

Variety Seeking Accelerates and Decelerates New Brand Adoption

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Abstract

We examine how consumers' variety seeking behaviors can explain their propensity to adopt a new brand in the consumer packaged goods (CPG) market. Unlike previous survey-based studies that measured consumers' personal traits or motivation to predict the likelihood of their new product adoption, we leverage consumers' purchase history among extant brands prior to a new brand introduction as an indicator of new brand adoption upon its launch. We incorporate variety seeking at two product attribute levels – brand and flavor – and find that variety seeking along these two dimensions predicts different outcomes for new brand adoption. We estimated a discrete-time hazard model with the scanner panel data on potato chips purchases. The results show that the adoption likelihood of a new brand is positively correlated with consumers' brand-level variety seeking behaviors, and negatively correlated with their flavor-level variety seeking behaviors prior to the new brand launch.

Keywords: *New brand adoption; Variety seeking; Hazard model*

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