

Do private labels evoke customer loyalty in food retailing?

An empirical evidence from the German frozen pizza market.

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Situation in the food retail industry:

- Concentration process
- Fierce competition
- Retail brands / private labels

Do consumers really consider private labels as "real" brands and develop loyalty towards them?

Investigation of households' repurchase behaviour.

Frozen pizza:

- 2 strong national brands
- Private labels

Panel data:

- January 2000 – December 2003
- 14.000 German households
- Variables include e.g. brands bought and some demographic information on the household

Event history analysis:

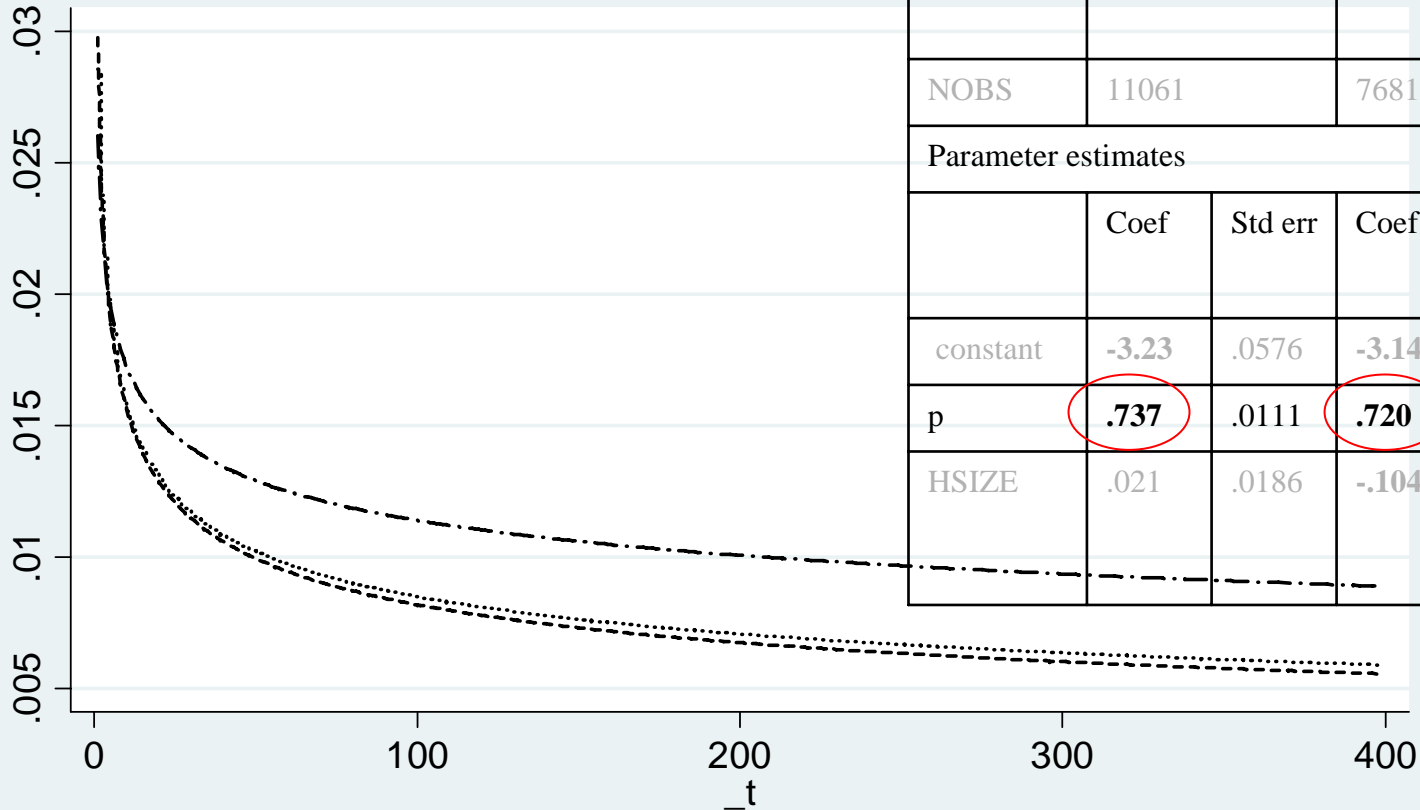
- Dynamic aspect
- Duration of repurchase periods
- Influence of household characteristics
- Probability of ending a repurchase period

	DR Oetker		Wagner		Private labels	
NOBS	11061		7681		5281	
Parameter estimates						
	Coef	Std err	Coef	Std err	Coef	Std err
constant	-3.23	.0576	-3.147	.067	-3.447	.080
p	.737	.0111	.720	.0128	.828	.0163
1HSIZE	.021	.0186	-.104	.023	-.113	.0220
2 YOUNG	.286	.0670	.039	.0775	.030	.0854
3 Fam w adolescent children	.127	.0646	.104	.0702	-.115	.0740
4 Middle aged fam without children	-.218	.0897	-.035	.1047	-.230	.1666
5 LOWINC	-.181	.0946	-.115	.1249	-.037	.0862
6 Frequency	.021	.0025	.042	.0032	.055	.0040

Note: Coefficients in **bold types** are significantly different from zero at 10% level.

Baseline hazard function: 2 national brands + retail labels

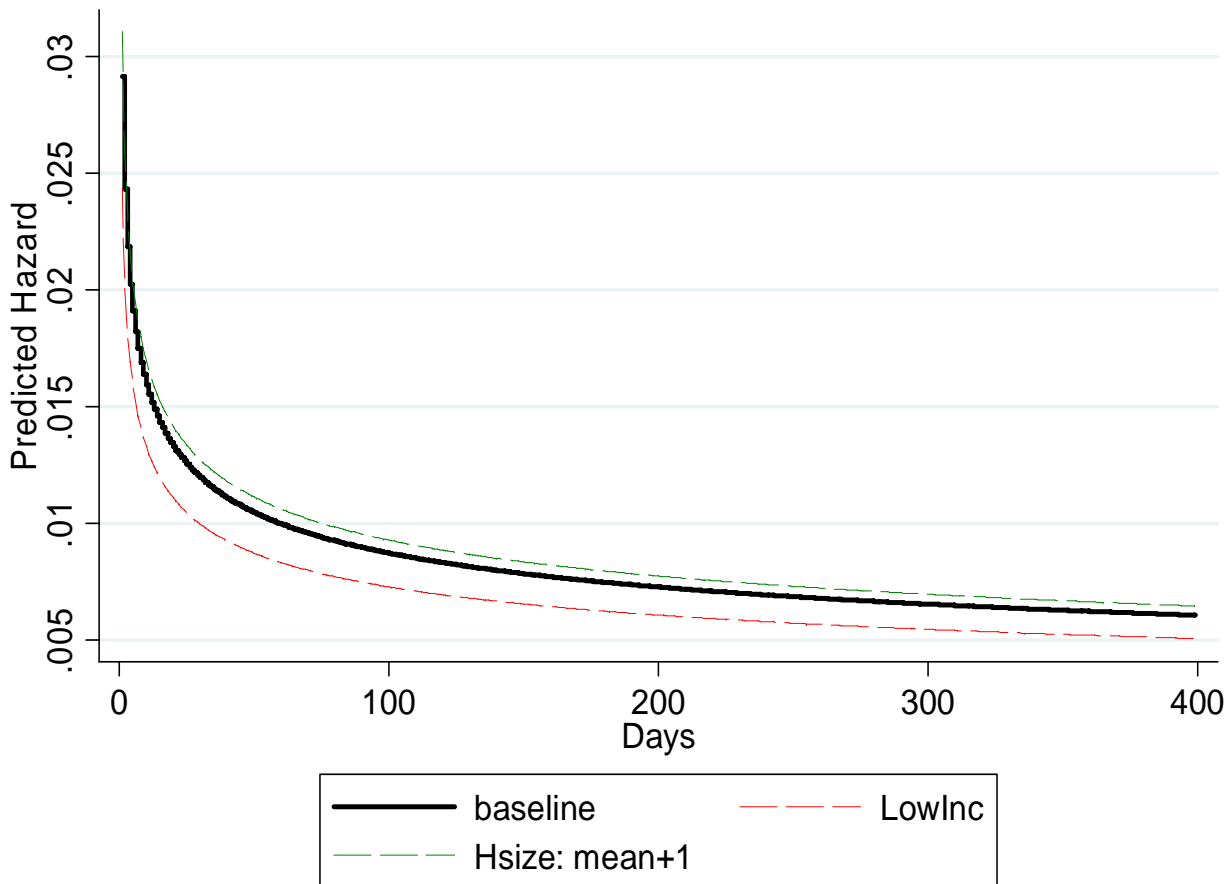
(Probability that a repurchase period ends on day t conditional on having lasted up to that day)



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Do consumers really consider private labels as "real" brands and develop loyalty towards them?

- Differences between national brand and private label buyers
- Long periods of repurchases are more likely for buyers of national brands
- Tendency to switch between brands diminishes the longer a period of repurchases lasts. This negative duration dependence is considerably stronger for national brands
- The covariables on repurchase behaviour differ markedly between national brands and private labels

The operationalisation of the underlying attitudes of true loyal behaviour by using panel data could be realised by:

- cross-buying effects or
- consumers' tolerance towards price increases.

Thank you for attention!