The Branding of Next-Generation Products

Marco Bertini
John T. Gourville
Elie Ofek*

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London Business School, Regent's Park, London NW1 4SA, U.K.
Tel: +44 (0)20 7000 7000 Fax: +44 (0)20 7000 8601
http://www.london.edu/Marketing

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* Marco Bertini (email: mbertini@london.edu) is Assistant Professor of Marketing at London Business School, Regent’s Park, London, NW1 4SA, telephone: +44 20 7000 8631, fax: +44 20 7000 8601. John T. Gourville (email: jgourville@hbs.edu) is Professor of Business Administration at Harvard Business School, Soldiers Field, Morgan Hall 163, Boston, MA 02163, telephone: +1 617 495 6133, fax: +1 617 496 5637. Elie Ofek (email: eofek@hbs.edu) is Associate Professor of Business Administration at Harvard Business School, Soldiers Field, Morgan Hall 195, Boston, MA 02163, telephone: +1 617 495 6301, fax: +1 617 496 5637. The authors would like to acknowledge Susan Fournier for her valuable contribution. They would also like to thank Luc Wathieu, John Deighton, and Mike Norton for comments on earlier drafts of the paper. Correspondence: Marco Bertini.
In this research, we examine the effect a firm’s product naming strategy has on consumer perceptions of next-generation products. In four experiments, participants evaluated a next-generation product whose brand name was either a continuation of or a deviation from an established naming convention. The results of the first two studies suggest that consumers infer the level of product change offered by a next-generation product by the similarity of its brand name to those of its predecessors. The next two studies examine the implications of this finding for product adoption, providing convergent evidence that a new brand name leads consumers to believe that they are exposed to both greater risks and rewards. In turn, we show that the likelihood that a next-generation product will be purchased depends upon the relative salience of these risks and rewards at the time of purchase.
The majority of innovative activities undertaken by firms are aimed at improving existing products (Griffin 1997; Urban and Hauser 1993). As a result, many industries are characterized by the introduction of successive product generations over time. Microsoft, for example, has introduced 10 distinct versions of its Windows operating system over the last 21 years, each delivering more capabilities and a friendlier interface than its predecessor. In the home video game market, Nintendo has launched five generations of game platform since 1986, while Sony has introduced three generations of its popular PlayStation console in a little over 10 years. More broadly, Nike’s Air Jordan basketball sneaker has been updated every year since 1985, Callaway will soon introduce the eleventh generation of its Big Bertha golf club, and Mercedes-Benz now boasts a redesigned sixth generation of its legendary Sport Leicht (SL) class of automobile.

Interestingly, when one examines the branding strategies employed by firms engaged in next-generation product introduction, several distinct naming conventions emerge. These range from the ongoing use of a single name (e.g., Cadillac’s Coupe de Ville) to the use of an entirely new name with each successive generation (e.g., Sega’s Master, Genesis, and Saturn game consoles). A common naming convention falls between these two extremes, with firms retaining a core name and adding a sequential indicator, such as an ordered numeral (Palm I, III, V), a date (Microsoft Windows 95, 98, 2000), or even a superlative (Callaway’s Big Bertha, Great Big Bertha, Biggest Big Bertha).

The presence of these different naming strategies begs the question of what motivates firms to choose one naming convention over another. The degree to which a firm wants to signal novelty and innovation might be one important factor. For example, firms may decide to “skip” one or more steps in a naming sequence in an attempt to convey greater improvement. TaylorMade went from its 300 Series of golf clubs straight to the 500 Series (skipping the 400
Series) with this objective in mind (Kramer 2001). Other firms have purposefully switched names to communicate certain aspects of their next-generation products, as when Microsoft’s decided to name its latest video game console the Xbox 360 rather than Xbox 2 (Rojas 2004). Yet, it remains unclear what inferences consumers draw from brand name changes and, more importantly, how such changes impact a consumer’s decision to adopt a next-generation product.

The goal of the present research is to address these questions. To that end, we develop several basic propositions. First, we propose that consumers tend to associate a departure from an established naming convention with greater product change. Second, this heightened perception of change entails expectations of both greater potential risks (product failures, learning costs, etc.) and greater potential rewards (product quality, functionality, etc.) of adopting the new product. Finally, a consumer’s ultimate decision to adopt the next-generation product will be driven by the relative salience of these perceived risks and rewards at the time of choice. We test these predictions and related implications across four studies. Managerial implications for firms introducing next-generation offerings are discussed in the last section.

**NAMING CONVENTIONS AND PERCEIVED PRODUCT CHANGE**

The primary function of different branding elements, such as brand names, logos, trademarks, and images, is to identify a seller’s products and to distinguish them from competing alternatives (Keller 1998). In turn, consumers often form expectations about whether they will like a particular product based on what they know of its brand (Aaker 1996; Keller 1998). Similarly, these branding elements help people recall important product information
(Broniarczyk and Alba 1994) and often serve as predictive cues about product performance (Erdem and Swait 1998; Smith and Park 1992).

For these reasons, the branding literature suggests that one of the most important decisions facing a firm is to choose the appropriate name for a product (Aaker 1996; Jacoby, Syzbillo, and Busato-Sehach 1977; Keller 1993). Previous studies have researched the relevant criteria for setting individual brand names (Robertson 1987), mostly concentrating on factors such as linguistic meaning (Keller, Heckler, and Houston 1998), congruity between name and product (Meyers-Levy, Louie, and Curren 1994), and distinctiveness (Zinkhan and Martin, Jr. 1987). On the other hand, naming decisions that involve multiple product generations have received almost no attention.

In this paper, we argue that when a consumer evaluates a next-generation product, she will draw upon her knowledge of the previous generations to form beliefs about the new offering, with a key driver being the perceived similarity between the new offering and the previous generations (Aaker and Keller 1990; Boush and Loken 1991; Feldman and Lynch, Jr. 1988; Keller and Aaker 1992; Sood and Drèze 2006). While there are many cues with which to judge similarity (Boush et al. 1987; Loken and Ward 1990; Smith and Park 1992; Sujan and Bettman 1989), we focus on the brand name of the next-generation product relative to its predecessor.

More precisely, with the launch of a next-generation product, firms have the opportunity to retain, partly modify, or completely change the established brand name. When making this decision, firms likely consider the extent to which different naming strategies convey continuity, familiarity, novelty, innovation, and so on. For instance, a firm may try to signal compatibility and sustainability between product generations by retaining a single brand name across multiple generations of product, as Cadillac has done this with its popular Coupe de Ville line of
automobiles. Other times, a firm may wish to convey both continuity and some degree of progress. A naming convention that attaches a sequential indicator, such as an ascending number or a year, would accomplish this goal, as evidenced in Microsoft branding its operating systems as Windows 95, Windows 98, and Windows 2000. Still other times, firms may wish to signal significant change, uniqueness, and/or innovation. In this context, a move to an entirely new name might seem appropriate, as consumers may infer greater product change with a break from an established brand name.

Therefore, we would expect consumers to perceive greater product change from one generation to the next when firms introduce an entirely new product name rather than extend an established name. This thinking is captured in the following hypothesis:

**H1:** Consumers will perceive greater product change when the name of a next-generation product deviates from an established naming sequence than when it does not.

We tested this initial hypothesis across two studies.

*STUDY 1*

In our first study, all participants were told that a reputable consumer electronics firm would soon be releasing a new version of its color printer. They were then shown a timeline that indicated the model year and model name for this new release and for each of the six preceding generations. Finally, after reading this short scenario, participants were asked to indicate on a
seven-point scale how much product change took place with each new generation of color printer, anchored by “very little change” at 1 and “a lot of change” at 7.

Within this basic structure, we manipulated across participants the brand names of the successive product generations. In the first condition—Brand Name Continuity—we used a sequential numbering scheme for each successive printer that was introduced: 2300W, 2400W, 2500W, 2600W, 2700W, 2800W, and 2900W. In the second condition—Brand Name Change—we altered the naming convention after the fourth generation: 2300W, 2400W, 2500W, 2600W, MagiColor, MagiColor II, and MagiColor III. If hypothesis 1 is correct, we would expect participants to perceive greater product change between the fourth and fifth generations of this printer under a brand name change than brand name continuity.

Participants

Participants for this study were 78 registered members of a subject pool managed by a large U.S. business school. At the time of the experiment, this subject pool had over 5,000 members and the mean age was 31 years old. Approximately 61% of the subject pool members were female and 87% had completed undergraduate education. Participants for this particular study were selected at random and recruited via e-mail. They were informed that the survey involved a hypothetical scenario, that there were no right or wrong answers, and that they should only consider their own preferences when answering. Participation was voluntary, with a $5 payment upon completion. The experiment was carried out online.
Results

Each participant provided six evaluations (one for each generational pair). Participants’
estimates of product change were analyzed in a 2 (Brand Name) × 6 (Generational Pair) mixed
factorial ANOVA, with Brand Name (Continuous vs. Changed) as the between-subjects factor
and Generational Pair as the repeated measure. Figure 1 shows the mean reported product change
across conditions.

This analysis revealed a marginally significant main effect for Brand Name \((F(1, 76) = 2.95, p = .090)\), with a brand name change leading to slightly greater perceptions of product
change than brand name continuity \((M_{\text{changed}} = 3.35 \text{ vs. } M_{\text{continuous}} = 2.94)\). The ANOVA also
revealed a highly significant main effect for Generational Pair \((F(5, 380) = 16.62, p < .001)\), as
evidenced by the noticeable upward trend in successive generations under both brand naming
conventions. More important, these main effects were qualified by a highly significant Brand
Name by Generational Pair interaction \((F(5, 380) = 9.51, p < .001)\). As reflected in figure 1,
while there was a gradual increase in perceived product change across successive generations of
color printers under brand name continuity, there was a sharp increase in perceived product
change between generations four and five under brand name change.

To test whether participants perceived greater product change only when the new brand
name was introduced, we ran planned contrasts on the mean reported change for each
generational pair across the two brand naming conventions.¹ As expected, the only significant
contrast was observed for the transition from the fourth to the fifth generation of printers. Here,
participants estimated significantly greater product change when the fifth generation printer was named MagiColor ($M = 4.86$) than when it was named 2700W ($M = 2.94$; $t(76) = 5.65$, $p < .001$).

Given that the preceding generational pairs—2300W/2400W, 2400W/2500W, and 2500W/2600W—had the same names across the two Brand Name conditions, it is not surprising that the planned contrasts failed to approach significance ($p > .400$ in each case). However, less intuitive is the fact that perceptions of product change for the last two generations of printers also failed to approach significance under different brand naming conventions. Rather, participants appear to have treated MagiColor II and 2800W similarly ($p = .219$) and MagiColor III and 2900W similarly ($p = .306$). This second set of results is important, as it suggests that the significant effects observed when MagiColor was first introduced were due to a change in the branding strategy rather than the semantic or literal difference between names.

Discussion

The results of the first study are consistent with hypothesis 1. Participants perceived greater product change when a next-generation product deviated from an established naming convention (2600W to MagiColor) than when it followed that convention (2600W to 2700W).

While these results are encouraging, we had two concerns. First, while we explicitly told participants that all printers in the study were color printers, it is possible they nonetheless interpreted the switch from the fourth to the fifth generation printer as a switch from a black and white printer to a color printer in the Brand Name Change condition (i.e., 2600W to MagiColor) but not in the Brand Name Continuity condition (i.e., 2600W to 2700W). This could account for the highly significant contrast observed in this study. Second, a potential limitation to the
experimental design is that participants were presented with the entire range of printer models before answering any of the dependent measures. Thus, it is possible that participants in the Brand Name Change condition recognized our intentions and adjusted their responses across the entire sequence accordingly. We ran a second study to address both concerns.

**STUDY 2**

Study 2 was designed similarly to study 1, in that it presented several generations of color printers and asked participants to assess the degree of product change between each successive generation. This time, we asked them to rate the product change on a 10-point scale, anchored by “very little change” at 1 and “significant change” at 10.

However, study 2 differed from study 1 in several important ways. First, to assess the possibility that participants interpreted a change in brand name from 2600W to MagiColor as a switch from a black and white to a color printer, the name of the new printer in this second study was “MagicPrint.” Second, rather than present seven generations of printers, with the brand name change occurring between the fourth and fifth generations, we simplified the task by presenting participants with five generations of printers, with the brand name change occurring between the last two generations.

Third, given that our primary interest was in determining whether the results of study 1 were an artifact of having simultaneously presented participants with the entire set of printers, we manipulated how the several generations of printers were presented to participants. For one half of the participants, we replicated the setup of the first experiment, displaying all five printers simultaneously (Simultaneous presentation). For the other half, we introduced each new printer
model sequentially and had participants estimate product change for each specific update before knowing that a subsequent version would become available (Sequential presentation). The rationale behind the sequential format was that participants would not be able to adjust their responses in anticipation of additional versions and/or future brand name changes.

Finally, with our interest focused on the effect of presentation format, we limited our stimulus to a generational sequence that contained a brand name change. Specifically, every participant was presented with the same sequence of brand names: 2300W, 2400W, 2500W, 2600W, and MagicPrint.

Participants

The 97 participants for study 2 were drawn from the same subject pool as described earlier, provided they had not participated in study 1. They were paid $5 for their participation.

Results

Participants’ estimates of product change between each generation of printers were analyzed in a 2 (Presentation Format) × 4 (Generational Pair) mixed factorial ANOVA, with Presentation Format (Simultaneous vs. Sequential) as the between-subjects factor and Generational Pair as the repeated measure. Figure 2 shows the mean reported product change across conditions.

Insert figure 2 about here
This analysis revealed a marginally significant main effect for Presentation Format \((F(1, 95) = 3.09, p = .082)\), with the sequential format leading to slightly greater perceived product change than the simultaneous format \((M_{\text{sequential}} = 4.96 \text{ vs. } M_{\text{simultaneous}} = 4.30)\). This analysis also revealed a highly significant main effect for Generational Pair \((F(3, 285) = 65.60, p < .001)\), with the same upward trend we observed in study 1. More important, the interaction between these two factors was not significant \((p = 0.833)\), suggesting that the results obtained in study 1 were not an artifact of how the sequence of printers were presented. As shown in figure 2, the impact of the brand name change was similar regardless of whether the printers were presented simultaneously or sequentially.

With that concern aside, we set out to again test hypothesis 1. In this study, we compared the degree of perceived change across the first three generational pairs, where the brand name changed from 2300W to 2600W, to the degree of perceived change for the final generational pair, where the brand name changed from 2600W to MagicPrint. This comparison included both planned paired contrasts and polynomial contrasts for each presentation format.

As expected, participants in the Simultaneous condition anticipated significantly greater change when the next-generation product was named MagicPrint \((M = 6.00)\) than any of the three preceding updates \((M_{2400W} = 3.60, t(42) = 6.51, p < .001; M_{2500W} = 3.65, t(42) = 6.24, p < .001; M_{2600W} = 3.95, t(42) = 5.42, p < .001)\). This also held true for participants in the Sequential condition, where the shift to MagicPrint \((M = 6.61)\) induced higher evaluations of change than any prior versions \((M_{2400W} = 4.07, t(53) = 8.18, p < .001; M_{2500W} = 4.43, t(53) = 7.25, p < .001; M_{2600W} = 4.74, t(53) = 7.00, p < .001)\).

Unfortunately, these contrasts do not distinguish between a simple linear trend, which would suggest a *constant* increase in product change over the five generations of printers, and a
quadratic trend, which would suggest a significantly larger product change at the point of brand name change. Therefore, to test whether the introduction of the new brand name generated a “kink” in participants’ assessments of product change, we conducted two polynomial contrasts: one using the first four generations of printers (prior to the focal name change) and one using all five generation. For the four-printer sequence, the linear term was significant in the Sequential condition \((F(1, 53) = 6.06, p < .05)\), but not in the Simultaneous condition \((p = .149)\). More important, the higher-order quadratic term was not significant in either condition \((p_{\text{simultaneous}} = .232; p_{\text{sequential}} = .905)\).

In contrast, for the five-printer sequence in both the Simultaneous and Sequential conditions, there was both a significant linear trend \((F_{\text{simultaneous}}(1, 42) = 42.40, p < .001; F_{\text{sequential}}(1, 53) = 60.62, p < .001)\) and a significant quadratic trend \((F_{\text{simultaneous}}(1, 42) = 19.01, p < .001; F_{\text{sequential}}(1, 53) = 15.22, p < .001)\). This again confirms hypothesis 1 in that a brand name change led to perceptions of higher product change than did the continued use of the existing naming convention.

**NAMING CONVENTIONS AND PRODUCT ADOPTION**

Studies 1 and 2 established that consumers perceive greater product change when a next-generation product deviates from an established naming sequence than when it does not (hypothesis 1). However, these studies did not provide insight into the potential impact of a product name change on subsequent adoption. We turn to this issue in the remainder of the paper.
One possibility is that consumers view product change in a positive light, which would suggest that the greater the perceived product change across generations, the greater the likelihood of purchase (Okada 2006). In particular, it has been shown that many consumers view innovations to be superior to the existing products they replace, both in terms of performance and experience (Ram and Sheth 1989; Rogers 1995). Rogers (1995) refers to the systematic belief that innovations are beneficial as the “positivity bias.”

In contrast, the literatures on decision-making under uncertainty (Dowling and Staelin 1994; Kahn and Sarin 1988) and on the costs associated with innovation adoption (Bettman 1973; Hoeffler 2003; Moreau, Lehmann, and Markman 2001; Ostlund 1974; Rogers 1995; Thompson, Hamilton, and Rust 2005) warn that new products can also trigger considerable resistance or disutility if the perceived change is large. Research has shown that taking on a new product is often accompanied by negative emotional reactions (Wood and Moreau 2006) and considerable apprehension (Mick and Fournier 1998). Therefore, barriers to adoption—both real and perceived—may arise because the innovation is inconsistent with existing values, habits, and past experiences (Rogers 1995); because it is difficult to understand or use (Thompson et al. 2005); because it is hard to communicate effectively to others; or simply because it is perceived to involve substantial economic and/or functional risks (Moreau et al. 2001; Ostlund 1974; Rogers 1995).

These conflicting perspectives on how consumers will react to new products, coupled with the results of studies 1 and 2, suggest that the effect of abandoning an established naming convention on consumer preference may be two-fold. First, it may signal the presence of substantial improvements, leading to higher perceived rewards. Second, it may also signal the
presence of substantial uncertainty, leading to higher perceived risks. Formally, we propose the following hypotheses:

**H2a:** Consumers will perceive greater risks when the name of a next-generation product deviates from an established naming sequence than when it does not.

**H2b:** Consumers will perceive greater rewards when the name of a next-generation product deviates from an established naming sequence than when it does not.

Importantly, hypotheses 2a and 2b imply that either branding strategy—brand name change or brand name continuity—has the potential to lead to greater adoption of a next-generation product, as the outcome ultimately will depend upon whether the risks or the rewards of adoption are more salient at the time of purchase. Consider the situation where the potential risks of buying the next-generation product are more salient than the potential rewards. In this case, we would expect a consumer to be more likely to purchase the product under brand name continuity than under brand name change. Conversely, if the potential rewards are more salient, the relative attractiveness of the next-generation product should be higher under brand name change than under brand name continuity. This thinking is captured in the following two hypotheses:
**H3:** When the risks of new product adoption are more salient than the rewards, consumers will be more likely to choose a next-generation product under brand name continuity than under brand name change.

**H4:** When the rewards of new product adoption are more salient than the risks, consumers will be more likely to choose a next-generation product under brand name change than under brand name continuity.

Finally, we note that if the relationship between naming strategy and product purchase is the result of expectations about product risks and rewards, then the longer a firm uses the existing naming convention to market successive generations, the stronger a consumer’s expectations should be regarding potential risks and rewards (Boone, Lemon, and Staelin 2001). Specifically, a brand name change should lead both to greater perceived risks and rewards when the established naming sequence is long rather than short. As a result, the greater the length of the existing naming sequence, the greater the eventual impact of a name change on product adoption once it does occur. Conversely, the effect of a name change on product adoption should diminish, or perhaps disappear, when the length of the naming sequence is shortened. This is captured in our final hypothesis:

**H5:** The length of the established naming convention will moderate the predicted effect of brand name change on perceptions of risks, perceptions of rewards, and ultimately likelihood of product adoption.

We tested these additional hypotheses in studies 3 and 4.
In study 3, we wanted to test whether individuals perceive greater risks (hypothesis 2a) and greater rewards (hypothesis 2b) in a next-generation product under a brand name change than under brand name continuity. In addition, we wanted to assess the effect of naming convention on product adoption when the risks of that adoption are salient (hypothesis 3). In particular, when the risks associated with the purchase of a next-generation product are highly salient, we would expect the relative attractiveness of that product to be greater under a continuous brand name than under a brand name change. Conversely, when the risks are not very salient, we would expect a brand name change to lead to greater attractiveness. Finally, we sought to determine whether the length of an established naming sequence moderated the impact of a brand name change on perceptions of risks, perceptions of rewards, and subsequent adoption, as predicted in hypothesis 5.

Participants

The 282 participants in study 3 were drawn from the same subject pool as described earlier, provided they had not participated in either study 1 or study 2. They were paid $5 for their participation.
**Design and Procedure**

As with the previous two studies, this study was run online, with participants asked to imagine themselves in the situation described and answer the questions that followed. The core scenario asked all participants to assume that they were attending the wedding of a close friend. As a favor, this friend had asked them to take photographs of the ceremony. They had readily agreed. However, their camera had been stolen on a recent vacation and they would need to buy a new camera.

They were further told that they were considering two alternatives. The first alternative was to repurchase the same make (Minox) and model (e.g., DX-400) that they had previously owned. For the second alternative, all participants were told that Minox had recently launched a newer version of the stolen camera and that they could purchase this model. To support participants in their decision making, the scenario provided information on the release date, current price, and four product attribute levels (megapixels, memory, focus, and digital zoom) for both alternatives, as follows:

<table>
<thead>
<tr>
<th></th>
<th>MINOX DX-400</th>
<th>MINOX [DX-500, SPECTRA]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Release date</td>
<td>January 2003</td>
<td>September 2005</td>
</tr>
<tr>
<td>Current price</td>
<td>$275</td>
<td>$375</td>
</tr>
<tr>
<td>Megapixels</td>
<td>4.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Memory</td>
<td>64 MB</td>
<td>96 MB</td>
</tr>
<tr>
<td>Focus</td>
<td>6.0 auto</td>
<td>7.4 auto</td>
</tr>
<tr>
<td>Digital zoom</td>
<td>3x</td>
<td>4.5x</td>
</tr>
</tbody>
</table>

Within this core scenario, we manipulated three factors in a 2 (Generation Length: Short vs. Long) x 2 (Brand Name: Continuous vs. Changed) x 2 (Risk Salience: Low vs. High) between-subjects design. The first factor, Generation Length, reflected the number of product...
generations released prior to the two being considered by participants. When generation length was short, participants were told that the stolen camera was named Minox DX-200 and that it had only one predecessor—the Minox DX-100. When generation length was long, participants were told that the stolen camera was named Minox DX-400, and that three cameras—the Minox DX-100, DX-200, and DX-300—had preceded it.

The second factor was the brand name given to the next-generation alternative. When the brand name was continuous, the next-generation camera followed the established naming sequence. Therefore, when generation length was short, this next-generation camera was called Minox DX-300 and when generation length was long, it was called Minox DX-500. In contrast, when the brand name was changed, the next-generation camera deviated from the established naming convention and was called Minox Spectra. Therefore, half the participants saw a continuation of the established naming sequence, while the other half saw a departure from that sequence.

The third factor was Risk Salience. In the Low Risk Salience condition, participants were told that they were one of several people who were asked to take pictures at their friend’s wedding ceremony, presumably minimizing the consequences of taking bad pictures. In the High Risk Salience condition, participants were told that they were the only person taking pictures at the ceremony, thereby maximizing the consequences of taking bad pictures.

Finally, after reading their respective scenario, all participants were asked to indicate which of the two alternatives they would choose to purchase—either the same camera they had previously owned or the next-generation camera. Further, to assess how Brand Name affected the assessment of potential risks, we asked participants to indicate whether the next-generation camera was more likely to have technical problems (1 = definitely less likely, 7 = definitely more
likely) and whether it would be harder to learn how to use (1 = definitely easier, 7 = definitely harder) than its predecessor. Similarly, to assess how Brand Name affected the assessment of potential rewards, we asked participants to rate the likely improvement offered by the next-generation camera relative to its predecessor on the four product attributes listed (1 = small improvement, 7 = large improvement). Finally, as a manipulation check of Risk Salience, we asked participants how important it was for them to take good photographs at the wedding (1 = not at all important, 7 = very important).

Results

There were three sets of predictions for this third experiment. First, we expected greater perceptions of both risks and rewards under a brand name change than under brand name continuity. Second, we expected an interaction between Risk Salience and Brand Name. When risk salience was low, we expected participants to be more likely to focus on the perceived rewards of product adoption and choose the next-generation camera under brand name change than under brand name continuity. When risk salience was high, however, we expected participants to be more likely to focus on the perceived risks of adoption and be more likely to choose the next-generation camera under brand name continuity. Finally, we expected these first two sets of effects to be moderated by Generation Length.

Manipulation Check. To determine whether we had successfully manipulated risk salience, we ran a 2 (Brand Name) x 2 (Risk Salience) x 2 (Generation Length) full-factorial, between-subjects ANOVA, with participants’ ratings of “how important it was to take good pictures” as the dependent measure. Consistent with our intent, participants in the High Risk Salience
condition rated the importance of taking good pictures significantly higher ($M = 5.58$) than those in the Low Risk Salience condition ($M = 4.48$; $F(1, 274) = 46.65, p < .001$), while no other effects proved significant. Thus, it appears we appropriately manipulated risk salience.

**Perceived Risks and Rewards.** Next, we assessed the impact of our experimental manipulations on perceptions of risks and rewards. As mentioned, we captured perceived risks via two questions: (1) whether the next-generation product was more likely to have technical problems than the previous camera and (2) whether it would be harder to learn how to use. Similarly, we measured perceived rewards by asking participants to assess the degree of product improvement between the two generations of cameras on four attributes (megapixels, memory, focus, and digital zoom), the answers to which were averaged to form our third dependent measure (Cronbach’s $\alpha = .87$). Mean responses for these variables across conditions are reported in table 1. In turn, we analyzed each of these dependent measures using a $2$ (Brand Name) x $2$ (Risk Salience) x $2$ (Generation Length) full-factorial, between-subjects ANOVA.

Starting with “likelihood of technical problems,” we found a significant main effect for Brand Name ($F(1, 274) = 12.95, p < .001$). In keeping with hypothesis 2a, changing the brand name to Minox Spectra ($M = 4.14$) led participants to anticipate greater technical problems than continuing the existing naming sequence ($M = 3.57$). However, this main effect was qualified by a marginally significant Brand Name by Generation Length interaction ($F(1, 274) = 2.76, p = .098$). As suggested by hypothesis 5, participants anticipated significantly greater technical problems with the Minox Spectra than the DX-500 when the generation length was long ($M_{\text{Spectra}}$...
= 4.29 vs. $M_{DX-500} = 3.47$; $F(1, 138) = 14.50, p < .001$), but not when the generation length was short ($M_{Spectra} = 3.99$ vs. $M_{DX-300} = 3.67; p = .176$).

Our measure of “learning difficulty” produced a more complex pattern of results. As predicted by hypothesis 2a, we found a significant main effect for Brand Name ($F(1, 274) = 24.05, p < .001$), with participants anticipating greater learning difficulty with the next-generation camera when there was a brand name change ($M = 4.70$) than when there was brand name continuity ($M = 3.93$). We also found significant main effects for Generation Length ($F(1, 274) = 4.29, p < .05$) and for Risk Salience ($F(1, 274) = 4.98, p < .05$). However, while the results were directionally consistent with hypothesis 5, we failed to find the predicted two-way interaction between Brand Name and Generation Length ($p = .125$). While participants anticipated significantly greater learning difficulty under the brand name change when the generation length was long ($M_{Spectra} = 4.98$ vs. $M_{DX-500} = 3.97; F(1, 138) = 18.42, p < .001$), they also anticipated greater learning difficulty when the generation length was short ($M_{Spectra} = 4.41$ vs. $M_{DX-300} = 3.89; F(1, 136) = 6.51, p < .05$).

Finally, in the case of “perceived product improvement,” we observed a marginally significant main effect for Brand Name ($F(1, 274) = 3.49, p = .063$) and a highly significant Brand Name by Generation Length interaction ($F(1, 274) = 15.47, p < .001$), supporting both hypothesis 2b and hypothesis 5. The brand name change led to higher perceptions of product improvement than did brand name continuity when the generation length was long ($M_{Spectra} = 5.68$ vs. $M_{DX-500} = 4.92; F(1, 138) = 14.81, p < .001$), but not when the generation length was short ($M_{Spectra} = 5.03$ vs. $M_{DX-300} = 5.30; p = .118$).

Overall, these results tend to support the premise that a brand name change will lead to higher perceptions of both risks (hypothesis 2a) and rewards (hypothesis 2b) than will brand
name continuity. Importantly, we observed these effects despite the fact that every participant in the experiment saw the exact same attribute values. Further, in two out of three analyses, this main effect was moderated by the length of the established naming convention (hypothesis 5).

Choice. Finally, we examined participants’ likelihood of choosing the next-generation camera by fitting a binomial logistic regression using Generation Length, Risk Salience, and Brand Name as the explanatory variables. In this regression, the main effects for Generational Length ($\beta = – 1.16$, $W = 4.71$, $p < .05$) and Risk Salience ($\beta = – 1.05$, $W = 3.94$, $p < .05$) both proved significant, as did the two-way interaction of Generation Length by Brand Name ($\beta = 1.92$, $W = 6.51$, $p < .05$).

More important, these lower order effects were qualified by a significant three-way interaction of Generation Length by Risk Salience by Brand Name ($\beta = – 2.69$, $W = 6.86$, $p < .01$). As reflected in figure 3, and as predicted in hypotheses 3 and 5, there appears to be a significant Risk Salience by Brand Name interaction when Generation Length was long, but no such interaction when Generation Length was short.

To confirm this pattern of results, we ran separate logistic regressions for each Generation Length condition, using Risk Salience and Brand Name as the explanatory variables. When the generation length was long, we found a significant main effect for Brand Name ($\beta = 1.23$, $W = 5.36$, $p < .05$) and a significant Brand Name by Risk Salience interaction ($\beta = –2.11$, $W = 8.28$, $p < .01$). This latter result supports hypothesis 3. Specifically, when the risks of taking pictures at the wedding were not particularly salient (i.e., they were one of several picture takers), the proportion of participants opting for the next-generation camera was higher when there was a
brand name change ($P = 78.4\%$) than brand name continuity ($P = 51.5\%; \chi^2(1) = 5.59, p < .05$).

But, when the risks were highly salient (i.e., they were the only picture taker), the proportion of participants opting for the next-generation camera was lower when there was a brand name change ($P_{Spectra} = 25.6\%$ vs. $P_{DX-500} = 45.5\%; \chi^2(1) = 3.10, p = .065$). Further, this significant interaction was largely driven by participants’ differing reactions to the brand name Spectra across the two Risk Salience conditions ($P_{Spectra/Low} = 78.4\%$ vs. $P_{Spectra/High} = 25.6\%; \chi^2(1) = 21.14, p < .001$), as opposed to their reactions to the brand name DX-500 ($P_{DX-500/Low} = 51.5\%$ vs. $P_{DX-500/High} = 45.5\%; \chi^2(1) = .243, p = .403$).

We found a distinctly different pattern of results when the generation length was short. Our logistic regression revealed a main effect for Risk Salience ($\beta = –1.05, W = 3.94, p < .05$), but no Brand Name by Risk Salience interaction ($p = .422$). In support of hypothesis 5, a short generational history moderated the effect of Brand Name on the proportion of participants choosing the next-generation camera both when risk salience was low ($P_{Spectra/Low} = 62.9\%$ vs. $P_{DX-300/Low} = 77.1\%; p = .297$) and when it was high ($P_{Spectra/High} = 51.4\%$ vs. $P_{DX-300/High} = 54.3\%; p = .998$).

Discussion

In studies 1 and 2, we established a link between branding strategies and perceptions of product change, with individuals perceiving greater product change when the name of a next-generation product deviated from an established naming convention than when it did not.

In this third study, we assessed the impact of these same naming conventions on the subsequent adoption of a next-generation product. First, we predicted and found that individuals
perceived both greater risks (hypothesis 2a) and greater rewards (hypothesis 2b) when the name of a next-generation product deviated from an established naming sequence than when it did not. Next, we argued that one’s preference for a next-generation product would be driven both by the naming convention employed and by the salience of the risks of adoption (hypothesis 3), with that preference being greater under brand name change when the salience of risks was low, but being greater under brand name continuity when the salience of risks was high. That is exactly what we found. Presumably, when the risks of new product adoption are highly salient, brand name continuity serves to reduce the perceived downside of that adoption. But when the risks of new product adoption are not salient, brand name change serves to highlight the perceived upside.

Finally, we found that the differential effects of a brand name change versus brand name continuity (1) on perceptions of risks and rewards and (2) on likelihood of new product adoption largely depended on the history of the existing naming convention (hypothesis 5). When the existing naming convention spanned many generations, the effect of a brand name change was pronounced. But when the existing naming convention spanned only a few generations, the effect of a brand name change was negligible. It seems that as an existing naming convention becomes established, the impact of deviating from that naming convention is perceived as more meaningful.

**STUDY 4**

Given the results of study 3, study 4 was conducted with several objectives in mind. First, we wished to replicate the results of study 3 with a different set of stimuli. As part of this
replication, we sought to assess the impact of naming convention when the salience of either risks (hypothesis 3) or rewards (hypothesis 4) are manipulated. Second, we have argued that a naming convention drives next-generation product adoption through its impact on perceived risks and rewards. We now test this relationship more explicitly, conducting a mediation analysis to formally assess the causal link between naming convention, perceptions of risks and rewards, and likelihood of purchase.

*Participants*

The 199 participants in study 4 were approached in the libraries of three urban universities in the U.K. and recruited to fill out a short paper and pencil survey in exchange for a candy bar.

*Design and Procedure*

Each survey presented participants with a hypothetical scenario and asked them to answer a series of questions based on that scenario. As in other studies, they were informed that there were no right or wrong answers. The scenario asked all participants to imagine that they were considering purchasing tax preparation software. They had done some research on the tax software currently available in the marketplace and, to date, had found one product that seemed to fit their needs. They were told that a company called DigiCom produced this product. They were also told the product represented the sixth generation of tax preparation software produced by DigiCom—the five previous generations were called Smartax 1.0 through to Smartax 5.0. To aid participants in their decision making, they were presented with the name, released date, retail
price, and five product attribute levels for this latest generation of software and for the previous
generation of software, as shown:³

<table>
<thead>
<tr>
<th></th>
<th>DIGICOM SMARTAX 5.0</th>
<th>DIGICOM [SMARTAX 6.0/PRO-TAX]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Release date</td>
<td>October 2005</td>
<td>August 2006</td>
</tr>
<tr>
<td>Retail price</td>
<td>£45</td>
<td>£55</td>
</tr>
<tr>
<td>Distinct entries</td>
<td>106</td>
<td>126</td>
</tr>
<tr>
<td>Affiliated banks</td>
<td>60</td>
<td>105</td>
</tr>
<tr>
<td>Storage capacity</td>
<td>48 MB</td>
<td>96 MB</td>
</tr>
<tr>
<td>Templates for reports</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>User interface</td>
<td>Sequential</td>
<td>Scaled</td>
</tr>
</tbody>
</table>

Within this basic scenario, we manipulated two factors in a 2 (Brand Name: Continuous vs.
Changed) x 2 (Salience: Salient Risk vs. Salient Reward) between-subjects design. The first
factor was the brand name of the latest generation of tax software. When brand name was
continuous, the latest-generation software followed the established naming sequence and was
called Smartax 6.0. But when brand name was changed, the latest generation software deviated
from the established naming sequence and was called Pro-Tax.⁴

The second factor, Salience, varied which was more salient at the time of product
consideration—the risks or the rewards of new product adoption. When risks of product adoption
were made salient, the scenario reminded participants that if the software proved too
complicated, they might have to spend additional money to hire a tax accountant. When rewards
were made salient, participants were told that a friend of theirs had obtained a significant tax
refund due to their use of tax preparation software.

Following these manipulations, and after being told that their options were either to
purchase the software being considered or to continue searching for another alternative,
participants were asked a series of questions. The first question provided the main dependent
variable. On a seven-point scale, participants were asked how likely they were to purchase this latest-generation software, anchored by “not at all likely” at 1 and “very likely” at 7. Next, we asked a set of questions designed to assess perceptions of risks and rewards. Specifically, to assess perceived risks, we asked participants to rate how likely the latest-generation software was to have technical problems relative to the previous generation (1 = definitely less likely, 7 = definitely more likely) and whether the latest-generation software would be easier or harder to learn than the previous generation (1 = definitely easier, to 7 = definitely harder). Similarly, to assess perceived rewards, we asked participants to rate the change between the latest and the previous generations of software on the five product attributes that were provided in the scenario (1 = small change, 7 = large change).

We then asked two questions to gauge the success of our manipulation of Salience. To assess the salience of risk, they were asked whether they agreed that the risk of choosing the wrong software was an important factor in deciding whether to buy the software (Salient Risk question). Both questions were answered on a seven-point scale (1 = strongly disagree, 7 = strongly agree). To assess the salience of reward, participants were asked whether they agreed that the reward of owning the right software was an important factor (Salient Reward question).

Results

Manipulation Check. To establish that we had successfully manipulated Salience, we ran a pair of 2 (Brand Name) × 2 (Salience) full-factorial, between-subjects ANOVA with participants’ responses to the Salient Risk and Salient Reward questions as the dependent variables.
As intended, we found that participants were more concerned with the potential risks of purchasing the software in the Salient Risk condition ($M = 5.05$) than in the Salient Reward condition ($M = 4.56$; $F(1, 195) = 5.24, p < .05$). Similarly, participants were more concerned with the potential rewards of purchasing the software in the Salient Reward condition ($M = 5.19$) than in the Salient Risk condition ($M = 4.73$; $F(1, 195) = 4.64, p < .05$). No other effects proved significant. Thus, it appears we manipulated the salience of risks and rewards as intended.

**Perceived Risks and Rewards.** As in study 3, we captured perceived risks via two questions: (1) whether the latest-generation software was more likely to have technical problems and (2) whether it would be harder to learn how to use. Similarly, we measured perceived rewards by asking participants to assess the degree of product change between the two generations on the five product attributes, the answers to which were averaged to form our dependent measure (Cronbach’s $\alpha = .82$). Mean responses for these variables across conditions are reported in table 2. In turn, we analyzed each of these dependent measures using a 2 (Brand Name) x 2 (Salience) full-factorial, between-subjects ANOVA.

With respect to “likelihood of technical problems,” we found a significant main effect for Brand Name ($F(1, 194) = 6.21, p < .05$), with participants anticipating more problems with the latest-generation tax software when it was named Pro-Tax ($M = 4.13$) than when it was called Smartax 6.0 ($M = 3.59$). They also anticipated a greater degree of “learning difficulty” when the software was named Pro-Tax ($M = 3.72$) than Smartax 6.0 ($M = 3.53$), but this latter result did not prove significant ($p = .299$). Again, in both cases, no other effects were significant.
In the case of “perceived product change,” participants interpreted the same objective difference in attribute levels as a greater improvement when the latest-generation tax software was named Pro-Tax ($M = 4.62$) than when it was named Smartax 6.0 ($M = 4.25$; $F(1, 195) = 5.49, p < .05$). No other effects were significant.

As in study 3, these results generally support the argument that a brand name change will lead to higher perceptions of both risks (hypothesis 2a) and rewards (hypothesis 2b) than will brand name continuity. Again, we observed these effects despite the fact that all the attribute values were held constant across experimental conditions.

**Likelihood of Purchase.** In turn, we predicted that a brand name change would make the latest-generation software *less* attractive when participants placed greater emphasis on the potential risks of the purchase than on the potential rewards (hypothesis 3), but *more* attractive when they placed greater emphasis on the potential rewards (hypothesis 4). Therefore, we conducted a 2 (Brand Name) x 2 (Salience) full-factorial, between-subjects ANOVA, with likelihood of purchasing the software as the dependent measure.

In this analysis, we found a marginally significant main effect for Salience ($F(1, 195) = 3.70, p = .056$), with participants more likely to opt for the latest-generation software in the Salient Reward condition ($M = 4.44$) than in the Salient Risk condition ($M = 4.00$). More important, this main effect was qualified by a highly significant Brand Name by Salience interaction ($F(1, 195) = 12.97, p < .001$), as can be seen in figure 4. Consistent with hypothesis 3, in the Salient Risk condition, participants were *less* likely to purchase the new software when there was a brand name change ($M = 3.63$) than when there was brand name continuity ($M = 4.35$; $F(1, 195) = -4.80, p < .05$). However, consistent with hypothesis 4, the opposite was true in the Salient Reward condition ($M_{Pro-Tax} = 4.92$ vs. $M_{Smartax} = 3.96$; $F(1, 195) = 8.44, p < .005$).
And, once again, this significant interaction appears to be largely driven by participants’ differing reactions to the brand name Pro-Tax across the two Salience conditions ($M_{\text{Pro-Tax/Risks}} = 3.63$ vs. $M_{\text{Pro-Tax/Rewards}} = 4.92$; $F(1, 195) = -39.65, p < .001$), as opposed to their reactions to the brand name Smartax 6.0 ($M_{\text{Smartax 6.0/Risks}} = 4.35$ vs. $M_{\text{Smartax 5.0/Rewards}} = 3.96; p = .234$).

Insert figure 4 about here

**Mediation Analysis.** At a process level, we have posited that the impact of brand name change on the likelihood of buying a next-generation product occurs through inferences consumers make about potential risks and rewards, and that the strength of these inferences will depend on the purchase context (i.e., whether the risks or rewards of adoption are made salient). To provide stronger evidence of the link between brand name strategies, risk and reward perceptions, and purchase intention, we ran two mediation analyses following the procedure set out by Baron and Kenny (1986).

It is important to note that in this study, Salience acted as a moderating variable. Given that no causal sequence is implied with moderating variables, we used Brand Name as the independent variable in our mediation analyses rather than the Brand Name by Salience interaction. However, given that the effect of brand name strategies on preferences was found to be contingent on the salience of risks and rewards of adoption, we had to include the latter as a blocking variable in the regression equations that included the dependent variable. Specifically, while we estimated the first regression equation using the aggregate data, the second and third regressions were estimated on data from different Salience conditions (Salient Risk or Salient Reward) depending on which mediator was being tested (perceived risks or perceived rewards, respectively).
We report the results of two mediation analyses: one for “perceived product change” and the other for “likelihood of technical problems.” These two analyses are depicted in figure 5. Note that we did not analyze “learning difficulty” because of the null result obtained in the ANOVA. First, the data indicated that our manipulation of Brand Name was significantly correlated with both “likelihood of technical problems” ($\beta = .18$, $t(196) = 2.51, p < .05$) and “perceived product change” ($\beta = .17$, $t(197) = 2.36, p < .05$). Second, Brand Name was also significantly correlated with the outcome variable, likelihood of purchase, in both the Salient Risk ($\beta = -.20$, $t(97) = -2.06, p < .05$) and Salient Reward ($\beta = .30$, $t(98) = 3.12, p < .005$) conditions. Finally, the third regression equations revealed that “likelihood of technical problems” fully mediated the relationship between Brand Name and likelihood of purchase in the Salient Risk condition ($\beta_{\text{technical problems}} = -.21$, $t(95) = -2.10, p < .05$; $\beta_{\text{brand name}} = -.17$, $t(95) = -1.66, p = .100$), while “perceived product change” partially mediated the relationship between Brand Name and likelihood of purchase in the Salient Reward condition ($\beta_{\text{product change}} = .29$, $t(97) = 3.05, p < .005$; $\beta_{\text{brand name}} = .24$, $t(97) = 2.51, p < .05$).

Taken together, these results provide more conclusive evidence that the predicted link between brand name strategies and purchase intention, which was found in study 3 to be contingent on the salience of risks and rewards of adoption, was in fact mediated by the participants’ own beliefs about the potential risks and rewards of adopting the next-generation software.
Discussion

One of the objectives of this fourth study was to replicate the findings of study 3 under a different set of conditions. In particular, we exposed participants to an additional product category, we asked them to evaluate a single offering rather than to choose between two competing alternatives, and (3) we manipulated of the salience of both the risks and the rewards of product adoption. Overall, the results suggest that the effect of brand name strategies on the adoption of next-generation products is robust to these changes in setting.

The other major objective of this experiment was to test whether perceptions of risks and rewards mediate the causal relationship between the brand name decision and preferences. The mediation analyses support our intuition that brand name decisions for next-generation offerings affect preferences through the consumers’ own appraisal of the product: a new brand name makes consumers think that they are exposed to greater potential risks and rewards, whereas an existing brand name makes consumers think that they are exposed to lower potential risks and rewards. These analyses examined the phenomenon at the process level and complement the main finding in study 3, and this fourth study, that this link between brand name strategies and choice or purchase intention is contingent on the salience of risks and rewards of adoption.

GENERAL DISCUSSION

Both within and across industries, firms employ different naming strategies when they introduce next-generation products. The research presented in this paper makes the argument that these different naming strategies can trigger vastly different consumer inferences and
expectations regarding product risks and rewards, directly impacting a consumer’s likelihood of product adoption.

Specifically, we have proposed that the decision to stick with an established naming convention across product generations serves to highlight perceptions of continuity, compatibility, and incremental progress, while limiting perceptions of product enhancement. Conversely, the decision to deviate from an established naming convention and move to an entirely new brand name leads to heightened beliefs of enhanced performance, but also perceptions of increased risks, such as performance malfunctions or learning costs.

Ultimately, the impact of these perceptions on buyer behavior will be driven by whether the purchase context makes salient either the risks or the rewards of new product adoption. If a consumer is more concerned with risks, then brand name continuity should lead to greater adoption than a brand name change. If a consumer is more concerned with rewards, however, then a brand name change should lead to a greater adoption.

Main Findings

Across four studies, we provided experimental evidence in support of five hypotheses. In studies 1 and 2, we demonstrated that individuals infer the level of product change offered by a next-generation product by its name relative to that of its predecessors. When the brand name deviated from an established naming convention, participants inferred significantly greater change than when it was a continuation of that naming convention (hypothesis 1).

We expanded on this result in studies 3 and 4 and show that individuals perceive both greater risks and greater rewards under a brand name change than under brand name continuity.
(hypotheses 2a and 2b). We find these effects particularly compelling, as they occurred despite holding constant the physical product change across the two naming conventions. In turn, we showed that these perceptions of risks and rewards had a systematic and predictable effect on product adoption. Across the two studies, when risks were either highly salient or more salient than rewards, product adoption was greater under brand name continuity than under brand name change (hypothesis 3). But, when risks were not salient or less salient than rewards, product adoption was greater under brand name change (hypothesis 4).

Finally, we also demonstrated that these effects are highly dependent upon the degree to which an existing naming strategy has been established (hypothesis 5). When the existing naming convention spanned many generations, the effect of a brand name change was pronounced. But when the existing naming convention spanned only a few generations, the effect of a brand name change was negligible.

Implications and Future Research

With the launch of a next-generation product, firms typically have the opportunity to continue with an existing naming sequence or switch to an entirely new brand name. In this research, we have shown that such a branding decision for next-generation products triggers significantly different inferences about the risks and rewards of purchasing the new offering depending on which naming convention is adopted. This finding has clear implications for practice, especially if one considers that consumers are likely to follow their beliefs even in the face of objective information about the degree of change between successive product versions.
On first glance, firms may find appealing the thought of using a new brand name to signal an important innovation. After all, the positivity bias described by Rogers (1995) suggests that consumers generally view innovation in a favorable light. However, the concern is that a new brand name not only leads consumers to believe that they are exposed to greater rewards, but it also leads consumers to believe that they are exposed to greater risks. Given these opposing beliefs, it becomes important for firms to (1) understand the full range of inferences triggered by their branding decisions and (2) manage expectations such that the positive dimensions are highlighted and the negative ones are downplayed. For instance, firms could analyze the typical processes leading to the purchase of a next-generation product or the different usage situations. If these tend to magnify the potential risks of adoption, then a name change may not be the best branding strategy to follow.

Our research has additional implications for the range of marketing activities firms should focus on to complement their branding choices. For example, if a name change triggers strong concerns on common issues such as backward compatibility, learning difficulty, or performance, then warranties and trial periods may be more attractive promotional tools than either quantity or price discounts. Conversely, if the decision is to continue with an existing naming sequence, then the firm’s marketing plan should favor activities that highlight the relative advantages of the new product (advertising, direct selling, etc.).

Firms need to keep in mind that the effect of a brand name change is only as “strong” as the length of the naming sequence preceding it. Take the example of Adobe and its popular Acrobat software for creating PDF files. Because the Acrobat program used a numeric sequence to index the first seven generations, the upcoming change to Acrobat CS (for “Creative Suite”) for the eighth installment is likely to renew perceptions of change. Of course, consumers may fear that
PDF files created with previous versions of the software may not open correctly with the new version, or that using the new program will be a frustrating experience. However, these potential obstacles might not be critical, or they could be overcome with a careful marketing campaign.

In terms of future research, a possible extension would be to consider the impact of competition on the effects documented in this paper. In particular, the interesting question is whether the brand name decisions of rival firms influence the inferences about perceived risks and rewards that consumers draw from the naming strategy of the focal firm. For example, it was reported that Microsoft decided to name their second-generation video game console Xbox 360 rather than Xbox 2 because it did not want to appear inferior to rival Sony who was getting ready to launch its PlayStation 3 (Rojas 2005). Similarly, when AMD entered the microprocessor market it decided to name its first offering K5 because management believed that rival Intel would soon release a next-generation microprocessor named 586. Next-generation branding decisions in the face of such competitive dynamics clearly deserve further attention.
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1. For instance, we first contrasted the perceived change between 1st and 2nd generation printers under brand name continuity and under brand name change. Next, we contrasted the perceived change between the 2nd and 3rd generation printers under the two naming strategies, and so forth.

2. Note that in a pre-test (n = 28), we assessed consumers’ impressions of the names Minox Spectra and Minox DX-500, when presented without the previous generations of cameras. Relative to the name Minox Spectra, the name Minox DX-500 was equally appealing (M = 4.14, p = .726), equally likely to convey a sense of technological innovation (M = 3.36, p = .104), and equally likely to convey “user-friendliness” (M = 4.50, p = .211), all measured using a seven-point scale anchored by “definitely DX-500” at 1 and “definitely Spectra” at 7.

3. These attributes and their values reflect those commonly found in the marketplace at the time the experiment was conducted.

4. When judged independent of the previous five generations of software, a pre-test (n = 23) indicated that the two names were equally appealing (M = 4.35, p = .474) and equally likely to convey a sense of technological innovation (M = 3.96, p = .930) or “user-friendliness” (M = 3.61, p = .377). Each measure was collected using a seven-point scale anchored by “definitely Smartax 6.0” at 1 and “definitely Pro-Tax” at 7.
TABLE 1

STUDY 3: THE EFFECTS OF BRAND NAME, RISK SALIENCE, AND GENERATION LENGTH ON MEAN RATINGS OF PERCEIVED RISKS AND REWARDS.

<table>
<thead>
<tr>
<th></th>
<th>Generation Length = Short</th>
<th>Generation Length = Long</th>
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<tbody>
<tr>
<td></td>
<td>Brand Name = Continuous</td>
<td>Brand Name = Changed</td>
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<tr>
<td></td>
<td>Low Risk (35)</td>
<td>High Risk (35)</td>
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<tr>
<td>Low Risk</td>
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</tr>
<tr>
<td>High Risk</td>
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<tr>
<td>Learning difficulty</td>
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<td>Product improvement</td>
<td>5.21</td>
<td>5.40</td>
</tr>
</tbody>
</table>

Note: number of participants in each experimental condition shown in parentheses.
### TABLE 2

**STUDY 4: THE EFFECTS OF BRAND NAME AND SALIENCE ON MEAN RATINGS OF PERCEIVED RISKS AND REWARDS.**

<table>
<thead>
<tr>
<th></th>
<th>Brand Name = Continuous</th>
<th></th>
<th>Brand Name = Changed</th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Salient Risk (51)</td>
<td>Salient Reward (50)</td>
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<td>Likelihood of tech. problems</td>
<td>3.69</td>
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<td>4.06</td>
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<tr>
<td>Learning difficulty</td>
<td>3.49</td>
<td>3.56</td>
<td>3.72</td>
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<tr>
<td>Product change</td>
<td>4.28</td>
<td>4.23</td>
<td>4.54</td>
<td>4.70</td>
</tr>
</tbody>
</table>

Note: number of participants in each experimental condition shown in parentheses.
FIGURE 1

STUDY 1: MEAN REPORTED PRODUCT CHANGE ACROSS SUCCESSIVE GENERATIONS OF COLOR PRINTERS.

Perceived Change Between Successive Generations (1-7 Scale)

Note: For printers marked with an asterisk, roughly half the participants saw the printer as named (continuous name condition), while the other half saw the names MagiColor, MagiColor II, and MagiColor III (name change condition).
FIGURE 2

STUDY 2: MEAN REPORTED PRODUCT CHANGE ACROSS SUCCESSIVE GENERATION OF PRINTERS UNDER SEQUENTIAL VERSUS SIMULTANEOUS PRESENTATION.

Perceived Change Between Successive Generations (1-10 Scale)
FIGURE 3

STUDY 3: THE EFFECTS OF BRAND NAME, RISK SALIENCE, AND GENERATION LENGTH ON PROBABILITY OF CHOOSING THE NEXT-GENERATION CAMERA.

### Gen. Length = Long

<table>
<thead>
<tr>
<th>% of Participants Choosing Next-Gen. Camera</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
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<td>78.4%</td>
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<tr>
<td>51.5%</td>
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</table>

### Gen. Length = Short

<table>
<thead>
<tr>
<th>% of Participants Choosing Next-Gen Camera</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
</tr>
<tr>
<td>77.1%</td>
</tr>
<tr>
<td>62.9%</td>
</tr>
</tbody>
</table>

Risk Salience
FIGURE 4

STUDY 4: THE EFFECTS OF BRAND NAME AND SALIENCE ON LIKELIHOOD OF PURCHASING THE NEXT-GENERATION TAX PREPARATION SOFTWARE.

Likelihood of Purchasing Next-Gen. Software (1-7 Scale)

Brand Name Change

Brand Name Continuity

Salience

Salient Risk  Salient Reward
FIGURE 5

STUDY 5: THE MEDIATING EFFECTS OF PERCEIVED RISK AND REWARD ON THE RELATIONSHIP BETWEEN BRAND NAME AND LIKELIHOOD OF PURCHASE.

Likelihood of technical problems

Brand Name

Direct: $p < .05$
Mediated: $p = .100$

Likelihood of purchase
(Salient Risk condition)

$\downarrow$

Likelihood of purchase
(Salient Reward condition)

Perceived product change

Brand Name

Direct: $p < .005$
Mediated: $p < .05$