

# Market Expansion, Switching, and Cannibalization: Decomposing the Effects of Sustainable and Conventional Line Extensions

**Annika Hagen**

WHU - Otto Beisheim School of Management

**Christian Schlereth**

WHU - Otto Beisheim School of Management

**Anna-Karina Schmitz**

WHU - Otto Beisheim School of Management

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# **Market Expansion, Switching, and Cannibalization: Decomposing the Effects of Sustainable and Conventional Line Extensions**

## **Abstract:**

Sustainable line extensions in FMCG involve introducing environmentally friendly variants under an existing brand to meet rising consumer demand for sustainability. However, firms face challenges in predicting whether these extensions expand the market, attract competitor-switching consumers, or cannibalize sales of existing products. It is also unclear if sustainable extensions perform similarly to conventional ones and whether premium pricing is a viable strategy. To address these uncertainties, we propose an innovative use of discrete choice experiments, which compares preferences under manipulated line extension scenarios using counterfactual simulations. The results indicate that higher-priced sustainable extensions drive market expansion and attract competitor-switching consumers while minimizing parent brand cannibalization in comparison to traditional upward line extensions.

*Keywords: Line extensions, sustainability, choice behavior*

*Track: Product and Brand Management*