Effects of Alphanumeric Brand Names: a Selective Anchoring Perspective

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Building on anchoring theory, this research examines how and when seemingly innocuous alphanumeric brand names (e.g., 7-Up, Coke Zero) can bias a variety of consumer judgments (e.g., price estimates) by anchoring them either up- or downward. Four experiments document this effect and identify its boundary conditions.

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EXTENDED ABSTRACT
Airbus A330, 7-Up, Coke Zero, Miss Sixty: these are just a few examples of the many brands and products featuring numbers in their name. Given the astronomical and ever growing budgets spent today on brand-building advertising, this research examines whether the presence of seemingly innocuous numbers in brand names bears any impact on consumers. More specifically, we focus our efforts on understanding how and when alphanumeric brand names (i.e., those containing both letters and numbers) may influence consumer judgments.

Building on anchoring theory, our central proposition is that consumers may use the number contained in alphanumeric brands as an anchor which can subsequently bias either up- or downward their appreciation of a product’s price, weight, volume, etc.

We qualify this proposition, however, by arguing that such anchoring effect should occur mostly when (a) the numeric component of a name appears relevant for the judgment at hand, and (b) consumers evaluate attributes on the basis of heuristics (rather than systematic deliberation).

THEORETICAL BACKGROUND
Across industries, marketers dedicate nowadays colossal sums of money (i.e., billions of dollars in the US alone) to branding activities. Not surprisingly, academic research focusing on brand naming has soared in the last two decades (Klink 2000; Schmitt et al. 1994; Zhang and Schmitt 2001). Interestingly, much of this research focuses primarily on linguistics (e.g., understanding the interplay between morphemes, sounds, and the mental images they trigger in consumers). But despite this rich work, little research examines the impact of alphanumeric brand names on consumer behavior and decision-making. In one of a few exceptions, Pavia and Costa (1993) found that alphanumeric brand names are more suitable for technically complex, manufactured items (e.g., stereo, computers, cameras) and/or unemotional, formulated products such as vitamin-oriented cereals.

Drawing from anchoring theory and previous work in psychology and BDT, we propose that consumers may sometimes derive product information from alphanumeric brand names, regardless of the original meaning of the latter. That is, consumers use alphanumeric brand names as self-generated anchors to infer unknown product attributes. For example, consumers may assume that the Airbus A330 has roughly 330 seats, even though its name has little to do with seat capacity.

For this anchoring effect to occur, however, we argue that at least two conditions should be met. First, consumers must perceive the numeric component of the brand name as relevant to the attribute under consideration (e.g., “330” in the Airbus example should appear relevant to the number of seats in the aircraft). Second, consumers must process information heuristically (i.e., superficially) rather than systematically. In the next section, we report four studies aimed at testing our anchoring hypothesis and its boundary conditions.

EXPERIMENTS
Study 1 aimed to demonstrate our basic proposition that the number contained in alphanumeric brand names can indeed function as an anchor and subsequently bias consumers’ judgments. To this end, we randomly assigned participants to one of two conditions (Boeing B767 vs. Airbus A330) and asked them to estimate the number of seats in their aircraft. As predicted, subjects in the Boeing condition believed their aircraft had more seats than their counterparts in the Airbus condition.

Seeking to extend these results and test our first boundary condition, we randomly assigned participants in study 2 to two new conditions (Sprite vs. 7-Up) and asked them to estimate the price, volume, launch year, calories, and vitamin content of their drink. Whereas both products sell for approximately HK$5 in Hong Kong (i.e., the country where this study was run), subjects in the 7-Up condition estimated their drink to be more expensive (and closer in price to HK$7) than their counterparts in the Sprite condition. Importantly, however, the two groups did not differ on any other dependant variable. These results further confirm our anchoring proposition and shed light on the first boundary condition hypothesized earlier: i.e., for anchoring to occur, consumers must perceive the numeric component of the brand name (e.g., “7”) as related to the attribute under consideration.

Building on the “relevance” argument aforementioned, we asked participants in study 3 to review information about one of two MP3 players (named M-200 vs. M-900) before estimating the price of the product. To test our second boundary condition, we manipulated participants’ processing style (heuristic vs. systematic) by manipulating the order and lay-out of our study materials. As predicted, subjects in the M-900 condition perceived their product to be more expensive. This anchoring effect was reduced, however, when subjects processed information systematically.

Study 4 mirrored study 3 with the exception of the processing-style manipulation. To extend our results, we adopted here a classic cognitive-load manipulation known to reliably favor heuristic vs. systematic processing. While rehearsing an 8- vs. 2-digit number for an alleged memory task, participants estimated the price of one of two MP3 players (cf. study 3). As expected, subjects in the M-900 condition perceived their product to be more expensive. Yet, this effect vanished in the low cognitive-load (i.e., systematic-processing) condition.

DISCUSSION
This research examines how and when seemingly innocuous alphanumeric brand names (e.g., 7-Up, Coke Zero) can bias a variety of consumer judgments (e.g., price estimates) by anchoring them either up- or downward. In four experiments, we find that consumers do indeed utilize the numbers contained in alphanumeric brand names as self-generated anchors to infer ostensibly relevant product attributes. For this effect to occur, however, consumers must process information heuristically, not systematically.

These findings provide new theoretical insights to two distinct lines of research. First, our results contribute to the brand-naming literature by proposing another mechanism through which numeric brand names can influence consumer judgment. Indeed, compared to prior work, our conceptualization is more general and therefore could be applied to a variety of numbers, product classes, and cultures. Second, our findings contribute to the psychology and BDT literatures by showing that anchoring can occur automatically (i.e., without the need for explicit or heavy-handed manipulations). As such, our studies suggest that anchoring might be more pervasive in consumer’s daily life than previously assumed.