

MASS RETAILERS' ADVERTISING STRATEGIES

Discussant

Kusum Ailawadi

Charles Jordan 1911 TU'12 Professor of Marketing

Tuck School at Dartmouth College

- A model with normative implications for how retailers should respond to a major change in the regulatory environment.
- Considers whether retailers should engage in TV advertising, and if so, whether they should advertise their overall store image or their store brand.
- Considers optimal strategy when faced with one of two types of competitors – hard discounters and commodity stores.
- Finds that store advertising dominates store brand advertising and the status quo.

- Relevant and timely topic with potential for testing with data from natural experiment.
- Relates to broader question of optimal balance between NB and SB for a retailer – tension both from consumer demand side and manufacturer supply side.
- Two assumptions on which the results rest deserve empirical examination:
 - Retailers earn higher margin on NB than SB
 - Store advertising increases quality perception of NB and SB equally
- Rich opportunities for further research
 - Extend model to allow for advertising by competing retailers
 - And for multiple tiers of SB
 - Incorporate NB reaction (e.g., more powerful retailer gets lower MSP)
 - Implications for retailer response (e.g., HDs introduce NB)