

Appendix B. Probit and Budget Share Estimation Results

Table B.1 shows the results of the first-stage Probit estimation of household quarterly demand for recreation equipment. Results of this model are used to adjust the budget share equations in the second stage of the model.

Table B.1. Probit estimation results	
	<i>Coeff. Estimate</i>
Ln(price of rec equipment)	-2.271*** (0.351)
Ln(price of composite good)	-0.998*** (0.344)
Dummy=1 if race=white	0.422*** (0.007)
Dummy=1 if college education	0.294*** (0.006)
Dummy=1 if urban	0.016 (0.013)
Household size	0.122*** (0.002)
Age	-0.012*** (0.0002)
Intercept	-0.857*** (0.048)
Year fixed effects?	Yes
No. of observations	319,458
Log likelihood	-111,358
Note: Standard errors in parentheses. *p<0.1; **p<0.05; ***p<0.01	

Table B.2. shows the results of estimation of the second stage budget share equation, which was estimated by iterative feasible generalized nonlinear least-squares. The subscript i denotes recreation equipment and j the composite good. Parameters are as defined in equations (3) – (6) of the text.

Table B.2. Iterated Feasible Generalized Nonlinear Least-Squares Estimation of Budget Share Equation	
	<i>Coeff. Estimate</i>
α_i	0.0978*** (0.022)
β_i	-0.0171*** (0.004)
γ_{ij}	-0.0752 (0.042)
λ_i	0.00138*** (0.00002)
θ_i	-0.0266*** (0.007)
Dummy=1 if race=white	-0.0016 (0.003)
Dummy=1 if college education	-0.0219*** (0.002)
Dummy=1 if urban	0.0209*** (0.002)
Household size	-0.00581*** (0.0006)
Age	0.00032*** (0.00007)
Year fixed effects?	Yes
No. of observations	319,458
Log likelihood	668,421
Note: Standard errors in parentheses. Subscript i denotes recreation equipment; to ensure equations (7), (8), and (9) hold with two goods, we restrict $\gamma_{ij} = -\gamma_{ii}$. * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$	