

Now, a few of the statisticians are interested in the statistical techniques for the measurement of product diversity, but mainly they want to do something in the way of revising the price index formulas to allow for the fact that consumers have much more choice in the way of products in the market than we did even at the close of World War II. Now diversity is, in some ways, of great value to the consumer. One example I use in my historical research is glasses. Eyeglasses, are fitted to our special needs as individuals. Around the time of the Civil War there was a very minimal amount of variations in eyeglasses that would fit the product to the individual needs. Shoes are another example. So that we have had a magnificent history of the development of various varieties to suit individual needs of a wide range of products.

Now, there is another aspect of diversification in products that we don't feel quite so certain of. There is some concern of diversification that is, one of my colleagues 15 years ago called it nonprice competition where you introduce a great deal of the variety in particular products to place the competition between qualities or varieties instead of on the price level, when it comes to the ultimate consumer inside the grocery store or department store.

Our knowledge of the factors that explain changes in the prices of particular goods and services can only be extended by increasing very considerably the amount of information available on the variations in prices at a given time and the variations in price changes over time. There is a quality range in most products purchased by consumers and within each quality level there are numerous varieties distinguished by fashion styles and brands.

The diversity in quality and in varieties complicates the measurement of price changes and increasingly has limited determination of meaningful measures of the absolute level of prices to those commodities which are provided in recognizable and standardized grades.

The range of quality and the number of varieties for some products differ little from place to place and change slowly over time. The compilation of price statistics for such commodities and services presents no great difficulties in concept, measurement or interpretation. Take salt, for example.

The determination of the average price of salt or of the average change in the price of salt in a given location is not likely to stir up controversies about definition and accuracies among statisticians and economists. Products like salt, sugar, vinegars and chlorine bleaches are, however, becoming more and more exceptional.

The qualities and varieties of things that consumers buy are being increased continuously and the differences between qualities have become more and more difficult to define either for identification in statistical measurement or for the understanding of the consumers. As it becomes more difficult to discriminate among quality levels, this distinguishes between qualities and varieties, that is styles and fashions, become blurred.

The quality of a product is in some way associated with its price. Consumers given different purchasing power are willing to pay more for higher quality. It costs more to provide goods of higher quality judged by some of the attributes that are generally recognized as distinguishing levels of excellence in workmanship and performance.