugurta, et al. [9] still conducts studies on the comparison of the models developed using various approaches.

As choice decisions usually involve approximations that are not precisely captured by logit models, neural network models would always have a place in discrete choice analysis due to their capability of function inference based on observations. The latter does not need any prior knowledge of the characteristics of the variables and can account for non-linearity, which makes for an easier and more convenient model development process. In this paper, neural network analysis is employed to a previous work [10], to test the applicability of neural network in discrete choice models for inter-island travel.

II. STUDY AREA

The data used in the study were gathered from terminals serving the inter-island network in the heart of the Visayan region in the Philippines. Major contributors to inter-island traffic in the region are the provinces of Iloilo and Negros Occidental, which are two highly urbanized provinces with populations of over 2.2 M and 2.9 M, respectively (NSO, 2009). Fig. 1 shows the inter-island travel options currently available to the public. As shown, inter-island travel can be done in four ways (A, B, C, and D) in this travel network.



Fig. 1. Major Iloilo-Negros Occidental Travel Routes (Main mode: A - RORO; B - Fastcraft Ferry; C/D - Pumpboat)

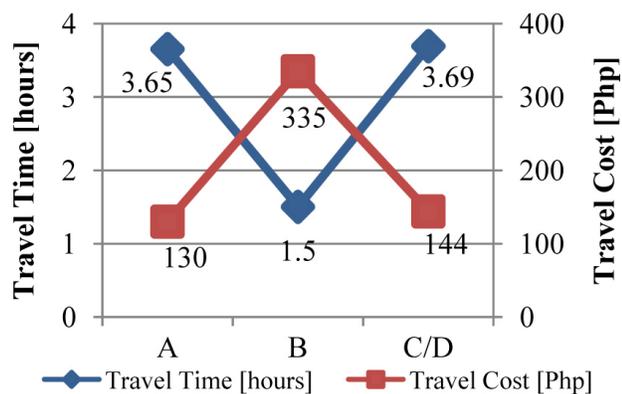


Fig. 2. Characteristics of Iloilo-Negros Occidental Inter-Island Travel Options (Main mode: A - RORO; B - Fastcraft Ferry; C/D - Pumpboat)

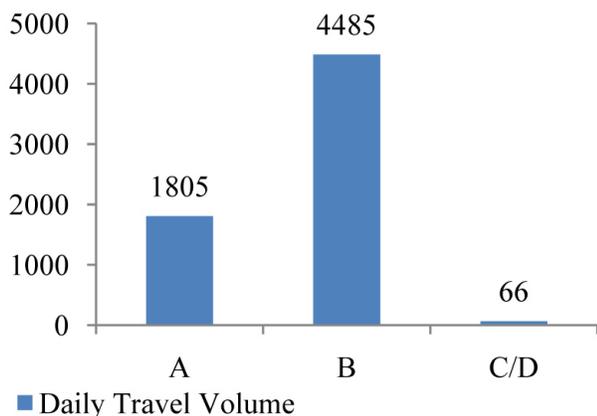


Fig. 3. Daily Travel Volume Using Iloilo-Negros Occidental Travel Options (Main mode: A - RORO; B - Fastcraft Ferry; C/D - Pumpboat)

With an average of 140 trips per week, the Fastcraft ferry (Route B) caters to most of the demand. RORO (roll-on,

roll-off) ferry travel, on the other hand, which offers around 100 trips per week on the average, serves as an effective alternative (Route A). This travel can also be made through inter-modal travel through the island of Guimaras. Iloilo–Guimaras passenger travel can be done using pumpboats, embarking from Iloilo City and alighting at either Buenavista (Route C) or Jordan (Route D). Port-to-port transportation across Guimaras island can be made through jeepneys, multicabs, and vans. Guimaras–Negros Occidental travel can then be performed using pumpboats from San Lorenzo to Pulupandan, completing the Iloilo–Negros travel.

The characteristics of the basic travel options for the Iloilo City to Negros Occidental travel are shown in Fig. 2. Fig 3 shows that a great deal of the inter-island travelling population, 70.56%, uses the fastcraft ferry option (Route B). This option has the shortest total travel time and does not involve intermodal transfers. However, this option is the most expensive, costing around more than twice the total travel costs incurred using the nearest alternative. This can mean that the travelling population prioritizes travel time and comfort, in terms of the number of transfers, greatly over travel cost.

III. MODEL DATA

The variables were categorized into a total of 11 categories to simplify the descriptions of the variables, as shown in the Appendix. Also shown, the travel choices were reduced to A, B, and, C, where options C and D were merged into one as almost no data was gathered for the latter.

IV. LOGIT MODELING

In the development of models, all modeling variables were used in different combinations to come up with the best models possible. In evaluating which models are suitable in describing the travel mode choice of the travelling population, many criteria were considered. First, the coefficients of the variables were checked if the sign (positive or negative) agrees with prior knowledge, considering what quantity the variable is representing (utility or disutility). Furthermore, the coefficients’ statistical significance are checked through its respective P-values, log likelihood functions, and Rho-squared measures. Lastly, accuracy of models in predicting the travel choice was considered.

The following multinomial logit (ML) models were developed using NLOGIT, with a logit structure shown in Fig. 4, having only three Alternatives, A, B and C, with Alternative C as the base alternative. Using the logit models, the probability of an individual to choose a particular alternative can be computed using equation (1).

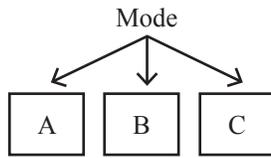


Fig. 4. Multinomial Logit Structure

$$P(j) = \frac{e^{U_j}}{e^{U_A} + e^{U_B} + e^{U_C}} \quad (1)$$

Where: U_j : utility of alternative j
 U_A : utility of alternative A
 U_B : utility of alternative B
 U_C : utility of alternative C

TABLE I.
 MULTINOMIAL MODELS DEVELOPED WITH ITS VARIABLES

Variables	ML1	ML2	ML3
	Coefficient	Coefficient	Coefficient
A_A	.47441	-1.05824**	3.73793**
A_B	-.87900*	1.76049**	5.23193**
TOTCOST	-.00559**		
TOTTIME	-.48424**		
COMFORT	3.9924**		1.20335**
LNDDTIME		-.01342**	
C_TVEH		-.01238**	-.01043**
T_ORPR			-.03467**
WAITTME			.00956**
T_PRDE			-.01168**
AxINC1	.00011**	.00011**	.00011**
AxAGE1	-.05496**	-.05293**	-.05304**
BxINC2	.00013**	.00013**	.00013**
BxAGE2	-.05735**	-.05377**	-.05584**
GOODNESS OF FIT MEASURES			
$L(B)$	-788.70	-782.86	-634.87
$L(0)$	-1377.66	-1377.66	-1377.66
$-2[L(0)-L(B)]$	1177.92	1189.60	1479.58
$-2[L(C)-L(B)]$	558.69	570.38	860.35
p^2	0.428	0.432	0.537
$-p^2$	0.262	0.267	0.403

* - passed the 0.1 level of significance

** - passed the 0.05 level of significance

As seen in Table 1, for the ML1 model, TOTTIME, TOTTIME and COMFORT were used as alternative-specific

deterministic variables, while LNDDTIME and C_TVEH were used in model ML2, and T_ORPR, WAITTME, T_PRDE, C_TVEH and COMFORT for model ML3. For all three models ML1, ML2 and ML3, AGE and INCOME were used as generic deterministic variables. Going over the coefficients, it can be seen that TOTCOST, TOTTIME, LNDDTIME, C_TVEH, T_ORPR, and T_PRDE have negative signs, meaning the items are considered disutilities, which follows priori knowledge since these consider values spent by the individual. For the variables COMFORT and WAITTME, the coefficients are positive. As for INCOME and AGE, the coefficients have consistent positive and negative signs, respectively.

Quantities involving cost and time being significant were expected with the common understanding of travel mode choice scenario. These variables involve quantities that are most directly connected to the choice situation as these are directly spent by the individual as a choice decision is made. Comfort being significant with a positive coefficient was also expected. Income was also found to be statistically significant with a positive coefficient. This can be explained simply as the enabling effect of income. People with higher income are less sensitive to higher costs and are capable to pay more, in exchange for other benefits like shorter travel time and/or higher comfort, among others.

Age, in general, was found to be significant, with negative coefficients. This indicates that older people are more likely to use the intermodal option passing through Guimaras province, even though it has significantly higher travel time as compared with the other two alternatives. This can be interpreted to mean that sensitivity to travel time decreases as an individual gets older. This may also be connected to older people being less in a hurry and being less constrained by their schedules. Another possible explanation is the automation of choice decision through practice, where people would prefer using the alternative they had been using long before, for example, in a time where the other two relatively newer options were still unavailable.

V. NEURAL NETWORK MODELING

In the development of neural network models, the variables were included in sets to simplify the possible combinations of variables. MATLAB was used to generate the neural network models. Table 2 shows the variable categories included in each input data set used, where “1” corresponds to the set being included, and “0,” otherwise. As shown, set A has the least number of input variables at a total of only 6 (comprised of 3 travel experience variables and 3 passenger personal information variables), while set P has the most at 74 variables including all the variables available.

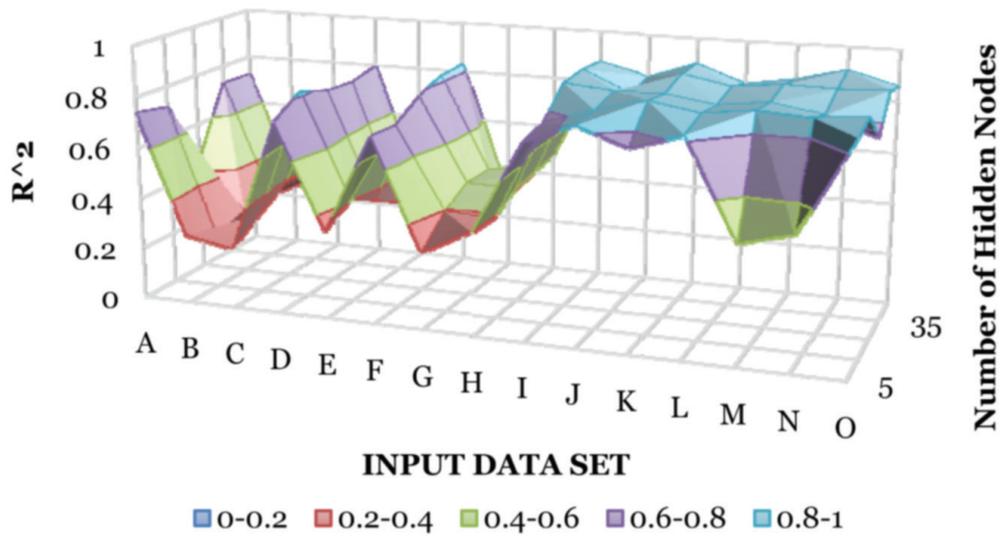


Fig. 5. R^2 Performance of Neural Networks

TABLE III
 R^2 PERFORMANCE OF NEURAL NETWORKS

Input Data Set	Number of Hidden Neurons				
	5	15	25	35	45
A	0.738551	0.714211	0.438655	0.725819	0.722636
B	0.267713	0.203022	0.248054	0.261878	0.241258
C	0.234643	0.31351	0.388565	0.383347	0.377549
D	0.744217	0.817523	0.779248	0.770621	0.795272
E	0.342775	0.409037	0.346026	0.279312	0.277824
F	0.724133	0.716291	0.782765	0.822667	0.8281
G	0.296546	0.397316	0.453899	0.454155	0.291665
H	0.395918	0.390238	0.449892	0.464592	0.480915
I	0.747533	0.77171	0.874973	0.886309	0.877257
J	0.823992	0.831197	0.858384	0.803013	0.831598
K	0.758833	0.883487	0.864175	0.89842	0.897453
L	0.822032	0.851634	0.836201	0.861945	0.829247
M	0.453414	0.876358	0.860238	0.883356	0.861407
N	0.503972	0.863896	0.827627	0.877145	0.907847
O	0.856476	0.88298	0.761989	0.887402	0.85855
P	0.846639	0.835762	0.761658	0.8904	0.90117

As shown, sets A, D, F, and I onwards have considerably reliable R² values. Going back to Table 2, it can be seen that the similarity of these input data sets is the inclusion of travel experience variables. In set A, where only travel experience and passenger personal information were used, the R² values only reached a little over 0.7. If variables on passenger travel information were added as shown in set D, the R² values reached 0.8 when the number of hidden neurons was set at 15. When variables dealing with trip purpose were added, the R² also attained values over 0.8, but needed more hidden neurons and iterations. Furthermore, when variables are added, the R² values tend to show a slight increase, but require significantly longer time for network development. Thus, to have a simple, yet still statistically reliable model, the choices were cut down to sets A, D, and F. Table 4 shows a summary of the variables included in these sets, as well as the R² values for the training, validation, and testing of the best neural networks using sets A, D, and F, respectively.

Following the guidelines in the appropriate number of hidden neurons, the three networks were evaluated. The first condition sets the maximum number of hidden neurons to be twice the number of input nodes plus one. The 16-45-3

model does not satisfy this condition ($2(16) + 1 = 33 < 45$), and is thus, removed. The second guideline states that the number of hidden neurons should be between the average number of input and output nodes and their sum. Both the 6-5-3 and 11-15-3 models satisfy the first part of this condition, but only the 11-15-3 model fails the next ($11 + 3 = 14 < 15$). However, as the R² value of the 6-5-3 model is relatively low, and since the 11-15-3 model only slightly failed to satisfy the guidelines, the latter was chosen as the better model.

To determine the optimum number of hidden neurons, neural network models were developed while varying the number of hidden neurons from 5 to 25. Figure 6 and Figure 7 show the R² and mean square error performances of the models, respectively. As shown, the highest R² values for training, validation, and testing were attained when the number of hidden neurons was at 15. Also shown, the lowest mean square error was reached with 15 hidden neurons. Thus, this paper recognizes the 11-15-3 neural network (i.e., 11 input variables; 15 hidden neurons; 3 output nodes) as the best model to describe the discrete choice behavior being studied. Figure 8 shows the structure of the best model.

TABLE IV
BEST NEURAL NETWORKS DEVELOPED

Variables	6-5-3 NN		11-15-3		16-45-3	
	Travel Experience	USED_A USED_B USED_C	Travel Experience	USED_A USED_B USED_C	Travel Experience	USED_A USED_B USED_C
	Passenger Personal Information	AGE GENDER INCOME	Passenger Personal Information	AGE GENDER INCOME	Passenger Personal Information	AGE GENDER INCOME
			Passenger Travel Information	NUM_GRP CHL_GRP FREQNCY BEFLNCH WKDAY	Passenger Travel Information	NUM_GRP CHL_GRP FREQNCY BEFLNCH WKDAY
		Trip Purpose	PURWORK PURVACA PURSCHL PURBUSI PURHOME			
Input Nodes	6		11		w 16	
Hidden Neurons	5		15		45	
R ²	Training	0.7363011	0.810594		0.848867	
	Validation	0.751793	0.828082		0.819496	
	Testing	0.735975	0.85705		0.742958	
	All	0.738551	0.820129		0.828100	

The variables used in the final neural network model include passenger travel information (number of people in travel group, number of children in travel group, frequency of travel, time of day, day of week), travel experience information (experience of using options A, B, or C in the past), and passenger personal information (age, gender, income). This does not follow the common

idea that travel time and travel cost are the most significant factors contributing to a travel mode choice. As previously mentioned, the statistically acceptable models are those which primarily included travel experience information. This can be interpreted as the neural network’s effort to model the behavior and not necessarily the choice decision process.

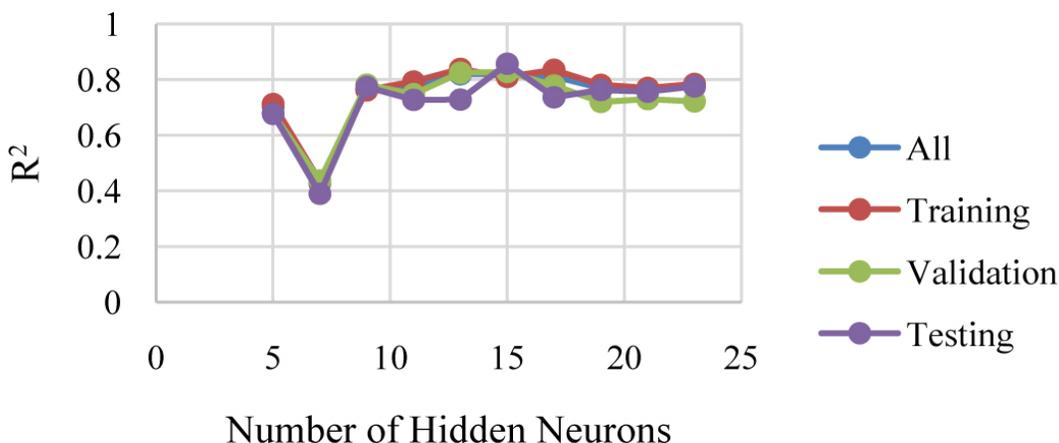


Fig. 6. R² Performance of Set D Neural Networks

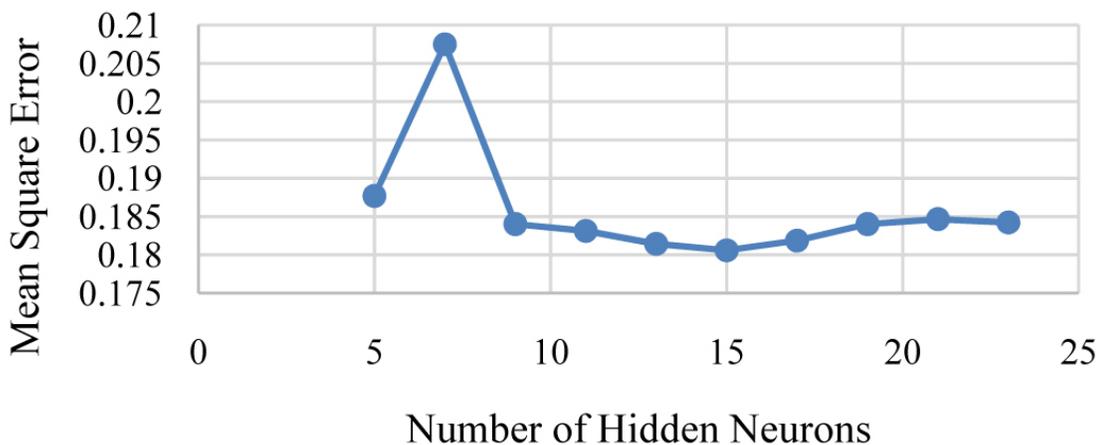


Fig. 7. Mean Square Error of Set D Neural Networks

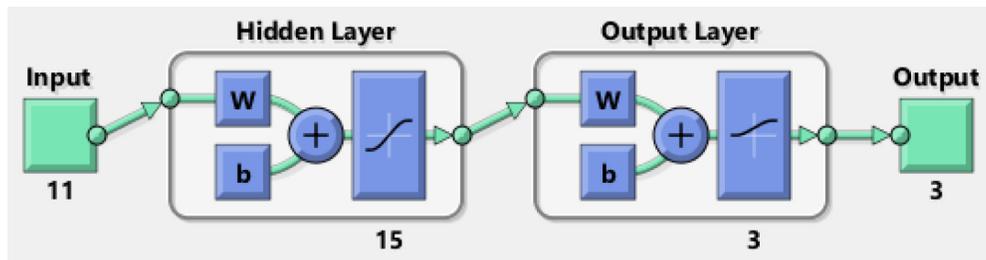


Fig. 8. 11-15-3 Neural Network Structure

VI. SUMMARY

Out of all of the variables found to be significant, only AGE and INCOME were found to be significant in both logit and neural network models. All other variables in the neural network were not found to be significant in the logit models, just as those other variables found to be significant in the logit models were insignificant in the neural network models. This shows that the models developed captured different facets of the same discrete choice situation. The logit models can be understood to be more focused on modeling the decision making process of the passenger, while the neural network concentrated on modeling the overall historical behavior.

TABLE V
PERFORMANCE OF LOGIT AND NEURAL NETWORK MODELS

Measure	ML3	11-15-3 NN
Pseudo R ²	0.40277 (From Table 2)	–
R ²	0.80332 (Interpolated)	0.82013 (From Table 5)
Prediction Accuracy [%]	70.33493	92.98246
Choice	A	65.94724
	B	77.58621
	C	26.50602

Table 5 shows a comparison of the R² and prediction accuracy of the best models developed. R² values for the logit models were estimated from the established relationship between linear R² and logit pseudo-R² values, shown in Figure 9. As shown in the table, the best neural network has a higher R² value compared with the best ML models. Also, the 11-15-3 NN has the highest prediction accuracy at almost 93%. This shows that the neural network model is a better fit in describing the travel choice behavior of the transport network studied as compared with the multinomial logit model.

Also shown is the disaggregated prediction accuracy of the models, where a 65.95% prediction accuracy means that 65.95% of those who chose option A were predicted to choose option A. As shown, the neural network model is also capable of accurately predicting the minority (Choice C), having a prediction accuracy of 100%, as compared with the 26.51% of both ML3 and NL3. Logit models usually treat the minority as errors. In the neural network, on the other hand, the minority is the one having the perfect prediction rate. This shows that the neural network takes every observation as a true and perfectly valid observation, and thus, tries to model it along with all other observations. The prediction

accuracy, computed to be at 102.12% for Choice B, can be explained as the model predicting more individuals choosing option B than the actual number, corresponding to some prediction errors.

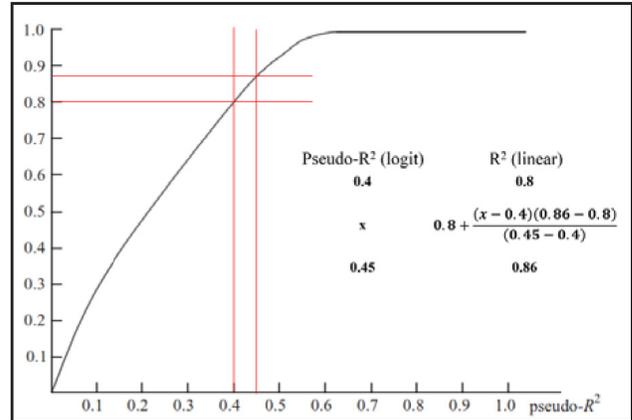


Fig. 9. Relationship of Logit pseudo-R² and linear R²

VII. CONCLUSIONS & RECOMMENDATIONS

These findings do not mean that neural networks are always better than logit models. If anything, this paper only shows that neural networks can also be used in modeling intra-regional travel, aside from urban trips that have been the focus of most other researches. Furthermore, the power of logit models to predict travel choices is still valid as it requires less input but yet produces comparable fitness and prediction accuracy.

Also, while the neural network can statistically better model the travel choice being studied, logit models explicitly show the numerical contributions of the variables that ultimately add up to a decision. This allows for the computation of external quantities like the value of time of the population, which can be used in many other applications, unlike the black-box characteristic of neural networks that does not provide any insight on the structure of the function being approximated.

This paper also recognizes the applicability of using data sets in determining the best combinations of input data. As the total number of input variables amount to 74, there would be much difficulty in accounting for all possible combinations. Thus, the researcher found it best to keep the neural network as simple and uncrowded as possible by looking at the small improvements of R² values as more input variables and hidden neurons are added. Furthermore, as the research was performed with the aim of finding a more efficient approach in developing discrete choice models, grinding through strenuous modeling using all possible combinations of variables, while finding the optimum

number of hidden neurons at the same time, would not have been the way to go.

As for the computation of relative importance of variables, in testing its significance in the discrete choice model, conducting connection weight analysis on the neural network is recommended. As the previous work already has discussions on marginal effects and elasticities for the logit models developed, determining the relative importance of the variables found to be significant in the neural network can be used to further evaluate the applicability of neural networks in predicting travel choices. Being able to get the same findings would only strengthen the idea of the applicability of neural networks in discrete choice analysis.

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APPENDIX

Category	Variable	Description
Trip Purpose	purwork	1 – trip purpose is work; 0 – if not
	purvaca	1 – trip purpose is vacation; 0 – if not
	purschl	1 – trip purpose is school; 0 – if not
	purbusi	1 – trip purpose is business; 0 – if not
	purhome	1 – trip purpose is home; 0 – if not
Passenger Travel Information	num_grp	Number of people in travel group
	chl_grp	Number of children in travel group
	freqncy	Frequency of travel
	beflunch	1 – time of travel is before 12:00 P.M.; 0 – if not
	wkday	1 – day of travel is a weekday; 0 – if not
Travel Experience	usedrta	1 – have experience using route A; 0 – if none
	usedrtb	1 – have experience using route B; 0 – if none
	usedrtc	1 – have experience using route C; 0 – if none
Travel Choice Information	a_time	Travel time when using option A
	b_time	Travel time when using option B
	c_time	Travel cost when using option C
	a_tcost	Travel cost when using option A
	b_tcost	Travel cost when using option B
	c_tcost	Travel time when using option C
	a_wttme	Waiting time when using option A
	b_wttme	Waiting time when using option B
	c_wttme	Waiting time when using option C
Access Information	a_comorpr	Comfort of accessing option A
	b_comorpr	Comfort of accessing option B
	c_comorpr	Comfort of accessing option C
	a_torpr	Time of accessing option A
	b_torpr	Time of accessing option B
	c_torpr	Time of accessing option C
	a_corpr	Cost of accessing option A
	b_corpr	Cost of accessing option B
	c_corpr	Cost of accessing option C
Egress Information	a_comprde	Comfort of egressing option A
	b_comprde	Comfort of egressing option B
	c_comprde	Comfort of egressing option C
	a_tprde	Time of egressing option A
	b_tprde	Time of egressing option B
	c_tprde	Time of egressing option C
	a_cprde	Cost of egressing option A
	b_cprde	Cost of egressing option B
	c_cprde	Cost of egressing option C

Others	a_cbag b_cbag c_cbag b_rdrtp	Additional cost for baggage when using option A Additional cost for baggage when using option B Additional cost for baggage when using option C 1 – option B user bought roundtrip tickets; 0 – if not
Passenger Personal Information	age gender income	Age of passenger 1 – passenger is male; 0 – if female Personal monthly income of passenger
Other Passenger Personal Information	single married num_chl	1 – passenger is single; 0 – if not 1 – passenger is married; 0 – if not Number of children of passenger
Other Passenger Financial Information	num_mot num_car num_van num_suv num_jpn vacatn	Number of motorcycles owned by passenger Number of cars owned by passenger Number of vans owned by passenger Number of SUVs owned by passenger Number of jeepneys owned by passenger Number of vacations passenger takes yearly
General Travel Choice Information	a_totcom b_totcom c_totcom a_lndtime b_lndtime c_lndtime a_seatime b_seatime c_seatime a_freqncy b_freqncy c_freqncy a_tottime b_tottime c_tottime a_aircon b_aircon c_aircon	Total comfort when using option A Total comfort when using option B Total comfort when using option C Total time travelling on land when using option A Total time travelling on land when using option B Total time travelling on land when using option C Total time travelling at sea when using option A Total time travelling at sea when using option B Total time travelling at sea when using option C Operation frequency of option A Operation frequency of option B Operation frequency of option C Total time when using option A Total time when using option B Total time when using option C Time spent in air-conditioned facility when using option A Time spent in air-conditioned facility when using option B Time spent in air-conditioned facility when using option C