



AgEcon SEARCH

RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

Consumers Show Strong Brand Loyalty in Cheese Purchases

Consumers' brand loyalty and desire for brand varieties play an important role in the demand for food products and the profitability of U.S. food marketing firms.

Firms use brand introduction as a key strategy to attract new consumers and to retain current consumers with original brands, thereby improving the firms' market shares.

Fluctuating food prices, however, may cause consumers to forego brand loyalty and choose less expensive store or generic products. ERS and university researchers used household data from ACNielsen Homescan Surveys from 1998 to 2003 to investigate U.S. consumers' brand loyalty for Cheddar, shredded, and sliced American cheese.

The study results indicate that, in general, strong brand habits seem to override the effects of changing prices on consumers' cheese purchases. Researchers used brand and store information along with house-

holds' demographics (size, education, income) to examine consumers' brand choices. The study analyzed households from four U.S. regions—Northeast, Central, Southeast, and West—to identify regional patterns of brand loyalty and switching in cheese purchases.

Consumers appear to have strong brand loyalty when purchasing Cheddar, shredded, or sliced American cheese. Some regional differences in brand loyalty were observed, but the study showed little evidence of brand switching. Consumers' current choices appear to be driven mainly by past brand purchases. In some instances, brand-loyal households even appear to switch among retail stores to purchase their desired brand. A larger selection of brands or varieties does not induce greater price sensitivity among U.S. consumers.

However, brand loyalty appears to decrease over time. Two consecutive purchases made 8 weeks apart show less brand loyalty

than such purchases within a 4-week period. Thus, brand loyalty depends on not only frequency of purchases but also time elapsed between consecutive purchases (memory), which likely explains marketing strategies such as coupons with expiration dates. When brand switching occurs, it appears to be within the top two or three brands in each of the three types of cheese for all four regions. **W**

Carlos Arnade, carnade@ers.usda.gov
Munisamy Gopinath,
m.gopinath@oregonstate.edu
Daniel Pick, dpick@ers.usda.gov

This finding is drawn from . . .

"Brand Inertia in U.S. Household Cheese Consumption," by Carlos Arnade, Munisamy Gopinath, and Daniel Pick, *American Journal of Agricultural Economics*, Vol. 90, Issue 3, August 2008, pp. 813-826.

Jupiterimages

