

Who Faces Higher Prices?
-An Empirical Analysis Based on Japanese Homescan Data-

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On the basis of household-level scanner data (homescan) for Japan over a three-year period, we construct a household-level price index, and we investigate the causes of the differences in prices across households. As noted by Aguiar and Hurst (2007), large price differentials across households are observed. The differences across age and income groups, however, are small. In addition, we find that elderly people face higher prices than younger people, which is opposite of the results of Aguiar and Hurst (2007). The most important determinant of the price level is the reliance on bargain sales; an increase in the purchase at bargain sales by one standard deviation decreases the price level by more than 0.9%, while the shopping frequency has only limited effects on the price level.

Key Words: homescan, household, bargain sales, price index