Hedonic Price Method

In 1974,Rosen first presented a theory of hedonic pricing in his paper.

Hedonic Price Method:-The hedonic price method uses the value of a surrogate good or service to measure the implicit price of a non market good.

Example: House price

- House & other property prices are affected by number of factors including:-
    - Characteristics of the property.
    - Characteristics of the location.
    - Characteristics of the Environment.

The hedonic price method is used to measure the relative importance -through use of regression analysis.