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Labovitz School of Business & Economics, University of Minnesota Duluth, 11 E. Superior Street, Suite 210, Duluth, MN 55802

## **How to Overcome Customers' Adoption Barriers?**

Sabine Kuester, University of Mannheim, Germany

Silke Hess, University of Mannheim, Germany

This study investigates how marketing of new products can effectively prevent innovation resistance by reducing customers' perceived adoption barriers. Experimental data show that providing a categorization cue for new products reduces complexity associated with innovations. We also observed a significant interaction effect of categorization cue and product radicalness. As expected, this interaction effect was best described by an U-shaped curve. Moreover, the effect of the categorization cue is larger for experts when evaluating radical innovations. However, when evaluating incremental innovations, this effect is smaller, since experts are more competent to categorize congruent information within their field of expertise.

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# How to Overcome Customers' Adoption Barriers?

Sabine Kuester, University of Mannheim, Germany

Silke Hess, University of Mannheim, Germany

## EXTENDED ABSTRACT

Customers' resistance to innovations turns out to be a significant managerial problem as it is a major cause of new product failure. Resistance refers to a negative outcome of new product evaluation and is evoked by several adoption barriers, which inhibit the intention to adopt the innovation. Prior research has focused on functional adoption barriers such as innovations' perceived risk or expected value and has identified marketing instruments to overcome these barriers (Bearden and Shimp 1982; Ziamou and Ratneshwar 2003). Other studies in a new product context point to the need to target customers' cognitive barriers that refer to the complexity associated with the evaluation of innovations and lead to an unfavorable judgment (Moreau, Lehmann, and Markman 2001; Ozanne Brucks, and Grewal 1992; Peracchio and Tybout 1996). Therefore, in this research, we identify marketing communication instruments that decrease perceived complexity of new products and reduce customers' difficulties in evaluating innovations. In doing so, we also account for innovation-specific and customer-specific factors that may moderate the effects of these instruments on customers' adoption barriers.

In our study, cognitive barriers signify situations when the innovation is difficult to evaluate and to categorize into existing schemas. In this regard, cognitive barriers refer to the complexity associated with innovations and are the potential cause of resistance. Communicating that the new product belongs to an existing category may help customers to better understand and evaluate the innovation. In line with prior studies, we propose that providing a categorization cue in the presentation of a new product will reduce perceived complexity and in turn decrease innovation resistance (Gregan-Paxton and Moreau 2003; Moreau, Markman, and Lehmann 2001).

Furthermore, it is expected that innovation-specific and customer-specific factors moderate the effect of a categorization cue on perceived complexity. Prior research shows that the degree of newness perceived by customers is a crucial factor in the evaluation of new products (Veryzer 1998). Besides fundamental differences between more radical or incremental new products, consumer behavior research of new product evaluation shows that the relationship of judgment making and newness of information is not linear (Meyers-Levy and Tybout 1989; Ozanne et al. 1992). Therefore, following Robertson's (1971) continuum model of innovations, characterizing innovations as continuous, dynamically continuous, and discontinuous, we propose a U-shaped moderating effect of product newness on the relationship between categorization cue and complexity.

Since the objective of this study is to analyze the emergence of adoption barriers within a new product evaluation process, we regard customers' involvement and need for cognition as relevant moderating variables. Involvement leads to more extensive processing of new information. Consequently, we expect that a categorization cue will be more effective in a high involvement situation. Similarly, we hypothesize that individuals' willingness to make a cognitive effort is a prerequisite for the effectiveness of a categorization cue. Hence, we propose that individuals showing high need for cognition will be more engaged in using a provided categorization cue for new product evaluation.

Furthermore, we assume that experts are more competent than novices in evaluating new products of a particular category, since experts possess more distinct category knowledge. Yet, empirical

research provides an interaction effect between expertise and incongruity in such a way that experts and novices respond differently to a match or mismatch of new information (Sujan 1985). Therefore, we hypothesize a three-way-interaction between the impact of the categorization cue, expertise, and product radicalness.

In our experiment members of an online panel evaluated a continuous, a dynamically continuous, and a discontinuous product innovation. Overall, results support our hypotheses. Presenting new products with a categorization cue significantly decreases customers' perceived complexity and consequently innovation resistance. We also observed a significant interaction effect of categorization cue and product radicalness. As expected, this interaction effect was best described by an U-shaped curve. In this respect, the categorization cue is less effective for dynamically continuous new products as they are more incongruent to the induced category than incremental ones. To categorize dynamically continuous new products individuals need a larger amount of information, hence, the provided categorization cue is not sufficient and cannot resolve the discrepancy. In case of discontinuous innovations, individuals tend to analyze information more analytically and can use the categorization cue to reorganize cognitive structures. Besides, we found a moderating effect of customers' need for cognition and conclude that the effectiveness of a categorization cue requires the willingness to engage in cognitive processes. In line with our proposition, the impact of the categorization cue was larger in high involvement situations, although the interaction effect was not significant. Furthermore, the effect of the categorization cue on complexity was smaller for experts when evaluating an incremental new product. However, when evaluating a radical new product, this effect was larger for experts. We conclude that experts are more competent to categorize congruent information within their field of expertise.

We derive implications for innovation management and recommend managers to assist customers in evaluating and categorizing new products. Our research suggests that by providing a categorization cue innovation resistance can be prevented, and thus, new product failure avoided. Furthermore, when designing marketing communication instruments for new product launch, managers have to carefully consider the impact of innovation-specific and customer-related factors. In particular, our empirical results point to the need for customer-specific launch tactics such as a new product communication campaign that targets either experts or novices.

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