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Bundled Purchases and the Inseparability of Measured Investment and Consumption: Case Studies using the Vehicle Industry

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This paper shows how measured investment and measured GDP are distorted when investment purchases are bundled together with intermediate input purchases. The paper then illustrates the distortion with an example from the vehicle industry where measured capital investment is overestimated and an example from the same where measured capital investment is underestimated. The paper also provides additional examples to show that the measurement problems associated with bundling apply to a broad range of industries and asset categories. We discuss why it is difficult to estimate the net impact of bundling on measured investment and measured GDP.