

The Role of Category Labeling in Categorization and Evaluation of New Products

Pınar YILDIRIM  ^a

^a Bilgi University, School of Applied Sciences, İstanbul, Turkey. pinar.yildirim@bilgi.edu.tr

ARTICLE INFO	ABSTRACT
Keywords: New Product Category Label Categorization Attitude Purchase Intention Received 19 February 2020 Revised 13 July 2020 Accepted 10 November 2020 Article Classification: Research Article	Purpose – The purpose of this study is to analyze how consumers react to new products that do not fit into any existing product categories in their minds and how the category label provided for the new product helps them understand and categorize it. It intends to discover how consumers' attitudes, purchase intentions, and expected benefits from a new product are shaped when they can categorize the product versus when they cannot. The drink "cider" is chosen as the new product subject to the study. Although the imaginary cider brand in the study contains three percent alcohol, it is labeled either as a soft drink or an alcoholic drink. Another aim of the study is to test whether consumers' categorization decisions are affected by the labels and cues provided in the advertisements although more suitable categorizations are possible. Design/methodology/approach – (2 x 2) ANOVA is run on 350 participants. Category label is manipulated with a 2 (soft drink schema ad with no label indicated- alcoholic drink schema ad with no label indicated) x 2 (soft drink schema ad with soft drink label indicated- alcoholic drink schema ad with alcoholic drink label indicated) between-groups design. Findings – When faced with a new product, consumers categorize the product in the direction of the label provided in the advertisement and away from other more likely categorizations. Although the cider brand contains three percent alcohol, when it is labeled as a soft drink, it is categorized as a soft drink. Consumers who are uncertain about cider's product category showed lower attitude towards the product and purchase intention scores than consumers who are more confident about their category decisions. Discussion – When a new product is introduced into the market, the product's marketing communications should clearly define the product, its product category, its benefits, and usage situations. The label and cues given in the advertisements will help consumers to place the product into a category indicated by advertisements. Providing a label also helps consumers to have a positive attitude towards the product and increases its chance of trial.

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