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Range: $\rho \in [0, 1]$

- $\rho = 0$: estimated model no better than no model
- $\rho = 1$: perfect prediction of all choices

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- Same dataset
- Same choice alternatives
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$\uparrow \rho \Rightarrow$ better fit, but unclear meaning of specific values (0.2–0.4 is "excellent fit")

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Key Problems:

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- Performs poorly with imbalanced choice sets

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Choice probabilities represent expected shares across many repetitions, not individual predictions

This approach gives inaccurate market shares and implies perfect information