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Title: Multilateral indices and the relaunch problem: product clustering and alternative solutions

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Abstract (maximum length of 400 words)

Multilateral index methods derive transitive indexes simultaneously for all periods of a given estimation window. A few statistical agencies already implemented multilateral methods, others are considering to do so. A complication of many multilateral methods is the relaunch problem. Price changes that occur due to the replacement of a product by a similar product are not properly measured. A well-known solution is to combine similar products into product clusters. This approach might however produce unit value bias when applied to inhomogeneous product strata. Other correction methods are imputation and product matching. Imputation means that a price is estimated for a product that has not been purchased. Product matching means that two or more products sold at different periods are considered the same. This presentation compares clustering, imputation and matching. The impact of these methods is empirically evaluated for different multilateral index methods using transaction data with simulated relaunches.