Private Labels and Negative Marketing Events - Inter-Category Spillover Effects to Competing Retailers' Private Labels

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Abstract

This paper investigates how negative information about one retailer's private label (PL) leads to inter-category spillover effects on other retailers' PLs. Drawing on categorization theory, we test whether a product-harm crisis (PHC) of a specific PL product at one retailer reduces consumer evaluations of competing retailers' PL products. Our online experiment shows that a PHC involving a retailer's standard PL product triggers negative spillover effects on a competing retailer's PLs for various product categories. Hence, retail managers should be aware that a PHC at a competing retailer might negatively affect consumer evaluations of their PL products.

Subject Areas: Branding; Consumer Behavior; Product Categorization; Retailing