Are Well-Known Brands Held to a Higher Standard of Performance: the Moderating Influence of Pre Vs. Post Purchase of the Product

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Well-Known brands (WKB) have several advantages over Less-Known brands (LKB) in terms of brand equity, market share etc. We use the literature in standards of judgment and stereotyping as theoretical underpinnings and investigate situations in which consumers experience uncertainty about performance relative to attribute claims made by brands. We posit and empirically show across two studies that in the pre-purchase stage, WKB have an advantage over LKB in terms of buying likelihood and attribute performance uncertainty because of their stronger brand equity. However, this advantage reverses once consumers use the products in the post-purchase stage. Specifically, WKB are held to a higher performance standard compared to LKB such that if performance exceeds the claims, LKB are more positively evaluated compared to WKB, while if brands perform poorly relative to their claims, WKB are more negatively evaluated compared to LKB.

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EXTENDED ABSTRACT

Prior research in branding has clearly demonstrated the multitude of benefits (e.g., inclusion in consideration sets, greater advertising efficiency) that well-known brands (or WKB) enjoy over less known brands (or LKB) (Feinberg et. al. 1992; Johnson et. al. 2006; Park and Srinivasan 1994). With some exceptions, most such research focus either on the pre- or post-purchase stage and that too for either WKB or LKB. In the current research, we fill this important gap in the literature by comparing the relative evaluations of WKB and LKB in both pre- vs. post-purchase stages. Similarly, the current research fills an important gap in the satisfaction literature (Caruana, Money, and Berthon 2000; Oliver and Swan 1989) by highlighting the moderating impact of brand equity on the influence of deviation of objective performance of a brand relative to its claimed performance on consumer satisfaction.

Consider a consumer choosing between a laptop manufactured by SONY, a WKB, and AVERATEC, a LKB. SONY is likely to be priced higher compared to AVERATEC due to its strong brand equity. Each brand makes specific claims about the battery life that its product will provide. Brands often claim a specific level of performance on an objective attribute (e.g., battery life and laptops). However, because of manufacturing and usage variability, consumers will experience uncertainty about the actual performance relative to the claimed level. Thus, the actual performance delivered by a brand could be higher or lower than the claimed level. We argue that at the pre-purchase stage, consumers will entertain lower level of uncertainty about the WKB's (vs. LKB's) performance relative to the claim because of its strong brand equity. This will result in WKB having a competitive advantage in the pre-purchase stage in terms of preference and buying likelihood even if both LKB and WKB claimed the same level of performance on an objective attribute. However, based on the literature in standards of judgment and stereotyping (Biernat, Manis, and Nelson 1991; Linville and Jones 1980) we posit that the LKB will have an advantage in the post-purchase stage (i.e., after using the product) because WKB will be held to a higher standard of performance. More specifically, if both brands exceed their claims, LKB will be rewarded more than WKB. If both brands fail to meet their claims, WKB will be punished more than LKB.

Results of the first study employing two category replicates of tires and online web service confirm our hypotheses in the pre-purchase and post-purchase stages and confirm the uncertainty of performance underlying the evaluations in the pre-purchase stage. In Study 2, we establish the robustness of the effects by replicating the Study 1 results for both categories. The regression analyses confirmed our posited process underlying the evaluations in post-purchase stage. Specifically, it showed that it is the deviation from claim that influences the satisfaction and not the deviation from participant's expectation formed during the pre-purchase stage. The results show that WKB is held to a higher standard than LKB for the same deviated level of performance—if both brands exceed their claims, LKB is evaluated more favorably than WKB. However, when both brands fail to meet their claims, WKB is punished more than LKB.

Along with important managerial implications, this research has important theoretical implications for both the satisfaction and brand equity literature. Regarding the former, we show that, contrary to the satisfaction literature, it is not the deviation from the expectation (which we controlled for in this study) that influences the levels of satisfaction for a given performance but it is the different evaluations of the same deviated performance of brands varying in their brand equities. As for brand equity literature, we show that while WKB have advantages over LKB in the pre-purchase stage, WKB are held to a higher standard and thus they have less room for error in the post-purchase stage. Managers of such brands should carefully manage the expectations of consumers in the post-purchase stage. LKB should take full advantage of being held to a lower standard of performance in the post-purchase stage. However, managers of such brands need to be more conservative when they are deciding the claimed level of performance to communicate to consumers and should work to reduce the perceived uncertainty in performance of such claimed performance in the pre-purchase stage.

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