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Journal of Economics & Management Strategy / Volume 16, Issue 1 / pp. 191-226

An Empirical Analysis of Planned Obsolescence

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First published: 22 January 2007

https://doi.org/10.1111/j.1530-9134.2007.00137.x

I thank the editors, two anonymous referees, seminar participants at University of Toronto, Vanderbilt University, 2004 IIOC Conference in Chicago, and 2005 AEA Meetings for helpful comments and suggestions. Remaining errors are mine.

PDF

Abstract

This paper examines the decision to introduce new products by durable goods producers. Conventional wisdom suggests that durable goods producers introduce new products to kill off used products. However, used units may not compete with new units if initial price can capture the present value of all future transactions. Using new data from the textbook market, I find that publishers revise editions more frequently when competition from used textbooks increases. This suggests the presence of planned obsolescence. However, the time since the previous revision also significantly affects revision decisions, indicating that publishers' frequent revision cannot be attributed to planned obsolescence alone.

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