Dynamics of brand relevance in category – an analysis of macroeconomic factors and product-market characteristics

Zeynep Karagür
University of Cologne
Dirk Buttke
Chair for Marketing and Market Research (Prof. Dr. Marc Fischer), University of Cologne
Marc Fischer
University of Cologne

Cite as:
Karagür Zeynep, Buttke Dirk, Fischer Marc (2022), Dynamics of brand relevance in category – an analysis of macroeconomic factors and product-market characteristics. *Proceedings of the European Marketing Academy*, 51st, (107320)

Paper from the 51st Annual EMAC Conference, Budapest, May 24-27, 2022

EUROPEAN MARKETING ACADEMY

Dynamics of brand relevance in category – an analysis of macroeconomic factors and product-market characteristics

Abstract

The effectiveness of marketing activities differs across categories depending on the brand relevance in category (BRiC). This paper shows that BRiC is not a static construct but changes over time depending on macroeconomic factors and time-varying product-market characteristics. The results indicate that economic expansions are related to a lower brand relevance by significantly reducing the effect of risk reduction on BRiC. In expanding economies consumers have more income to spend, whereby their perceived risk is reduced. Similarly, if the variance across brands in a category is high, consumers rely less on brands to reduce purchasing risks as they can easily opt for the strongest brand. We find opposing effects regarding the social demonstrance function of the brand. Hence, managers are advised to emphasize different aspects of the brand when making brand investments. For example, following economic expansions, advertisement should focus more on symbolic functions of brands.

Keywords: *brand relevance; business cycle; product-market characteristics*

Track: Product and Brand Management