

Discussion of
"The
Evolution of
Brand
Preferences"
by
Bronnenberg,
Dube' and
Gentzkow

Matthew
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Summary

Sources of
Brand Capital

Overview

How to Explain Geographic Variation in Purchasing Shares?

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- 60% of gap in purchasing patterns explained by supply-side variables.
- 40% explained by persistent brand preferences.
- The 40% gap closes over time, but it closes slowly.
- Model used to simulate interesting counterfactuals.

Habit formation or Something Else?

- Several potential explanations for brand preference persistence are given:
 - Habit Formation
 - Exposure to Advertising
 - Learning from others

Habit formation or Something Else?

- Do individuals who moved while young have purchasing patterns closer to state of origin for products not consumed while young?
- Do individuals who moved before they had children have purchasing patterns closer to state of origin for products for children?

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- Informative paper that answers an interesting question with new data.
 - How do characteristics of respondents to migrant survey compare to rest of Homescan households?
- Convincing results, careful attention paid to validating assumptions.