Big brands versus small brands: Matching and demand analyses

By

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Abstract:

This thesis extends the study of consumer behavior analysis, a synthesis between behavioral psychology, economics, and marketing by applying a new method in handling the dataset of four fast-moving consumer goods collected through a panel of British consumers.

Methodology: The aim of the study is to investigate the differences between big brand and small brand choice patterns of consumers in terms of matching, maximisation, and demand at both aggregate and individual level of analysis. Besides, it examines the differences between big brand and small brand groups in terms of demand elasticities with the use of both linear and non-linear models (calculating essential values).

Results: For the former part, interestingly, there are striking differences in results between the two sets of matching analyses. For example, strong support is shown for matching in aggregate whilst undermatching is the rule at the individual level. Besides, demand patterns observed are downward sloping for aggregate analysis while upward-sloping demand curves are witnessed for all chosen individuals. Last but not least, maximisation at aggregate level is generally observed whereas the diverse and inconclusive results of the maximisation patterns are found for individual analysis.

For the latter - demand analyses, the results show that price, utilitarian and informational reinforcement - independent variables - all exert impacts on the quantity purchased. Besides, the demand of cheaper big brands is less elastic than that of cheaper small brands showing that consumer take price reduction into consideration more seriously. Moreover, according to essential value’s analysis, buying and consuming big brands, which offer higher levels of informational rewards are said to give consumers extra nonfunctional satisfactions as well as to fulfil their functional wants and needs. The “double jeopardy effect” is also confirmed when small brand groups that often have the lower price, utilitarian and informational benefits suffer from lower penetration rate as well as less frequent of purchases.

Key words: consumer choice, consumer behavior analysis, marketing, brand marketing, matching, maximisation, demand analysis, behavioral economics, behavioral psychology, demand elasticities, essential value.
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# Table of Contents

Chapter 1: Introduction  
1.1 Research context  1  
1.2 Research Objectives  9  
1.3 Research Questions  10  
1.4 Structure of the thesis  11  

Chapter 2: Consumer Behaviour and Pattern of Brand Choice  15  
2.1 Marketing and Consumer Behaviour  15  
2.2 Patterns of Brand Choice  20  
2.2.1 Ehrenberg’s School of Thought  21  
2.2.2 Pattern of Brand Choice based on Reinforcement  26  
2.3 The Role of Price  29  

Chapter 3: Behaviour Analysis  35  
3.1 Behaviourism  35  
3.2 Behavioural economics  36  
3.2.1 Behavioural Economics from the Perspective of Psychology  37  
3.2.1.1 Classical Conditioning  37  
3.2.1.2 Operant Conditioning  39  
3.2.1.3 Methods in Behavioural Economics  43  
3.2.1.4 Matching Analysis  44  
  a. Schedules  45  
  b. Concurrent schedules of reinforcement  47  
  c. The Strict Matching Law  49  
  d. The Generalised Matching Equation  52  
  e. Bias  53  
  f. Sensitivity  54  
  3.2.1.5 Applications of the Matching Law  55  
  3.2.1.6 Token economies  58  
  3.2.1.7 Generality of the Matching Law  61  
3.2.2 Behavioural Economics from the Perspective of Economics  64  
3.2.2.1 Rationality and optimisation  66  
  a. Maximisation  66  
  b. Utility functions and indifference curves  69  
  3.2.2.2 Alternatives to Rationality  70  
  a. Bounded Rationality  70  
  b. Melioration  71  
  3.2.2.3 The Matching/Maximisation Controversy  73  
3.2.3 The Behavioural Perspective Model (BPM)  77  
3.2.3.1 Consumer behaviour settings  79  
3.2.3.2 Consequences of consumer response  81  
3.2.3.3 Levels of Interpretive Analysis  82
a. Level I: The Operant Class 84
b. Level II: The Contingency Category 85
c. Level III: The Consumer Situation 90
3.2.3.4 Tautology Concern in Consumer Behaviour Analysis 89
3.2.4 The Value Of Reinforcers 92
3.2.4.1 Demand analysis 93
3.2.4.2 Essential value 94
3.2.4.3 The Exponential Model 96
3.2.5 Substitutability and Matching 99
3.2.5.1 Definition of Substitutability, Complements, and Independence 99
3.2.5.2 Own-price and cross-price elasticity 99
3.2.5.3 Brand Substitutability 101
Chapter 4: Research Methodology 107
4.1 Research Philosophy 107
4.2 Research Design 116
4.3 Research Method 117
4.4 The Analysis 119
4.4.1 Sample Description 119
4.4.2 Data analysis 122
4.4.2.1 Amount matching (classical matching) 124
4.4.2.2 Probability matching (Maximisation analysis) 128
4.4.2.3 Cost matching (relative demand analysis) 131
4.4.2.4 Linear demand elasticities 134
4.4.2.5 Exponential demand elasticities (Essential values) 138
4.4.3 Analytical Issues 141
4.4.3.1 Defining big versus small brand group 141
4.4.3.2 Proportional versus Ratio calculations 143
4.4.3.3 The common denominator 143
4.4.3.4 Aggregate Level of Analysis 144
4.4.3.5 Individual Level of Analysis 147
4.4.4 Utilitarian and Informational Reinforcement Calculations 148
4.4.5 Validity and Reliability 150
Chapter 5: Results 153
5.1 General Overview 153
5.2 Brand Choice and Market Patterns 158
5.2.1 Average repertoire and average number of purchases 158
5.2.2 Sole and Multi-brand purchasing 161
5.2.3 Purchase duplication 163
5.3 Matching Analyses at Aggregate Level 165
5.3.1 Amount matching analysis 165
5.3.2 Cost matching analysis 169
5.3.3 Probability matching analysis 171
5.4 Matching Analyses at Individual Level 173
5.4.1 Amount matching 174
5.4.2 Cost matching analysis 179
5.4.3 Probability matching analysis 184
5.5 Overall Price Elasticities (Linear demand elasticities) 188
5.5.1 Simple version 188
5.5.2 Complex version 190
5.6 Essential values (Non-linear demand elasticities) 197
Chapter 6: Discussion and Conclusion 201
6.1 Patterns of Brand Choice and Market 201
6.2 Matching Analyses 204
6.2.1 Classical Matching 204
6.2.2 Cost matching 206
6.2.3 Probability matching 207
6.3 Demand Analyses 209
6.3.1 Linear Demand Elasticities 209
6.3.2 Essential values 211
6.4 Further research 213
6.5 Managerial implications 216
6.6 Limitation and delimitation 219
6.6.1 Exclusive purchasing 219
6.6.2 "Brand A" and "Brand B" 220
6.6.3 Aggregate versus individual level 220
6.7 Contribution 221
List of Tables

Table 3.1: Three Level of Interpretive Analysis 83
Table 3.2: Operant Classification of Consumer Behaviour 84
Table 3.3: The BPM Contingency Matrix 87
Table 4.1 Basic Information of the Sample 121
Table 5.1: Number of consumers, total purchases, average number of purchases, and number of brands 155
Table 5.2: Number of total purchases, average number of purchases, and number of brands 157
Table 5.3 Average repertoire and average number of purchases for baked beans 159
Table 5.4 Average repertoire and average number of purchases for biscuits 159
Table 5.5 Average repertoire and average number of purchases for fruit juice 160
Table 5.6 Average repertoire and average number of purchases for spreads 160
Table 5.7 Sole buyers and Multi-brand buyers 162
Table 5.8 Duplications of Purchases between Brands of baked beans 163
Table 5.9 Duplications of Purchases between Brands of biscuits 163
Table 5.10 Duplications of Purchases between Brands of fruit juice 164
Table 5.11 Duplications of Purchases between Brands of spreads 164
Table 5.12 Amount matching analysis 167
Table 5.13 Cost matching analysis 170
Table 5.14 Probability matching analysis 172
Table 5.15 Amount matching analysis for Fast-moving goods (grouped by four products) 176
Table 5.16 Cost matching analysis for fast-moving consumer goods (grouped by 181
four products)

Table 5.17 Probability matching analysis for fast-moving consumer goods (grouped by four products)

Table 5.18 Overall price elasticities (simple model)

Table 5.19 Overall elasticities (complex model)

Table 5.20 Non-linear demand elasticities without Utilitarian and Informational Reinforcement

Table 5.21 Non-linear demand elasticities with Utilitarian and Informational Reinforcement
List of Figures

Figure 4.1 Ontological and Epistemological Spectrum 110
Figure 5.1 Amount matching analysis 167
Figure 5.2 Cost matching analysis 170
Figure 5.3 Probability matching analysis 172
Figure 5.4 Amount matching analysis for fast-moving consumer goods (grouped by four products) 177
Figure 5.5 Cost matching analysis for fast-moving consumer goods (grouped by four products) 182
Figure 5.6 Probability matching analysis for fast-moving consumer goods (grouped by four products) 186