Are car ownership preferences changing? An age cohort analysis

Are car ownership preferences changing? An age cohort analysis

Conventionally transport demand models have been developed under the assumption of “static preferences”. However, it is possible that preferences evolve over time and not accounting for such changes may lead to biased forecasts. In this paper we address the question of stable preferences with respect to car ownership and consider if preferences differ across different generations. We use multiple cross-sectional data collected by the Danish Transport Survey over a period of 40 years. The repeated cross-sectional data provides the opportunity to analyse the evolution of car ownership preferences, as well as to evaluate the effect of age cohorts over time. Methodologically we apply a pooled cross-sectional approach and estimate a generic discrete choice model in which we control for a range of time dependent input variables. These variables include socioeconomic variables measured at the individual level, cost variable for the cost of driving and price index corrections for the price of owning cars. The hypothesis put forward in the paper is that propensity to car ownership for younger generations is decreasing over time. This hypothesis is confirmed and suggests that car ownership predictions may be affected by upcoming generations’ preferences.