

Offering Brand Switching in Online Stores: The Effectiveness of Recommendations for Private Labels vs. National Brands

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Abstract

It is challenging for private labels to maintain their market share online as consumers often base their purchase decisions on brand names and quality perceptions and tend to do less search for alternative products in online grocery shopping. We argue that recommending private label alternatives for products consumers just added to their shopping cart is an effective intervention mechanism to promote private labels. In three experiments, we show that when consumers are recommended with a product, they tend to switch more when the recommended product is a private label than a national brand. The effect is prevalent irrespective of the store image (premium vs. medium) and whether consumers initially chose a private label or a national brand. We find recommendations to be more effective for private labels than for national brands because they serve as a quality signal, which benefits private labels more than national brands.

Keywords: *brand recommendation; online store; private label*

Track: Product and Brand Management