Inflation is lower online than in brick-and-mortar stores

- Inflation is lower online, according to an index created by Chicago Booth’s Austan D. Goolsbee and Stanford’s Peter J. Klenow that monitors e-commerce in the same way the Consumer Price Index tracks sales at conventional stores.

- Using data from millions of online transactions gathered by Adobe Analytics, the researchers built the Digital Price Index to match as many CPI categories as possible. Between 2014 and 2017, inflation for online goods was at least 1 full percentage point lower every year than inflation for equivalent goods in the CPI.

- The researchers also analyzed the massive turnover in goods offered online, where 44 percent of sales were on products that did not exist in the previous year, while 24 percent were on products that disappeared from the market the following year.

- Factoring in these prices, they find online inflation decreased even more—another 1.5–2.5 percentage points per year overall.