

Consumers lacking information prefer name-brand over store-brand products

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When people purchase painkillers for a headache, but also when they buy salt or sugar, they opt for brand-name products, even if there are cheaper store-brand products with the same composition. This can be explained by a lack of information and product knowledge. This was shown by a large-scale study in the United States by the Tilburg economist Bart Bronnenberg and colleagues of the University of Chicago, published in the *Quarterly Journal of Economics*..

The researchers discovered that, the better informed the consumer is, the greater the chance that he will opt for the store-brand. In the case of [painkillers](#), people with [medical knowledge](#) are thus more likely to buy a store-brand than a name-brand product. Chefs, for instance, buy less name-brand sugar and [salt](#) than those who do not cook professionally, even though the products themselves hardly differ.

Data on more than 77 million shopping trips between 2004 and 2011 were analyzed and [consumers'](#) purchases of national or store-brand aspirin were matched with their knowledge and professions. Nurses and pharmacists, for example, know more about the ingredients of painkillers than the average consumer. It turned out that 26% of the average consumers and only 9% of the pharmacists bought the national brand. In the case of salt, sugar, and baking soda, the national brand was bought by 40% of the average consumers, but by 23% of the chefs.

The study showed the same results for 51 different health products, including cold remedies, vitamins, and contact lens solutions: experts are less likely to buy the more expensive national-brand products. However, the same does not hold for the majority of the 241 food and drink products that were also part of the study. Unlike sugar and salt, there is a difference between national-brand and in-house products as regards the composition of many of these products. Product knowledge has little or no effect for such products. Consumers who work as chefs are prepared to pay the higher price for the national brands of many food and drink products.

If all consumers had expert information, there would be a shift in the market share between national and store-brand health care products. Further research will have to show whether other effects emerge if consumers are better informed, for example, whether they buy different [products](#) or different quantities.

The question is what politicians and consumer organizations will do with the results of Bronnenberg's research. And whether the conclusions of the American study also apply for the Dutch market. Bronnenberg's guess is that, as a result of government campaigns and information provided by doctors, Dutch consumers are already better informed than the average American consumer.

Provided by Tilburg University

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