

Abstract

Two experiments were conducted to examine the role of perceived Inter-brand Variability (IBV) in moderating the perception of a new product and its differentiation. In Study 1, subjects' perceived IBV and post-purchase satisfactory level with the target attribute were manipulated. Results of ANOVA showed that main effect for IBV was significant but not for satisfactory level. It was also shown subjects with low perceived IBV and were dissatisfied with their current product rated the new product stimulus as more superior than subjects with high-perceived IBV and those who were satisfied did (i.e. an interaction effect). As this result suggests promoting an attribute that consumers were dissatisfied with may not result in differentiated positioning if they perceived a high IBV on that attribute simultaneously, two strategies proposed to overcome this negative effect were tested in Study 2. Results indicate that one of the strategies (Spotlight strategy) is effective in changing consumers' perception of IBV and subsequent new product judgments. Finally, practical implications for marketing practitioners to launch a new product regarding the effective product differentiation were discussed.