The Impact of Brand Relatedness on Negative Spillover Effects in Brand Portfolios

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Marketers cultivate relatedness between brands in their brand portfolios to increase marketing efficiency. But creating linkages between brands also makes them vulnerable to negative spillover. This research investigates the structure of relatedness in a brand portfolio to understand the nature of spillover effects. We propose that 1) the magnitude of spillover between brands is influenced by both the strength and the directionality of brand relatedness; and 2) the directional strength of association between brands is a function of the number and salience of associations linked to each brand. These propositions are tested in two experimental studies.

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Complex brand portfolios with multiple brands, sub-brands, and endorsed-brands are increasingly common in the marketplace. Marketers often cultivate relatedness/linkages between brands in the portfolio through a variety of marketing means including common brand names and logos, similar advertising, and promotion of complementary usage to gain marketing efficiency. However, relatedness also makes brands subject to “spillover” in which external information (e.g., negative news) about a brand can change evaluations of related brands that are not directly implicated. The purpose of this research is to investigate the impact of brand relatedness on such spillover effects.

Prior research has investigated the spillover between extension products and the parent brand (e.g., Roedder John et al. 1998) and between competing brands in a product category (Roehm and Tybout 2006). These studies show that the strength of linkages between brands is a good predictor of the extent of spillover between them. However, the linkages can be characterized by more than just strength. Based on network association theory, a process explanation for the strength of linkages suggests that linkages between information nodes are “pointers” whose properties include strength as well as directionality (Collins and Loftus 1975). But the impact of the directed nature of brand relatedness has not been examined in previous spillover research. In a brand portfolio (e.g., Kellogg’s), sub-brands (e.g., Special K and Corn Flakes) are associated via a large number of linkages (e.g., common usage, logo, users’ experience), and the frequency and direction of processing these linkages can influence the directional strength of association between sub-brands. Thus, we propose that spillover between sub-brands is a function of not only the strength but also the directionality of association between sub-brands. In particular, the spillover between sub-brands A and B will be asymmetric when the strength of association between them is asymmetric.

If asymmetric strength of association indeed leads to asymmetric spillover effects, a related question is, what factors influence the directionality of association strength, and under what conditions the directional strength of association can be changed. Two competing theories may explain the directionality of brand associations. First, network association theory indicates that, when judging the relatedness of brand A to brand B, brand A is primed and activated, and this activation spreads to brand B via linkages between them. The level of activation arrived at brand B guides consumers to judge the strength of A-to-B association (Ulhaque and Bahn 1986). The “fan effect” in network association theory indicates that, given a fixed level of activation at a brand node, the more links it radiates, the less activation emanates toward any one link. Thus, when brand A has more associative linkages emanating from it than does brand B, the strength of A-to-B association is weaker than that of B-to-A association. Alternatively, the contrast model (e.g., Tversky 1977; Tversky and Gati 1978) indicates that the perceived similarity between brand A and brand B is a function of their common and distinctive features. When judging the similarity of brand A to brand B, brand A’s features are weighted more heavily than brand B’s, and therefore the distinctive features of brand A detract more from similarity than do distinctive features of brand B. Thus, when brand A (e.g., Coca-Cola) has more distinctive features than brand B (e.g., Shasta Cola), consumers will perceive less similarity of brand A to brand B than B to A. In summary, in a brand portfolio, if sub-brand A is more salient and therefore has more associations than sub-brand B, both network association theory and the contrast model predict that sub-brand A is perceived less related to sub-brand B than sub-brand B to A.

However, these two theories may arrive at different predictions when investigating factors that influence the directional strength of association between brands. First, network association theory predicts that the strength of association from brand A to brand B will be strengthened when priming any associations of brand A. This is because priming increases the level of activation at brand A and therefore the level of activation arrived at brand B. However, the contrast model predicts that the strength of association from brand A to brand B will be strengthened when priming common associations of brand A, but it will be weakened when priming unique associations of brand A. Thus we propose two competing hypotheses for the impact of priming brand associations on the directional strength of association.

The above proposed effects were tested in two experiments. In experiment 1, we investigated the impact of brand relatedness on spillover using three sub-brands from an existing brand portfolio. We measured the directional strength of association using a computer-based sequential priming program, primed negative information at each brand, and measured the extent of spillover at related brands. In experiment 2, we investigated the impact of the number and salience of brand associations on the directional strength of association. In a 2 (number of associations: more vs. few) X 3 (priming: none, prime common associations, prime unique associations) factorial design, we measured the directional strength of association between fictitious brands and then replicated the design with real brands.

The results of experiment 1 suggest that the spillover between sub-brand A and B is asymmetric when the strength of association between them is asymmetric. Managers need to be aware of this asymmetric spillover to design efficient remedy strategies. The results of experiment 2 show that the strength of association from sub-brand A with more associations to sub-brand B with fewer associations is weaker than that of sub-brand B to A. Furthermore, the directional strength of association from sub-brand A to sub-brand B will be strengthened when brand associations of A, regardless of common or unique associations, are primed. This indicates that, when a sub-brand is affected by negative information, it may not be wise to prime the distinctive associations of that brand in the hope of limiting spillover. Instead, advertising emphasis should shift to underscore the positive equity of the parent brand and/or other sub-brands, while advertising of the affected brand is halted.

Reference