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How and When Alpha-Numeric Brand Names Affect Consumer Preferences

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This research demonstrates that alpha-numeric brand names have systematic effects on product choices. When the brands refer to product attributes or product advancements, consumers with low (vs. high) need for cognition are more likely to follow them. Consumers with high need for cognition deeply process alpha-numeric brands inferring brand-attribute correlations; whereas those with low need for cognition use simple brand name heuristics based on the numeric portions of the brands. It is further shown that marketers may use various strategies to manipulate consumers' choices among alpha-numeric brands.

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How and When Alpha-Numeric Brand Names Affect Consumer Preferences

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EXTENDED ABSTRACT

“...An alpha-numeric brand name is defined as a name that contains one or more numbers either in digit form (e.g., “5”) or in written form (e.g., “five”). This means that alpha-numeric brand names include referential or non-sense mixtures of letters and digits (e.g., WD-40), mixtures of words and digits (e.g., Formula 409), or any of the preceding where the figure is written out in word form...” (Pavia and Costa, 1993, 85).

There are millions of registered and unregistered alpha-numeric trademarks in use (US Patent and Trademark Office 2006). The increase in the market segmentation; spread of technology; difficulty of finding and implementing new brand names; decrease in product life cycles; and the tendency to stretch a favorable brand name to new products have led marketers to use alpha-numeric brands (see Boyd 1985 for a review). Even highly successful non-alpha-numeric brands like Lincoln and Acura have recently switched to alpha-numeric brands that dominate the automotive industry.

Some alpha-numeric brands make it fairly simple to draw inferences about the product. For instance, the BMW 3.20 refers to a 2 liter engine volume for the 3 series cars, and you can easily tell that the 3.28 is a relatively better product due to its larger engine (2.8 liters). Correspondingly, Audi A8 and A6 indicate larger size and higher luxury levels than A4 and A3. However, it is not always so easy to understand alpha-numeric brand names. Mercedes has over ten letter classes resulting in a rather complicated set of some forty alpha-numeric brand names and not many people know the difference between an S550 and an E550 car. Sometimes alpha-numeric brands are not consistent with the consumers' intuitions. For example, contrary to intuition, Nokia 6110 is inferior to Nokia 6102 and average consumer has no idea what 6110 really refers to.

Most past studies on alpha-numeric brands have focused on the perception of the brands and how consumers associate them with different product categories. In their benchmark study, Pavia and Costa (1993) investigated how consumers react to the magnitude of the numbers and the symbolisms of the letter combinations used in alpha-numeric brands. Authors found that the numeric portions of the brands play a vital role in the perception of the product generation, whereas the letters usually help consumers identify the product type. In parallel, Ang (1997) investigated the effects of phonetics, lucky numbers and letters on consumers' processing of alpha-numeric brand names and showed that various linguistic properties of the brands affect consumers' general opinions of the products.

While past research has provided us with important insights about the perception of the alpha-numeric brands, the effects of these brands on consumers' choices have not been explored. It is well-known that the brand name is the foundation of a brand's image and it has a vital role on customers' purchase decisions in the marketplace (Kohli and LaBahn 1997). On the other hand, despite their widespread use in numerous industries, we know very little about how alpha-numeric brands actually affect the choice outcomes. Our research contributes to literature by extending on past studies and identifying the systematic effects of alpha-numeric brand names on consumers' preferences under different circumstances. Building on previous findings, we demonstrate how and when alpha-numeric brand names can improve or reduce the

accuracy of consumer choices. We consider situations, when there is complete or incomplete attribute information and explore the different cognitive processes through which alpha-numeric brands have an effect on consumers who have different levels of need for cognition.

This research reveals that alpha-numeric brands have a systematic effect on product choices. We show that given an identical choice set, labeling a product option with a higher or lower alpha-numeric brand (X-100 vs. X-200) increases or decreases its choice share. We also consider the situations when choice options are missing important attributes and reveal that under missing information, alpha-numeric brands can still affect (potentially mislead) consumer choices. We further examine the different cognitive processes through which alpha-numeric brands affect consumers with low and high need for cognition (Cacciopo and Petty 1982). Our findings indicate that consumers with low need for cognition use a simple brand name heuristics and make their decisions based on the assumption that alpha-numeric brands with higher numeric portions correspond to more advanced products. On the other hand, those with high need for cognition process alpha-numeric brands more deeply trying to infer brand-attribute correlations and understand the relations among the brand names and attribute values.

Besides its contribution to different streams of literatures such as branding, missing information and inference making, our research has important managerial and practical implications. The fact that product familiarity did not prevent the effects of alpha-numeric brands on choices highlights the serious implications of our research for marketers and consumers. Our results further show that consumers' choices can be fairly easily manipulated by marketers in real life purchases. If sales people strategically expose their customers to various product options with alphanumeric brands they may maximize the possibility that consumers will make a choice based on alphanumeric brand names.

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