

Dividing the Market Share of National Brands and Private Labels with Regard to Regular Prices and Promotional Prices

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Recent Advances in Retailing and Consumer Science

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Presenter



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Overview

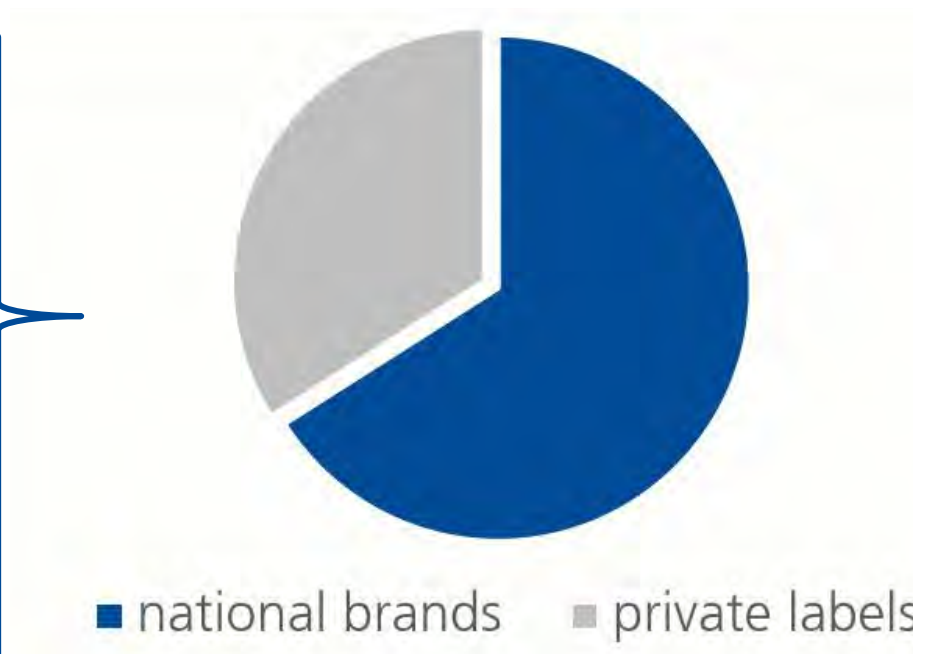
1. Introduction
2. Theoretical Background and Research Gap
3. Research Question
4. Research Design
5. Research Model
6. Results
7. Implications
8. Limitations and Further Research

1. Introduction

Determinants of NBs' and PLs' market shares

- **product prices** (e.g. Sethuraman 1995; Cotterill & Putsis 2000; Olbrich et al. 2017; Brüggemann et al. 2020)
- **share of promotions** (e.g. Sethuraman & Gielens 2014; Olbrich et al. 2017; Brüggemann et al. 2020)
- **brand variety** (e.g. Nijs et al. 2001; Raju et al. 1995; Baker et al. 2006; Olbrich et al. 2009; Datta et al. 2022)
- **brand preference** (e.g. Banks 1950; Sriram et al. 2006; Rubio and Yagüe 2009)
- **price consciousness** (e.g. Sinha & Batra 1999; Jin & Suh 2005; Hsu & Lai 2008; Mostafa & Elseidi 2018)
- **household size** (Richardson et al. 1996; Kuhar & TIČ 2008)
- **household income** (Richardson et al. 1996; Cotterill and Putsis 2000; Lin & Chang 2003)

NBs' and PLs' market share



1. Introduction

Determinants

- product prices
- share of promotions
- brand variety
- brand preference
- price consciousness
- household size
- household income

Determinants

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market share



■ national brands ■ private labels



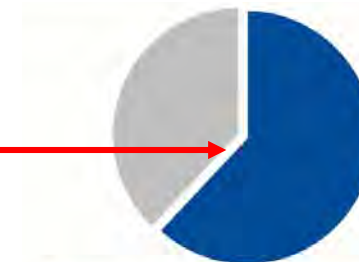
market share **at regular prices**



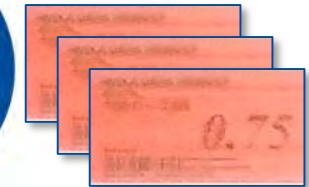
■ national brands ■ private labels



market share **at promotional prices**



■ national brands ■ private labels



SHIFT?

2. Theoretical Background and Research Gap

1. **rich research body on NBs and PLs** (e.g. Blattberg & Neslin 1989; Quelch & Harding 1996; Verhoef et al. 2002; Ailawadi & Harlam 2004; Kumar & Steenkamp 2007; Sethuraman 2009; Olbrich and Grewe 2013; Cuneo et al. 2015; Olbrich et al. 2016; Huang et al. 2017; Cuneo et al. 2019; Dawes 2022)
 2. **extensive discussion on market shares** (Gale 1972; Edeling and Himme 2018; Bhattacharya, Morgan, and Rego 2021)
 - **some publications on determinants of NBs' and PLs' market shares** (e.g. Rubio and Yagüe 2009; Sethuraman and Gielens 2014; Mostafa and Elseidi 2018)
- **Research Gap:**
no research on **shifts within NBs' (PLs') market share** between **regular** and **promotional prices**

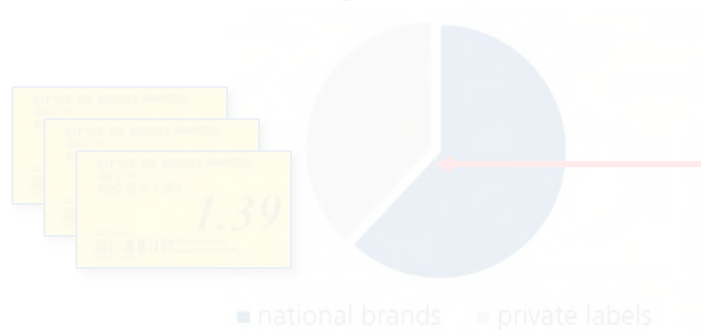
3. Research Question

market share



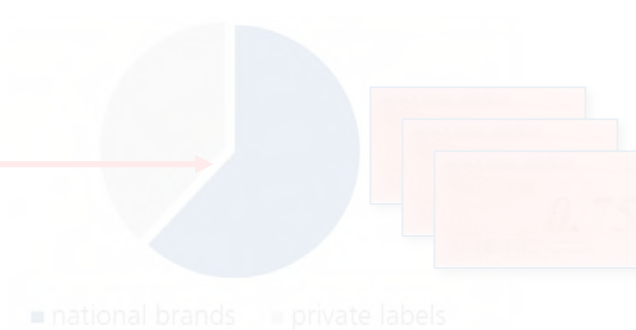
Which determinants cause a **shift within NBs' (PLs')** **market share** between **regular** and **promotional prices**?

regular prices



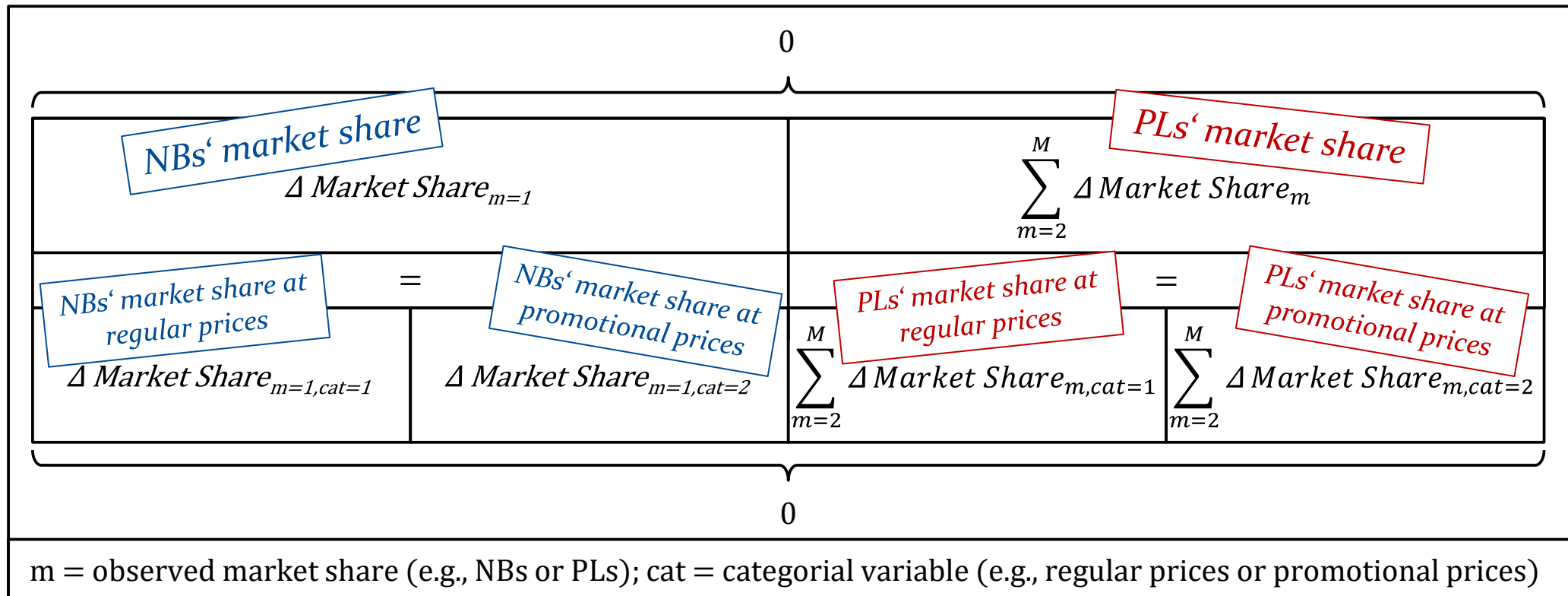
SHIFT?

promotional prices

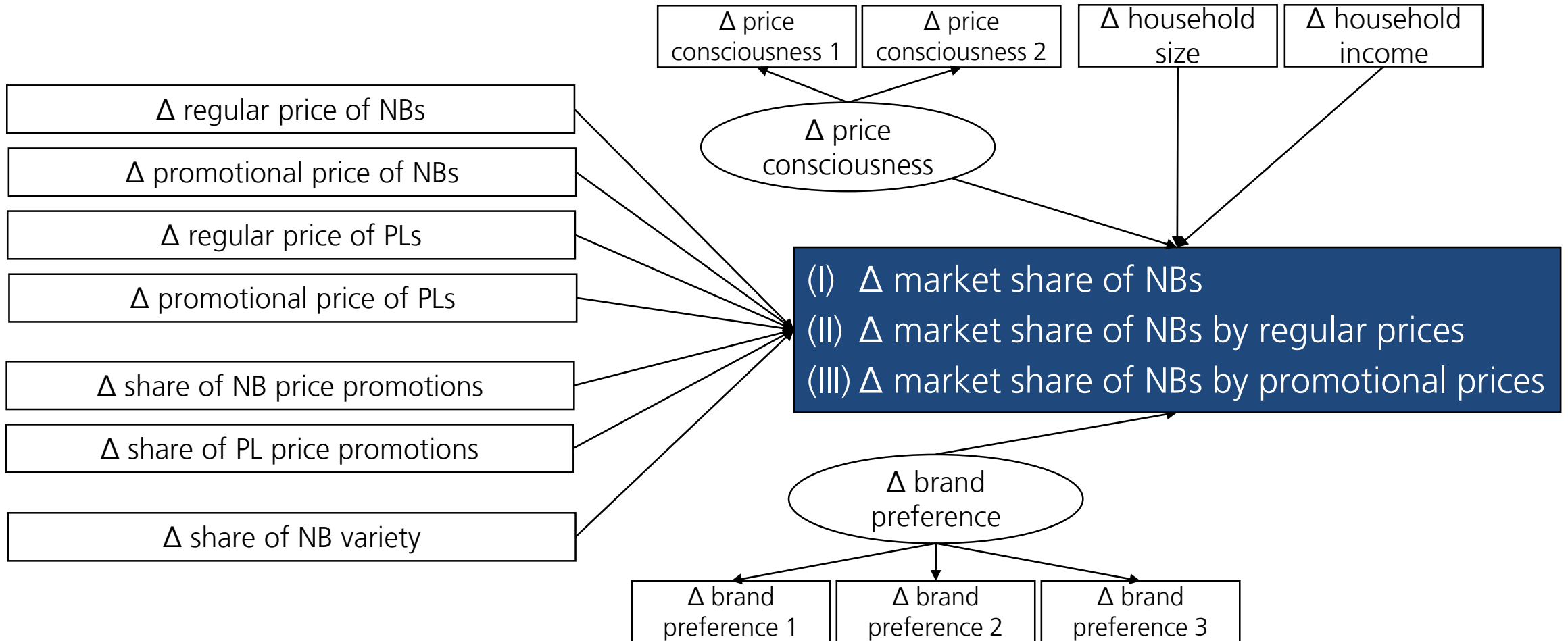


4. Research Design

Method to divide market shares



5. Research Model



5. Data

- household panel data from 2006 to 2015
- four product groups: chocolate, coffee, hair shampoo, laundry detergent
- 7,211,154 sales, 98,326 households (about 30,000 at same time)
- 18 retailers' distribution channels (Aldi, Rewe, Lidl, Penny,...)



6. Results

	Model (I)	Model (II)	Model (III)
	Δ market share of NBs	Δ market share of NBs by regular prices	Δ market share of NBs by promotional prices
R^2			
independent variables	standardized path coefficient β (path coefficient b)		
Δ determinant A			
Δ determinant B			
Δ determinant C			
Δ determinant D			
...			
...			

- 1
- 2
- 3
- 4
- 5
- 6



six different patterns

Note: The market shares at regular prices and at promotional prices can both change differently

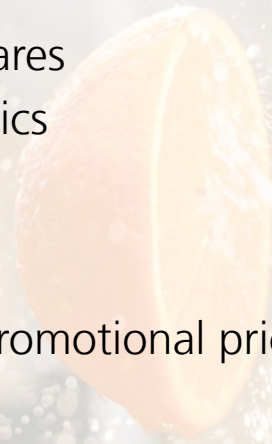
7. Implications

Theoretical Implications

- new method to divide market shares
- reveals shifts within observed market shares
- high transferability to other research topics

Practical Implications

- shifts within NBs between regular and promotional prices exist
 - change in regular and promotional prices of NBs
 - change in share of NB price promotions
 - change in brand preference
 - change in price consciousness
- no shift in terms of change in share of NB variety



7. Implications

Retailers and brand managers now know about shifts within their market shares

→ Now they have to decide, if...

1. ...they **accept the shifts**, e.g. when adjusting the share of price promotions
2. ...or if they **reduce the shifts**, e.g. by adjusting NB variety

8. Limitations and Further Research

➤ *Limitations*

- aggregated analysis (product groups and distribution channels)
- other influencing factors may exist (advertising, positioning of products,...)

➤ *Further Research*

- more differentiated analysis (product groups, distribution channel)
- consideration of the market share of retailers' distribution channel
- transfer of the method to other objectives (shifts between online vs. offline grocery shopping, shifts between distribution channels, ...)

comments, proposals or
Ideas for collaboration?

→ contact me!

Marketing Scholars on LinkedIn



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Photo: Hardy Welsch



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