

Quality Adjustment and Hedonics: A Unified Approach

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Discussion Paper 19-01,
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Revised March 13, 2019.

Abstract

The paper takes a consumer demand perspective to the problem of adjusting product prices for quality change. The various approaches to the problem of quality adjustment can be seen as special cases of the general framework. The special cases include the use of inflation adjusted carry forward and carry backward prices, the use of hedonic regressions and the estimation of Hicksian reservation prices.

Keywords

Quality adjustment, hedonic regressions, reservation prices, consumer theory, time product dummy regressions, scanner data.

JEL Classification Numbers

C43, C81, E31.

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