What's in a Name – or Rather, What's the Cost of a *Negative* One?

By Michael Kelly, Ph.D.

It turns out to be about $4.6M in annual revenues, on average, compared with positive (or neutral) business names, based on a sentiment analysis that NAXION conducted of US business names.

Speak No Evil

Across the planet, cultures promote the positive and downplay the negative in their use of language. For example:

- Positive words like "happy," "good," and "success" are used more often than negative words like "sad," "bad," and "failure."

- Positive words are almost always mentioned first when opposites are paired in phrases like "heaven and hell," "win or lose," "for better or worse," and "Beauty and the Beast."

- When acquiring a language, we learn words with positive meanings more quickly than those with negative meanings.

Our suppression of the negative is also reflected in our naming practices – and even more dramatically. While positive words are used about twice as often as negative words in American English, they are 4x as common in place names, and 9x as common in the names of cities and towns where people live. It's hardly surprising, then, to find the same trend in the commercial sector. A sentiment analysis applied to names of US businesses listed in Dun & Bradstreet confirms that positive words outnumber the negative by almost 7:1.

Naming Rights

Biases against negative names reflect a natural psychological tendency to transfer connotations from a name to the thing it references. This mental "reflex," called *nominal realism*, is manifested in cultures with taboos against naming children after unappealing animals. And it's exhibited in our own culture when we avoid naming sports teams after animals that evoke "loser" stereotypes (e.g., sheep, mice) in favor of animals that seem like "winners" (e.g., the powerful, predatory stereotypes associated with lions, tigers, and bears) and even birds – animals that lack brawn or bravado but are empowered by flight (e.g., cardinals, blue jays).

Though not rational (wouldn't a team by any other name play as well?), nominal realism is how our emotional mind works. Consequently, we might expect the positive versus negative sentiment

projected by a name to have an impact on our behavior – in the business context, our *buying* behavior. So, does it? Specifically, do businesses with negative names perform less well than their positively named peers?

To test this possibility, we used a sentiment dictionary to code the overall positive versus negative sentiment of a large sample of US business names on Dun & Bradstreet. We then compared the annual sales figures reported in D&B for the businesses we identified as having net positive versus net negative sentiment in their names. As shown below, average sales were significantly lower for businesses with negative names:

Average Sales ($M) Depending on Whether Name Sentiment Positive or Negative
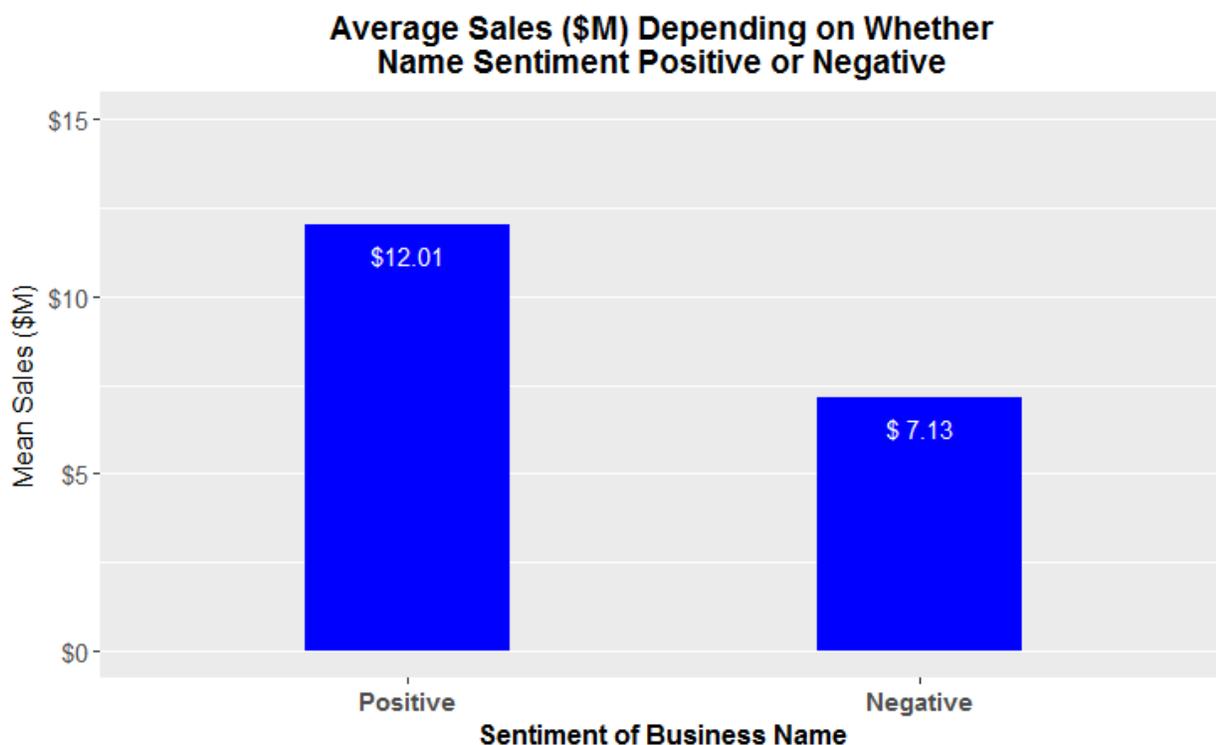
The relationship between name sentiment and revenues remains even after controlling for number of employees and industry, including industry names that are inherently negative, such as "Waste Management." *Additional analyses show that the effect reflects a cost of negative naming rather than a bonus for positive names*. Specifically, businesses with a net positive name sentiment experienced no revenue advantage compared with those with sentiment-neutral names, but businesses with negative names averaged lower revenues. This pattern is consistent with psychological evidence drawn from various sources that human beings have much greater negative *aversion* than positive *attraction*. For example, when we evaluate personality or character descriptions, negative attributes lower the likability of a person much more than positive attributes raise it.

Naming for Two Minds

Some might question the judgment of those who name their business "Rent-a-Wreck" or "Failure to Launch Productions" when other more positive (or at least neutral) options are readily available. But from a rational ("System 2") perspective, there's nothing wrong with business names that include negative words like "waste," "pain," or "catastrophe" if those words actually help to convey what the business offers. Negative category words that help the rational mind identify needed products or services (by representing them as the solution to a problem) deserve credit for clarity and efficiency. But the emotional, reflexive ("System 1") side of the mind is deaf to such arguments. Believing at a subconscious level in the "magical" power of names, it seeks to avoid the "contamination" from negative ones (*If I buy from a company named "Cheaper than Dirt", I must be dirt too….*). This yin of our mental life can block the yang of reflective decisions. Even negative words accorded some semblance of functional "neutrality" in the context of surnames – for instance "Hurt" or "Grimes" – could trigger unconscious emotional alarms if included in a business name, inhibiting purchase consideration. For an entrepreneur named "Graves," it may be more profitable to put ego aside and promote the business by demoting the self.

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