



New Evidence on Outlet Substitution Effects in Consumer Price Index Data

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BiblioGov. Paperback. Book Condition: New. This item is printed on demand. Paperback. 38 pages. In this paper we provide new and detailed evidence on the impact on the U. S. Consumer Price Index (CPI) of the appearance and growth of new types of product outlets. Using actual CPI microdata for 2002-2007, we find that the changing mix of outlets had a statistically significantly negative impact on average prices in most of the 14 item food categories we study. In contrast to previous studies of this issue, our approach allows us to examine the effects of changes in outlet mix both across outlet types (such as among large groceries, discount department stores, and warehouse club stores) and within those outlet categories. We also adjust for numerous differences in item characteristics such as brand name, organic certification, and, importantly, package size. In our sample we find that the upward impact on price from increased item quality has offset most of the downward impact of lower-priced outlets. We also provide evidence showing that a simulated matched-model approach similar to that used in the CPI yields indexes that differ to a surprising extent from our baseline hedonic indexes, which also hold outlet and item...



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