

Trailblazers don't always come out ahead

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It's not always best to be first, finds a new study from the *Journal of Consumer Research*. Researchers from Purdue, Indiana University, and UConn examine how consumers will evaluate new products when they are released by an existing brand (known as "brand extension"). They find that many products may actually benefit from having competition, entering the market as followers rather than as the first of its kind.

New types of products are constantly being developed and introduced. When a brand releases a product that has never been offered by any brand before, it is the "pioneer" product, and consumers can't evaluate it in the same way they evaluate existing products, the researchers explain. For example, Clorox was the pioneer brand for disinfectant wipes.

Other brands that then release similar products are termed "followers." Mr. Clean and Lysol both released disinfectant wipes after Clorox, and this research focuses on how people evaluate follower products differently than pioneer products.

Specifically, James L. Oakley (Purdue University), Adam Duhachek (Indiana University), Subramanian Balachander (Purdue University), and S. Sriram (University of Connecticut) reveal how to predict when a follower might actually enjoy more success than the pioneer, even though pioneer products often outperform follower products in the long term.

"Previous brand extension research . . . has focused on a static view, not a dynamic context when brand extensions enter a category sequentially,"

the researchers explain. “This dynamic view is more representative of how extensions are evaluated, reflecting a context-dependent perceptual model of extension evaluation based on the presence or absence of comparison brands.”

In a series of experiments, the researchers find that pioneer products are generally evaluated by consumers based on their impressions of the parent brand. In other words, when deciding whether to try the disinfectant wipes, consumers ask themselves, “Do I trust the Clorox brand””

However, once a type of product is already on the market, subsequent entries are judged more on the basis of “fit” with the parent brand, that is, whether it makes sense that this brand is releasing this type of product.

“The implications of the findings, within the parameters of our study context, are that low fit brands are best served to enter the market as a pioneer – if the low fit brand is a later entrant, consumer evaluation of their brand extension is impacted negatively,” the researchers explain.”

They continue: “High fit brands, on the other hand, should not be deterred by the presence of a lower fit pioneer as the presence of a comparison brand of lower fit improves the evaluation of their extension relative to the singular evaluation context when entering as a pioneer.”

Source: University of Chicago

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