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# The Impact of Process Innovation on Prices: Evidence from Automated Fuel Retailing in The Netherlands<sup>☆</sup>

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## Abstract

In the last decade, many European countries have seen a sharp increase in the number of automated fueling stations. We study the effect of this process innovation on prices at stations that are automated and their competitors using a difference-in-differences matching strategy. Our estimates show that prices at automated stations drop by 1.7 to 3.2% immediately after conversion and stabilize at this lower level. Unlike previous studies, our estimates do not reveal a difference in impact between early and later adopters of automation. Indicative of competitive spillovers, prices at stations within 2 km of an automated station decrease on average with a precisely estimated 0.2%.

*Keywords:* technology adoption, retail gasoline markets, pricing

*JEL:* C22, L13, L81

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