

Competitive Segmentation Analysis To Compare Pricing Effects for Competing Brands

Keywords: Segmentation, Competition, Brand, Price

Description: This research shows how Competitive Segmentation Analysis (CSA) can be applied to compare the performance of competing brands in relation to price changes.

ABSTRACT

Different customer groups have distinct brand preferences and react differently to marketing activities. There is a rich research body on the effect of marketing variables on revenue (e.g. price elasticities). Surprisingly, there is no approach to analyze segment-specific reactions to marketing activities for competing brands. We use an approach called Competitive Segmentation Analysis (CSA) to compare revenue performance of three different national coffee brands at one retailer. We determine and compare competitive dis(advantages) of the observed brands with respect to previously elicited consumer segments. To illustrate how the CSA can be applied, we exemplarily investigate the impact of regular and promotional prices on national brands' revenue. For segmentation, we use a cluster analysis based on demographics. The database is extensive household panel data including about 5.5 million purchases from 2016 to 2022 from German grocery stores. Our results reveal the competitive advantage of one brand in relation to the other two brands. With this analysis, we provide retailers with a method to compare the effects of pricing variables on different brands and consumer segments.