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THE EFFECTS OF PRODUCT EXPERIENCES ON ATTITUDES TOWARD THE BRAND, A PRODUCT'S COUNTRY OF ORIGIN AND COMPETITOR BRANDS

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ABSTRACT

The purpose of this dissertation is to investigate how product experiences with a new product affect consumers' attitudes toward the brand, the product's country of origin (CO), and the other brands competing in the same market place. The dissertation is composed of two essays. Using direct product experiences involving real brands, the first essay demonstrates that good experiences with new products have a larger positive impact on attitudes toward low equity brands and COs compared to identical experiences with exemplars of high equity brands and COs. In contrast, bad experiences lead to more pronounced negative changes in attitudes toward high equity (vs. low equity) brands and COs. Employing a three-wave longitudinal design, it is demonstrated that the change in attitude toward the brand persists over time and beyond the experimental context. This essay further reveals that the final attitudes toward the brand and CO are determined primarily by the consistency of the new experience with the brand or CO equity, whereas the weight accorded to the new product experience relative to existing attitudes does not seem to play an important role in the process.

Relying on the inclusion-exclusion model developed in the social judgment literature, the second essay shows that experiences with another brand (X) may transfer to attitudes toward a target brand (Y) in two distinct ways: inter-brand assimilation or inter-brand contrast. When both competitor brands are known to be from the same CO and this information is made salient to consumers, an assimilation effect will occur such that attitudes toward the target brand Y will be congruent with the valence of the experience with brand X. Hence, a good experience with brand X benefits brand Y, whereas a bad experience with brand X hurts brand Y. On the other hand, when the common origin is not salient or when the brands are from different COs, a contrast effect will occur such that attitudes toward brand Y will be incongruent with the valence of the experience with brand X. Thus, a good experience with brand X may hurt brand Y and a bad

experience with brand X helps brand Y. I also examine what types of competitive strategies can be undertaken by brand Y in order to share brand X's success, avoid being associated with brand X' failure, or even benefit from brand X's failure. Similarly, I investigate what brand X can do to prevent a competitor brand Y from taking advantage of its success or benefiting from its failure. The implications for marketers and consumers are discussed.

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I have been telling Burcu that when I finished this dissertation I would write "*Despite my wife…*" in the dedication page. Certainly, this was far from the truth, and in fact, her irreplaceable presence in my life made all this possible.

I dedicate this dissertation to my wife Burcu and my son Ata without whom I would be lost…

Thank you for always being there for me…

Chapter 1

INTRODUCTION

The purpose of this dissertation is to investigate how good or bad experiences with new products marketed under a given brand name or under the auspices of a certain country of origin affect consumers' attitudes toward the parent brand, the product's CO, and the other (competitor) brands in the market. We investigate the change in three types of attitudes following consumers' experiences with a new product:

1. attitude toward the parent brand,
2. attitude toward the product's country of origin,
3. attitude toward the competitor brands in the market

The following sections describe the above mentioned constructs, present the different purposes of our research and provide an outline of the dissertation.

1.1 Attitudes toward the Brand

Past research has extensively focused on the effects of brand extension information on the potential dilution or enhancement of the parent brand (e.g., Loken and John 1993; Milberg, Park, and McCarthy 1997; see Keller and Sood 2003 for a review). However, previous studies have mainly dealt with fictitious brands and second-hand product information about the extension in the form of attribute ratings or word-of-mouth. The systematic effects of good versus bad product experiences on consumers' attitudes toward parent brands have not been thoroughly investigated. More importantly, it is not clear whether every brand will be equally affected by good and bad product experiences and what factors will determine the change in brand attitudes.

The first purpose of this research is to examine the effects of product experiences on brand attitudes and to investigate the role of different factors that moderate the brand attitude change.

1.2 Attitudes toward the Country of Origin

While prior research has extensively studied the effects of CO information on the evaluation of individual products (see Verlegh et al. 2005 for a review), the study of the reverse effect, namely the influence of experiences with individual products on CO perceptions, has been neglected (see Gürhan-Canli and Maheswaran 2000 for an exception). The second purpose of this research is to further investigate the change in attitudes toward the CO of a product after a good or bad consumer experience and to identify the moderating factors of the process.

1.3 Attitudes toward Competitor Brands

Another important issue that has not received much attention is the potential effects of product experiences with one brand on consumers' attitudes toward other brands. While the competitive positioning literature suggests that perceptions of brands are affected by their competitors in the market (e.g., Carpenter and Nakamoto 1989, 1990; Kardes and Kalyanaram 1992), little is known about how good or bad product experiences with a particular brand may spread to consumers' attitudes toward competitor brands. The third purpose of this research is to investigate the transfer of attitudes from one brand to another and identify the factors that play a role in this process.

1.4 Outline

The dissertation consists of two essays through which we study the different effects of new product experiences on consumers' attitudes. The two essays are titled:

1. Asymetric Effects of Good and Bad Product Experiences on Attitudes Toward High vs. Low Equity Brands and Countries of Origin
2. The Effects of Good and Bad Product Experiences With a Particular Brand on Attitudes Toward Competitor Brands: The Role of Country of Origin Information

The schema of the dissertation and the proposed moderators are depicted in Figure 1.1 in the next page. Reporting on five experimental studies, the essays focus on different yet related attitude changes. Essay 1, presented in Chapter 2, proposes and tests a comprehensive model of attitude change focusing on attitudes toward the brand and the product's CO. Using direct product experiences involving real brands, it is demonstrated that good experiences with new products have a larger positive impact on attitudes toward low equity brands and COs compared to identical experiences with exemplars of high equity brands and COs. In contrast, bad experiences lead to more pronounced negative changes in attitudes toward high equity (vs. low equity) brands and COs. Employing a three-wave longitudinal design it is further shown that the change in attitude toward the brand persists over time and beyond the experimental context. Finally, the results reveal that the final attitudes toward the brand and CO are determined primarily by the consistency of the new experience with the brand or CO equity, whereas the weight accorded to the new product experience relative to existing attitudes does not seem to play an important role in the process.

Figure 1.1

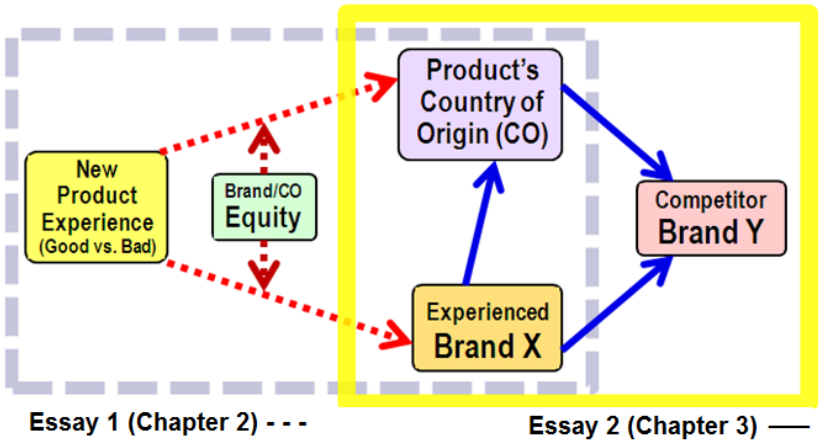


Figure 1.1: Schema of Dissertation

Essay 2, presented in Chapter 3, focuses on how product experiences with one brand affect attitudes toward other (competitor) brands in the market. Relying on the inclusion-exclusion model (IEM) developed in the social judgment literature; it is shown that experiences with another brand (X) may transfer to attitudes toward a target brand (Y) in two distinct ways: inter-brand assimilation or inter-brand contrast. When both competitor brands are known to be from the same country of origin (CO) and this information is made salient to consumers, an assimilation effect will occur such that attitudes toward the target brand Y will be congruent with the valence of the experience with brand X. Hence, a good experience with brand X benefits brand Y, whereas a bad experience with brand X hurts brand Y. On the other hand, when the common origin is not salient or when the brands are from different countries, a contrast effect will occur such that attitudes toward brand Y will be incongruent with the valence of experience with brand X. Thus, a good experience with brand X hurts brand Y and a bad experience with brand X helps brand Y. It is further examined what types of competitive strategies can be undertaken by brand Y in order to share brand X's success, avoid being associated with brand X's failure, or even benefit from brand X's failure. Similarly, we investigate what brand X can do to prevent a competitor brand Y from taking advantage of its success or benefiting from its failure. The implications of all studies are presented at the end of each chapter. Overall conclusions of the research are summarized and discussed in Chapter 4.

Chapter 2

ASYMETRIC EFFECTS OF GOOD AND BAD PRODUCT EXPERIENCES ON ATTITUDES TOWARD HIGH VS. LOW EQUITY BRANDS AND COUNTRIES OF ORIGIN

2.1 Introduction

The purpose of this research is to investigate how good or bad experiences with new products marketed under a given brand name or under the auspices of a certain country of origin affect consumers' attitudes toward the parent brand or country of origin (CO). The literature most closely related to these concerns is the work on the influence of new category members (brand extensions) on existing brand category representations (see Loken, Barsalou, and Joiner 2008 for a recent review). The focus of much of this research has been on the potential dilution effect of exposure to unfavorable information about the extension (e.g., negative messages about specific attributes of the extension, information that an extension was unsuccessful) on parent brand evaluations or specific beliefs about the parent brand (e.g., Loken and John 1993; Milberg, Park, and McCarthy 1997; see Keller and Sood 2003 for a review).

A few studies have also investigated under what conditions favorable information about an extension can enhance the parent brand (e.g., Ahluwalia and Gürhan-Canli 2000; Gürhan-Canli and Maheswaran 1998). However, past research has mainly dealt with fictitious brands and second-hand product information about the extension in the form of attribute ratings or word-of-mouth, and the systematic effects of good versus bad product experiences on consumers' attitudes toward parent brands have not been thoroughly investigated.

More specifically, we are interested in an important moderator that has not been considered in prior research, the degree of equity associated with the parent brand. According to the customer-based conceptualization of brand equity, high equity brands are those toward which consumers have favorable attitudes because of past personal experiences or prior exposure to positive word of mouth or marketing communications (Aaker 1991, 1996; Keller 1998; Roehm and Brady 2008). If a high equity brand introduces a product and consumers have a good experience with it, the new experience will be perceived as coherent with the brand's equity. Similarly, if a brand has low equity and consumers have a bad product experience with it, this will be coherent with the brand's equity. However, what happens if the brand has high equity and the experience is bad, or the brand has low equity and the experience is good? Will a good product experience benefit high and low equity brands equally, and will a bad product experience have the same harmful effects on brands regardless of their equity? Our basic finding is that the degree of brand equity moderates the effect of good or bad experiences with new category members on consumers' evaluation of the parent brand, such that good experiences are particularly beneficial for low equity brands and bad experiences are particularly harmful for high equity brands. This is in contrast with general intuition and some past studies which have suggested that high equity brands are less vulnerable to failed brand extensions (Brown and Dacin 1997; Keller 1998).

In addition to testing the proposed moderator effects of brand equity, we also investigate the mechanisms underlying the predicted change in brand attitudes. Although previous studies have identified the inconsistency and diagnosticity of new information as variables influencing the change in brand evaluations (e.g., Ahluwalia and Gürhan-Canli 2000; Keller and Sood 2003), the simultaneous effects of these factors have not been systematically investigated. In this research, we develop a comprehensive process model of how good or bad product experiences affect category perceptions as a function of brand equity, and we test the simultaneous effects of

two potential mediators, the inconsistency of the product experience with parent brand evaluations and the perceived diagnosticity of new product information relative to existing perceptions.

Furthermore, we study whether real experiences with favorably or unfavorably evaluated exemplars of a brand can have lasting effects on brand attitudes that extend beyond the immediate product experience. Prior research has not examined the persistence of the beneficial or harmful effects of actual good or bad product experiences on brand attitudes over time.

Our conceptualization is not restricted to the brand context and should apply to any higher-order category of which the product experienced by the consumer is a member. Therefore, in order to examine the generalizability of the proposed framework, we also study the effect of good or bad experiences with a product on the CO with which the product is associated. Prior research has extensively studied the effects of CO information on the evaluation of individual products (see Verlegh et al. 2005 for a review), but the reverse effect, the influence of experiences with individual products on CO perceptions, has generally been neglected (see Gürhan-Canli and Maheswaran 2000 for an exception).

Just as brands have equity, there is also equity associated with the country from which the product originates (Maheswaran and Chen 2006). Analogous to high equity brands, consumers have favorable attitudes toward high equity COs based on their experiences with products from that CO or exposure to positive word of mouth or marketing communications (see Verlegh et al. 2005). A high equity CO is a potential asset (e.g., Japan for cars), whereas a low equity CO is a potential liability (e.g., Mexico for cars), which affects all the brands from the same CO (Hong and Wyer 1989). Our hypothesis is that, as in the case of brand equity, the effects of good or bad product experiences on CO evaluations are asymmetric, such that good experiences will be particularly beneficial for low equity COs and bad experiences will be particularly harmful for

high equity COs. We also investigate whether the mechanisms underlying these effects are the same as for brand equity.

Our research makes several contributions to the literature. It is unique in investigating the long-term effects of real experiences with new products on attitudes toward high and low equity brands. Furthermore, it provides important insights into understanding the vulnerability of strong brands to consumers' negative product experiences, and it reveals opportunities for low equity brands to enhance consumers' attitudes by introducing successful product innovations. Finally, it demonstrates that good or bad new product experiences not only change attitudes toward the brand, but can also spread to attitudes toward the CO with which the product is associated, potentially affecting other brands from the same origin.

In what follows, we will first develop the hypotheses and the underlying process model in greater detail. We will then report two studies that examine the proposed model. Study 1 tests the predicted effects for both brand and CO attitudes and provides evidence about the underlying mechanisms, using a simulated experience manipulation. Study 2 replicates the findings of the first study concerning brand attitudes using actual product experiences with real brands. In addition, it employs a three-wave longitudinal design which demonstrates that the change in attitudes toward real brands persists over time and beyond the experimental context.

2.2 Conceptual Framework

How will good or bad experiences with particular exemplars of high equity (HE) or low equity (LE) brands and COs influence brand and CO evaluations? In order to answer this question, it is useful to consider the degree of consistency between the valence of the experience and consumers' expectations toward HE and LE brands and COs. In general, HE brands are expected to perform well compared to LE brands. Therefore, a bad (good) experience with a new

product by a HE (LE) brand is more likely to deviate from existing attitudes toward the brand, and the potential for change will be much greater. Furthermore, the experience should be more diagnostic than when a HE (LE) brand performs well (poorly). On the other hand, experiences that are consistent with prior expectations about the brand are unlikely to modify category perceptions because there is less potential for change and the experience may not be seen as very diagnostic. A similar argument applies to CO attitudes. Although there is evidence that, under certain circumstances, unexpected or inconsistent information may be ignored or given minimum weight, possibly because it is being subtyped (e.g., Fiske and Pavelchak 1986), in general the social judgment literature provides ample support for the notion that conflicting or contradictory information will be more influential in category judgments. As long as it is seen as a member of the category, an incongruent exemplar is more likely to change the existing assessment of the category compared to congruent exemplars (e.g., Bless and Schwarz 1998; Fiske 1980; Johnston and Hewstone 1992; Kunda and Olenson 1995).

Our theorizing suggests that the effect of experience valence on parent brand evaluations is asymmetric. Bad experiences will primarily affect HE brands, whereas good experiences will mainly influence LE brands. The same holds true for CO evaluations. Bad experiences will deviate more from existing attitudes toward HE brands and COs and will potentially be more diagnostic, and they should therefore have a greater negative effect on evaluations of HE brands and COs, relative to LE brands and COs. On the other hand, good experiences will deviate more from existing attitudes toward LE brands and COs, and they will potentially be more diagnostic for, and ultimately more impactful on, evaluations of LE brands and COs, relative to HE brands and COs.

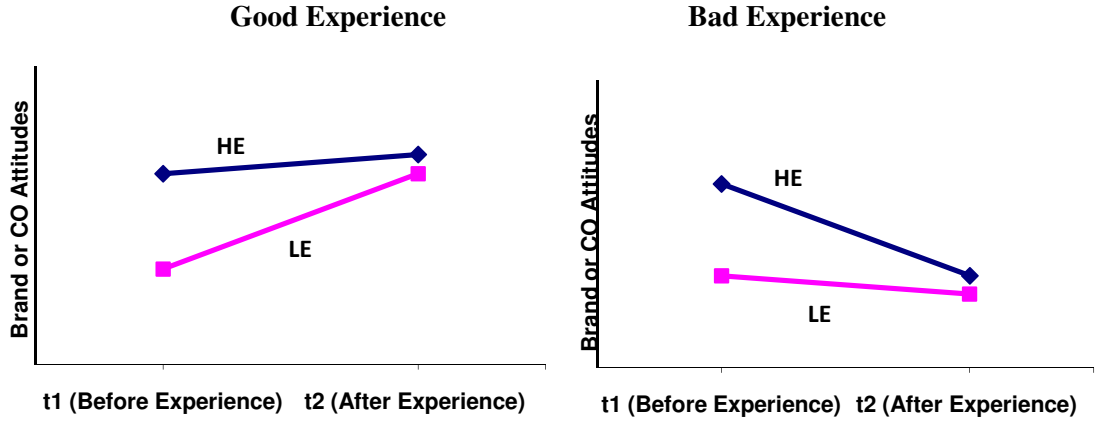
Thus, we propose the following hypotheses:

H1: *Bad experiences with new products by HE brands will result in larger negative changes in existing attitudes toward the brand compared to identical experiences with LE brands, whereas good experiences with new products by LE brands will result in larger positive changes in existing attitudes toward the brand compared to identical experiences with HE brands.*

H2: *Bad experiences with new products by HE COs will result in larger negative changes in existing attitudes toward the CO compared to identical experiences with LE COs, whereas good experiences with new products by LE COs will result in larger positive changes in existing attitudes toward the CO compared to identical experiences with HE COs.*

The predicted effects are shown in Figure 2.1 in the next page. The dependent variable on the vertical axis is attitude, either toward the brand (H1) or toward the CO (H2). The horizontal axis depicts time of attitude measurement, either before or after the good or bad experience with an exemplar of the brand or CO category. The slope of the lines thus refers to the change in attitude over time. Separate graphs are shown for good or bad experiences, and in each experience condition, the change in attitude is displayed for HE and LE brands or COs separately. The predicted results imply a two-way interaction between time of measurement and brand/CO equity, because the pattern of means for the bad experience condition is simply a clock-wise rotation of the pattern of means for the good experience condition. However, separate graphs are exhibited for the two experience conditions because the substantive implications of the results for HE and LE brands and COs are quite different in the two experience conditions.

Figure 2.1



HE: High Equity (Brand or CO) **LE:** Low Equity (Brand or CO)

Figure 2.1**:** Predicted Results

2.3 Mechanisms Underlying the Change in Brand and CO Evaluations

The information processing and social judgment literatures propose that a new piece of information can induce a change in category judgments when it is sufficiently *salient*, when it is seen as *inconsistent* with the categorical information, and when it receives greater *weight* during judgments (i.e., when it is seen as more diagnostic; see Skowronski and Carlston 1989 for a review). A recent review on brand extensions lists the same factors (termed strength, inconsistency and diagnosticity) as the major determinants of brand dilution due to failed brand extensions (Keller and Sood 2003). In the case of a direct product experience, the evidence encountered first-hand will likely be seen as salient and strong. Accordingly, perceptions of inconsistency of the product experience with existing brand and CO attitudes and the weight accorded to the experience (relative to extant brand and CO evaluations) should be the two primary factors accounting for the differential effect of good and bad experiences on brand and CO evaluations as a function of the equity associated with the brand or CO.

Inconsistency refers to the difference between the evaluation of the new product (i.e., the exemplar of the brand or CO with which the consumer has an experience) and the initial brand or CO attitude (prior to the new product experience). This inconsistency ranges from positive (when the new product is evaluated more positively than products previously available under the same brand name or CO) via zero to negative (when the new product falls short of expectations associated with the brand or CO). When there is no inconsistency, there should be no change in brand or CO attitudes. However, when the inconsistency is positive, there is a potential for enhancement, whereas when it is negative, there is a potential for dilution.

Weight of experience refers to the diagnosticity and the resulting relative impact of the new product evaluation (relative to existing brand and CO beliefs) on attitude change. For a given level of positive or negative inconsistency, as the weight of the direct product experience

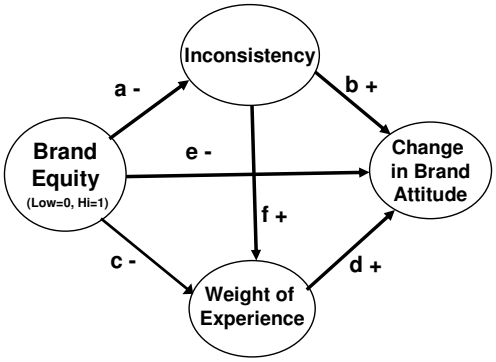
increases, the effect of the experience on the change in brand and CO evaluations is expected to get larger.

H1 and H2 imply that the total effect of brand equity (with HE coded as 1, and LE coded as 0) on attitude change will be negative for both good and bad product experiences, because attitude change will be more positive (more brand enhancement) for LE than HE brands in the good experience condition, and more negative (more brand dilution) for HE than LE brands in the bad experience condition. However, this total negative effect may be mediated by inconsistency and/or weight of experience in one of three ways shown in Figure 2.2. In addition, there may be a direct effect of brand equity on attitude change, not mediated by either inconsistency or weight of experience, totaling four distinct ways. Below, we describe these four possibilities, separately for good and bad experiences, because some of the effects differ. The upper half of Figure 2.2 illustrates our model in the next page. A priori, we do not have specific predictions about which of the mechanisms to be described account for the effects proposed in H1 and H2. In the following discussion, we simply describe the various possibilities based on past theories and then let the data provide the empirical evidence about the importance of each effect. To simplify the presentation, we will restrict the following discussion to the situation of brand equity and change in brand attitude, but analogous arguments apply to CO equity and change in CO attitude.

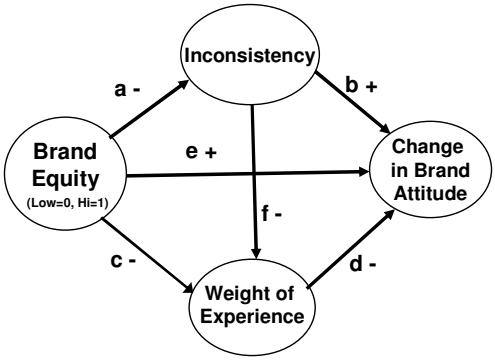
2.3.1 Attitude change for good experiences

There are four reasons why LE brands might benefit more from a good product experience than HE brands, corresponding to the four paths shown in Figure 2.2. These four possibilities are described next.

Good Experience



Bad Experience



GOOD EXPERIENCE

Path	Sign	*Explanations of Individual Effects (Sign of the effect)*		
1) Inconsistency of Experience Path (a * b)	–	**a(-): Brand Equity → Inconsistency** Good experiences are more *positively* inconsistent for LE (vs. HE) brands.		**b(+): Inconsistency → △Attitude** More positively inconsistent experiences lead to larger positive changes in attitudes.
2) Weight of Experience Path (c * d)	–	**c(-): Brand Equity → Weight of Exp** Regardless of valence, product experiences receive lower weight for HE (vs. LE) brands, because attitudes toward HE brands are held more strongly.		**d(+): Weight of Exp → △Attitude** Good experiences that receive higher weight in judgments are more likely to change existing brand attitudes in a *positive* direction (more enhancement).
3) Inconsistency and Weight Path (a * f * d)	–	**a(-):** *see above*	**d(+):** *see above*	**f(+): Inconsistency → Weight of Exp** More positively inconsistent experiences receive greater weight.
4) Direct Brand Equity Path (e)	–	**e(-): Brand Equity → △Attitude** In general, attitudes toward HE (vs. LE) brands are more stable, so there should be *less positive* change (less enhancement) in attitudes toward HE (vs. LE) brands.		

BAD EXPERIENCE

Path	Sign	*Explanations of Individual Effects (Sign of the effect)*		
1) Inconsistency of Experience Path (a * b)	–	**a(-): Brand Equity → Inconsistency** Bad experiences are more negatively inconsistent with HE (vs. LE) brands.		**b(+): Inconsistency → △Attitude** Less negatively inconsistent experiences lead to smaller negative changes in attitudes.
2) Weight of Experience Path (c * d)	+	**c(-): Brand Equity → Weight of Exp** Regardless of valence, product experiences receive lower weight for HE (vs. LE) brands, because attitudes toward HE brands are held more strongly.		**d(-): Weight of Exp → △Attitude** Bad experiences that receive higher weight in judgments are more likely to change existing brand attitudes in a *negative* direction (more dilution).
3) Inconsistency and Weight Path (a * f * d)	–	**a(-):** *see above*	**d(-):** *see above*	**f(-): Inconsistency → Weight of Exp** More n*egatively* Inconsistent experiences receive greater weight.
4) Direct Brand Equity Path (e)	+	**e(+): Brand Equity → △Attitude** In general, attitudes toward HE (vs. LE) brands are more stable, so there should be *less negative* change (less dilution) in attitudes toward HE (vs. LE) brands.		

Figure 2.2: Overall Model of Attitude Change

2.3.1.1 Inconsistency of Experience Path

The difference in attitude change between LE and HE brands may be mediated by the degree of inconsistency between the evaluation of the new product and the consumer's original attitude toward the core brand. The same good experience with an exemplar of the brand will be more positively incongruent (better than expected) for a LE than a HE brand (i.e., the path from brand equity to inconsistency should be negative). Since positive incongruence can be expected to enhance brand attitudes, the effect of brand equity on brand attitude change via inconsistency should be negative (i.e., there will be greater enhancement for LE brands). We term this the *inconsistency of experience path* (path ab in Figure 2.2). The predicted effect is in agreement with various studies in the social judgment literature suggesting that inconsistent or non-normative information leads to more pronounced shifts in existing perceptions (e.g., Helson 1964; Sherif and Sherif 1967), as well as findings in the stereotyping literature showing that an inconsistent exemplar is more likely to change category perceptions even when it is not weighted more than existing beliefs (Kunda and Olenson 1995; Rothbart 1981; Weber and Crocker 1983).

2.3.1.2 Weight of Experience Path

The difference in attitude change between LE and HE brands may be mediated by the weight given to the product experience during judgment formation, relative to the weight accorded to the existing brand attitude. Regardless of valence, new product experiences should receive lower weight for HE brands than LE brands because, in addition to their higher favorability, existing attitudes toward HE brands are also held more strongly compared to attitudes toward LE brands (e.g., Aaker 1991; Keller 1993, 1998). This implies that the effect of brand equity on the weight given to new product experiences will be negative. Since a good experience that receives greater weight should have a beneficial effect on brand evaluations, the overall effect of brand equity on attitude change via weight of experience is negative (i.e., LE

brands should benefit more from good experiences). We call this the *weight of experience path* (path cd in Figure 2.2). The predicted effect is consistent with past research in psychology and marketing proposing that when a piece of information is perceived as more relevant for category judgments, it receives more weight in evaluations (Ahluwalia et al. 2001; Maheswaran and Meyers-Levy 1990; Skowronski and Carlston 1989). In fact, even entirely consistent information may receive higher weight if it is perceived as more useful for the judgment (Herr, Kardes and Kim 1991) or if it is seen as unambiguous (Mizerski 1982; Wyer 1973).

2.3.1.3 Combined Inconsistency/Weight of Experience Path

A combination of the inconsistency of experience and weight of experience paths may account for the difference in attitude change for LE and HE brands. A good experience, which is perceived as more inconsistent with expectations for a LE rather than HE brand, may also be weighted more doing consumers' post-experience evaluations of the brand, and in this way LE brands may show greater enhancement relative to HE brands via both inconsistency and weight of the evidence. We refer to this as the *combined inconsistency/weight of experience path* (path afd in Figure 2.2). The hypothesized effects is supported by information processing literature showing that when a piece of information is inconsistent with prior attitudes or average norms, it will be perceived as more novel and therefore weighted more in category judgments (Fiske 1980; Simpson and Ostrom 1976; Skowronski and Carlston 1989).

2.3.1.4 Direct Brand Equity Path

Finally, there could be a direct path from brand equity to attitude change (not mediated by inconsistency or weight of experience). Controlling for inconsistency and weight of experience, attitudes toward HE brands should in general be more stable than attitudes toward LE brands (i.e., there should be less attitude change for HE brands). Since a good experience should

improve the evaluation of LE brands, this implies a negative effect of brand equity on attitude change. We call this the *direct brand equity path* (path e in Figure 2.2).

The lower portion of Figure 2.2 summarizes the various paths in the good experience condition. All four paths (three indirect paths and one direct path) predict a negative effect of brand equity on attitude change and could thus account for the hypothesized negative total effect.

2.3.2 Attitude Change for Bad experiences

There are also four reasons why attitude change might differ between LE and HE brands as a function of a bad product experience. Since several of the individual effects differ between the good and bad experience conditions, we will briefly describe the four possible paths, focusing on those that are different.

2.3.2.1 Inconsistency of Experience Path

The sign of this path is identical for bad and good experiences (path ab in Figure 2.2). A bad experience is more (negatively) inconsistent for HE brands, and since negative inconsistency decreases attitudes, dilution is stronger for HE brands.

2.3.2.2 Weight of Experience Path

This path (path cd in Figure 2.2) is predicted to be positive for bad experiences (it was hypothesized to be negative for good experiences). In general, new product experiences are weighted less for HE than LE brands, and since a bad experience that receives greater weight should hurt brand evaluations, the overall effect of brand equity on attitude change via weight of experience is positive

2.3.2.3 Combined Inconsistency/Weight of Experience Path

This path is predicted to have the same negative sign for bad experiences as for good experiences, even though two of the individual effects differ. The effect from weight of experience on attitude change has already been discussed. In addition, with a bad experience the inconsistency between the evaluation of the new product and the consumer's original attitude toward the core brand should be mostly negative, and greater negative inconsistency should increase the weight of experience relative to the weight of the existing attitude. This implies that the path between inconsistency and weight of experience is negative rather than positive. Overall, the multiplication of three negatively signed effects results in a negative effect of brand equity on attitude change via inconsistency and weight of experience (path afd in Figure 2.2).

2.3.2.4 Direct Brand Equity Path

Since the experience is bad, greater stability (less change in attitudes) implies a positive (rather than negative) effect of brand equity on attitude change (i.e., there should be a more pronounced negative change for LE brands).

The lower portion of Figure 2.2 summarizes the various paths in the bad experience condition. Overall, our predictions entail negative effects for the inconsistency of experience and combined inconsistency/weight of experience paths for bad experiences. In contrast, the signs of the weight of experience and direct brand equity paths are hypothesized to be positive. Therefore, only the former two paths are plausible mechanisms for the predicted negative total effect of brand equity on brand attitude change. This suggests a priori that if H1 holds for the bad experience condition, the inconsistency of experience and combined inconsistency/weight of experience paths should dominate the two other paths.

For simplicity, we discussed the various mechanisms underlying attitude change in the context of brand evaluations (H1). However, our conceptualization is not restricted to brands and similar mechanisms apply to the effect of CO equity on change in CO attitude (H2).

2.4 Study 1 – The Effects of New Product Experiences on Attitudes Toward Brands and Countries of Origin: The Role of Equity

2.4.1 Introduction

The purpose of this study was to investigate the change in attitudes toward HE and LE brands and COs following a good or bad experience with a new product associated with the brand or CO, as hypothesized in H1 and H2. In addition, we wanted to test the proposed model of the mechanisms leading to H1 and H2.

2.4.2 Method

Three hundred and forty-four undergraduate students participated in the study for extra course credit. Three factors were manipulated between-subjects: brand equity (HE vs. LE); CO equity (LE vs. HE); and valence of the experience (good vs. bad). Respondents were randomly assigned to one of the eight conditions. Brand and CO attitudes were measured before and after the experience manipulation, allowing an assessment of true attitude change.

A pretest with 202 undergraduate students was conducted to identify HE and LE brands. Using a brand-equity scale ($\alpha = .76$) similar to those employed by Roehm and Brady (2008) and Rust, Zeithaml, and Lemon (2000), we asked participants to indicate their agreement (1 = strongly disagree, 5 = strongly agree) with three statements about various electronics and communications brands (i.e., “The likely quality of Brand X is extremely high”; “I consider

myself to be loyal to Brand X"; "Brand X would be my first choice"). As a result of the pretest, Nokia was identified as a relatively HE brand (M = 3.82) and Uniden as a relatively LE brand (M = 2.53; $F(1,200) = 151.05$, $p < .001$).

Another pretest with 232 students was used to assess the equity associated with various COs in the electronics domain. Using an analogous CO equity scale ($\alpha = .83$), Japan was identified as a HE CO (M = 3.67) and Finland as a relatively LE CO (M = 2.51; $F(1,230)$ = 131.32, $p < .001$).

The main study started with a seemingly unrelated survey about shopping for discounted products during winter holidays, and participants were told that the survey was for another instructor's study. The actual purpose of this study was to measures participants' initial attitudes toward the Nokia and Uniden brands and toward products from Japan and Finland. In order to conceal the true purpose, the survey included many questions related to other brands and COs, retail stores, warranty offers, online shopping behavior, and discount rates during Black Friday.

The experiment itself started with instructions to visualize a product experience. A new product category was used to ensure that participants did not have any prior experience with products from the category and therefore could not have existing attitudes toward the product. Participants were strongly encouraged to engage in the simulation and try to live through the experience as if it were happening in real life. A new product called Watchercell was introduced:

> *Imagine that wireless services have become widely available across the country and that the communication infrastructure has became highly advanced to allow efficient visual, audio and data transfer everywhere.*
>
> *A new product called Watchercell® has been introduced into the market. You wear it like a wristwatch and it allows you to communicate with other people through both vision and audio transmittance.*

You can see and hear the other party and vice versa. You can also watch TV, surf the web, play mp3 files and check your email.

Imagine that you have decided to buy a Watchercell. You search the market and finally purchase a Watchercell made by ***<Nokia / Uniden>*** *from* ***<Finland / Japan>****.*

Depending on the experimental condition, participants visualized a good or bad experience with a HE (Nokia) or LE (Uniden) brand from a HE (Japan) or LE (Finland) CO. Pretests showed that most students did not know that Nokia was actually from Finland and that Uniden was from Japan, so it was possible to manipulate brand equity and CO equity orthogonally using real brands. An example of the good or bad experience manipulation is shown in Appendix A. General product performance was manipulated to establish a negative or positive perception of the new product. The experiment was conducted on the computer, and participants were shown parts of the scenario on each screen. They were encouraged to read very slowly as if they were actually experiencing the product in real life. A small picture of the product package was also provided to ease imagination. After the experience simulation, respondents answered a series of questions as described next.

2.4.3 Measures

2.4.3.1 Attitudes toward the brand and CO

Attitudes were measured twice. In the first survey (time 1), and in the context of answering many unrelated questions, participants rated their attitudes toward electronics products by Nokia and Uniden and their attitudes toward Japanese and Finnish electronics products on a nine-point scale (1 = extremely unfavorable, 9 = extremely favorable). After answering a set of distractive questions, they got exposed to the new product experience simulation. Finally, they

were again asked to rate their attitudes toward the relevant brand (Nokia/Uniden) and CO (Japan/Finland) using the same scale (time 2). This enabled us to record the change in attitudes from time 1 to time 2.

2.4.3.2 Inconsistency of product experience with brand and CO evaluations

Participants were also asked to indicate their attitude toward the specific Watchercell they had just experienced on the same nine-point scale (1 = extremely unfavorable, 9 = extremely favorable) used for collecting the initial brand and CO evaluations. The difference between the attitude toward the specific product and the initial attitudes toward the brand or CO before the experience was calculated. This difference served as an unobtrusive measure of the inconsistency of the new product experience with brand and CO attitudes.

2.4.3.3 Weight of the new product experience in attitude judgments

We wanted to assess how much weight participants assigned to the new product experience relative to the weight accorded to the existing attitudes toward the brand or CO when forming their revised attitude toward the brand or CO after the product experience. All participants were asked to indicate which of the two types of information had a more important influence when they formed their time 2 attitudes toward the brand or CO, using a nine-point bipolar scale with endpoints of 1 = my prior beliefs about Nokia/Uniden (or electronics products from Japan/Finland) played a more important role and 9 = my experience with the Watchercell played a more important role, with a middle anchor of 5 = both played exactly equal roles.

2.4.3.4 Manipulation check for experience valence

To test the valence of experience manipulation, all participants were asked to rate their experience with the Watchercell on a seven-point scale with endpoints of 1 = very bad and 7 = very good.

2.4.4 Results

None of the participants was able to notice a connection between the two surveys or guess the hypotheses. A total of 22 participants who were Finnish or Japanese, or who had prior knowledge of Nokia's or Uniden's origins, were excluded from the analysis leaving 322 usable surveys.

2.4.4.1 Manipulation checks

A 2 x 2 x 2 ANOVA based on the three between-subjects factors indicated that the bad experience was rated less favorably than the good experience ($M_B = 2.17$ vs. $M_G = 5.98$; $F(1,314) = 1203.33$, $p < .001$). Note that since participants rated the experience on a seven-point scale, both means are equally extreme. Also as expected, initial attitudes toward Japan were significantly more favorable than attitudes toward Finland ($M_J = 7.67$ vs $M_F = 5.28$, $F(1,314) = 203.76$, $p < .001$), and Nokia was regarded more highly than Uniden ($M_N = 5.87$ vs $M_U = 4.01$, $F(1,314) = 82.91$, $p < .001$). No other effects were significant in these analyses. Thus, all three factors were manipulated successfully.

2.4.4.2 Attitude toward the brand

To investigate the change in attitude toward the brand after good and bad experiences, a mixed ANOVA was conducted, where brand attitude measured at times 1 and 2 served as the

repeated measures factor and valence of the experience, brand equity and CO equity functioned as the between-subjects factors. As discussed earlier, we expected that good experiences would primarily enhance attitudes toward LE brands, whereas bad experiences were hypothesized to dilute attitudes toward HE brands. This implies an interaction of time of attitude measurement with brand equity. Although we only focus on the significant findings in the sequel, complete results are reported in Table 2.1.

Table 2.1: Study 1 - Change in Attitude toward the Brand
Summary of ANOVA Tables

	Study 1 [a]	
Tests of Within-Subjects Effects	***F***	η_p^2
BrdAtt [b]	16.8***	*.05*
BrdAtt x BrandEq	41.1***	*.12*
BrdAtt x COEq	.0***	*.00*
BrdAtt x Exp	165.8***	*.35*
BrdAtt x BrandEq x COEq	.9***	*.00*
BrdAtt x BrandEq x Exp	3.3***	*.01*
BrdAtt x COEq x Exp	.4***	*.00*
BrdAtt x BrandEqxCOEq x Exp	2.5***	*.01*
Tests of Between-Subjects Effects	***F***	η_p^2
Intercept	4469.3***	
BrandEq	49.7***	*.14*
COEq	3.7+**	*.01*
Exp	104.3***	*.25*
BrandEq x COEq	1.0***	*.00*
BrandEq x Exp	1.0***	*.00*
COEq x Exp	.0***	*.00*
BrandEq x COEq x Exp	.4***	*.00*
Error Degrees of Freedom	*314*	

[a] The number of degrees of freedom for the numerator is 1 for all F values. Error degrees of freedom are shown at the bottom. Effect sizes are partial eta-squared values and are calculated as follows: $\eta_p^2 = SS_{effect} / (SS_{effect} + SS_{error})$.

[b] BrdAtt refers to the contrast between initial attitude (time 1) vs. attitude right after the experience (time 2). BrandEq= Brand Equity, COEq=Country of Origin Equity, Exp= Valence of Experience.

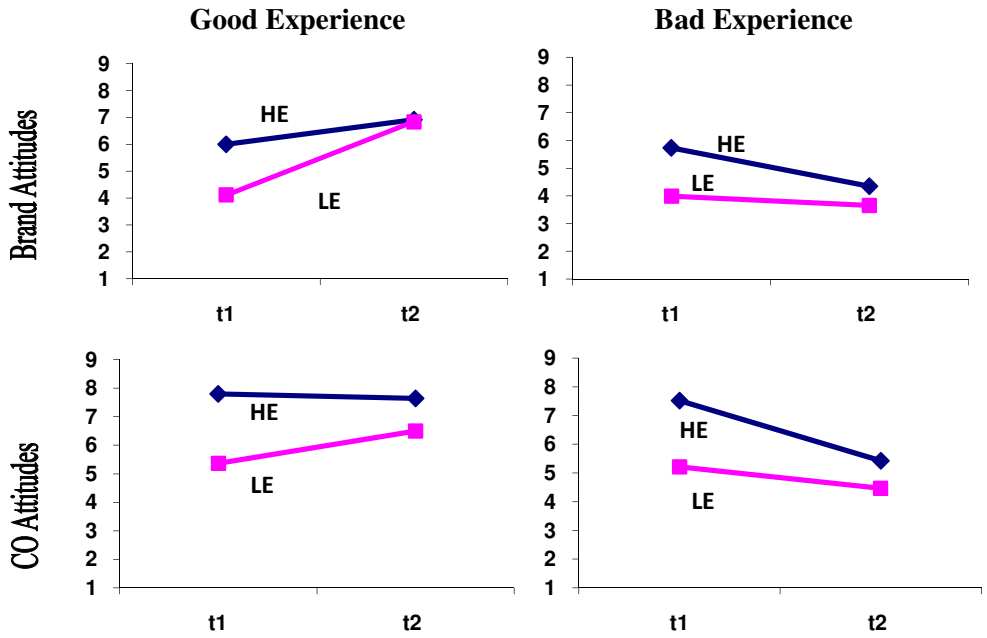
$^{+}p < .1$, $^{*}p < .05$, $^{**}p < .01$, $^{***}p < .001$

As expected, the interaction of the repeated-measures factor with brand equity was significant ($F(1,314) = 41.1$, $p < .001$). In addition, there was an interaction of the repeated-measures factor with valence of the experience ($F(1,314) = 165.8$, $p < .001$). This interaction simply means that a good experience improved attitudes, whereas a bad experience led to dilution. In order to examine whether the findings were consistent with H1, we analyzed the data separately for good and bad experiences.

For good experiences, a mixed ANOVA was conducted with time of attitude measurement as the repeated-measures factor, and brand equity and CO equity as the between-subjects factors. The significant main effect of brand equity ($F(1,156) = 17.21$, $p < .001$) indicated that attitudes toward HE brands were generally more favorable than attitudes toward LE brands, and the significant main effect of time of attitude measurement ($F(1,156) = 144.33$, $p < .001$) showed that brand attitudes generally improved after a good experience. More importantly, there was a significant interaction of time of attitude measurement and brand equity ($F(1,156) = 33.86$, $p < .001$), indicating that attitude change (i.e., the difference in attitudes measures at the two points in time) was not the same for HE and LE brands (see Figure 2.3). Specifically, following a good experience the change in attitude toward LE brands was more substantial (from 4.21 to 6.84, $F(1,82) = 128.63$, $p < .001$) than the change in attitude toward HE brands (from 6.01 to 6.92, $F(1,76) = 27.42$, $p < .01$). It is important to note that the results obtained for HE brands were not due to ceiling effects since attitudes were measured on a nine-point scale. There were no significant effects for CO equity or any other interactions (all *F*'s$(1,156) < 1$).

Figure 2.3

STUDY 1



HE=High Equity, LE=Low Equity
t1= attitude measured before the experience, t2= attitude measured after experience

Figure 2.3: Study 1 - Change in Attitudes toward the Brand and Country of Origin

For bad experiences, a mixed ANOVA showed a significant main effect of brand equity ($F(1,158) = 34.46$, $p < .001$), indicating that attitudes toward HE brands were higher than attitudes toward LE brands. There was also a main effect of the repeated-measures factor ($F(1,158) = 38.45$, $p < .001$), showing that in general attitudes decreased over time. More importantly, the interaction between time of attitude measurement and brand equity was significant ($F(1,158) = 10.57$), $p < .001$). This indicates that attitude change was different for HE and LE brands (see Figure 2.3). In particular, attitudes toward HE brands were hurt more following a bad experience (from 5.73 to 4.35, $F(1,78) = 38.26$, $p < .001$) than attitudes toward LE brands (3.99 vs. 3.56; $F(1,82) = 4.72$, $p < .1$). Once again, there were no significant effects of CO equity. Overall, the findings are consistent with H1.

2.4.4.3 Attitude toward the CO

The analysis for CO attitudes parallels the analysis for brand attitudes, and H2 predicts an interaction of time of attitude measurement with CO equity. Analogous to the earlier findings, there were significant two-way interactions of time of attitude measurement with both CO equity ($F(1,314) = 57.0$, $p < .001$) and experience ($F(1,314) = 134.9$, $p < .001$). In addition, the four-way interaction was significant, but as seen by the magnitude of the effect size measures reported in Table 2, this effect was of minor importance and it will not be pursued further[1]. Instead, we will focus on the predicted interaction of time of attitude measurement and CO equity, separately for good and bad experiences. Complete ANOVA results are reported in Table 2.2 in the next page.

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[1] In the good experience condition, brand equity had no significant effects on the change in CO attitudes ($F(1,156) < 1$ for all effects involving brand equity). In the bad experience condition, attitudes decreased more for HE COs than LE COs, as expected. However, there was also a significant interaction of CO equity and brand equity on CO attitudes ($F(1,158) = 8.2$, $p < .05$). While attitudes toward LE COs were hurt equally after bad experiences with LE and HE brands ($F(1,79) = 1.2$, $p > .1$), attitudes toward HE COs were hurt more after bad experiences with LE brands than HE brands ($F(1, 79) = 8.1$, $p < .05$). However, the basic result predicted in H2 is supported.

Table 2.2: Study 1 - Change in Attitude toward the Country of Origin Summary of ANOVA Tables

Tests of Within- Subjects Effects	*F*	η_p^{2a}
COAtt [b]	35.5***	*.10*
COAtt x BrandEq	.3***	*.00*
COAtt x COEQ	57.0***	*.15*
COAtt x Exp	134.9***	*.30*
COAtt x BrandEq x COEQ	5.4*	*.02*
COAtt x BrandEq x Exp	2.8+**	*.00*
COAtt x COEQ x Exp	.04***	*.00*
COAtt x BrandEq x COEQ x Exp	4.7***	*.02*

Tests of Between- Subjects Effects	*F*	η_p^{2a}
Intercept	6905.2***	-
BrandEq	1.7***	*.00*
COEQ	134.4***	*.30*
Exp	63.8***	*.17*
BrandEq x COEQ	1.4***	*.00*
BrandEq x Exp	.31***	*.00*
COEQ x Exp	.12***	*.00*
BrandEq x COEQ x Exp	.14***	*.00*
Error Degrees of Freedom	*314*	

[a] The number of degrees of freedom for the numerator is 1 for all F values. Error degrees of freedom are shown at the bottom. Effect sizes are partial eta-squared values and are calculated as follows: $\eta_p^2 = SS_{effect} / (SS_{effect} + SS_{error})$.

[b] COAtt refers to the contrast between CO attitudes measured before and after the product experience.

$^+ p < .1$, $^* p < .05$, $^{**} p < .01$, $^{***} p < .001$

BrandEq= Brand Equity, COEq=Country of Origin Equity, Exp= Valence of Experience.

For good experiences, a mixed ANOVA with time of attitude measurement as the repeated-measures factor and CO equity as the between-subjects factor showed main effects of CO equity ($F(1,156) = 87.21$, $p < .001$) and time of attitude measurement ($F(1,156) = 20.78$, $p < .001$), as well as the predicted interaction of time of attitude measurement and CO equity ($F(1,156) = 39.02$, $p < .001$). As seen in Figure 2.3, attitudes toward LE COs improved significantly following a good experience (5.36 vs. 6.50, $F(1,79) = 41.83$, $p < .001$), whereas attitudes toward HE COs did not change (7.80 vs. 7.64, $F(1,79) = 2.43$, $p > .1$).

For bad experiences, there were main effects of CO equity ($F(1,158) = 53.7$, $p < .001$) and time of attitude measurement ($F(1,158) = 126.16$, $p < .001$), as well as a significant interaction of time of attitude measurement and CO equity ($F(1,158) = 22.08$, $p < .001$). After bad experiences the change in attitudes toward HE COs (from 7.52 to 5.42, $F(1,80) = 100.79$, $p < .001$) was more substantial than the change in attitudes toward LE COs (from 5.21 to 4.36, $F(1,80) = 24.46$, $p < .001$). Overall, the findings were consistent with H2 (see Figure 2.3).

2.4.4.4 Path Analysis

H1 and H2 imply two-way interactions between the repeated-measures factor of time of attitude measurement (either for brand attitude or CO attitude) and brand or CO equity. Operationally, this is equivalent to a main effect of brand or CO equity on the difference between time 2 and time 1 attitudes. Using path analysis we will now decompose the total effect of brand or CO equity on attitude change into three indirect effects (via the mediators inconsistency and weight of experience) and one direct effect, as described earlier (see the lower half of Figure 2.2). The dependent variable is the difference between attitudes measured at times 2 and 1.[2] If this

[2] In study 1, the correlations between brand attitudes measured at the two times were .38 and .42 in the good and bad experience conditions, respectively. The corresponding correlations between CO attitudes were .62 and .54. In study 2, the correlations between brand attitudes were .38 and .32.

difference is positive, there is attitude enhancement; if the difference is negative, there is attitude dilution. The exogenous variable is either brand equity or CO equity, coded 1 for HE and 0 for LE. The two mediators are (a) inconsistency, defined as the difference between the evaluation of the new product and the initial brand or CO attitude, and (b) weight of experience, measured as people's subjective judgment of the relative influence of the new product experience on the formation of time 2 attitudes compared to prior attitudes.[3] In line with the ANOVA results, separate path models were estimated for the good and bad experience conditions. The path model results (with estimated coefficients and significance levels for all individual effects) are shown in Figure 2.4, and information about the magnitudes and significance levels of the four paths (which can be obtained by multiplying the individual effects traversed along each path) is reported in Table 2.3.

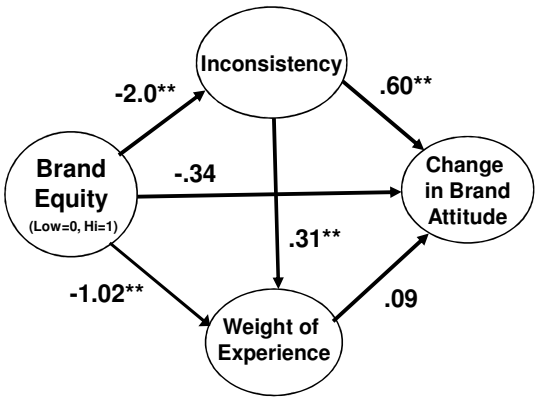
For brand attitudes and good experiences, four of the six direct effects between constructs were highly significant. All estimated coefficients had the predicted sign. For brand attitudes and bad experiences, three of the direct effects between constructs were significant, and all coefficients had the expected sign. We are primarily interested in the four ways in which brand equity can influence attitude change (i.e., the four distinct paths from brand equity to attitude change). This information is reported in Table 2.3.

[3] To ensure that there were no interactions between the experimental factors on inconsistency and weight of experience (which are not captured in the path analysis), we performed two 2 (brand equity) x 2 (CO equity) x 2 (experience valence) ANOVAs with inconsistency and weight of experiences as the dependent variables (for both brand and CO attitudes). None of the interactions was significant.

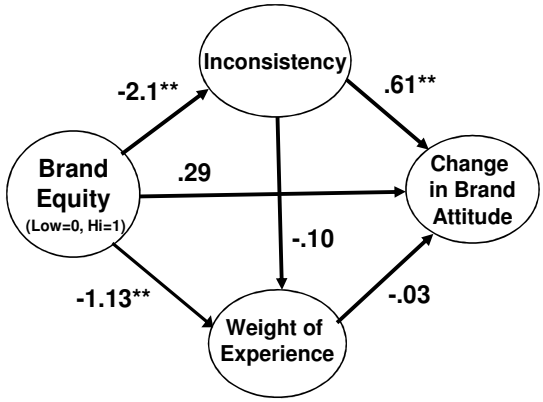
STUDY 1

Brand Attitudes

GOOD EXPERIENCES

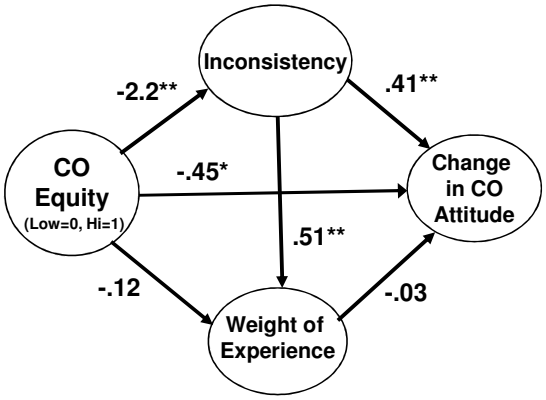


BAD EXPERIENCES

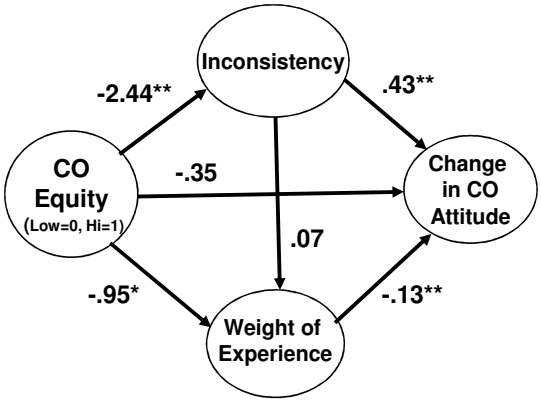


Country of Origin (CO) Attitudes

GOOD EXPERIENCES



BAD EXPERIENCES



*** p < .01, * p < .05*

Inconsistency for brand=New Product Att – Brand Att 1
Inconsistency for CO=New Product Att – CO Att 1

Change in brand attitude = Brand Att 1 – Brand Att 2
Change in CO attitude = CO Att 1 – CO Att 2

Figure 2.4: Study 1 - Mechanism of Change in Attitudes

Table 2.3: Study 1 - Paths of Attitude Change [a]

	Change in Brand Attitude			
	Good Experience		***Bad Experience***	
Path	**Est. Effect**	**% share**	**Est. Effect**	**% share**
1) Combined inconsistency and weight	- 0.06	4%	- 0.01	1%
2) Inconsistency of experience	- 1.22**	**71%**	- 1.27**	**79%**
3) Weight of experience	- 0.09	5%	+0.03	2%
4) Direct brand equity effect	- 0.34	20%	+0.29	18%
Total Effect:	**- 1.71****		**- 0.96****	

	Change in CO Attitude [b]			
	Good Experience		***Bad Experience***	
Path	**Est. Effect**	**% share**	**Est. Effect**	**% share**
1) Combined inconsistency and weight	+0.04	2%	+0.02	1%
2) Inconsistency of experience	- 0.90**	**65%**	- 1.04**	**68%**
3) Weight of experience	- 0.00	0%	+0.12*	8%
4) Direct brand equity effect	- 0.45*	33%	- 0.35	23%
Total Effect:	**- 1.31****		**- 1.25****	

** $p < .01$, * $p < .05$

[a] Total effects were always negative. When the four paths did not all have the same sign, we calculated the percentage figures by using the sum of the absolute values of the estimated paths in the denominator.

[b] For Change in CO Attitude, the brand-related measures were replaced with CO-related measures: CO equity, weight of experience vs. prior CO beliefs, and inconsistency of experience with the prior CO attitude.

Table 2.3 shows that the total effects of brand equity on attitude change were -1.71 and -.96 in the good and bad experience conditions, respectively. Since attitudes generally improved with a good experience (see Figure 2.3), the total effect of -1.71 means that the attitude improvement due to a good experience was 1.71 points smaller for the HE brand than the LE brand (on a nine-point scale).[4] Similarly, since attitudes generally deteriorated with a bad experience (see Figure 2.3), the total effect of -.96 means that the attitude deterioration due to a bad experience was .96 points smaller for the LE brand than the HE brand. Table 2.3 indicates that most of the difference in attitude change between LE and HE brands is accounted for by the inconsistency of experience path (71 and 79 percent of the total effect for good and bad experiences, respectively). Although the direct brand equity path accounted for 20 and 18 percent of the total effect in the good and bad experience conditions, these effects were not reliable. The weight of experience and combined inconsistency/weights paths accounted for less than 5 percent of the total effect each. Overall, the findings show that good experiences primarily helped LE brands, and bad experiences primarily hurt HE brands, because the new product experience was more inconsistent with prior attitudes in these cases.[5]

An analogous analysis was conducted to explain the observed change in CO attitudes (see Figure 2.4 and Table 2.3 for details). The findings were quite similar to those reported for brand attitudes and will not be discussed in detail. Whenever a path was significant, the sign of the estimated coefficient was consistent with expectations. Again, the inconsistency of experience path was the major determinant of the difference in attitude change between LE and HE COs,

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[4] After a good experience, attitudes toward the HE brand increased by .92 points (from 6.01 to 6.93), whereas attitude toward LE brand increased by 2.63 points (from 4.21 to 6.84). Therefore, the difference was .92 – 2.63 = -1.71.

[5] The strong inconsistency of experience path is not an artifact of the fact that the initial brand or CO attitude measure is a component of both the dependent variable (attitude at time 2 minus attitude at time 1) and inconsistency of the product experience with prior attitudes. If the analysis is conducted with brand or CO attitudes measured at time 2 as the dependent variable and time 1 attitudes are used as a control variable (in which case there is no overlap between the dependent variable and the measure of inconsistency), equivalent results are obtained. We used the difference between attitudes measured at times 2 and 1 as the dependent variable to simplify the presentation.

accounting for 65 and 68 percent of the total effect of CO equity on attitude change in the good and bad experience conditions, respectively. In addition, the weight of experience path was significant in the bad experience condition, accounting for 8 percent of the total effect, and the direct effect of CO equity on attitude change was significant in the good experience condition, accounting for 33 percent of the total effect.

2.4.5 Discussion

The results of Study 1 indicate that bad experiences with new products are more likely to tarnish existing favorable attitudes toward high equity brands and COs, whereas good experiences with exemplars of low equity brands and COs are more likely to improve existing brand attitudes. These findings are in contrast with general intuition and some past studies suggesting that high equity brands enjoy more favorable responses from consumers and, in particular, are less vulnerable to failed brand extensions (Brown and Dacin 1997; Keller 1998). However, our results are in line with the recent research of Roehm and Brady (2008), who also proposed that the favorable beliefs associated with high equity brands might work against them during brand failures, leading to an erosion of brand equity. The findings further demonstrate that new product experiences do not only affect the core brand, but may even spread to attitudes toward the country of origin (CO), possibly affecting other brands from the same CO. The high equity associated with certain COs did not provide them with an advantage over low equity COs when a product failure occurred. Finally, our findings imply that there are substantial opportunities for LE brands and COs to enhance their image because of successful new product introductions.

Our investigation of the mechanisms underlying these effects revealed that the consistency of the new product experience with existing attitudes was the major determinant of the change in brand and CO evaluations. The impression formation literature proposes that

inconsistent information leads to larger changes in existing beliefs either because it is perceived as more diagnostic and receives greater weight in judgments, or because it is contrasted with the norm and perceived as stronger than it really is (see Skowronski and Carlston 1989 for a review). However, our manipulation checks indicated that good and bad experiences were perceived as equally extreme for both high and low equity brands (e.g., bad experiences were not rated more unfavorably for HE brands than LE brands on the manipulation check measures). Furthermore, we did not find much support for the assumption that inconsistent experiences receive more weight in judgments. Rather, the inconsistency of the experience with the category was the major determinant of the change in existing attitudes.

Overall, our findings support the bookkeeping model in the stereotyping literature (e.g., Rothbart 1981; Weber and Crocker 1983). This model argues for gradual stereotype change due to the enhancement or dilution effects contributed by new group members. For instance, a relatively short player joining a team of tall players may simply dilute the "tall" stereotype for basketball players. If this short player joins a team of five, he will literally reduce the average height of the team, even when his height does not receive a disproportionate weight (i.e., more than one fifth) when calculating the average team height. As long as the new exemplar is seen as a part of the stereotype (i.e., the player is seen as a member of the team, or the new product fits the brand), the evaluative inconsistency of the exemplar will alter category perceptions.

2.5 Study 2 – Persisting Effects of Direct Experiences with New Products On Brand Attitudes

2.5.1 Purpose

In Study 1, our desire to use a really new, non-existent product (Watchercell) compelled us to simulate the new product experience. In order to replicate our results with a real product,

we manipulated an actual experience with a new line extension in Study 2. Since the results of Study 1 revealed no differences in the effects of valence of experience on brand and CO attitudes as a function of brand or CO equity, and since the underlying mechanisms were more or less identical for brands and COs, we did not further examine the change in CO attitudes and focused only on brand attitudes in Study 2.

Our conceptualization of brand equity involved familiarity with the brand and favorability of attitudes as two inherent components of equity. Therefore, we expected that consumers would naturally be more experienced and more familiar with the better-liked, high-equity (Nokia) brand. Because it is even more difficult to damage existing favorable attitudes toward more familiar brands (see Ahluwalia et al. 2001, 2002), familiarity does not seem to provide an alternative explanation for our findings. On the other hand, Ahluwalia and Gürhan-Canli (2000) found that positive experiences with far extensions and negative experiences with close extensions were more likely to affect brand evaluations (at least under conditions of low accessibility of extension information). If consumers saw Watchercell as a close extension for Nokia and as a far extension for Uniden, this could have played a role in their evaluations. In order to rule out these possibilities, in Study 2 we controlled for familiarity and experience with the brand and also equated the typicality of the product extension for each brand.

Finally and most importantly, in order to minimize demand or memory effects, we separated the measurement of initial brand attitudes from the assessment of brand attitudes following the direct product experience by collecting prior attitudes one week before the main study. In addition, to further establish that the observed effects were not an artifact of the experimental situation, in which attitudes were measured shortly after the product experience in the same setting, we used a follow-up study in which the revised attitudes were assessed two weeks after the original attitude measurement and one week following the direct product experience. This enables us to explicitly examine the persistence of attitude change over time.

2.5.2 Method

We decided to use tropical juices as stimuli because it was relatively easy to manipulate experience valence and we were able to convince our participants that they were going to taste actual new products by different brands. Based on a pretest with 189 students, Tropicana was selected as the HE brand (M = 3.65) and Sunny Delight (SunnyD) as the LE brand (M = 2.49, $F(1, 187) = 96.54$, $p < .001$), using the same brand equity measures as in the previous study (α = .79). Participants also rated the introduction of a new tropical fruit juice mix as an equally typical extension for both Tropicana (M = 4.90) and SunnyD (M = 4.94, $F(1, 187) = 2.20$, $p > . 1$), on a five-point scale with endpoints of 1 = very atypical of brand and 5 = very typical of brand. Finally, participants reported an equal amount of past experience/familiarity with both brands (M = 3.03 vs. 3.26, $F(1, 187) = 1.20$, $p > . 1$), again on a five-point scale with endpoints of 1 = very unfamiliar/little experience with the brand and 5 = very familiar/a lot of experience with the brand.

Two hundred and eleven students participated in the main study for extra course credit. A 2 (brand equity: high/Tropicana vs. low/SunnyD) x 2 (valence of new product experience: good vs. bad) design was used. Study 2 consisted of two sessions conducted one week apart from each other to ensure that participants would not see a connection between the sessions. In the first session participants completed various unrelated surveys for different studies and also rated their initial (existing) attitudes toward the two brands of interest.

One week later, participants were invited to the lab supposedly for another set of marketing research studies. For this second session, they were randomly assigned to one of the four conditions. We asked all the respondents to try a new tropical fruit/veggie juice called *Exotiblend* introduced under the brand name of either Tropicana or SunnyD. In the good experience condition, participants tasted a V8 Splash brand peach-mango juice, whereas in the

bad experience condition, they tried a 3 to 1 mixture of V8 Splash and DoganaySalgam sour turnip and fermented carrot juice mix. Participants were not told what kind of juice it was, but they saw a colorful Exotiblend logo with the Tropicana or SunnyD brand names. After tasting the juice, participants rated their attitude toward the brand and the new product (1 = extremely unfavorable, 9 = extremely favorable), evaluated the taste experience (1=very bad, 7=very good), and stated how much weight they had assigned to their prior brand beliefs vs. the new product experience when providing their (post-experience) brand evaluations (1= my prior beliefs about Tropicana/SunnyD played a more important role, 9= my experience with Exotiblend played a more important role, 5= both played exactly equal roles). Subsequently, participants answered unrelated questions for other studies before leaving the lab. Note that one week later, we conducted another (third) session in which respondents again reported their brand attitudes, which enables us to examine attitude change over a two-week period and separates the measurement of revised attitudes from the product experience by one week. We will discuss this follow-up study under a separate heading.

2.5.3 Results

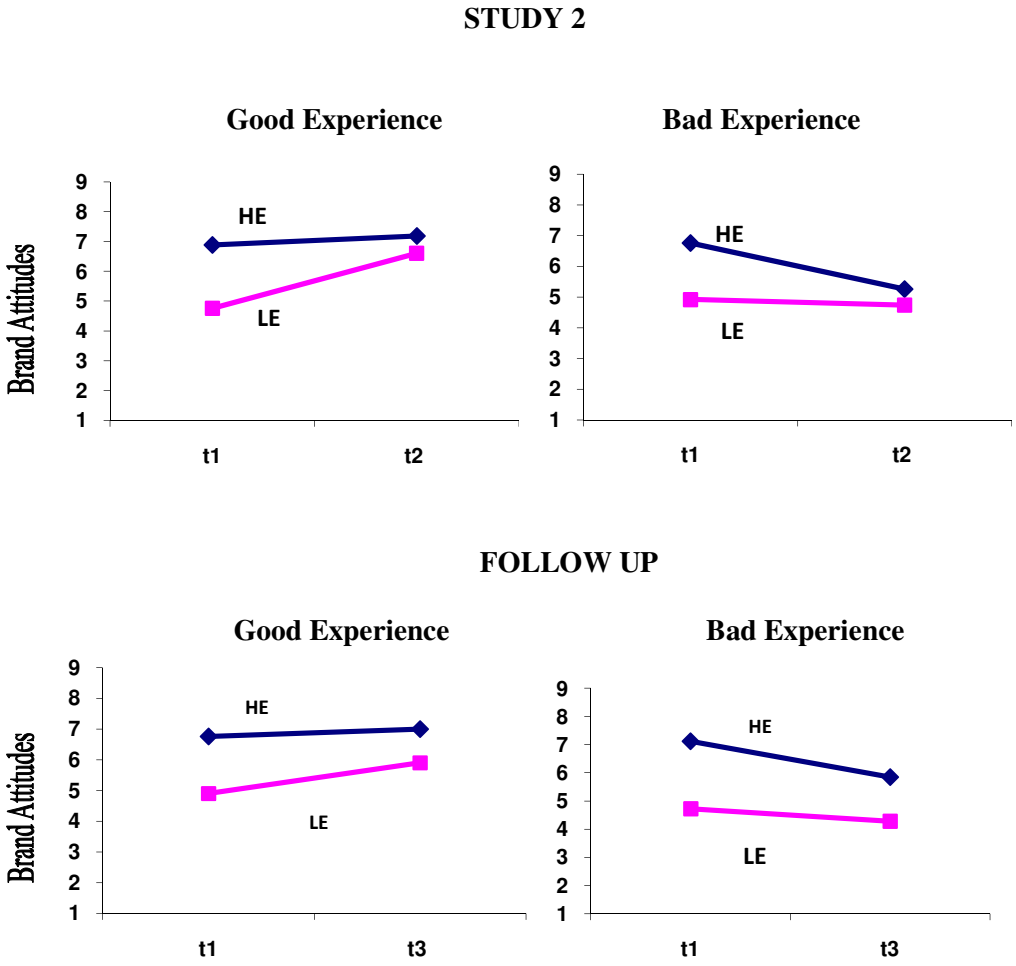
2.5.3.1 Manipulations checks

Several 2 x 2 ANOVAs were conducted to compare the ratings for the product experience and the initial attitudes toward the brands across all conditions. As expected, the initial attitude toward the HE brand was more favorable than the attitude toward the LE brand (M = 6.82 vs. 4.82, $F(1,207) = 46.23$, $p < .001$). Furthermore, the product experience was rated as more favorable in the good vs. bad experience condition (M = 5.77 vs. 2.79, $F(1,207) = 244.15$, $p < .001$). No other effects were significant, indicating that the manipulations were successful.

2.5.3.2 Attitude toward the brand

A mixed ANOVA with the two between-subjects factors (brand equity, valence of experience) and the repeated-measures factor of time of attitude measurement was conducted to evaluate the change in brand attitude after good or bad experiences for HE and LE brands. Detailed results are reported in Table 2.4. Two higher-order effects were significant. First, there was an interaction of time of attitude measurement with experience ($F(1,207) = 34.0$, $p < .001$). This simply means that brand attitudes improved following a good experience and deteriorated following a bad experience. Second, and as expected, there was an interaction of time of attitude measurement and brand equity ($F(1,207) = 18.8$, $p < .001$). As in Study 1, since the findings were qualitatively different for the two experience valence conditions, we analyzed the data separately for good and bad experiences.

Time of attitude measurement interacted with brand equity in both experience conditions ($F(1,102) = 12.40$, $p < .001$, for good experiences; $F(1,105) = 7.19$, $p < .002$, for bad experiences). For good experiences, attitudes improved for the LE brand (from 4.76 to 6.61, $F(1,50) = 41.11$, $p < .001$), but remained unchanged for the HE brand (from 6.89 to 7.19, $F(1,52) < 1$), whereas for bad experiences, attitudes deteriorated for the HE brand (from 6.76 to 5.26, $F(1,53) = 13.26$, $p < .002$), but stayed the same for the LE brand (from 4.92 to 4.74, $F(1,52) < 1$). These results replicate the findings of Study 1 and support H1 (see Figure 2.5).



HE=High Equity, LE=Low Equity, t1= attitude measured before the experience, t2= attitude measured after experience (one week after t1), t3 = attitude measured one week after the experience (two weeks after t1).

Figure 2.5: Change in Attitudes Toward the Brand

Table 2.4: Change in Attitude Toward The Brand
Summary of ANOVA Tables

	Study 2		Follow Up	
Tests of Within-Subjects Effects	***F***	η_p^2	***F***	η_p^2
BrdAtt [b]	.5***	*.00*	.4***	*.00*
BrdAtt x BrandEq	18.8***	*.10*	3.5***	*.03*
BrdAtt x Exp	34.0***	*.14*	13.7***	*.12*
BrdAtt x BrandEq x Exp	.12***	*.00*	.1***	*.00*

	Study 2		Follow Up	
Tests of Between-Subjects Effects	***F***	η_p^2	***F***	η_p^2
Intercept	2679***		1046.0***	
BrandEq	30.9***	*.13*	23.4***	*.18*
Exp	17.1***	*.10*	3.4+**	*.03*
BrandEq x Exp	.2***	*.00*	.5***	*.00*
Error Degrees of Freedom	*207*		*104*	

[a] The number of degrees of freedom for the numerator is 1 for all F values. Error degrees of freedom are shown at the bottom. Effect sizes are partial eta-squared values and are calculated as follows: $\eta_p^2 = SS_{effect} / (SS_{effect} + SS_{error})$.

[b] In study 2, BrdAtt refers to the contrast between initial attitude (time 1) vs. attitude right after the experience (time 2). In the follow-up study, it refers to the initial attitude (time 1) vs. the attitude one week after Study 2 (time 3). BrandEq= Brand Equity, Exp= Valence of Experience.

$^{+}p < .1$, $^{*}p < .05$, $^{**}p < .01$, $^{***}p < .001$

2.5.3.3 Path Analysis

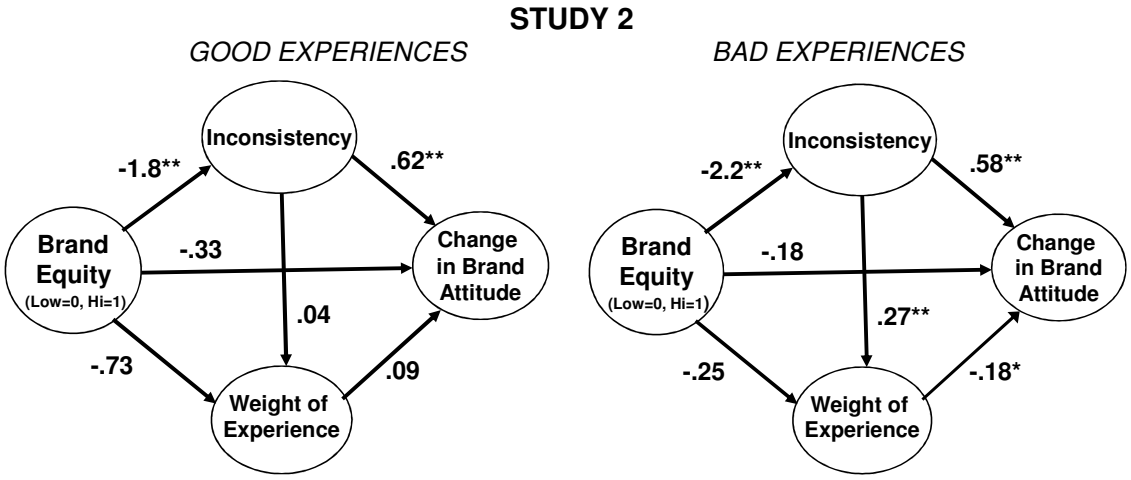
As in Study 1, we conducted a path analysis including brand equity, inconsistency, weight of experience, and change in brand attitude as the variables. The models for good and bad experiences are shown in Figure 2.6, and information about the four possible paths between brand equity and attitude change is reported in Table 2.5. The signs of the estimated paths were generally in agreement with predictions. The only exception was the effect of inconsistency on weight of experience in the bad experience condition, which was predicted to be negative but which actually was significantly positive. Since the evaluation of the new product was generally lower than initial brand attitudes in the bad experience condition, this findings means that smaller negative inconsistency increased the weight assigned to the new product experience. As in the first study, the inconsistency of experience path accounted for the bulk of the negative total effect of brand equity on attitude change (74 and 79 percent of the total effect in the good and bad experience conditions, respectively).

Table 2.5: Study 2 - Paths of Attitude Change [a]

	Change in Brand Attitude [a]			
	Good Experience		***Bad Experience***	
Path	**Est. Effect**	**% share**	**Est. Effect**	**% share**
1) Combined Inconsistency and Weight	- 0.01	0%	+0.11	*7%*
2) Inconsistency of Experience	- 1.13**	**74%**	- 1.29**	**79%**
3) Weight of Experience	- 0.07	4%	+0.05	3%
4) Direct brand equity effect	- 0.33	22%	- 0.18	11%
Total Effect:	**- 1.54****		**- 1.30****	

*** p < .01, * p < .05*

[a] Total effects were always negative. When the four paths did not all have the same sign, we calculated the percentage figures by using the sum of the absolute values of the estimated paths in the denominator.



*** p < .01, * p < .05*

Inconsistency for brand=New Product Att – Brand Att 1 *Change in brand attitude* = Brand Att 1 – Brand Att 2

Figure 2.6: Study 2 - Mechanism of Change in Attitudes

2.6 Follow Up Study

2.6.1 Introduction

The attitude change observed in Study 2 occurred over a one-week period, and participants did not appear to make a connection between the two surveys in which time 1 and 2 attitudes were measured. Nevertheless, to rule out any remaining concerns about respondents' memories or demand effects and to investigate the persistence of attitude change over a longer time and beyond the lab context, we invited participants to complete a short online survey one week after the new product experience. This means that the measurement of respondents' final attitudes occurred two weeks after the assessment of their initial attitudes and one week after the direct product experience. One hundred and eight students chose to fill out the survey, in return for which they were entered into a drawing for eight $25 cash prizes. Comparisons of the participants in the follow-up study with non-participants in terms of attitudes toward the brand (before and after the experience), attitudes toward the product, perceived inconsistency and weight of experience did not yield any significant differences (all F's $(1, 209) < 1$).

The main purpose of the follow-up study was to test H1 when both the measurement of the initial attitude (time 1) and the assessment of the final attitude (time 3 – two weeks after time 1) were separated from the taste experience (time 2 – one week after time 1). We therefore compared attitude change between time 1 and time 3 as a function of experience valence and brand equity.

2.6.2 Results

The analysis was the same as in Study 2. In addition to the significant interaction of time of attitude measurement and experience ($F(1,104) = 13.7$, $p < .001$), time of attitude measurement interacted with brand equity ($F(1,104) = 3.5$, $p < .05$). Specifically, for good experiences the improvement in attitudes for the LE brand observed right after the taste experience persisted over time (from 4.93 to 5.87, $F(1,30) = 6.3$, $p < .01$), whereas the attitude toward the HE brand remained basically unchanged (from 6.76 to 7.06, $F(1,32) < 1$). In contrast, for bad experiences the deterioration in attitudes toward the HE brand observed immediately after the taste experience was still visible after one week (from 7.12 to 5.85, $F(1,25) = 9.6$, $p < .01$), whereas there was little change in attitudes toward the LE brand (from 4.72 to 4.28, $F(1,17) = 2.2$, $p > .1$). Despite the decrease in the sample size and the one week delay after the product experience, the results fully support H1 (see Figure 2.5).

2.6.3 Discussion

The results of Study 2 and the follow-up are important for two reasons. First, we replicated the findings of Study 1 using a direct experience with a real product. Once again, the path analysis showed that the incongruity of the new product experience with the equity of the brand played the major role in changing existing brand attitudes. When the new product experience was inconsistent with brand equity, it led to larger changes in existing brand attitudes. This effect was due to the magnitude of the discrepancy between expectations and the actual experience per se, not the fact that inconsistent experiences received greater weight in judgments. Second, the longitudinal design enabled us to rule out demand effects as all three surveys were separated by one week and were presented to participants as separate studies. The results of the

follow-up study further showed that the change in brand attitudes was not an experimental artifact and that the effects predicted in H1 persisted even one week after the new product experience and beyond the experimental context.

2.7 Overall Discussion

2.7.1 Theoretical Implications

This research contributes to both the brand extension and country of origin literatures in distinct and important ways. Studies in these areas have generally focused on how schematic knowledge about the brand and country of origin influences consumers' reactions to specific exemplars of a brand or country in origin. Our point of departure was how good or bad experiences with particular products marketed under a given brand name or under the auspices of a certain country of origin influence brand and country of origin evaluations and lead to a change in existing attitudes. Our main hypothesis was that the effect of experience valence on brand and country of origin attitudes depended on the equity of the brand or country of origin in question, a factor which has not been considered in prior research. Specifically, we proposed and found that good experiences with new products were particularly beneficial for low equity brands and products from low equity countries of origin. In contrast, bad experiences with new products were more likely to harm high equity brands and products from high equity countries.

Importantly, our research contributes to our understanding of why these effects occur and how the attitude change takes place. We suggested four distinct mechanisms (i.e., four possible paths) through which good (bad) experiences could enhance (dilute) brand and country of origin attitudes. Three of these paths implicate mediating effects of (a) the degree of inconsistency between the evaluation of the new product and consumers' prior attitude toward the product's

brand or country of origin; (b) the judgmental weight assigned to the new product experience relative to the weight accorded to prior brand and country of origin beliefs; and (c) both inconsistency and weight of experience. Although these mediating factors have been considered in prior research (usually independently), they have not been investigated in a systematic fashion. Our results indicate that the asymmetric effects of good or bad experiences on brand and country of origin attitudes as a function of brand and country of origin equity are primarily due to the inconsistency of the new product experience with existing attitudes. In other words, if a consumer's experience with an exemplar of an established brand or country of origin departs from expectations, there is a greater likelihood of attitude enhancement or dilution, depending on the valence of the experience. These results seemed to hold even though consumers did not heavily weigh the new product experiences when revising their judgments about the product's brand or country of origin.

Our investigation is one of the first to study actual product experiences with real brands instead of situations in which participants merely read positive or negative attribute information about hypothetical products. In Study 2, we also investigated the persistence of attitude change over time. The longitudinal design enabled us to examine real changes in attitudes for each individual. We showed that the effects observed were not an artifact of the current experimental context and persisted even when the initial measurement of attitudes, direct experience with the new product, and measurement of the final attitudes were all separated in time.

2.7.2 Managerial Implications

The results indicate that attitudes toward HE brands and COs are more vulnerable to negative product experiences than suggested by past research. Even when consumers do not weigh a bad experience significantly more than their prior favorable beliefs about the brand,

attitude dilution can occur. These results can be used to understand situations such as the problems faced by Dell after new service failures (Lee and Thornton 2005; Roehm and Brady 2008), the erosion of IBM's brand equity after new product failures (Gürhan-Canli and Maheswaran 1998), and the sudden decrease in sales of giant electronics brands like Sony following product flops. All of these examples illustrated the vulnerability of high equity brands. Our findings further indicate that positive experiences with new products are more likely to improve attitudes toward low equity brands and countries of origin. Successful product extensions by relatively low equity brands (e.g., Sunkist gems) have significantly improved consumers' attitudes toward these brands and increased the equity associated with them. After all, Nokia was virtually unknown in the consumer market some ten years ago. When cellular phones hit the markets, Nokia faced fierce competition from various more established brands (e.g., Panasonic), but it managed to enhance its equity over time as more customers had favorable experiences. In the country of origin domain, the rise of Japanese cars and the fall of previously prestigious American cars in the last century show that over time product experiences can dramatically shift the equity that consumers associate with certain countries of origin.

2.7.3 Future Research

Our findings suggest that a favorable experience with a new product by a low equity brand or country of origin (e.g., Kia/Korea) may not only improve consumers' attitudes toward the particular product, but also increase the favorability of the brand and even attitudes toward other brands by the originally weak country of origin. Correspondingly, a negative experience with a high equity brand or country of origin (e.g., BMW/Germany) may not only hurt attitudes toward that particular product, but also decrease the favorability of other products by the same high equity brand and adversely affect attitudes toward similar products from the same high

equity country of origin. Even more interestingly, a good experience with a new product by a high equity brand from a low equity country of origin (e.g., Philips/Holland in the electronics domain) may not improve attitudes toward the high equity brand as much as it helps attitudes toward similar products from the low equity country of origin.

Attitude formation tends to follow a continuum ranging from category-based to individuating processes (Gürhan-Canli and Maheswaran 2000). The strength of the association between the exemplar and the category is known to guide the transfer of attitudes. Another important association is the one between hierarchical categories such as the brand and the country of origin. In our research we purposefully used brand-country of origin combinations that were not commonly associated to avoid any confounding effects in the judgments of these categories (e.g., not many people know Nokia is Finnish). Therefore, we unsurprisingly did not observe interaction effects for the brand equity and CO equity factors. However, certain brands are very strongly associated with a specific country of origin (e.g., Toyota/Japan). Future research may investigate the effects of well-established brand-country of origin associations on the transfer of attitudes toward new products to the brand and country of origin.

2.7.4 Conclusions

In general, past research suggests that high equity brands are more immune to extension failures and they receive more favorable responses after successful extensions (Aaker 1996; Ahluwalia 2002; Ahluwalia et al. 2001; Keller 1998; Keller and Sood 2003). It has also been proposed that LE brands have more difficulty in generating favorable responses from consumers compared to HE brands (Brown and Dacin 1997). In contrast, our results reveal that high equity brands are quite vulnerable to the effects of negative product experiences, whereas low equity brands could benefit considerably from successful product extensions.

Chapter 3

THE EFFECTS OF GOOD AND BAD PRODUCT EXPERIENCES WITH A PARTICULAR BRAND ON ATTITUDES TOWARD COMPETITOR BRANDS: THE ROLE OF COUNTRY OF ORIGIN INFORMATION

3.1 Introduction

Consider the following situation:

> *John and Betty have been going through a bad experience with their Pontiac brand car and they finally decide to buy a new car. Betty is leaning toward buying a Ford. After the bad experience with Pontiac, she has started thinking more highly of Ford and she feels that they should have bought a Ford in the first place. In Betty's mind, a competitor brand, Ford, has benefited from Pontiac's failure. On the other hand, John is feeling quite the opposite way. He sees Ford as just another American brand and after the bad experience with Pontiac, he is not ready to try another American car. In John's mind, Pontiac's failure has also hurt Ford, a direct competitor.*

As illustrated in the above example, an identical product experience with a particular brand may have very different effects on competitor brands. The purpose of this research is to investigate how positive and negative product experiences with one brand affect consumers' attitudes toward other brands competing in the market place. Past studies on brand extensions have extensively demonstrated the within-brand transfer of attitudes from new product extensions of a parent brand to existing products and vice versa (see Loken et al. 2008 for a review). On the other hand, there

has been little work on inter-brand attitude transfer, that is, the potential effects of experiences with one brand on other brands competing in the same market. The competitive positioning literature suggests that brands are often compared to each other and that perceptions of brands are affected by their competitors in the market (e.g., Carpenter and Nakamoto 1989, 1990; Kardes and Kalyanaram 1992). Yet, little is known about how good or bad product experiences with a particular brand may spread to consumers' attitudes toward competitor brands and what factors play a role in this process.

In this research, we examine when and how good or bad experiences with a brand affect consumers' attitudes toward competing brands in the market. Three empirical studies, two with real brands, reveal that product experiences with another brand (X) can affect attitudes toward a target brand (Y) in two distinct ways: inter-brand assimilation or inter-brand contrast. When both brands are known to be from the same country of origin (CO) and this information is made salient to consumers, an assimilation effect will occur such that attitudes toward the competitor brand Y will be congruent with the valence of the experience with brand X. Hence, a good (bad) experience with brand X benefits (hurts) brand Y. On the other hand, when the common origin is not salient or when the brands are from different countries, a contrast effect will occur such that attitudes toward brand Y will be incongruent with the valence of the experience with brand X. Thus, a good (bad) experience with brand X hurts (benefits) the competitor brand Y. We also examine what types of competitive strategies can be undertaken by brand Y in order to share in brand X's success, to avoid being associated with brand X's failure, or even to benefit from brand X's failure. Similarly, we investigate what brand X can do to prevent a competitor brand Y from taking advantage of its success or benefiting from its failure.

3.2 Conceptual Framework

The transfer of attitudes from one exemplar to another has been widely examined in the social judgment literature. The first exemplar, referred to as the *standard* of comparison, has been shown to affect the second exemplar, referred to as the *target* to be judged, in two opposing ways. Some studies have found a parallel attitude transfer between the exemplars. For example, a person is rated as more attractive when s/he is with an attractive person (Geiselman, Haight and Kimata 1984). This is an example of assimilation because attitudes toward the target are assimilated toward the standard. Other studies have observed the exact opposite effect (i.e., an inverse relationship between the exemplars). For instance, men rate women as less attractive after being exposed to highly attractive women (Kenrick and Gutierres 1980, also see Wänke et al. 2001). This is an example of contrast because the evaluation of the target is contrasted away from the standard. These findings in the social judgment literature suggest that depending on the context in which two brands are compared; competitor brands may be positively or negatively affected by the success or failure of the other brands.

Studies on competitive positioning have commonly found evidence for contrast effects in judgments of competitor brands. For example, brands entering a new market at an early stage have been shown to hurt competitor brands entering the market at a later stage (Kardes and Kalyanaram 1992; Carpenter and Nakomoto 1989). On the other hand, studies on comparative advertising have found evidence for assimilation effects. For instance, one brand's favorable attribute information may have a positive effect on another brand to which it is compared (see Pechmann and Ratneshwar 1991 for a review). While it is well established that consumers' perceptions of a brand are affected by their exposure to information about other brands, little is known about the factors that determine the effects of product experiences with one brand on attitudes toward competitor brands.

When evaluating or comparing brands, consumers tend to categorize them based on various attributes including usage situations, country of origin (CO), or similarities of producers (Day, Shocker, and Srivastava 1979). We propose that the way consumers categorize the brands plays a major role in their comparison and evaluation. As stated by Shocker et al. (2004, p. 30), "[c]ategories provide a context in which similarities and differences among brands can be highlighted." In general, within category differences are minimized, whereas between category differences are maximized (Krueger and Clement 1994). Therefore, experiences with competing brands that are perceived as members of the same vs. different superordinate categories may have very different effects.

In this research, we are particularly interested in the role of a brand's country of origin (CO) as a superordinate category affecting the inter-brand attitude transfer. Past research has shown that CO information has an important effect on brand evaluations (see Verlegh et al. 2005 for a review). We further propose that the CO information moderates the effects of product experiences with a brand on attitudes toward competitor brands. In order to examine the transfer of attitudes among brands within and across countries, we rely on the Inclusion-Exclusion Model (IEM) developed in the social judgment literature (Schwarz and Bless 1992; 2007). According to this model, an exemplar of some category may affect another exemplar in two opposing ways: interexemplar assimilation or interexemplar contrast. The basic assumption is that all judgments require a mental representation of the target exemplar to be evaluated and of a standard exemplar to which the target is compared (Schwarz and Bless 1992).

The nature of the transfer between the target and the standard will depend on their mental representations. The IEM proposes that when the target and standard are included in the same category, assimilation occurs and judgments of the target and the standard move in the same direction (Herr, Sherman and Fazio 1983, Barsalou 1989). On the other hand, when the standard

and the target are not represented in the same superordinate category, judgments of the target move in the direction opposite to judgments of the standard.

Schwarz and Bless (1992) provide an example of this inter-exemplar transfer in the political domain. Participants are introduced to a scandal-ridden politician (an extreme initial exemplar) and are asked to judge a neutral politician (target exemplar). The exemplar-to-exemplar effect may take two paths. If the superordinate category is made salient and it is known that both politicians are from the same political party, then interexemplar assimilation occurs. The extreme exemplar (scandal-ridden politician) will have a negative (direct) influence on people's evaluation of the target exemplar (neutral politician), who is also a member of the same superordinate category (political party). Overall, exposure to the scandal-ridden politician will lead to a less favorable evaluation of the initially neutral target politician. On the other hand, if the superordinate category is not emphasized, and the fact that both politicians are from the same party is not salient, an interexemplar contrast effect occurs. The target exemplar (neutral politician) is contrasted away from the extreme exemplar (scandal-ridden politician) and the neutral politician is actually judged more favorably.

These findings suggest that attitudes toward an experienced brand (X) may transfer to attitudes toward a target brand (Y) in two different ways, depending on whether the two competitor brands are from the same country of origin (CO) and whether the common origin is made salient for consumers. When brand Y is known to be from the same CO as brand X (e.g., when consumers immediately categorize Pontiac and Ford as American brands), an assimilation effect will occur. Thus, attitudes toward brand Y will be congruent with the valence of the product experience with brand X. For instance, a bad experience with brand X may also hurt brand Y (e.g., a bad Pontiac experience may hurt Ford, another American brand). On the other hand, when the common country of origin is not salient (e.g., consumers do not immediately categorize Ford as another American brand) or when the brands are from different COs, a contrast

effect will occur. In such a case, attitudes toward the competitor brand Y will be incongruent with the valence of the new product experience. More specifically, a good experience with brand X may hurt brand Y and a bad brand X experience may benefit brand Y as a competitor (see Figure 3.1 in the next page).

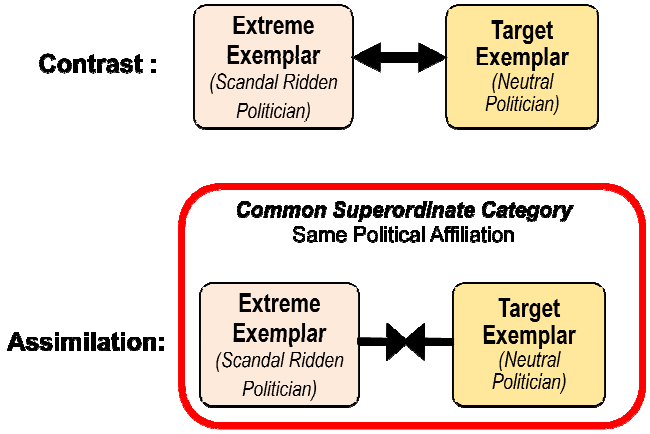
This leads to the following hypotheses:

H3a: *Consumers' attitudes toward a target brand will be incongruent with the valence of their experience with a competitor brand when the common CO of the brands is not salient.*

H3b: *Consumers' attitudes toward a target brand will be congruent with the valence of their experience with a competitor brand when the common CO of the brands is salient.*

To test these hypotheses and to investigate the inter-brand attitude transfer depicted in Figure 3.1, we conducted study 3, in which we manipulated the salience of the common CO of two existing brands. We examined whether highlighting the common category membership of brands X and Y (vs. not providing information about category membership) results in an assimilation (vs. contrast) effect.

SCHEMA OF INCLUSION-EXCLUSION MODEL



Based on Schwarz and Bless (1992)

SCHEMA OF INTER-BRAND ATTITUDE TRANSFER

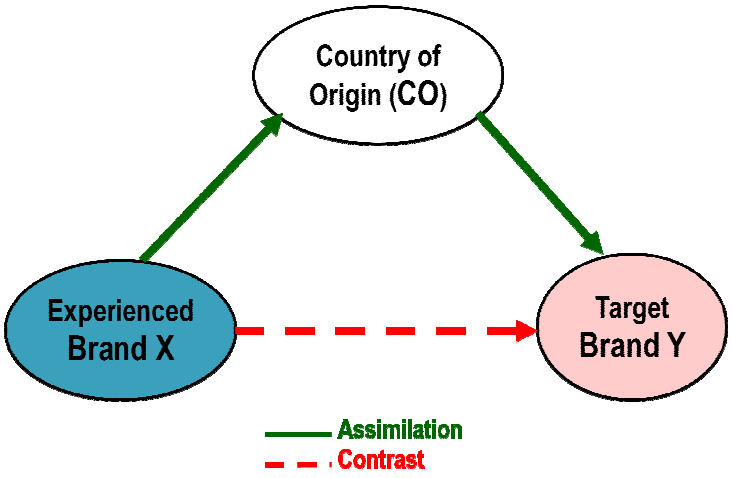


Figure 3.1: Schema of Inter-Brand Attitude Transfer

3.3 Study 3 – Inter-Exemplar Attitude Transfer

Past research on inter-exemplar transfer has looked at the transfer of attitudes from an inherently positive or negative exemplar toward which people had chronically accessible attitudes (e.g., Hitler as a negative exemplar) to a relatively neutral exemplar. In this research, we are interested in how good and bad experiences with one brand affect competitor brands. Therefore we examine both negative and positive transfers from the same brand exemplar to other brand exemplars.

A pretest with two hundred and two participants helped us identify Nokia and Uniden as two brands that were not strongly associated with their countries of origin. Less than five percent of the people could correctly associate Uniden with Japan and Nokia with Finland, the brands' true origins. Therefore, we were able to manipulate Uniden's CO and investigate the transfer of attitudes toward the Uniden brand after a product experience with the Nokia brand.

3.3.1 Method

One hundred and seven undergraduate students participated in the study for extra course credit. A 2 (valence of product experience: good, bad) x 2 (salience of the country of origin of the target brand: salient, non-salient) design was used. Nokia served as the brand with which respondents had a good or bad new product experience. Finland was manipulated to be the common CO and Uniden served as the competitor brand. We were interested in the effects of product experiences with Nokia on the Uniden brand depending on Uniden's perceived origin. There was also a control group where participants rated their attitudes toward Uniden in the absence of a Nokia experience. The schema of the study is depicted in Appendix B.

The study started with instructions to visualize a product experience following the procedure described earlier in Chapter 2. A new product category was used to ensure that participants would not have any prior experience with or existing attitudes toward the product. Participants were strongly encouraged to engage in the simulation and try to live through the experience as if it were happening in real life. After their experience with the Nokia Watchercell, participants were briefly introduced to Uniden, a competitor brand in the same market. They were told that Uniden had a product very similar to Watchercell, but that the product was based on a somewhat different technology.[6] In the CO salient condition, Uniden was introduced as another electronics brand from Finland, whereas in the CO non-salient condition no CO information was provided for Uniden. Participants rated their attitudes toward Nokia, toward Finland, and toward Uniden on the same nine-point scale (1 = extremely unfavorable, 9 = extremely favorable).

3.3.2 Results

A series of 2 (salience of CO) x 2 (experience valence) ANOVAs were conducted and the attitude measures (for Nokia, Finland, and Uniden) served as the dependent variables.

3.3.2.1 Manipulation Checks

Only the main effect of experience valence on attitudes toward the Nokia brand was significant ($F(1,79) = 24.0$, $p < .001$), indicating that as expected attitudes were more favorable after a good experience than a bad experience ($M = 6.79$ vs 4.97). Similarly, there was only a significant main effect of experience valence on attitudes toward Finland ($F(1,79) = 24.5$, $p < .001$). Attitudes toward Finland were more favorable after a good experience than a bad

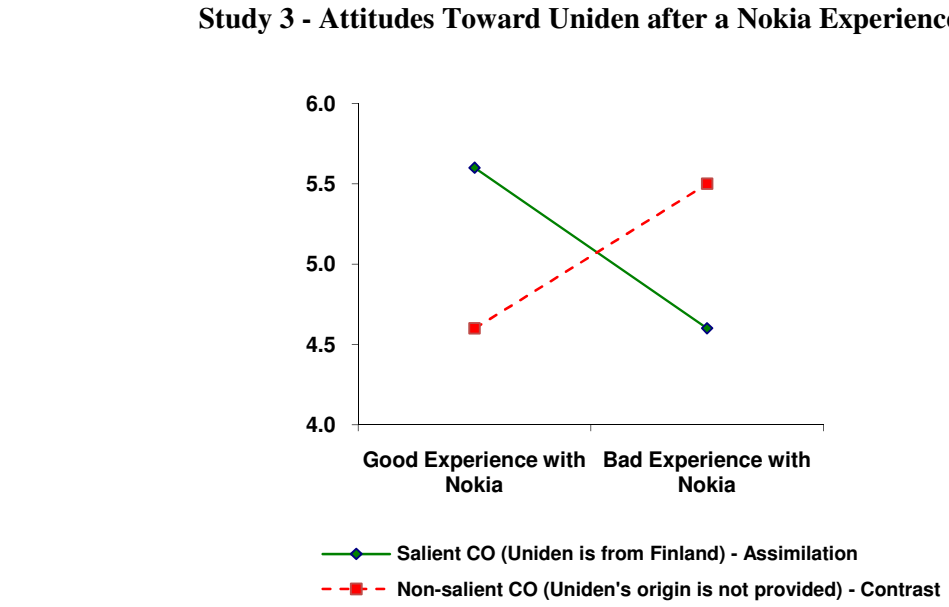
[6] According to the assimilation/contrast literature in order to achieve contrast effects between two exemplars we need both similarity and distinctiveness between them (see Biernat 2005 for a review). We achieve similarity by introducing Uniden as another electronics brand producing a very similar product in the same market, whereas we achieve distinctiveness by mentioning that Uniden is using a somewhat different technology than Nokia.

experience (M = 6.48 vs 4.81). This shows that the superordinate category (CO) was assimilated toward the experienced exemplar (Nokia), which was expected because all participants were told that the product was a Nokia WatcherCell from Finland.

3.3.2.2 Attitudes toward the Target Brand (Uniden)

The main effects of experience valence and salience of CO were not significant (both Fs(1,79) < 1). However, there was a significant interaction effect on attitudes toward the Uniden brand (F(1,79) =10, p < .001). When the CO of Uniden was not salient, a contrast effect emerged such that a good experience with a Nokia WatcherCell led to less favorable attitudes toward Uniden compared to a bad experience with Nokia (M_{Good} = 4.62, M_{Bad} = 5.52, t(79) = 3.0, p < .01). On the other hand, when participants were informed that Uniden was also from Finland, an assimilation effect occurred such that a good experience with a Nokia WatcherCell led to more favorable attitudes toward Uniden compared to a bad experience with Nokia (M_{Good} = 5.57, M_{Bad} = 4.60, t(79) = 3.2, p < .01) (see Figure 3.2 in the next page). Overall, the results provided support for H3a and H3b.

We further compared the attitudes toward Uniden after the good and bad Nokia experiences with a control condition in which participants rated their attitudes toward the Uniden brand without being exposed to a Nokia experience (M = 4.33). Contrast analysis showed that when Uniden was known to be from Finland, attitudes toward Uniden after a good experience with Nokia were more favorable than in the control group (t(102) = 4.04, p < .001), whereas attitudes toward Uniden after a bad Nokia experience did not differ from the control group (t(102) = .86, p > .3). On the other hand, when Uniden's origin was not salient, attitudes toward Uniden after a bad Nokia experience were more favorable compared to the control group (t(102) = 3.73, p <.001), whereas attitudes toward Uniden after a good Nokia experience did not differ from the control group (t(102) = .93, p > .3).



Note: In the control condition, attitudes toward Uniden measured without exposure to the Nokia Experience were 4.33

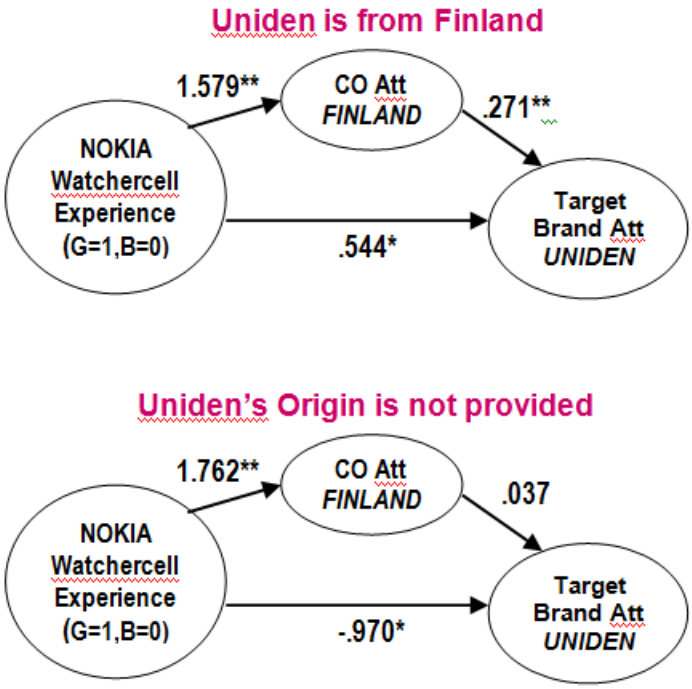
Figure 3.2: Attitude Toward the Target Brand

Overall, the results suggested that attitudes toward Uniden were more likely to improve compared to the base line when Uniden was perceived to be Finnish after a good Nokia experience or when Uniden's origin was not provided after a bad Nokia experience.

3.3.2.3 Path Analysis.

To further examine the underlying mechanism for the attitude transfer, we conducted a path analysis. The model included the valence of the Nokia experience (good = 1, bad = 0), attitude toward the CO (Finland), and attitude toward the target brand (Uniden) as the variables (see Figure 3.3). Separate analyses were performed for the CO salient and non-salient conditions to investigate the individual paths and compare them between the two conditions. If an assimilation effect occurred, we would expect the path from the experience to the target Uniden brand via perceptions of the CO (Finland) to be consistently positive and significant. We will refer to this path (valence of Nokia experience→ Finland→ Uniden) as the assimilation path. On the other hand, a contrast effect would imply a negative effect of experience valence on attitude toward Uniden.

As expected, in the CO salient condition, when the common CO was highlighted, good (vs. bad) experiences with the Nokia WatcherCell improved attitudes toward Finland ($b = 1.58$, $p < .01$) and CO attitude in turn had a positive effect on attitudes toward Uniden ($b = .27$, $p < .01$). Therefore, the Nokia experience had a significantly positive indirect effect on Uniden attitudes ($b = .43$, $p < .01$). There was also a direct positive effect of experience valence on attitudes toward Uniden ($b = .54$, $p < .05$). Overall, the results were consistent with an inter-brand assimilation effect.



* p < .05 , ** p < .01

Figure 3.3 : Study 3 - Effects of Nokia Experience On Attitudes Toward Uniden

In the CO non-salient condition, the good (vs. bad) experience with Nokia improved attitudes toward Finland (b = 1.76, p < .01), but attitudes toward Finland had no effect on attitudes toward Uniden (b = .04, p > .1). Both the direct effect and the indirect effect of the Nokia experience on Uniden attitudes were significant (b = -.97, p < .01 and b = -.91, p < .05 respectively).

On the other hand, experience valence had a significant negative effect on Uniden attitudes (b = -.97, p < .001) and this direct effect of the Nokia experience on Uniden attitudes was significantly different from the corresponding effect in the CO salient condition (b = .54 vs. -.97, $p < .05$). In parallel, the indirect effect of Nokia experience on Uniden attitudes was also significant (b = -.91, p < .05) and it was significantly different than the corresponding effect in the CO non-salient condition (.97 vs. -.91, p < .05).

3.3.3 Discussion

The findings of study 3 indicate that a product experience with a brand not only affects the experienced brand, but it also influences attitudes toward a competitor brand. When two brands are from different countries or their common origin is not salient, a good experience with a particular brand (i.e., Nokia) will be contrasted with other brands. Conversely, a bad experience with a brand will not only hurt the experienced brand's image but also benefit its competitor brands (e.g., Uniden). On the other hand, when two brands are from the same CO and this information is made salient, a good experience with one brand may help another brand from the same origin. Therefore, weaker brands like Uniden can highlight their common origins with a favorable brand like Nokia and thus take advantage of successful brands.

Study 3 examined a situation in which the target brand (Uniden) was not readily associated with a producer country (Finland, and in fact Uniden is Japanese). We manipulated

knowledge of the common CO for Nokia and Uniden by explicitly telling participants that Uniden was from Finland. Unless the origin of Uniden was made salient to participants, the Nokia experience was contrasted with Uniden attitudes. We were interested in replicating these results using a less explicit manipulation of the CO information for Uniden. Can brands communicate their origins to consumers without explicitly providing it? What is the role of the brand name in the transfer of attitudes among competitor brands? In the next study, we discuss and investigate these questions.

3.4 Study 4 – The Effects of Brand Name Strategies On Inter-brand Attitude Transfer

3.4.1 Introduction

In some situations, the CO of a brand is not readily available and consumers have to make inferences about the origin of a product based on various cues, such as the brand name. The true origins of some very well-known brands such as Philips (Holland) and Adidas (Germany) are often misperceived because of the way the brand names sound. Similarly, Leclerc et al. (1994) argued that even some very well-known US brands such as Klarbrunn and Häagen-Dazs are frequently perceived as foreign brands, and they showed that the way a brand name was pronounced (French vs. English) can affect evaluations of a product. Various studies have investigated the linguistic properties of brand names and how they affect consumers' perceptions and evaluations of the brands (see Yorkston and Menon 2004, Lowrey and Shrum 2007 for recent reviews). However, the potential effects of brand names on the transfer of attitudes among brands have not been investigated.

Some brands may not be readily associated with other brands from the same CO, whereas other brands will immediately cue their origins. Because of their brand names, some brands may

actually be contrasted with brands from the same country. For instance, a good *Toshiba* experience may end up hurting attitudes toward its competitor brand *Pioneer*, because Pioneer is not immediately recognized as Japanese. However, when the brand name accurately cues the CO of the brand, consumers easily identify the origins of even lesser known brands. For instance, a relatively unfamiliar *Kyocera* brand is immediately recognized as Japanese. In such a case, where the common CO naturally comes to mind, inter-exemplar assimilation becomes more likely. Therefore, in this way, competing brands from the same nation may take advantage of each other's success. More importantly, even competitor brands from other countries can use strategic brand names to deceptively associate themselves with a strong CO and share in the success of the brands from another nation.

Accordingly, we propose that if a target brand's name is associated with a certain country due to its linguistic properties, the brand will be more likely to benefit from good experiences with favorable brands also associated with the cued CO. On the other hand, when the target brand's name is not readily associated with a CO, the brand is more likely to get contrasted with other brands that are highly associated with the CO.

H4a: *When a brand name does not cue the target brand's CO, consumers' attitudes toward the target brand will be incongruent with the valence of their experience with competitor brands from the same CO.*

H4b: *When a brand name cues a CO, consumers' attitudes toward the brand will be congruent with the valence of their experience with competitor brands from the cued CO.*

The purpose of this study was to test whether a common CO can be cued by the linguistic properties of the target brand and lead to an assimilation effect as observed in study 3. After a series of pretests, we identified two equally attractive, extremely similar competitor brand names: *Meaches* and *Meachesu*. However, the two brands were linguistically different. *Meaches* was commonly perceived as a European brand, and *Meaches*u, while differing only by one letter, was widely perceived as a Japanese brand.

3.4.2 Method

A 2 (experience: good vs. bad) x 2 (salience of CO: target brand name cueing common CO vs. not cueing common CO) between-subjects design was used. One hundred and ninety three students participated in the study for extra course credit. The procedure was very similar to that of study 1 with some important differences. We used a different product called the Outocar, an imaginary new vehicle which drives on its own. All participants were exposed to the following common scenario introducing the Outocar:

> *Imagine that a new vehicle called the Outocar has become available in the market. Outocar is built for both heavy traffic in big cities and for cruising on highways. There are photocell motion detectors installed on all sides of the car sensitive to light and motion. There is an Autopilot installed in the car for your convenience. There is also a radar system to detect all moving objects approaching from a 10 mile radius integrated with a satellite GPS regularly updated based on the current road construction.*

Participants were exposed to a good or bad experience simulation with a Toyota brand Outocar (provided in Appendix C). Toyota was chosen due to its strong association with Japan. After the Toyota experience participants were introduced to another automotive brand competing in the same market. In the CO salient condition this brand was Meaches*u* whereas in the CO non-salient condition it was called Meaches. The schema for the expected attitude transfer from Toyota to Meaches/u is shown in Appendix C.

After the Outocar experience, using the same nine-point scale from study 1 (1 = extremely unfavorable, 9 = extremely favorable), all participants rated their attitudes toward Toyota and toward the competitor brand Meaches(u). Note that in this study respondents were not questioned about their attitudes toward Japan in order to avoid making Japan salient and highlighting any links (shared category membership) between the two brands and Japan.

3.4.3 Results

3.4.3.1 Manipulation Checks

A 2 (experience valence) x 2 (target brand name) ANOVA yielded only a significant main effect of experience valence on attitudes toward the Toyota brand ($F(1,189) = 15.4$, $p < .001$), indicating that attitudes were more favorable after a good experience than a bad experience ($M = 7.36$ vs 6.53). This establishes the successful manipulation of experience valence.

At the very end of the experiment, participants were asked to indicate where they actually believed the target brand was from. A logistic regression analysis was conducted where experience valence (good=1, bad=0) and target brand name (Meachesu=1, Meaches=0) served as the independent variables and participants' replies (coded as Japan=1, all other COs= 0) served as the dependent variable. Neither the main effect of experience valence nor the interaction effect was significant (b = .64, *Wald* $\chi^2 = 1.6$ and b = .79, *Wald* $\chi^2 = .86$, respectively, both p's > .1).

However, as expected there was a significant main effect of target brand name, indicating that regardless of experience valence, Meachesu was more likely to be perceived as Japanese compared to Meaches (78% vs. 8%, $b = 3.5$, $Wald\ \chi^2 = 65.8$, $p < .001$).

3.4.3.2 Attitudes toward the Target Brand (Meaches/u)

A 2 (experience valence) x 2 (competitor brand name) ANOVA was conducted. The main effects of experience valence ($F(1,189) < 1$) and salience of CO (i.e., brand name cueing Japan) were not significant, (Fs$(1,189) = 2$, $p > .1$). However, there was a significant interaction effect on attitudes toward the Meaches(u) brand ($F(1,189) = 31.7$, $p < .001$). When the target brand was *Meaches* (i.e., the common CO was not salient), a contrast effect emerged such that a good (bad) experience with a Toyota Outocar hurt (helped) attitudes toward *Meaches* ($M_{Bad} = 5.0$, $M_{Good} = 4.1$, $t(189) = 3.6$, $p < .001$). On the other hand, when the target brand was *Meachesu*, cueing a Japanese origin like Toyota, this resulted in an assimilation effect such that a good (bad) experience with a Toyota Outocar helped (hurt) attitudes toward *Meachesu* ($M_{Good} = 5.3$, $M_{Bad} = 4.2$, $t(189) = 4.3$, $p < .001$) (see Figure 3.4 in the next page). Overall, the results provided support for H4a and H4b.

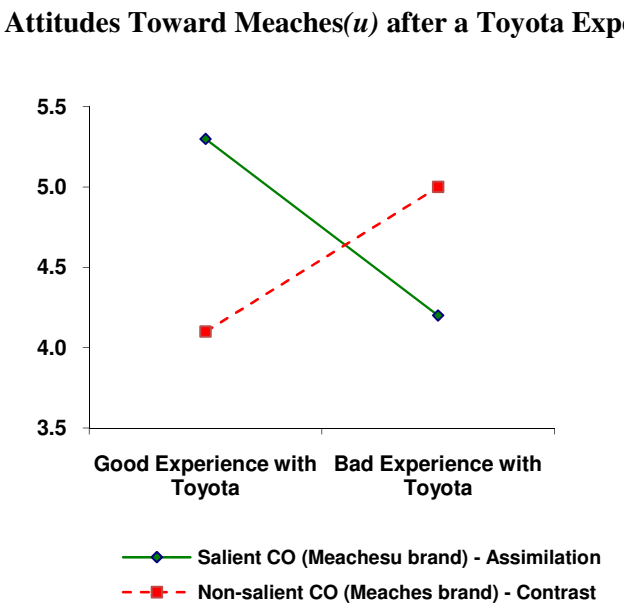


Figure 3.4 : The Effect of Target Brand name on Attitude Transfer

3.4.4 Discussion

In study 4, we took a new brand's perspective and examined the role of brand naming strategies (Meaches/u) in increasing the possibility of inter-brand attitude transfer from a brand highly associated with a CO (Toyota from Japan) via the assimilation path. Barsalou (1985) suggests that people create taxonomic and goal derived categories based on the judgment context. Consumers tend to use cognitive economy in their judgments and they may categorize brands based on relatively minor indicators (Day et al. 1979). However, once a category perception is developed, it will be seen as relevant for the judgment and have an important effect on brand evaluations. In the case of a new brand such as Meachesu or Meaches, even a seemingly minor linguistic cue can be sufficient for consumers to categorize the brand in a certain way (e.g., as Japanese), which may establish an association with a recent product experience by a competitor brand like Toyota. This mental link enabled Meachesu to be assimilated towards Toyota, whereas a brand named Meaches was contrasted away from Toyota.

It is well-known that the brand name is the basis of a brand's image and it plays a strategic role in customers' purchase decisions in the marketplace (Kohli and LaBahn 1997). Companies like Exxon spend up to $100 million for identifying and implementing new brand names (Boyd 1985). Our findings demonstrate that relatively weak or even unknown brands can use various branding strategies to associate themselves with certain countries of origin and take advantage of the success of stronger brands. Furthermore, the fact that bad experiences with the Toyota Outocar actually hurt Meaches*u* (but not Meaches) suggests that such branding strategies may backfire when the competitor brands associated with the strong CO fail. There are various examples of such branding strategies in the real market place. An interesting case is YUMATU, one of the strong-selling electronics brands in the Balkans in the 90s. YUMATU was highly associated with the quality of Japanese brands like Yamaha and Toshiba, due to both its brand

name and its comparative ads targeting Japanese brands. Consumers were willing to pay premiums over other electronics brands to purchase YUMATU believing that it was Japanese. However, the brand name was actually the short form of YU*suf*, MA*hmut* and TU*ncer*, the names of the three Turkish founders, who used an effective and perfectly legal branding strategy.

3.5 Competitive Advertising Strategies for Brand Positioning

In the previous studies, we have considered situations in which the target brand (i.e., the focal brand participants evaluated) was not obviously associated with a particular CO. We manipulated the association between the brand and CO by making the common CO information salient by explicitly providing it in study 3 and by cueing it via the linguistic properties of the target brand's name in study 4 (see Appendix C). There may also be situations when the common CO of both brands is readily available (e.g., Honda and Suzuki are both strongly associated with Japan). What can brands do to manage the inter-brand attitude transfer? In certain cases, it may be desirable for a brand to highlight its association with other brands from the same country (e.g., to share in the success of other brands). However, in other circumstances, a brand may want to avoid being associated with other brands from the same CO (e.g., when other brands fail). Established brands cannot simply change their names to prevent such associations. So what strategies are available to brands under different market situations?

According to past studies on competitive positioning and comparative advertising, there are two common strategies that can be used by brands: *differentiation* and *association* (see Carpenter and Nakomoto 1989, 1997; Pechmann and Ratneshwar 1991). We use the term *association* to refer to strategies that connect a brand with other brands from a particular origin, thus boosting the assimilation path in inter-brand attitude transfer. On the other hand, we use the term *differentiation* to refer to strategies that dissociate a brand from other brands of the same

origin, thus blocking the assimilation path and encouraging the contrast effect in inter-brand attitude transfer.

Research by Carpenter and Nakamoto (1989, 1990) suggests that high equity (HE) brands are more likely to use differentiation strategies dissociating themselves from other brands, whereas low equity (LE) brands are more likely to associate themselves with their more popular competitors and engage in association strategies. An inherent assumption is that HE brands tend to perform better and are more likely to be pioneer or dominant brands in the market, whereas LE brands may not perform as well and are also more likely to be later entrants in the market. A question that has received less attention is when these commonly adopted strategies (HE brands: differentiation; LE brands: association) will benefit these brands. For instance, will differentiation still benefit a HE brand if it has a failed extension or will an association strategy help a LE brand when it has a successful extension?

Consider a situation when both brands are strongly associated with a common CO. For instance, both Honda and Suzuki are known to be Japanese. When consumers have an experience with a new Honda product, how would this affect their attitudes toward Suzuki? We use this specific example to theorize about the potential effects of various strategies that may be employed by the experienced brand (Honda) and the target brand (Suzuki). Table 3.1 provides an examination of differentiation strategies, whereas Table 3.2 conceptualizes the potential outcomes of association strategies used by either Honda or Suzuki given a good or bad experience with Honda.

Table 3.1 The Potential Outcomes of Differentiation Strategies

Honda→Suzuki Transfer	**Differentiation Strategy by the *Experienced Brand Honda***	**Differentiation Strategy by the *Target Brand Suzuki***
Good Experience with Honda (e.g., Successful Honda Product Extension)	By dissociating itself from other Japanese brands, Honda may prevent Suzuki from sharing in its success.	By dissociating itself from Japanese brands, Suzuki may miss the opportunity of sharing in Honda's success.
Bad Experience with Honda (e.g., Failed Honda Product Extension)	By dissociating itself from other Japanese brands, Honda increases the chances of a contrast and Suzuki may benefit from Honda's failure.	By dissociating itself from other Japanese brands, Suzuki may avoid being associated with Honda's failure and may benefit from Honda's failure

Table 3.2 The Potential Outcomes of Association Strategies

Honda→Suzuki Transfer	**Association Strategy by the *Experienced Brand Honda***	**Association Strategy by the *Target Brand Suzuki***
Good Experience with Honda (e.g., Successful Honda Product Extension)	By associating itself with other Japanese brands, Honda may end up helping Suzuki share in its success.	By associating itself with other Japanese brands, Suzuki may have an opportunity to share in Honda's success.
Bad Experience with Honda (e.g., Failed Honda Product Extension)	By associating itself with other Japanese brands, Honda may prevent competitor brands like Suzuki from taking advantage of its failure.	By associating itself with other Japanese brands, Suzuki loses its opportunity of taking advantage of Honda's failure.

3.5.1 Differentiation Strategies

We propose that differentiation strategies will increase the chances that two competitor brands will be contrasted with each other. Note that either the experienced brand or the target brand may engage in differentiation. Consider a situation where consumers have a good experience with Honda (e.g., Honda has a successful extension). Our model suggests that when Honda dissociates itself from other Japanese brands, it will decrease the chances that Suzuki will share in its success. Conversely, given a bad Honda experience, Honda's differentiation may end up helping Suzuki due to a contrast effect.

Similarly, the target brand Suzuki may engage in a differentiation strategy. Given good experiences with Honda, Suzuki's differentiation will lead to a contrast effect and Suzuki may miss the chance of linking itself to Honda's success. However, when Honda has a failed extension, Suzuki's differentiation strategy may lead to a contrast effect and Suzuki can potentially benefit from Honda's failure.

3.5.2 Association Strategies

Our conceptualization suggests that association strategies used by either the experienced brand or the target brand will highlight the common category membership of the two competitor brands and increase the chances of an assimilation effect. Consider a situation where consumers have a good experience with Honda. An association strategy by Honda emphasizing the brand's connection with other brands from the same CO may actually boost the chances of assimilation and potentially benefit competitor brands from the same CO (like Suzuki). On the other hand,

when the new extension of Honda fails, by using an association strategy Honda may make it more difficult for its competitors to benefit from its failure.

In parallel, an association strategy by Suzuki will also boost the assimilation path. Suzuki may associate itself with other Japanese brands and share in Honda's success. However, when consumers have a bad experience with Honda, Suzuki's association strategy may make it more difficult for Suzuki to avoid a link with Honda's failure.

Overall we hypothesize the following:

H5a: *Consumers' attitudes toward a target brand will be incongruent with the valence of their experience with a competitor brand from the same CO when either brand uses a differentiation strategy.*

H5b: *Consumers' attitudes toward a target brand will be congruent with the valence of their experience with a competitor brand from the same CO when either brand uses an association strategy.*

3.6 Study 5 – The Effects of Advertising Strategies

In study 5, we examined the attitude transfer between two brands (Honda and Suzuki), both of which were strongly associated with a certain CO (Japan). The main purpose of the study was to investigate the outcomes of different strategies that can be used by the experienced brand or the target brand depending on various market situations and to test hypotheses H5a and H5b.

Study 5 also enabled us to examine the effectiveness of the most commonly used strategies by high equity (HE) brands (differentiation) and low equity (LE) brands (association).

Finally, in addition to looking at the change in LE brand attitudes after a product experience with a HE brand, we further examined the change in attitudes toward a HE brand after a product experience with a LE brand. In a competitive marketing context, we would expect all brands to affect one another and it is important to explore the potential effects of weaker brands on stronger brands.

3.6.1 Method

Four hundred and fifty three students participated in the study for extra course credit. We chose Honda and Suzuki because both brands were pretested to be strongly connected to Japan. A full-factorial 2^4 design was used with the following factors: experience valence (good *vs*. bad), ad strategy (differentiation vs. association), brand using the strategy (Honda *vs*. Suzuki), equity of the target and experienced brands (HE experienced brand and LE target brand *vs.* LE experienced brand and HE target brand). Participants had a good or bad experience simulation with a Suzuki or Honda Outocar (identical to the Toyota Outocar experience in Study 4), after which they were exposed to a Honda or Suzuki ad using an association or differentiation strategy. The eight cells of the experiment formed by the three dichotomous factors (experience valence, type of ad strategy, which brand using the ad strategy) are already shown in Tables 3.1 and 3.2. As a fourth factor, we investigated the transfer from a lower equity brand (Suzuki) to a higher equity brand (Honda) as well as the transfer from a higher to lower equity brand to test whether similar effects would be obtained.

Similar to study 4, participants in each condition were exposed to either a good or bad experience simulation with a Honda or Suzuki brand Outocar. After the new product experience,

participants were shown either a print ad for a Honda or a Suzuki brand Outocar using either an association or differentiation strategy (sample Suzuki ads are shown in Appendix D). The differentiation ad emphasized the uniqueness of the brand (Honda or Suzuki) and how it stood out from other Japanese brands. The association ad compared the brand to other well-known Japanese brands like Mazda and Toyota, emphasizing that the advertised brand (Honda or Suzuki) was at least as good as any favorable Japanese brand. These print ads were prepared based on actual TV and radio commercials of Suzuki and Honda automobiles. They were modified for the imaginary new product, Outocar, and pretested to be equally believable and attractive.

Following past studies, participants rated their attitudes toward the experienced brand (Honda or Suzuki), Japanese cars, and, the target brand (Suzuki or Honda). Tables 3.1 and 3.2 describe the expected transfer of attitudes between the two brands depending on the use of different advertising strategies by either brand. Finally, as a control condition, one group of participants rated their baseline attitudes toward Honda and Suzuki (among other unrelated brands) without being exposed to any Outocar experiences.

3.6.2 Results

3.6.2.1 Manipulation Checks

A 2^4 ANOVA was conducted where the independent variables were experience valence (good vs. bad), ad strategy (differentiation vs. association), brand using the strategy (Honda vs. Suzuki) and the equity of the experienced and target brands (experienced brand: Honda vs. Suzuki). After the Outocar experience, there was a main effect of experience valence on attitudes toward the experienced brand (Honda or Suzuki) such that attitudes toward the experienced brand were more favorable after a good (vs. bad) experience ($F(1,411) = 116.39$, $p < .001$), $M = 6.9$ vs. 5.0) indicating a successful manipulation. There was also a significant main effect of the equity of

the experienced and target brands, indicating that when the experienced brand was Honda (vs. Suzuki), overall attitudes were more favorable (M = 6.4 vs. 5.5, $F(1,411) = 28.30$, $p < .001$), which is expected given that Honda is a higher equity brand.

A similar 2^4 ANOVA was conducted with attitudes toward Japan as the dependent variable. There was only a significant main effect of experience valence on attitudes toward Japan ($F(1,411) = 116.39$, $p < .001$), $M = 6.5$ vs. 5.9), showing that experiences with both brands (Honda or Suzuki) affected attitude toward Japan equally.

3.6.2.2 Attitudes toward the Target Brand

A 2^4 ANOVA was conducted with attitudes toward the target brand (Honda or Suzuki) as the dependent variable. As expected, when the target brand was Honda (vs. Suzuki), overall attitudes were more favorable (M =6.66 vs 5.04, $F(1,411) = 90.41$, $p < .001$). More importantly, there was a significant interaction of experience and ad strategy on attitudes toward the target brand ($F(1,411) = 41.84$, $p < .001$). No other effects were significant (all $F's < 2$). To better assess attitudes toward the two different target brands, the data were analyzed separately for the conditions where Suzuki and Honda were the target brands. A set of 2 (experience: good, bad) x 2 (ad strategy: differentiation, association) x 2 (brand using the strategy: Honda, Suzuki) ANOVAs were conducted.

In the Honda→Suzuki transfer conditions, after the Honda Outocar experience, there was only a significant interaction of experience and ad strategy on attitudes toward Suzuki ($F(1,215) = 28.86$, $p < .001$). It is important to note that it did not matter which brand used the ad strategy ($F(1,215)<2$). When the Honda Outocar experience was followed by an association ad of either Suzuki or Honda, there was an assimilation effect such that a good (bad) Honda experience helped (hurt) attitudes toward Suzuki ($M = 5.9$ vs 4.3, $F(1,113) = 29.3$, $p < .001$). On the other hand, differentiation ads by either brand led to a contrast effect such that after a good (*bad*)

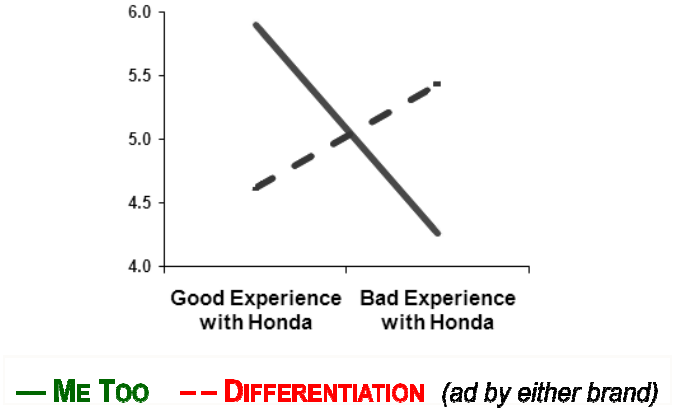
Honda experience, attitudes toward Suzuki were less (*more*) favorable (M = 5.4 vs 4.6, $F(1,106) = 6.1$, $p = .02$).

We also compared all these conditions with the control group where participants rated Suzuki without being exposed to a Honda experience (M = 4.5). Specific contrast analyses showed that a good (bad) experience with Honda followed by association (differentiation) ads led to significantly more favorable attitudes toward Suzuki compared to the control conditions (all p's <.05, tukey). On the other hand, attitudes toward Suzuki after a bad (good) Honda experience followed by association (differentiation) ads did not significantly differ from the control condition (all p's>1, tukey). Overall, the results suggested that attitudes toward Suzuki were more likely to improve compared to the baseline when a good Honda experience was followed by an association ad, or when a bad Honda experience was followed by a differentiation ad. Detailed results are shown in Figure 3.5.

In the Suzuki→Honda transfer conditions, after the Suzuki Outocar experience, there was only a significant interaction of experience and ad strategy on attitudes toward Honda ($F(1,196) = 14.7$, $p < .001$). An association ad by either Honda or Suzuki following the Suzuki Outocar experience led to more favorable attitudes toward Honda after a good (vs. bad) experience with Suzuki (M = 7.3 vs 6.2, $F(1,100) = 9.2$, $p < .01$). On the other hand, when the Suzuki experience was followed by a differentiation ad of either brand, a good (bad) Suzuki experience hurt (helped) Honda attitudes (M = 7.0 vs 6.2, $F(1,100) = 5.7$, $p < .02$).

We also compared all these conditions with the control group where participants rated Honda without being exposed to a Suzuki experience (M = 6.92). Specific contrast analysis showed that a bad (good) experience with Suzuki followed by association (differentiation) ads led to significantly less favorable attitudes toward Honda compared to the baseline conditions (all p's <.05, see Figure 3.5).

Transfer of attitudes from High to Low Equity Brands
Attitude toward the Target brand (Suzuki) After a Honda Experience



Note: In the control condition, attitude toward Suzuki measured without exposure to Honda Experience, was 4.5

Transfer of attitudes from Low to High Equity Brands
Attitude toward the Target brand (Honda) After a Suzuki Experience

Note: In the control condition, attitude toward Honda measured without exposure to Suzuki Experience, was 6.9

Figure 3.5: Transfer Of Attitudes Between Competitor Brands

On the other hand, attitudes toward Honda after a good (bad) Suzuki experience followed by association (differentiation) ads did not significantly differ from the control condition (all p's>.1). Overall, the results suggested that attitudes toward Honda were more likely to deteriorate compared to the baseline, when a bad Suzuki experience was followed by an association ad, or when a good Suzuki experience was followed by a differentiation ad. Detailed results are shown in Figure 3.5.

3.6.3 Discussion

Study 5 looked at the inter-brand attitude transfer when both brands (Honda and Suzuki) were already strongly associated with a CO (Japan). We investigated how the use of association and differentiation advertising strategies affected the transfer of attitudes from one brand to another brand from the same CO. We considered both the experienced and the target brands' perspectives and examined how different competitive strategies might help brands manage the inter-brand attitude transfer.

The results showed that when either the experienced brand or the target brand used an association advertising strategy emphasizing its connection with other brands from the same CO, an assimilation effect occurred such that attitudes toward one brand were congruent with the valence of the experience with the other brand. This suggests that weaker brands may be positively affected by the success of stronger brands they associate with, whereas stronger brands may be negatively affected by the failure of weaker brands. On the other hand, the use of a differentiation ad by either brand (Honda or Suzuki) will block the assimilation path and lead to a contrast effect such that one brand's success or failure may have an opposite effect on the other brand. From the perspective of the experienced brand, it is beneficial to use differentiation

(association) strategies given successful (failed) extensions. From the perspective of the target brand, it is beneficial to use association (differentiation) strategies given that other brands have successful (failed) extensions.

Study 5 also illustrated that there was, in fact, an attitude transfer from lower to higher equity brands. LE brands typically use association strategies, and they try to associate themselves with the CO of HE brands, whereas HE brands tend to use differentiation strategies assuming that they will have better performance. However, our findings imply that when LE brands have a successful extension, an association strategy may not be the most beneficial approach and they may be better off engaging in differentiation. Similarly, when HE brands fail, their differentiation strategy may get them contrasted with their competitors and potentially benefit LE brands, implying that it may not always be the most beneficial approach for HE brands to use differentiation strategies.

3.7 Overall Discussion

Our research is important for several reasons. First, we show that experiences with a particular brand do not only affect the experienced brand but also influence consumers' attitudes toward competitor brands in the market via two opposing forces. When both brands are known to be from the same country of origin or the association with the common origin is emphasized, an assimilation effect occurs. A good experience with a brand may therefore, also benefit other brands from the same country, whereas a bad experience with a particular brand may also hurt attitudes toward its competitors. On the other hand, when the common origin is not salient or the experienced brand differentiates itself from its competitors, then a contrast effect occurs. Thus, a good experience with a brand may actually hurt attitudes toward its competitors, whereas a bad experience with the brand may benefit its competitors.

Our research examines consumers' perceptions and evaluations of brands in the light of the assimilation/contrast literature. We further integrate consumers' perspectives with the competitive positioning literature and propose various strategies for brands to manage the inter-brand attitude transfer. Our findings highlight the important role of country of origin (CO) on consumers' categorization and evaluation of brands relative to competitor brands. Thus, we extend the studies in the CO literature, which have focused on the evaluations of individual brands based on CO information.

Second, our research reveals that a brand name not only affects consumers' evaluations of a product (e.g., Leclerc et al. 1994), but can also change consumers' perception of the brand based on their experiences with other competitor brands in the market. More specifically, brands with names that cue a certain CO may benefit from the success of other brands from the cued origin, even if the brand is actually from a different country. For instance, a Turkish textile brand "ÖRMEiS" changed its brand name to "SiMERO" and increased its sales due to favorable associations with some Italian brands. Consequently, our research both contributes to studies on brand name linguistic theories (e.g., Yorkston and Menon 2004, Lowrey and Shrum 2007) and provides important implications for marketers and policy makers.

Third, we examine the effectiveness of differentiation strategies (generally used by high equity brands) and association strategies (commonly used by low equity brands) under various circumstances. Our analysis shows that the effectiveness of both advertising strategies depends on the success or failure of the brand and its competitors. Association strategies strengthened the connection of two competitor brands from the same CO and boosted assimilation effects. On the other hand, differentiation strategies used by either brand led to contrast effects.

3.7.1 Limitations and Future Research

In all our studies, we compared relatively favorable, neutral or unknown brands, manipulating the valence of attitudes toward these brands via new product experiences. Obviously, the perceived valence of the brands being compared may be an important determinant of inter-brand attitude transfer. Consumers may have existing "unfavorable" attitudes toward certain brands based on their past experiences or word of mouth. The perceived difference in valence between the two brands may also affect the transfer of attitudes from one brand to another. For instance, if a consumer happens to hate Citroën, will a favorable Peugeot experience still positively affect attitudes toward Citroën when the common French origin is emphasized? Similarly, consumers' chronically accessible attitudes or even animosity toward a certain CO (e.g., Korean consumers, Japanese products) may play a role in the inter-brand attitude transfer. Future research may address these boundary conditions.

Another important point we did not address in the current research is the use of simultaneous counter strategies to defend against branding or advertising strategies. For instance, Stoli Vodka warned its customers that it was the real Russian vodka brand in the market and exposed the true origin of its main competitor, Smirnoff Vodka, which is British. Such a strategy may lead to contrast effects between the two brands, or it may backfire depending on consumers' perceptions of both brands. We did not compare the effectiveness of such association and differentiation strategies simultaneously used by competitor brands. Future studies may examine these issues.

Finally, our investigation of advertising strategies implies that in certain product domains, where the product-country image is very strong and most of the brands from a particular CO are favorable, association strategies may be more effective than differentiation strategies for the benefit of all brands. For instance, most German automotive brands (Mercedes, BMW, VW,

Audi) tend to have favorable attitudes among consumers. Given the fierce competition, most of these brands engage in differentiation strategies (e.g., BMW says it is the ultimate driving machine). On the one hand, such strategies may help brands distinguish themselves from their HE competitors and increase their sales. On the other hand, they also end up being contrasted with their competitors. Should German car brands contrast themselves with such strong competitors as Mercedes or should they use association strategies instead to take advantage of their successful competitors? What would happen in the long run? For some domains (e.g., hotels in Aruba), it may be beneficial for all brands in the market to use association strategies and rely on each other's reputation since a good or bad experience with one brand may easily affect all others. Therefore, the comparison of the attitude transfer among brands from COs including homogeneously or heterogeneously favorable/unfavorable brands will provide important insights for understanding the spread of attitudes among different groups of brands.

3.7.2 Conclusions

A product experience with a certain brand affects consumers' evaluation of competitor brands differently. Consumers' perceptions of a brand's origin plays an important role in consumers' perceptions of a brand based on their experience with other (competitor) brands in the market. Marketers have an opportunity to influence the transfer of consumers' attitudes to and from their brands using various strategies.

Chapter 4

CONCLUSION

This dissertation contributes to the literatures on brand extensions, country of origin effects and competitive positioning in distinct and important ways. Studies in the brand extensions and country of origin literatures have generally focused on how schematic knowledge about a brand or CO influences consumers' reactions to information about specific exemplars of the brand or country of origin. On the other hand, our research focuses on the reverse effect, that is, how product experiences affect attitudes toward the brand and country of origin. This investigation is one of the first to study actual product experiences with real brands instead of mere exposure to attribute information about hypothetical products. In contrast with past research, which suggests that HE brands are more immune to extension failures and LE brands have more difficulty in generating favorable responses (e.g., Keller and Sood 2003; Brown and Dacin 1997), our results revealed that HE brands were quite vulnerable to the effects of negative product experiences, whereas LE brands could benefit considerably from successful product extensions.

Furthermore, our research shows that experiences with a particular brand not only affect the experienced brand or the CO of the experienced product, but may even influence consumers' attitudes toward competitor brands in the market. In the light of the assimilation/contrast literature, our investigation highlights the important role of country of origin (CO) on consumers' evaluations of brands relative to their competitors. We show that experiences with a brand may affect competing brands in the market via two opposing forces. When the association of two brands with a common origin is emphasized, an assimilation effect occurs. A good experience with a brand may also benefit other brands from the same country, whereas a bad experience with

a particular brand may also hurt attitudes toward its competitors. On the other hand, when the common origin is not salient or the experienced brand differentiates itself from its competitors, then a contrast effect occurs. Thus, a good experience with a brand may actually hurt attitudes toward its competitors. Similarly, a bad experience with the brand may benefit its competitors.

We further demonstrate that brands may manage the inter-brand attitude transfer (to and from other brands) by using various marketing approaches such as employing association or differentiation advertising which explicitly emphasize or deemphasize the country of origin of a brand; or by using strategic brand names that cue or do not cue a country of origin. Using a brand name that cues a certain CO may help a brand benefit from the success of other brands from the cued origin, even if the brand is actually from a different country. Similarly, use of association advertising strategies may help a brand connect itself with other brands from a country resulting in assimilation effects. When a brand name does not cue a country of origin or when a brand uses a differentiation strategy, contrast effects become more likely. Thus, the uses of branding and advertising strategies play important roles on consumers' evaluations of competitor brands.

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Appendix A

Good (Bad) Product Experience Simulation (Sample for Nokia from Finland)

After the brief introduction to the new product, Watchercell, participants were exposed to the parts of the following product experience scenario in each screen. They were instructed to read all the information on each screen slowly and think about every piece of information thoroughly before moving on. Participants were encouraged to close their eyes and imagine that they were actually going through these experiences in real life.

Now try to imagine your new purchase. You take it home, open the box, and read the labels. You take it out and put it on. What does it feel like to wear it on your wrist?

Imagine looking at the screen and trying out the buttons.

When you start using the product, you discover that it is somewhat difficult to operate the buttons and the menu is very user friendly (*not very user friendly*)

You figure out how to connect to the internet and start downloading a song. It appears that it's not a taking very long time until the download is complete (*taking a long time to download the song*).

After that you decide to call a friend. The friend's picture appears on the screen and the image is sharp *(kind of blurred*).

You are very excited about talking to your friend and you start walking outside. The connection is clear as you move around (*as you move around the sound cuts in and out*)

You play around with your Watchercell to discover its different functions. Although the watch looks somewhat big, your wrist doesn't feel tired and the wrist band is quite comfortable. (*After a while your wrist gets tired because the product is pretty heavy and the wrist band isn't very comfortable*)

As you're getting ready to go to sleep, you decide to use the alarm feature of the Watchercell.

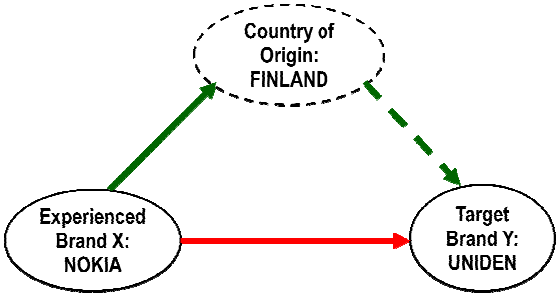
Although you've used the product quite a bit, it is still fully charged. (*Unfortunately, you get a message that the battery is running low and that you have to recharge it*).

You see the screen of your new Watchercell glowing in the dark and it reads: Nokia from Finland. You think about your product experience as you go to sleep.

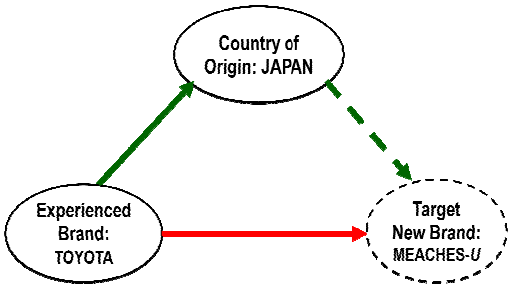
Appendix B

Schema of Studies

STUDY 3 – Salience of Target Brand's CO



STUDY 4 – Naming of Target Brand



Appendix C

OUTOCAR EXPERIENCE MANIPULATIONS

Good Experience Manipulation

Imagine that you buy a (HONDA/SUZUKI/TOYOTA) brand Outocar. You are very excited to try it out. As you hold the door handle, Outocar recognizes your finger prints and the door opens. You get in and start driving in the city. There is heavy congestion. When you take your hands off the steering wheel, the Outocar switches to auto-mode. It slows down and stops when the traffic gets stuck and it smoothly speeds up as the traffic starts to flow again.

In the mean time, you use the voice command and the TV quickly turns on with your command. You start drinking your coffee and talking to your friend on the phone while the auto-pilot is driving for you. After a pretty smooth ride, you get out of the heavy city traffic.

You handle the steering wheel again and immediately get back the control of the vehicle. When you get too close to cars in front of you or to the barriers, you hear a warning signal and Outocar prevents crashing into any objects.

You decide to take a trip out of town. You simply say your final destination to the speaker. You do not need to type it in despite the length of the address. The GPS quickly creates a route for you. You take your hands off the wheel again and the vehicle automatically starts cruising at a constant speed adapting to the flow of the traffic.

Your radar gives a warning signal that there is some congestion 8 miles ahead of you possibly due to road construction. The navigation system draws an alternative route and switches to it with your confirmation. When you get to the final destination, the Outocar informs you about potential free parking spots. You park nearby, get out and start walking. You look back at the vehicle. The (HONDA/SUZUKI/TOYOTA) logo is shining under the sun and you think about your new purchase as you walk away.

Bad Experience Manipulation

Imagine that you buy a (SUZUKI/HONDA/TOYOTA) brand Outocar. You are very excited to try it out. You hold the door handle to open the door. You have to try with each of your hands couple of times. Outocar finally recognizes your finger prints and the door harshly opens. You get in and start driving in the city. There is heavy congestion. When you move one of your hands toward your face the car immediately switches to auto-mode and you realize that you need to keep both of your hands on the steering wheel to keep control of the car. Outocar sharply stops as the traffic gets stuck, then it suddenly speeds up as the traffic starts to flow.

In the mean time, you use the voice command and ask the system to turn on the TV a couple of times. It takes a while before the TV turns on. You start drinking your coffee and talking to your friend on the phone while the auto-pilot is driving. After some abrupt breaks and take-offs, you spill coffee on yourself. Finally you get out of the heavy city traffic.

You handle the steering wheel again and it takes a couple of minutes before you can get back the control of the car. When you get too close to cars in front of you or to the barriers, the Outocar assumes control and abruptly stops with a disturbingly loud warning signal. *You decide to take a trip out of town.* You say your final destination to the speaker couple of times, but it is too long and you end up typing it in. The GPS takes a while to create a route for you. You take your hands off the wheel again and the vehicle automatically starts cruising at a constant speed.

Your radar gives a warning signal that there is some congestion 8 miles ahead of you possibly due to construction. The navigation system draws an alternative route and switches to it without your confirmation. You end up a bit far away from your final destination. You need to maneuver to find the exact location. After you park, you get out and look back at the vehicle. The (SUZUKI/HONDA/TOYOTA) logo is shining under the sun and you think about your new purchase as you walk away.

Appendix D
DIFFERENTIATION AND ASSOCIATION AD SAMPLES FOR SUZUKI (Study 5)

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Goldberg, Marvin and Kunter Gunasti (2007) "Creating an Environment in Which Children and Youths are Encouraged to Eat a Healthier Diet," ***Journal of Public Policy and Marketing***, 26(2), 162-81. *Winner of the Thomas Kinnear Award for the article published between 2005-2007 that made the most significant contribution to the understanding of marketing and public policy issues*

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Fellow
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- *Haring Symposium*, Indiana University, 2007
- *Doctoral Internationalization Consortium in Marketing*, University of Texas at Austin, 2006

Recipient
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- *Jeanne and Charles Rider Graduate Fellowship* for academic excellence*,* 2008-2009
- *Paul F. Anderson Scholarship,* 2008, Smeal College of Business
- *P. Liberti and J. Olian Scholarship*, 2007-2008, Smeal College of Business
- *Penn State Competitive Dissertation Stipend Award*, 2008
- *Jerome Scott Scholarship*, 2007, Smeal College of Business, Penn State University
- *Smeal Dissertation Research Award*, 2007, Penn State University
- *Research Award for Best Candidacy Exam*, 2006, Penn State University
- *Dean's List*, 2005, Smeal College of Business, Penn State University
- *Graduate Assistantship*, 2004-2009, Smeal College of Business, Penn State University
- *MBA Graduate Scholarship,* 2000-2002, Lubin School of Business, Pace University, NY