

Determinants of the effect of new product introductions on brand sales

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Determinants of the effect of new product introductions on brand sales

Abstract

New product introductions are common in CPG categories and serve as a growth strategy for major brands, yet many fail due to sales cannibalization and limited long-term purchase frequency. This study examines the dynamic effects of new product introductions on both product-level and brand-level sales over time. Using a quasi-experimental difference-in-differences design and a sample of 121,170 new CPG product introductions, we assess how introduction mode (line extension vs. new line), brand type (national brand vs. private label), brand size, and pricing moderate these effects. Results show that the initial positive impact on brand sales declines over subsequent weeks, though at a decreasing rate. New lines exhibit less product-level sales decline. Declines are smaller for larger brands and private labels. Higher prices provide early sales benefits but lead to faster declines over time. We conclude with implications for research and managerial practice.

Track: Product and Brand Management