

# Generic Advertising in Market Demand

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## Abstract

This paper reconsiders the impacts of generic advertising on commodity prices induced through demand effects. Rather than considering a simple demand shift, we consider the possibility that advertising leads to a change in curvature of the demand curve. To evaluate this possibility we consider U.S. aggregate demand for beef. Quarterly data from 1976 through 1996 is used. Based on parametric tests, we find evidence consistent with convexity in the demand curve for beef with respect to its own price. Further, we find evidence that the demand elasticity and the convexity of demand are affected by the intensity of generic advertising.

**Key words :** Generic advertising, Demand elasticity, Habit persistence

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