**Title of paper:** The external validity of contingent valuation willingness to pay methods: The

methods or the methodological issues?

**Authors:** Lucy Kanya1 (**PhD student, Lead Author**), Professor Julia Fox-Rushby1, Dr. Sabina

Sanghera2 (Supervisors)

**Author affiliations**: 1 Health Economics Research Group, Brunel University London; 2 School of

Social and Community Medicine, University of Bristol

**Background**: The contingent valuation (CV) method is increasingly used to estimate the willingness

to pay (WTP) for services and products with the purpose of ultimately informing cost

benefit analyses (CBA). A long-standing criticism of CV methods is that stated WTP

estimates may be poor indicators of actual WTP, calling into question their validity and use

of such estimates for welfare evaluation. In the absence of a gold criterion against which to

measure hypothetical WTP values, studies assessing the external validity of WTP methods have

employed varied study designs, methods and tests.

**Methods**: A systematic review of empirical studies assessing the external validity of contingent

valuation WTP studies was conducted. The aims of the review were to critically appraise the

methods used to assess the external validity of WTP methods, estimate the extent of variation

between hypothetical and actual WTP and explore the reasons for the variation. English-language

studies in EconLit, TRID, MEDLINE, Embase, Web of Science, Psychinfo, CRD, CINAHL Plus and

Google Scholar databases were searched systematically to September 2015, supplemented by hand

searching of references and tracing of citations. Sixty-six empirical studies met the inclusion

criteria for data extraction with studies conducted in environment (n=28), health (n=10) and other

(n=28) sectors. Data extraction was conducted by the lead author.

**Preliminary Results**: Emerging methodological issues from the reviewed studies include differences

in the hypothetical and actual surveys within studies in; samples and sample sizes, respondents,

questionnaires, WTP elicitation methods, study administration methods and the payment vehicles

used. There are also wide variations in statistical tests and methods used to analyse WTP and

actual values data across the studies. External validity was assessed by comparing hypothetical

WTP and actual values in most (n=47) studies while this was done through an assessment of the

validity of different WTP elicitation methods in 19 studies. The surveys were conducted

concurrently in majority of the studies (n=38) with durations ranging from 2 days to more than 1

year in the remaining studies. The same respondent answered both the hypothetical and actual

surveys in only 29 studies and the questionnaires used to elicit hypothetical WTP and actual values

differed in 13 studies.

**Conclusions**: Current evidence on the external validity of WTP methods heavily draws from the

study designs, implementation, analysis and interpretation of data. Methodological issues inherent

in these assessments might offer reasons for suggested failure of WTP methods on external

validity tests.