

## Abstract

By employing the adjacent-period approach, we conducted a hedonic regression analysis and calculated the quarterly quality-adjusted prices (QAPs) of mobile phone handsets marketed by three mobile phone service operators (carriers) between 2002 and 2006 in Japan. We observed (i) a decreasing trend of QAPs for each mobile phone carrier, (ii) a more rapid decrease in the QAPs of the two smaller carriers' handsets relative to that of the largest carrier, and (iii) a turnover cycle of the QAPs between the two smaller carriers. We also discuss these carriers' interdependent product/marketing strategies considering our estimation results.

*JEL Classification Numbers* : C43, D43, L96

*Keywords* : quality-adjusted price, adjacent-period hedonic regression, product/marketing strategies