Effectiveness of Abstract Vs. Concrete Challenge Strategies in Response to the Competitive Threat of Extensions From Mega Brands

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This research investigates the competitive evaluation of extensions of mega brands (i.e., multi-category brands characterized by a predominance of abstract associations) relative to typical exemplar brands (i.e., a primarily single category brand characterized mainly by concrete attribute associations) that are firmly entrenched in far categories. Using the literatures on brand typicality and the alignment and adjustment model as theoretical underpinnings, this research also tested the efficacy of four abstract and two concrete attribute-based competitive defensive strategies. The findings of three lab experiments employing real brands suggest that exemplar competitor brands hold a slight competitive advantage over mega extensions which none of the abstract strategies could weaken. The only successful defense strategy was when the exemplar competitor brand explicitly provided competitively superior concrete attribute information.

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EXTENDED ABSTRACT

Prior research has shown that parent brands characterized by abstract vs. concrete associations can extend into many dissimilar categories (Dacin and Smith 1994). However, this does not necessarily mean that consumer preferences for and choices of these extensions relative to other high quality competitors entrenched in the extension category will be high. In other words, non-competitive and competitive evaluations of brand extensions (evaluation of extensions without and with reference to an existing specific brand, respectively) are different (Broniarczyk and Alba 1994) and prior studies have typically investigated extension’s non-competitive evaluation which is largely a reflection of extension fit.

Although mega extensions are often introduced in the presence of strong typical exemplar brands in extension categories, which serve as cognitive reference points for comparison (Loken and Ward 1990), little is known about how they will fare. Prior research suggests that despite its transferability, a mega brand could suffer in competing against a typical exemplar brand because typicality of a brand is positively correlated to its evaluation, inclusion in the consideration set, and its choice as a standard of comparison (Loken and Ward 1990). Similarly, pioneering literature highlights the challenges that late entrants into a category face vis-à-vis incumbents (Carpenter and Nakamoto 1989).

Our study has three key purposes. First, we investigate and confirm that non-competitive and competitive evaluations of brand extensions differ. Second, we explore the extent that far extensions of mega parent brands pose a threat to exemplar competitor brands. Third, we test the efficacy of potential abstract vs. concrete attribute based competitive positioning strategies that could be employed by exemplar competitor brands to defend themselves against mega extensions. We examined these objectives by employing four pairs of real parent brands, 8 far and 8 close extensions, and 16 exemplar competitors that were selected through extensive pretesting involving 500 undergraduate subjects. Both quantitative and protocol results across all replicates in Study 1 supported H1 showing a slight competitive advantage for exemplar competitors. However, given the brand strength of mega brands, exemplar competitor brands cannot let their guard down and need to deploy strategies to defend themselves from mega extensions for which we draw upon the alignment and adjustment model of Pham and Muthukrishnan (or PM) (2002). They showed that the magnitude of judgment revision of a defending brand following a competitor’s challenge will depend upon the commensurability of the challenging information and the defending brand’s positioning (e.g., concrete positioning is better challenged by concrete attribute based strategy) provided the latter is accessible.

Thus, in Study 2 we employed two abstract attribute-based challenge strategies. We selected abstract strategies based upon an examination of abstract thoughts for mega extensions in Study 1 protocols. The expertise strategy dealt with undermining the performance of mega brand extensions on abstract attributes (PM 2002). It encouraged consumers to believe that exemplar competitor brands are likely to have greater manufacturing expertise in the extension category because they manufacture only a few products, as compared to the mega brand whose manufacturing capability has been diffused across multiple categories. The relevance strategy attempted to reduce the relevance of abstract attributes for mega extensions by imploring consumers to ignore the reputation of the mega brand because its performance on specific concrete attributes that are important in the extension category is unknown to consumers. We also decided to use a concrete attribute-based strategy (labeled ability strategy) to play upon mega extensions’ weak linkage with concrete attributes. Study 1 protocols revealed that subjects preferred not to use concrete attributes (in comparing the two brands). Thus, if such information were to be provided to subjects, the competitive evaluation of the mega brand extension could perhaps be mitigated.

Results of Study 2 revealed that, despite their inherent logic, none of the three defensive strategies mitigated the competitive evaluations of far mega extensions. In fact, the ability strategy backfired and the process measures and protocols suggested that it failed to make the challenge alignable. Thus, we used a more direct and stronger manipulation that we label the performance strategy in which we not only named the mega extension, but also provided explicit concrete attribute performance ratings from an independent source (Consumer Guide) which slightly, albeit not overwhelmingly, favored the exemplar competitor brand relative to the mega brand extension. The expertise and relevance abstract strategies were also made more direct and compelling: the heritage (revised expertise) strategy specifically named the mega brand extension in the manipulation and then made the point that the exemplar competitor brand had been marketing its product for a long time and that typically, longer experience resulted in a better understanding of consumers’ tastes and preferences and higher product quality.

The fit (revised relevance) strategy specifically named the mega brand extension and then tried to undermine its key abstract associations by noting that although the abstract brand may have been well-known in other product categories, there would be very little in common between its existing products and the extension product category.

Study 3 findings revealed that only performance strategy mitigated the competitive evaluations of mega extensions whereas the two abstract attribute based strategies did not work. Comparing the process measure and protocol results of Study 2 and Study 3 strongly suggests that performance strategy in Study 3 worked because it successfully achieved alignability unlike in Study 2. Given the pattern of protocol and process results and its differences from those of Study 2, the performance result cannot be attributed to demand effect. Regarding the abstract strategies, despite being made more direct and compelling, they did not mitigate the competitive evaluation of mega extensions. Protocol and process measure results suggest that exemplar competitor brands struggled in achieving alignability (and thus, diagnosticity) with their abstract strategies. One possible explanation is that subjects attempted to see linkage or map the concrete attributes of exemplar competitors (e.g., cleans and softens hair for Pantene exemplar competitor) on the abstract attributes highlighted in these strategies (e.g., longer experience, little commonality) and found it difficult to do so.

Two additional possible explanations for why abstract strategies failed in our studies stem from the use of real brands in our research. That is, the influences of the strength of positionings of the
challenger brand in mounting a credible challenge and of the target brand to withstand a challenge were ignored in PM (2002) but accounted for in our research. Specifically, we find some support for the argument that exemplar competitors which are characterized more by concrete attributes had less credibility in launching abstract strategies. Another possibility is that abstract positioning of mega extensions is so strongly linked to mega brands that it is not easy for any brand (including exemplar competitor) to dislodge it. Both these were mute issues in PM (2002) because they used fictitious challenging and target brands. These results suggests a boundary condition to PM (2002) finding that abstract challenge will be effective in attacking a brand with abstract positioning. Only a more direct and stronger concrete attribute based challenge worked in mitigating the competitive evaluation of mega extensions with strong abstract positioning in our study.

References


