A Logit Model of Brand Choice

Market Response to Control Variables

Testing

Calibration Results

Regular Ground Coffee

Application to Packaged Goods

The Multinomial Logit Choice Model

INFO

Why most influential?

1983

Guadagni and Little

Marketing Science

research question

alternatives

variables on customer choice among product

We examine the effect of marketing

interactions within a category

How MMIX affect  product

Store-level testng

Underpredicted level

Overpredicted promo effect in forecast

Forecast issues

“Small A” Figure

Formula for share

Advantages

Coefs

Calibration

Attribute Variables

Alternatives

Data

Category

Choice of store, but not in store

More complicated V specification

Other categories

purchase occasion itself

A major missing feature is the modeling of the

Simulating feature “history”

Actual prices and promo

Quite good predictions

More than 1700 citations

How it was measured?

For whom?

Introduce loyalty

the degree of homogeneity in the customer population

What is alternative

choices

Market share is an aggregation of individual customer

panel data

store sales data

78-week

Kansas City supermarkets

ground coffee store and panel records

Individual stores

Feature

Quality of Fit

Calibration

Linear utility

Axiomatic View

traditional supermarket loss leader

fluctuations in commodity markets

Price changes are relatively common because of

FMCG

Loyalty helps to capture heterogeneity

Response differs

Some examples

Time period

How the market responds to the retailers' actions

about alphas estimation

100 hh / 32weeks / 1021 purch occasions

effects on total category sales

the effects of marketing variables

Discussion

Two important properties

Closed form

Utility

Aggregate share

Chi-squared tests of model significance

U2 for model

t-values for coefficients

weekly sales, price

Long-term

Short-term

The elasticity of price during a promotion

promotion of another

the cannibalization of one size of a brand by the

share response to promotion

another's price

Due to loyalty

loyalty cards -> repeated actions

provide competitive environment

purchases at the point of sale

automatic recording of

iid assumption ant its violation

Not sure, they consumers follow our assamptions

Constant

what to buy: a nested logit model of coffee

Guadagni, P.M., Little, J.D.C., 1998. When and