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Brand deletion: How the decision-making approach affects deletion success

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Abstract Literature on brand deletion (BD), a critical and topical decision within a firm's marketing strategy, is extremely scarce. The present research is concerned with the decision-making process and examines the effect on BD success of three different approaches to decision-making – rational, intuitive and political – and of the interaction between the rational and political approaches. The moderating effect of the type of BD – i.e., total brand killing or disposal vs. brand name change – is also analyzed. The model is tested on a sample of 155 cases of BD. Results point to positive effects on BD success of both rationality and intuition, and a negative effect of politics. Findings also indicate that the negative impact of political behavior on BD success is minimized in the absence of evidence and objective information and when the BD is undertaken through a brand name change.

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Introduction

After decades in which building a diversified portfolio of brands coupled with deep product lines was a customary practice in many firms (Keller et al., 2011; Morgan and Rego, 2009; Rosenbaum-Elliott et al., 2015), with the turnaround of the century we have witnessed a reversal in this trend.

Thus, brand deletion (hereinafter BD), i.e., discontinuing a brand from a firm's brand portfolio (Shah, 2013), in their different types, emerges as a strategic decision in the realm of brand portfolio management. Brands can be deleted through a *brand name change*. Examples of this move are the migration by Unilever from Starlux to Knorr, or the rebranding by the Santander banking group from Abbey in the UK or Banesto in Spain to the global brand Santander. In other instances, the deletion occurs through a *total brand killing*, so the company retires from the market both the brand and the product lines commercialized under that brand, as did General Motors (GM) when eliminating some

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emblematic brands, such as Hummer, Pontiac or Saturn. In the cases of Saab, Opel or Vauxhall, the deletion was made through *brand disposals*, as these brands were sold by GM and the new owners assumed their commercial use. Disposal was also used by the Danone Corporation to delete brands such as San Miguel, in the beer market (Barrett, 2000), or Lu and Príncipe, in the biscuits market (Jones, 2007).

These examples are not exceptional and serve to illustrate how more and more companies from diverse manufacturing and service sectors are embarking on BD strategies. Three main world-wide environmental factors have impelled BD and led many firms to focus on competing more strongly through their most strategically important brands. Firstly, days of rapid growth drew to a close for many industries and companies, and efficiency became a priority (Hooley and Saunders, 1993), which forced many diversified corporations to get rid of businesses that were unrelated to their own core competences (Varadarajan et al., 2006). Secondly, market globalization facilitated significant cost reductions derived from outsourcing and relocating operations in emerging countries, but it also triggered substantially increased market competition. The reaction of many corporations has been to focus their efforts on fewer but stronger brands with a global presence, divesting from local or regional brands (Depecik et al., 2014; Özsoy et al., 2012). Thirdly, the rising market share of private label brands has further prompted manufacturers to compete with a smaller set of strong brands rather than with a larger set of weak ones, thus deleting underperforming and secondary national brands (Sloot and Verhoef, 2008).

However, despite the strategic nature of the BD decision and the fact that many companies are suffering the environmental circumstances mentioned above, managers are not knowledgeable about how they should tackle the challenge to delete a brand, and scholarly research on BD is so scarce and fragmented that it is hard to talk of a cohesive body of knowledge on the subject.

Very few researchers have conceptually or empirically addressed issues of BD. Table 1 summarizes the main contributions found in this emerging but relevant research area. As regards conceptual works, Kumar (2003) adopts a normative approach and outlines a set of recommendations guiding managers during the BD process. The other conceptual works are geared toward classifying the explanatory factors underlying the BD adoption propensity either in general (Shah, 2015; Varadarajan et al., 2006) or in multinationals (Ketkar and Podoshen, 2015). Shah (2017a) identifies the outcomes which could serve to define a BD as successful and suggests a set of decision and implementation factors which could have an impact on these outcomes. Empirical papers are also scant and tend to focus on the outcomes of BD, either considering consumer evaluations as a performance measure (Mao et al., 2009; Mishra, 2017) or analyzing the impact on the firm's value by looking at stock market reactions after the announcement of a brand disposal (Depecik et al., 2014; Wiles et al., 2012). These studies reveal factors which affect customer and investors reactions to a BD (e.g., type of BD, brand weakness, scope, relatedness to other brands in the portfolio), yet treat BD as an exogenous event. In other words, these studies do not explicitly consider the BD decision maker's point of view and fail to examine why or how a BD decision was taken and how it

was implemented. One notable exception is the qualitative research by Shah (2017b) and Shah et al. (2017) in which, based on grounded theory, a causal model of the BD strategy is proposed and several questions are explored such as the context, reasons and fit of this strategy, the types of BD, as well as its implementation and consequences. Even if we look at a related field of study, namely research into brand delistings – i.e., the retailer's decision to remove an entire brand from its assortment, leading to the unavailability of the deleted brand within the retailer's stores, we see how this has been neglected in the literature, with empirical research having opted to focus on customer reaction to the delisting (Sloot and Verhoef, 2008; Wiebach and Hildebrandt, 2012).

Given the scarce and fragmented literature addressing BD and the importance of such a strategic decision *vis-à-vis* gaining or sustaining competitive advantage, further academic research exploring the factors which drive the success of BDs is clearly a must. The "black box" of how BDs are decided and executed must be opened. The present research is primarily concerned with the decision-making process. Based on the strategic decision-making literature (Child et al., 2010; Elbanna, 2006; Kester, 2011), we propose a model in which we consider how three different approaches to decision-making – namely, rational, intuitive and political – are related to BD success. We define BD success as the extent to which the company is satisfied with the outcomes and has achieved the objectives established at the time the decision was made. The use of these decision-making approaches have already been object of research in the strategic management literature, but the specificities of the BD strategy makes relevant to scrutinize their effect on performance in this particular context. Deleting a brand is usually a controversial and emotionally charged process (Shah, 2017a). Divergent perceptions, opinions and feelings are likely to emerge during the process. Whilst the BD may be considered indispensable for some stakeholders, for others it represents a failure or an unnecessary breach in the company's history. The extent to which rationality, intuition and politics drive (or are absent from) the decision-making can seriously affect the results from the deletion. Thus, our first objective is to empirically investigate how the way in which the BD is decided impacts on the outcomes of this decision. In addition, as outlined above, deleting a brand from a firm's portfolio may be carried out in a number of different ways (i.e., killing the brand, selling it, changing the brand name), each of which entails differing benefits and risks and which may require particular approaches. Based on a contingent perspective of the decision process-performance linkage (Fredrickson, 1983; Miller and Friesen, 1983), the second objective in this research is to investigate the interaction between the diverse approaches to decision-making and the type of BD to be executed. Therefore, we examine whether the influence of these approaches on BD success varies depending on whether the brand is totally killed off or sold to another company or deleted through a brand name change.

This research contributes to the strategic marketing and brand portfolio management literatures by addressing a managerially relevant and topical problem, namely, pruning a firm's brand portfolio, but which has thus far received little scholarly attention. We expand on the scant empirical

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