



Contents lists available at ScienceDirect

Journal of Business Research



Tastlé-Nestlé, Toogle-Google: The effects of similarity to familiar brand names in brand name innovation

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ARTICLE INFO

Article history:

Received 9 January 2015

Received in revised form 29 September 2015

Accepted 30 September 2015

Available online xxx

Keywords:

Brand name

Branding

Brand attitudes

Similarity

Familiarity

Innovation

ABSTRACT

When developing new brand names, marketers face the dilemma of how similar their new brand name is or should be to familiar brand names in the market. The current research tests the complete range of conditions exploring how the degree of similarity of a new brand name to an existing one may affect attitudes toward the new brand name. The authors first replicate an inverted-U pattern suggested by congruency theories. However, this result holds only in the case of positive pre-existing attitudes toward familiar brand names. Additional tests demonstrate a U-shaped pattern in the case of negative attitudes toward familiar brand names, and a linear relation between similarity and attitudes in the case of no pre-existing attitudes toward familiar brand names. A field study replicates these findings, testing actual choice of products that bear different levels of resemblance to real positive and negative brand names (Oreo and Spam).

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Surprisingly similar in sound, Toyota's Verso followed Nissan's Versa to the market (in 2009 and 2006, respectively). Whether brand reputation or coincidence led to these similar names, each name could potentially impact both brands' success.

Managers often contemplate whether to develop a name similar to a familiar one (Bellman, 2005) or develop a novel/unique name for their product (Samu & Krishnan, 2010). Similar names may benefit from the positive effect of familiarity on attitudes (Campbell & Keller, 2003; Harler, 1996). Indeed, firms sometimes choose similar names to well-known brands (accidentally or intentionally). For example, Tastlé coffee sounds very similar to the well-known Nestlé coffee brand. Similarly, Toogle ([http://c6.org/HYPERLINK \"http://c6.org/toogle/\"toogleHYPERLINK \"http://c6.org/toogle/\"/](http://c6.org/HYPERLINK \)) used Google as a basis not only for its name, but also its logo. Research has demonstrated the inverted-U effect of similarity on attitudes (in which the most positive attitudes are elicited by moderate similarity, with less positive attitudes for highest and lowest levels of similarity (e.g., Giora et al., 2004; Meyers-Levy, Louie, & Curren, 1994; Meyers-Levy & Tybout, 1989). This research focused on positive attitudes toward the familiar brand. However, beyond potential legal complications of creating brand names too similar to others, high similarity to a familiar name does not necessarily maximize a brand's worth. For example, unexpectedly

at the top of the list of the 50 most hated names for 2012 were Twitter, Facebook, iPhone, and YouTube (Kelly, 2012). What if a marketer created a name that is similar to an existing disliked name? This paper focuses on the dilemma that managers face when creating new names: how the degree of innovation versus similarity to existing names affects attitudes toward new brand names. Four experiments replicate previous findings regarding the inverted-U relation between similarity and brand attitudes, and extend this question to negative pre-existing attitudes, showing that familiarity can have an upright-U relation with attitudes in the case of pre-existing negative attitudes toward a familiar name. The experiments also show that, in the case of no pre-existing attitudes, the relation between familiarity and attitudes is linear. Finally, the results are replicated in the field, testing the U- and inverted-U-shaped similarity effects on real brand names (Oreo and Spam) and actual choice behavior.

This work contributes to the theory and practice of branding by providing the complete story of brand name similarity, considering the various possibilities and identifying aspects of brand name similarity which has not received enough attention to date. The work distinguishes between different conditions (positive/negative/neutral pre-existing attitudes) in which similarity may have different effects.

1. Brand name innovation: the tension between pleasure in the familiar and pleasure in the novel.

One dilemma in branding is the choice between extending an existing name versus creating a completely new name – (pursuing a

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familiarity versus a distinctiveness route; Samu & Krishnan, 2010). However, theory and research provide inconclusive solutions for this dilemma.

On the one hand, brand familiarity has a positive effect on attitudes toward brand names, brand extensions and products (e.g., Kent & Allen, 1994; Kohli, Harich, & Leuthesser, 2005) and memory for names (Francis, Lam, & Walls, 2002; Lee & Ang, 2003; Zhang & Schmitt, 2001). Similarity also results in increased liking and affects behavioral outcomes such as request compliance (Brendl, Chattopadhyay, Pelham, & Carvalho, 2005; Burger, Messian, Patel, del Prado, & Anderson, 2004; Garner, 2005). Consumers search for and enjoy the familiar in new names (e.g. Cunha, Forehand, & Angle, 2014) as well as in product innovations (Moreau, Lehmann, & Markman, 2001). Similarity increases attitudes via the pleasing/comforting effect of familiarity and mere exposure (Bornstein & D'Agostino, 1992; Fang, Singh, & Ahluwalia, 2007; Harler, 1996; Zajonc, 1968). This research suggests that as similarity of a new name to a familiar one increases, attitudes will be more favorable toward the new name. Marketers, then, should minimally deviate from familiar names.

On the other hand, people find pleasure in novelty (Berlyne, 1978; Litman, 2005) and surprise (Duncker, 1945; Goth, 2004; Hvattum, 2008). People seek new information/experiences (Litman, 2005), as the discovery of the novel bears the pleasure of fulfilled curiosity and learning (Berlyne, 1974, 1978). Indeed, research on product innovation suggests that consumers enjoy discovering new uses for products and novel consumption experiences (Hirschman, 1980; Hirschman & Wallendorf, 1980), because they allow consumers to avoid the boredom of the familiar (Bornstein & D'Agostino, 1992). Consumers enjoy the "Aha!" effect in discovering the features of a new product by themselves, and "hints," such as product-use instructions, can destroy this pleasure (Lakshmanan & Krishnan, 2011). Also, unusually spelled brand names have a positive effect on attitudes, especially when consumers are unfamiliar with the brands (Lowrey, Shrum, & Dubitsky, 2003; Van den Bergh, Adler, & Oliver, 1987). These results support the notion of consumers' appreciation for novelty in brand name formation.

Thus, research does not provide a clear answer to the question managers face: to what degree should they innovate in brand name creation? A manager who sticks to the familiar may lose the pleasurable effect of innovation, but adopting innovative branding may fail to appeal to the sense of familiarity. A related finding that demonstrates this dilemma is that uncertainty drives consumers to prefer non-unique product features when they are unfamiliar with the product category, but when they are familiar with the category, consumers are more likely to prefer unique product features (Zhou & Nakamoto, 2007).

The authors propose in this work that the familiarity effect in brand innovation may depend on additional factors, such as pre-existing attitudes toward a familiar brand name. Following is a consideration of three cases: positive, negative, and no attitudes toward the familiar name. The predictions regarding these cases are outlined, reaching a unifying theory of the effect of similarity to the familiar name on attitudes toward the new name.

2. Optimal brand name innovation

2.1. An Inverted-U Effect of Similarity on Attitudes – The Case of Positive Pre-Existing Attitudes

The prediction for the case of positive attitudes toward the familiar brand name relies on research that finds an inverted-U-shaped relation between degree of similarity and product evaluations. For example, moderate incongruity between the attributes of a new drink and its product category leads to more favorable product evaluations than category-congruent or incongruent attributes (Meyers-Levy & Tybout, 1989). This has been investigated in different fields in marketing, such as brand name extensions (Meyers-Levy et al., 1994) and product

categorization and evaluations (Peracchio & Tybout, 1996; Stayman, Alden, & Smith, 1992).

Two mechanisms contribute to the inverted-U-shaped effect: the pleasure in identifying the familiar/mere exposure (Bornstein & D'Agostino, 1992; Fang et al., 2007; Harler, 1996) and the pleasure in the novel/surprising (Berlyne, 1978; Duncker, 1945; Goth, 2004; Hvattum, 2008; Hirschman, 1980; Hirschman & Wallendorf, 1980; Lakshmanan & Krishnan, 2011; Litman, 2005). Unusually spelled names have a positive effect on attitudes, especially when consumers are unfamiliar with the brands (Lowrey et al., 2003; Van den Bergh et al., 1987). Thus, if a name is too similar to a familiar brand, there is not enough novelty, but if a name is too different, the comfort of the familiar is gone. The two forces create a peak of pleasure for moderate (optimal) novelty of brand name sound.

In sum, the literature suggests that new names that are extremely similar and extremely different from familiar brands evoke less favorable attitudes than moderately-similar names. If so, too similar and too distant brand name variations should elicit less positive attitudes compared with moderate variations. The logic of optimal innovation for brand names with positive attitudes is clear, but predictions for names with negative attitudes are less so.

2.2. The backfiring effect of negative attitudes toward the familiar brand name

Sometimes, consumer attitudes toward familiar brand names are not favorable. Research on repetition and attitudes indicates that negative attitudes may deepen with ad repetition (Belch, 1981, 1982; Calder & Sternthal, 1980; Stayman & Aaker, 1988). Pierce (1987) finds that people with negative attitudes toward a familiar product were more likely to prefer an innovation of the product rather than the product itself. Thus, similarity with disliked names may evoke negative attitudes. However, mere exposure, familiarity, and lowered risk (Fang et al., 2007) may increase attitudes toward brand names even if the attitudes toward the original brand name are not favorable, because highly similar (i.e. less innovative) names bear the soothing effect of the familiar (even for negative names, due to the lessening of risk associated with novel names), and may therefore be perceived as less threatening than moderately similar names. Moderately similar names bear less familiarity and more innovation and in the case of negative names this combination may reduce attitudes toward the innovation. This logic predicts a decrease in attitudes from highly similar names to moderately similar names.

For distant variations, high dissimilarity will not evoke the disliked brand name at all (Giora et al., 2004; Lane, 2000) and will therefore form an attitude independent of the original disliked brand name. This attitude will be more positive or more negative depending on the affect-potential of the new name in itself, but on average we expect attitudes toward distant variations to be more positive than toward the moderate variations.

Thus, similarity to negatively-evaluated names should lead to an upright-U effect on attitudes toward new names: very similar and very distant variations should elicit more positive attitudes than moderately similar variations. Supporting this prediction, research on advertising repetition shows that favorable thoughts first increase and then decrease with continued exposure, whereas negative thoughts display the opposite pattern (Hawkins & Hoch, 1992). This effect may be due to a combination of the irrelevance of the familiarity effect in distant innovations (because there is little likelihood that the original name is recalled at all), and subliminal perception of a brand name that is highly similar to a negative brand as unfavorable.

2.3. The case of no Pre-existing attitudes toward the familiar brand name

Consumers do not always possess pre-existing attitudes toward products and brand names (Baker, 2003; Klink, 2003). Meyers-Levy

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