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This study tests the effects of flagship brands such as Giovanni’s pasta sauce (fictitious) and Ruby Tuesday restaurants (real) offering higher-quality versions (e.g., Giovanni’s Magnifico) or lower-quality versions (e.g., Ruby Tuesday’s Corner Diner). A brand-quality asymmetry emerges on measures ranging from brand choice to brand attitude to perceptions of brand expertise, innovativeness, and prestige: Higher-quality versions help brands more than lower-quality versions hurt them. Theory and results suggest the asymmetry arises in part from opponent processes introduced when brands offer lower-quality versions (i.e., the negative effects of associating the brand with lower quality are offset by the positive effects of signaling greater expertise and/or innovativeness), and in part from consumer tendencies to see lower-quality versions as less relevant to brand evaluation than higher-quality versions.

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EXTENDED ABSTRACT

Despite threats of image dilution, sellers commonly extend brand names to lower quality (Charmin Basic, Levi Strauss Signature, BMW 1-Series, etc.). To assess potential outcomes of such strategies as well as underlying processes, this study tests the effects on overall brand evaluation of middle-quality brands also offering versions of either lower or higher quality.

Experiments 1 and 2

An exploratory choice experiment comparing control conditions within two product classes (target brands offering a single middle-quality product) with experimental conditions (target brands also offering a lower-quality or higher-quality version) found no effect of offering lower-quality versions. However, offering a higher-quality version bolstered choice of the middle-quality offering in one of the two product classes tested. A small follow-up experiment extended this by having participants rate the brands on various perceptual dimensions. Consistent with the choice results, offering higher quality improved perceptions of brand knowledge and perceived marketplace respect, whereas lower-quality versions failed to have an effect.

These opening experiments implicate opponent processes in the context of lower-quality versions. Whereas quality-association effects should be negative due to brand associations with lower quality, variety effects should be positive because additional offerings signal greater knowledge of production processes (expertise), increased ability to produce and market a range of products, greater sensitivity to diverse consumer tastes, etc. These potential positive effects may then temper the negative effects of brands offering lower-quality versions (although both effects should be positive in the case of higher-quality versions). Experiment 3 was then conducted to replicate the brand-quality asymmetry with better measures of underlying processes.

Experiment 3

Methodological Overview. Two-hundred-forty-eight upperclassmen at a large U.S. university were randomly assigned to conditions. A 7 (brand-quality levels: control plus six experimental conditions) by 2 (product-class: pasta sauce, portable CD players) by 2 (name: Formaggio’s or Giovanni’s pasta sauce, Acoustix or Earshot CD players) between-subjects design was used. In addition to the control condition that included only the flagship product (e.g., Giovanni’s pasta sauce), the six experimental conditions added (1) a brand version one level up in quality (Giovanni’s Tuscano), (2) one two levels up in quality, (3) versions at both one and two levels up in quality, (4) a brand version one level down in quality (Giovanni’s Basique), (5) one two levels down in quality, and (6) versions at both one and two levels down in quality.

Participants imagined living abroad where they were venturing into an early shopping experience there. They viewed a table of brands listed by brand name, price, and average quality rating ostensibly from a survey of the retailer’s customers, and then rated the target brand on three items per each of the following: brand attitude, prestige, innovativeness, and ability.

Results and Discussion. Experiment 3 replicated the brand-quality asymmetry. Whereas higher-quality versions significantly improved brand attitudes as well as perceived brand prestige, innovativeness, and ability, lower-quality versions had (1) null effects on brand attitude, (2) smaller negative effects on perceived brand prestige, (3) smaller positive effects on perceived brand innovativeness, and (4) null effects on perceived brand ability.

Consistent with the opponent-process model, lower-quality versions reduced perceived brand prestige but increased perceived brand innovativeness. The opponent-process model was also supported by the fact that statistically controlling for perceived innovativeness eliminated the asymmetric effects of higher-quality and lower-quality versions on brand attitude.

Experiment 4

Although the prior experiments implicate a robust brand-quality asymmetry, Experiment 4 proposes and tests a process in addition to opponent processes: Consumers may “discount” or under-weight lower-quality versions when judging brands. Even if a flagship brand adds lower-quality versions, the brand continues to offer the same quality offerings as before, thereby suggesting no change in the brand’s ability to design, produce, and market quality products, and no change in the brand’s commitment to offering quality products. However, when brands offer higher-quality versions, these versions signal the greater skill necessary to produce and market such products, as well as an organizational commitment to offering higher-quality products.

Method. Experiment 4 replicated Experiment 3’s procedures using only a single additional higher-quality or lower-quality version to simplify. To enhance generalizability, Experiment 4 used different product classes (restaurants and beers) plus both real and fictitious brands (Metro was the new (fictitious) target brand in both product categories, and real target brands were Ruby Tuesday in restaurants and Fosters in beers). Experiment 4 supplemented Experiment 3’s measures with questions assessing how much weight participants in experimental conditions accorded the flagship brand version when evaluating brand liking, prestige, expertise, and innovativeness (constant-sum to 100).

Results and Discussion. The brand-quality asymmetry again arose across multiple measures as well as with both real and fictitious brands (although effects were weaker within real brands, they remained statistically significant). Unlike Experiment 3, however, none of the perceptual measures could statistically account for the asymmetry in brand attitudes. Nonetheless, consistent with an opponent-process account, lower-quality versions reduced perceived brand prestige significantly. Whereas higher-quality versions consistently improved brand perception and evaluation, lower-quality versions failed to change brand attitudes, perceived brand innovativeness, or perceived brand expertise.

Regardless of the dimension being judged, consumers reported giving greater weight to higher-quality versions than to lower-quality versions. Higher-quality versions were also weighted as much or more than flagship versions, whereas lower-quality versions were consistently rated less than flagship versions. It
effects that then partially cancel out one another, and in part from consumers seeing lower-quality versions as less relevant to brand evaluation than higher-quality brand versions. It appears that offering higher-quality versions has multiple positive effects, whereas offering lower-quality versions has a mix of positive, negative, and null effects that fail to threaten brand image as much as negative quality-associations alone might otherwise suggest.