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Preference reversal for copycat brands: Uncertainty makes imitation feel good

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ABSTRACT

Copycat brands try to entice consumers by imitating the trade-dress of leading brands. Recent research suggests that preferences for copycat brands relative to more differentiated brands are generally lower. That is, consumers tend to dislike such "imitation" brands, because of psychological reactance. Three experiments provide evidence in support of the counter hypothesis that preferences for copycats, rather than being generally negative, critically depend on consumers' uncertainty. When uncertainty about product quality is low, people dislike copycat brands, but this preference reverses when uncertainty is high – despite awareness of the imitation tactics being used. We speculate that this preference reversal occurs because the familiar feel of the copycat is interpreted positively when being uncertain, but negatively when being certain. This double-edged effect of brand similarity has implications for preference theory, consumer decision-making, and managerial practice.

1. Introduction

Imagine being on a holiday abroad looking for an energy drink. All brands in the store are unknown, which creates uncertainty about their quality. One brand, however, looks familiar, because of its high similarity in package design with the Red Bull energy drink, although it is clearly not that brand. When Red Bull is unavailable, what is the likelihood that you will buy this copycat brand and not an equally attractive-looking other brand that is visually differentiated from the Red Bull energy drink? Now imagine that you are back home where all brands are well known to you. When Red Bull is unavailable, what is the likelihood that you now will buy the copycat brand rather than the visually differentiated brand?

Copycat brands imitate a leading brand to make use of the latter's brand equity. Copycatting is a widespread branding strategy that can erode the long-term investments in leading brands thereby incurring major financial losses (Zaichkowsky, 2006; Mitchell & Kearney, 2002). Sayman, Hoch, and Raju (2002) even reported package imitation in one third of the 75 consumer packaged goods categories that they researched. It is thus important to understand the drivers of consumers' preferences for copycat brands. These are not yet well understood, which was the impetus of the present study.

The success of copycatting is often attributed to brand confusion. In case of brand confusion, people positively evaluate the copycat because they confuse it with the original brand (Howard, Kerin, & Gengler, 2000; Kapferer, 1995; Loken, Ross, &

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Hinkle, 1986; Simonson, 1994). The degree of brand confusion is also a major metric in court cases to determine whether unlawful copycatting has taken place (Zaichkowsky, 2006). Yet, people are often fully aware that an imitation strategy is being used and do not mistake the similar looking brand for the original, such as in the opening example about the choice of an energy drink. In such cases, copycatting is blatant and upfront, and without any confusion between the original and the copycatting brand. What is the effect of such blatant copycatting on consumer preferences?

Recent research has provided evidence that such copycats are evaluated negatively, because of psychological reactance to imitation (Steenkamp & Geyskens, 2013; Van Horen & Pieters, 2012a, 2012b; Warlop & Alba, 2004). But does this mean that people generally dislike blatant copycats? The present research challenges this idea. It tests the hypothesis that copycat evaluation critically depends on uncertainty about product quality. We predict that when uncertainty about product quality is low, people dislike copycat brands, but that this preference reverses when uncertainty is high, despite awareness of the imitation tactics being used. We speculate that this is due to the fundamentally different role that feelings of familiarity induced by the copycat play in the evaluation process. When uncertainty is low, the feelings of familiarity that copycat brands induce have negative effects, yet when uncertainty is high, the familiar feel of copycat brands have positive effects.

Support for this idea would imply that uncertainty induces preference reversals for copycat brands. This would provide new insights into how contextual factors – such as uncertainty – influence evaluation and choice processes of consumers. It would reveal that, counter to the idea that feelings of familiarity have universally positive effects (Whittlesea, 1993; Winkielman, Schwarz, Fazendeiro, & Reber, 2003) these effects are conditional upon contextual factors, such as uncertainty. This might enable better predictions about the potential success of copycat brands and more informed decisions by consumers and managers when dealing with them. The next section provides the theory on which our predictions rest. Then, the findings of three controlled studies that test the predictions are presented.

1.1. Effectiveness of copycatting

Copycats imitate the name, logo, and/or package design of a leading brand to take advantage of the latter's positive associations and marketing efforts (Foxman, Muehling, & Berger, 1990; Kapferer, 1995; Loken et al., 1986; Simonson, 1994; Zaichkowsky, 2006). Copycatting is a deliberate and frequently used strategy. A survey in the United States showed for instance that half of the store brands were similar to a leader brand package at least in color, size, and shape (Scott-Morton & Zettelmeyer, 2004, see also Sayman et al., 2002). Imitation strategies can be effective as they activate associations that remind consumers of something they know (i.e., the leader brand), which feels familiar, fluent, and pleasant (Jacoby, Kelley, Brown, & Jasechko, 1989; Moreland & Zajonc, 1982). Then, the positive evaluations associated with the leader brand are likely to become infused into the representation of the copycat brand, resulting in positive copycat evaluation. This occurs in particular when the copycatting is done subtly, and the imitation is not obvious and blatant.

Recent research has demonstrated that when the imitation is very obvious and blatant, however, copycat evaluation is negative instead of positive (Van Horen & Pieters, 2012a, 2012b; Steenkamp & Geijskens, 2013; Warlop & Alba, 2004). Van Horen and Pieters showed, for instance, across various product categories and imitation tactics (brand name, packaging), that people preferred a more differentiated brand to a copycat brand when the similarity to the leader brand was high and comparison was made easy. Then, people were especially likely to become aware of the high resemblance with the leader brand, which heightens consumers' awareness of the imitation practices employed. Such obvious imitation attempts are perceived as unacceptable and inappropriate, which induces psychological reactance (Campbell & Kirmani, 2000; Wegener & Petty, 1995), resulting in a negative evaluation of the blatant copycat.

Thus, this recent research stream suggests that when copycats are blatant and consumers are aware of the imitation tactics being used, copycats are disliked. But are blatant copycats always disliked? Blatant copycats are common, and the question is why they persist, if they could never be successful. Remarkably, research has not yet considered the potential influence of contextual factors in the evaluation process of such copycats, even though these factors are known to condition people's preferences and choice (Huber, Payne, & Puto, 1982; Meloy & Russo, 2004). Here, we investigate one such contextual factor – the uncertainty consumers face in a shopping situation. We propose that the evaluation and choice of blatant copycats is critically dependent on the uncertainty of quality elicited by the decision context. More specifically, we predict that in an uncertain context people *like* – instead of *dislike* – blatant copycats.

1.2. Coping with uncertainty

Consumers make purchase decisions with varying degrees of uncertainty about the quality of the alternatives that are being offered. Such uncertainty of product quality is predominant in unfamiliar settings, where consumers have no knowledge of the brands that are on the market, how they perform, and how they compare to other brands (Downey & Slocum, 1975; Howell & Burnett, 1978; Lipshitz & Strauss, 1997). Situations of uncertainty induce unpleasant feelings and these prompt coping responses to reduce them (Kahneman & Tversky, 1982; Loewenstein, 1994). Search for additional information, such as through advice seeking, product- and store comparison, or sampling, can sometimes reduce uncertainty (Dowling & Staelin, 1994; Urbany, Dickson, & Wilkie, 1989).

When time is limited and there is little opportunity to extensively search for information and compare alternatives, consumers are however likely to search for simple, low-effort cues to assess quality in order to reduce uncertainty. Such quality cues reside, for instance, in the price, packaging, and brand name of a product (Dawar & Parker, 1994; Kirmani & Rao, 2000).