

# **Retailers' advertisement strategies towards competitors**

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## **Abstract**

Since the beginning of TV democratization for households, French mass retailers were forbidden to broadcast TV advertisements (1968 act). Such a prohibition did have two motivations: protect local press financing resources and limit competition for commodity stores. However, such restriction was abrogated in January 2007.

We study the two possible retailer's ad. contents: emphasizing their store's image or promoting their store brands. In the first option, advertisement benefits to all products sold within the store, whatever their brands, whereas in the alternative, only store brands are concerned by image's enhancement. We analyze mass retailer's behavior in the advertising strategy towards two alternative competitors: a hard-discounter retailer or a commodity store.

We show that, irrespective of the competitor's type, mass retailer prefers to communicate on the store rather than on the store brand. However, such strategy may push-out of the market commodity stores despite the fact that they sell products that are more valued by consumers.

JEL Codes : L15, M37, L41.

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