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## **Unexpected Benefits of Being Less Rather Than More Similar: the Influence of Consumer Mindset and Brand Presence on Copycat Evaluation**

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Copycats imitate the features of incumbent brands to free-ride on their equity. The dominant idea is that the copycat gains more to the extent that its similarity to the incumbent brand increases. In contrast, three studies demonstrate that evaluation of the copycat is critically dependent on the mindset of the consumer and the presence of the incumbent. When a 'judge' mindset is activated or when the incumbent is present, highly similar copycats are actually evaluated less positively than moderately similar copycats are. Our results indicate that subtly similar copycats can be as or even more damaging than the blatantly similar copycats that have been focused upon mostly in marketing and law.

### **[to cite]:**

Femke van Horen, Rik Pieters, and Diederik A. Stapel (2009) ,"Unexpected Benefits of Being Less Rather Than More Similar: the Influence of Consumer Mindset and Brand Presence on Copycat Evaluation", in NA - Advances in Consumer Research Volume 36, eds. Ann L. McGill and Sharon Shavitt, Duluth, MN : Association for Consumer Research, Pages: 755-756.

### **[url]:**

<http://www.acrwebsite.org/volumes/14536/volumes/v36/NA-36>

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# Unexpected Benefits of Being Less Rather Than More Similar: The Influence of Consumer Mindset and Brand Presence on Copycat Evaluation

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## EXTENDED ABSTRACT

Suppose you are in a Wal-Mart supermarket and want to buy peanut butter. The Wal-Mart private label peanut butter is located next to the incumbent Skippy brand on the shelf. The Wal-Mart peanut butter has the same light-blue lid, an identical blue label with red lettering and the jar is of similar material and size. How would you evaluate the Wal-Mart peanut butter? Previous copycatting research would predict that the Wal-Mart private label is evaluated more positively the higher its similarity with the Skippy peanut butter is (Kapferer 1996; Loken, Ross and Hilke 1986; Warlop and Alba 2004). That is the general idea in the marketing literature is that increased similarity with the incumbent uniformly improves the evaluation of the copycat. We argue, instead, that in addition to similarity, copycat evaluation depends critically on the physical arrangement of the brands at the point-of-purchase and on the specific mindset that is activated in consumers while evaluating brands.

To date, remarkably little is known about how, in addition to the sheer degree of similarity, characteristics of the shopping situation, such as the physical arrangements in the supermarket and the consumers' mindset, influence the evaluation of copycats. Moreover, because the focus in theory and practice has traditionally been on highly similar, more blatant copycats (Zaichkowsky 2006), the effects of more subtle degrees of copycatting are largely unknown. That is, whereas blatant forms of copycatting are fairly straightforward to detect and taken to court, subtle forms of copycatting appear abound and are more difficult to detect, but—as we expect—may ironically benefit more from the incumbent's equity.

Social cognition theory (Sherif and Hovland 1961) and research in marketing (Herr 1989) has shown that contrast effects may occur when information about a product or brand is used as a comparison standard. Then, judgments about the brand will be displaced away from these comparison standards. Moreover, recent theories (Stapel and Suls 2004) suggest that the consumers' mindsets critically determine whether or not such comparison standards will be employed. Building on these ideas, the present research posits and shows that copycat evaluation is critically dependent on the i) consumer mindset (judge–consumer) and ii) brand presence (incumbent present–absent), as these prompt copycat–incumbent comparisons. Thus, when the Skippy peanut butter is in physical proximity when evaluating the Wal-Mart copycat, the latter might actually be evaluated less positively, as the incumbent brand is more likely to be used as a comparison standard, resulting in comparative contrast. In addition, when people are in a judgmental frame of mind (judge mindset) instead of an experiential frame of mind (consumer mindset) the Wal-Mart private label might be evaluated less positively as well. In a judge mindset, people are more inclined to critically appraise and gauge the copycat in terms of the acceptability of its trade dress tactics. In order to judge the copycat, a distinct representation of the incumbent brand will become accessible, which will be used as a comparison standard. This will result in a contrastive judgment, i.e., a devaluation of the copycat. We predict, however, that even when comparison is

instigated, contrast will only occur for highly similar, but not for moderately similar copycats, because information needs to be similar and extreme, rather than moderate, for comparison to result in contrast (Stapel, Koomen and Van der Pligt, 1997). Empirical support for these predictions would imply that contrary to common belief, lower similarity, subtle copycats can be as damaging as or even more damaging than higher similarity, blatant copycats.

Three studies tested the hypothesis that evaluation of copycats is dependent on the degree of similarity, but also, and critically, on the consumer's mindset and brand presence. In these studies the degree of similarity between a supermarket private label and an incumbent brand was systematically varied. Study 1 tested the prediction that the evaluation of degrees of copycat similarity is affected by the activated mindset. In the context of the introduction of a new olive oil, participants were asked to imagine either that they were considering to buy (consumer mindset) or that they were determining the acceptability of (judge mindset) an olive oil with a particular brand name. Next, they evaluated 25 brand names that differed in degree of similarity to the incumbent brand (no, low, moderate, high and extreme). The results showed, in support of the hypothesis, that when a consumer mindset was activated, highly similar copycats were preferred over less similar copycats. However, when a judge mindset was activated, highly similar copycats were liked less. Study 2 tested, in addition to similarity and consumer mindset, the influence of brand presence on copycat evaluation. Six brand names from Study 1 were selected with low and high similarity to an incumbent brand. Again either a consumer or a judge mindset condition was activated. And for half of the participants within each condition the incumbent brand name was present on the screen while they were evaluating each of the six brand names. The results of Study 2 replicated the results of Study 1 when the incumbent brand name was not present. However, when the incumbent brand name was present the results completely reversed: participants in the consumer mindset liked highly similar copycats less. In fact, when the incumbent brand name was present, participants in a consumer mindset evaluated the high similarity copycat as negative, as did participants in the judge mindset. Study 3 tested whether degree of copycat similarity and evaluation are, as our theory would predict, curvilinearly instead of linearly related, when the incumbent brand is present. In this study, brand packages instead of brand names were used respectively with low, moderate or high degree of copycat–incumbent similarity. In support of our predictions, the moderate similarity copycat was evaluated more positively than the low and high similarity copycat, when the incumbent brand was present.

These results demonstrate that in addition to the degree of similarity, the evaluation of copycats is influenced by characteristics of the shopping situation, such as the physical arrangements in the supermarket and the consumers' mindsets, as these aspects are likely to instigate explicit comparisons between copycat and incumbent brand. We showed that under circumstances that are conducive to explicit comparisons, moderately similar copycats are in fact liked more than highly similar copycats. This reveals the unexpected benefits of being subtly similar for copycats, and the

potential harm for the equity of incumbent brands that focus on combating the blatant copycats, whilst letting the subtle ones go by undetected.

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