



AN EMPIRICAL ANALYSIS OF PLANNED OBSOLESCENCE

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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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