Why Garlic Ice Cream? Innovative Line Extensions Can Increase Choice of a Brand’S Pre-Existing Products

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Brands often introduce line extensions hoping to increase sales. One potential problem is that extensions may cannibalize sales of existing items. We show that innovative extensions lead consumers to purchase higher quantities of existing items by making the brand appear more innovative. Thus, innovative extensions can lead to reverse cannibalization.

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EXTENDED ABSTRACT

A common marketing strategy, especially recently, is to offer product line extensions that are innovative and unusual. Crest toothpaste recently introduced Mint Chocolate, Vanilla Mint and Lime Spearmint flavors. A serious concern with this strategy is that line extensions might cannibalize the sales of the original items in the line. Prior research has found that introducing new extensions often leads to cannibalization (Mason & Milne, 1994, Kerin, Harvey & Rothe, 1978, Copulsky, 1976).

We examine the effect of introducing innovative line extensions on the choice of existing items in the line. Prior work on attribute transfer has found that perceptions of specific attributes can flow between a brand and its extensions (Keller & Aaker 1992; Park, Milberg, and Lawson 1991). Furthermore, research on fit would suggest that line extensions should also transfer perceptions of attributes between the brand and its line extensions (Aaker and Keller 1990).

We specifically focus on whether an innovative line extension can transfer the perception of innovativeness back to the parent brand, making the brand more appealing. Previous work has found that higher perceived innovativeness is often related with more positive brand attitudes (Heath, DelVecchio, and McCarthy 2011). Thus, innovative brands are likely to be more positively evaluated and may increase purchase intent. We predict that introducing an innovative line extension will lead consumers to purchase a greater number of the brands existing items, ultimately reversing cannibalization.

Four experiments test our hypothesis. We first show that when a brand introduces innovative line extensions (versus non-innovative extensions), people choose to purchase more existing items (Studies 1A and 1B). We then show the effect replicates across various product categories and is mediated by perceived brand innovativeness (Study 2). Our last two studies rule out alternative explanations that 1) the effect is driven by disgust (Study 3) and 2) the effect is due to a contrast effect (Study 4).

In studies 1A (n=150) and 1B (n=601), participants were randomly assigned in a 3-cell (Extension: None, Non-Innovative, Innovative) between-subjects design. All participants saw three existing items offered by a hypothetical brand (Study 1A: Emmi’s) or a national brand (Study 1B: Breyer’s): Vanilla, Chocolate, and Strawberry. In addition to the existing items, participants saw three extension flavors based on their condition. Non-Innovative Extension: Cookies & Cream, Chocolate Chip, and Neapolitan. Innovative Extension: Garlic, Cheddar Cheese, and Avocado Jalapeno. No Extension: no extension items. After reading the list of items, participants indicated a purchase quantity for each item.

We found that choice quantity of existing items increased significantly when an innovative extension is introduced (M=2.63, F(2,83)=2.40) compared to a non-innovative extension (M=2.40, p<.01); M=1.07, p<.001) or no extension (M=2.45, p<.001; M=1.62, p<.001).

Study 2 (n=297) was designed to show our effect replicates in other product categories and to examine if perceived brand innovativeness mediates this effect. The procedure was identical to study 1A, except that we used Kai’s Toothpaste in place of Emmi’s Ice Cream. Toothpaste flavors were substituted for the ice cream flavors. Replicating our previous findings, choice quantity of the existing items increased when innovative extensions were introduced (M=2.01) compared to non-innovative extensions (M=1.36, p<.01) or no extensions (M=1.53, p<.04). Our prediction that innovative extensions will lead to an increase in perceived brand innovativeness was also confirmed. A test of mediation supports that introducing innovative extensions leads to higher perceived brand innovation, which ultimately increases choice quantity of existing items (95% CI: [-.30, -.03]).

Study 3 (n=246) was designed to rule out an alternative explanation of our results. One could argue that the innovative flavors are also disgusting, leading to an attraction effect, in which introducing inferior (or disgusting) options boosts the choice share of similar but superior options. We test this alternative explanation by altering both the relative disgust and relative innovativeness of flavors.

Participants were randomly assigned to one of four conditions in a 2 (Innovativeness: low, high) x 2 (Disgust: low, high) between-subjects design. Participants followed the same procedure as study 1A, however, we changed the extension flavors participants saw. Participants saw extension flavors either high or low on disgust and high or low on innovativeness, depending on their condition. We found a main effect of innovativeness, such that more innovative extensions increased choice quantity of the existing items. Yet there was no main effect of disgust. These results suggest that higher levels of innovativeness, and not disgust, increase the choice of existing items in the product line. The interaction was not significant.

In study 4 (n=410), we address another alternative explanation, that if customers find the innovative extensions unappealing for any other reason, aside from disgust, the extensions may yield a contrast effect. To rule out this alternative explanation, we ran a study with a competitor brand in the choice set to show that only choice share of the existing items of the parent brand increases – not choice share of competing brands. The design was identical to study 1A, except that a competing brand was offered in the choice set. Scoops Ice Cream (competitor brand) offered: Vanilla, Chocolate, Strawberry, Butter Pecan, Coffee, Mint. After seeing all items offered by both brands, participants indicated the number of each item (from Emmi’s and Scoops) that they would purchase.

Replicating our main effect, we find that when Emmi’s offers innovative extensions, people choose more existing items (M=1.35) than when no extensions (M=1.08, p=.06) or non-innovative extensions are offered (M=0.67, p=.01). People chose more items in total (existing + extensions) from Emmi’s when innovative extensions are offered (M=2.41) compared to non-innovative extensions (M=1.93, p<.01). Most importantly, the total number of Scoops items chosen did not increase when Emmi’s introduced innovative extensions (M=2.62) compared to no extensions (M=2.78, F(1,407)<1), suggesting that an innovative extension does not benefit all brands (e.g., through a contrast effect), but mainly benefits the parent brand.

Altogether, we find evidence that innovative line extensions may reverse the effect of cannibalization. Innovative extensions increase perceptions of the brand’s innovativeness, which leads consumers to purchase a higher quantity of the original items in the line.
REFERENCES