

Investigating the Impact of Changes in the Market Environment on the Grocery Sector

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Abstract

The grocery sector undergoes frequent and substantial changes in its market environment. These changes can stem from internal actions by market players, such as alterations in product assortment decisions and advertising strategies, to external events, including macro-level threats and new regulations. The objective of this session is to shed light on different sources of internal and external changes in the market environment and their implications on the grocery sector. On the one hand, internal actions, such as changing the marketing mix, often implemented with specific goals, can impact the whole market as firms' and consumers' reactions may lead to unexpected effects. On the other hand, external events introduce uncertainty in the market, challenging firms to maintain market positions and governments to protect consumer interests. Papers 1 and 4 focus on internal changes, examining the introduction of national brands by discounters and increasing advertising spending for alcohol-free products, while Papers 2 and 3 focus on external changes, including economic and health threats and tax policies. In the session, we investigate consumer reactions, retailer reactions, and retailer performance. The first paper, "Hard discounters versus supermarkets: The introduction of national brands by hard discounters" (Joerg, Gedenk, Deleersnyder, and Christiansen), studies how the introduction of national brands by discounters impacts sales in supermarkets. It analyzes the differential effects on regular and promotional listings, considering how discounter pricing strategy, brand, and category characteristics moderate the impact. It also explores how supermarkets respond to the assortment changes by discounters. The second paper, "How do individual-sensed threats impact consumers' grocery shopping behavior?" (Wu, Breugelmans, and Lamey) studies how consumers reallocate their spending across a large set of store and product attributes in response to sensed economic and health threats in a real-life setting. The findings reveal that consumers sensed the same external threats at very different levels, leading to a divergence in store and product choices during grocery shopping. The third paper, "How do temporary VAT cut policies change grocery consumer prices?" (Zhang, Kotschedoff, and Cleeren) studies the price effects during and after temporary VAT reduction policies, as well as the heterogeneous price effects across retail chains and types of brands. The fourth paper, "Sober irony: reciprocal spill-over effects of advertising alcohol-free products on alcohol sales" (Maesen, Vafainia, Ahlbom, and Heinlein), studies the spill-over effects of advertising on alcohol sales. Additionally, the study assesses the moderating roles of brand dominance and brand relatedness on this reciprocal advertising effect.