STATISTICS AUSTRIA

The impact of spatial aggregation on price indices with scanner data

Paper Abstract (final version):

Paper and presentation deal with the question whether scanner data on outlet level for HICP production is necessary.

Comprehensive scanner data (prices, quantities, turnovers) is available at the outlet level. However, certain conditions may lead compilers of price indices to deal with spatially aggregated scanner data: retail chains often want to supply information only at national and regional level, respectively, due to confidentiality reasons. NSIs might prefer to work with spatially aggregated data as it reduces the amount of data and facilitates statistical data manipulation processes. Also, retailers often claim that they set national prices for products which makes it unnecessary to analyse prices on outlet level. However, even if all outlets of a chain follow the same price policy, average outlet's prices can be different due to different shares of sales with different discounts. Based on Austrian scanner data, the contribution explores in detail under which conditions scanner data can produce robust price indices.