It’s Not Always Effective to Position Brands Against Large Competitors

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**Abstract**

The current research examines how rivalry between two focal brands spills over to consumers’ preferences for an uninvolved third-party brand. Whereas prior work has emphasized outcomes for the rival brands, little is known about effects on third-party brands that operate in the same market. Drawing on social identity and intergroup relations, we argue that rivalry creates a competition-centered narrative that heightens perceptions of the third brand’s external disadvantage, casting it as less likely to win. In a pre-registered study, we show that brand rivalry reduced purchase intentions for the third-party brand. The negative rivalry effect on brand’s 3 purchase intention is mediated by the increased perceived external disadvantage. Our findings challenge recommendations that brands with a small market share position themselves against market leaders. The theoretical implications of these findings are discussed, as are potential avenues for future studies within this project.

**Track:** Product and Brand Management