

Brand deletion implementation: the effect on performance of context and process factors

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Abstract

Although brand deletion (BD) is a key strategic decision within brand portfolio management, it has received very little attention in the scientific literature. This research expands the knowledge base on the BD strategy, particularly in the execution phase. Based on the literature addressing strategic change and marketing strategy implementation, this study explores the main and interaction effects of context (decentralization and consensus) and process (formalization and communication) implementation factors on the success of BD, measured in terms of its contribution to the firm's economic performance. Using a representative sample of 155 cases of BD, we show that the four factors are related to BD performance, although these relations are complex and intertwined. Consensus, communication, and decentralization positively affect BD performance, with consensus being particularly influential. Formalization is found to be a double-edged sword as the effects of formalizing the execution of the deletion are particularly convoluted.

Keywords: brand deletion, strategic implementation, formalization, decentralization, consensus, communication, brand deletion performance

1. Introduction

Firms face a growing number of external and internal pressures, including intense global competition, more demanding customers, increasingly prevalent low-cost strategies, and stricter requirements to demonstrate the return of marketing investments. In this environment, brands are an important source of competitive advantage, and companies must manage their brand portfolio wisely to avoid the complexity and hidden costs of maintaining an excessive number of brands, ensure a balanced portfolio where synergies among brands exist, and secure

a positive financial performance as well as value creation for relevant stakeholders (Beverland, Wilner, & Micheli, 2015; Chailan, 2010; Hsu, Fournier, & Srinivasan, 2016; Morgan & Rego, 2009). Over the last few decades, some important companies have deleted brands from their portfolio so as to focus on strong and well-positioned brands (Shah, 2015; Varadarajan, DeFanti, & Busch, 2006; Wiles, Morgan, & Rego, 2012). Brand deletion (hereinafter BD) is defined as “discontinuing a brand from a firm’s brand portfolio” (Shah, Laverie, & Davis, 2017, p. 438). Deletion can affect a brand which covers just a single or a small family of products/services –typical in companies that use a house of brands architecture with numerous distinct and stand-alone product/service brands– but can also affect a brand covering a large set, even the majority of the portfolio of products/services –as is the case when a branded house architecture is established and a unifying master brand is preeminent in the marketing of most of the company’s product/services. In other words, brands with a narrower or a wider scope could be deleted depending on the firm’s current composition of its brand portfolio and its brand architecture (Aaker & Joachimsthaler, 2000; Hsu et al., 2016; Rajagopal & Sanchez, 2004). The present study examines the execution phase in the deletion of product/service brands as well as of master brands.

Unilever and P&G are paradigmatic examples of corporations that have recently revised their portfolios of businesses and brands, implementing extensive deletion programs affecting many renowned product brands. Unilever’s “Path to Growth” strategy led the company to focus its efforts on fewer strategic markets and retain only strong brands. As a result, in just a few years Unilever deleted hundreds of product brands, including such well-known brands as Bertolli and Skippy (Morgan & Rego, 2009; Shah, 2015). Similarly, P&G undertook an ambitious brand consolidation program and eliminated nearly 100 brands in 2015 alone. P&G announced its divestment from very well-known and successful brands such as Pringles, Wella, and Duracell, which were sold for billions of dollars. GM also completed a recent

reduction of its brand portfolio and sold money-losing automotive brands such as Saab and Opel/Vauxhall (Reuters, 2017). The company also attempted to sell Hummer but, after being unsuccessful, retired the brand during its 2009 bankruptcy, along with other emblematic brands including Pontiac and Saturn (Shah, 2017b). Likewise, BD strategy is also increasingly relevant for service companies. For example, Telefónica, one of the world's largest telecom corporations, initiated an ambitious transformation of its brand portfolio strategy in 2010, which involved pruning a number of local brands in Europe and Latin America to concentrate its commercial activity on the brands Movistar, O2, and Vivo (Telefónica, 2011). Similarly, in order to focus its marketing efforts on the name Santander as a strong global brand, the Santander financial group eliminated some important local brands including Abbey in the UK and Banesto or Popular in Spain (Interbrand, 2019). Another interesting case of BD by service companies is Alphabet Inc.'s Google recent rebranding of the advertising software brands AdWords and DoubleClick, which are now presented as Google Ads and Google Marketing Platform (Reuters, 2018).

All these examples illustrate the importance and topicality of the BD strategy and show that it is not necessarily the consequence of managerial neglect or that it affects only declining and financially weak brands. Strong brands that perform well may also be consciously deleted from a firm's portfolio for strategic reasons (Capon, Berthon, Hulbert, & Pitt, 2001; Shah, 2017a). Whatever the reasons for deleting a brand, in their seminal research on BD propensity Varadarajan et al. (2006) find that many companies across many countries in varying manufacturing and service sectors are making major strategic changes in their brand portfolios that can have a huge positive or negative impact on performance. As a special case of corporate divestiture (Kolev, 2016), BD entails a critical adjustment to a firm's marketing strategy that may help to alleviate problems of misallocation of corporate and business resources, enhance coordination, and strengthen the competitive position and profitability of the retained brands.

However, despite its advantages, managers may be reluctant to execute this strategy because it often poses substantial obstacles (Shah, 2017b). For example, deleting a brand may require managers to admit prior mistakes (i.e., inappropriate strategies), and the divestiture it entails often generates political and personal resistance both inside and outside the firm (Cespedes & Piercy, 1996; Kolev, 2016). Shah (2017a: 371) describes BD as “stressful, controversial, and emotionally charged process”. Kumar (2003) notes that deleting a brand is not as easy as many executives believe. Most companies find unexpected difficulties during the execution and fail to achieve the desired strategic and financial outcomes.

Despite its relevance, scholarly research on BD strategy is extremely scarce (Kumar, 2003; Varadarajan et al., 2006; Shah, 2017a, 2017b). There is a vast amount of literature on strategic brand management addressing issues such as the creation and introduction of new brands, including the definition of brand identity and positioning, or strategies for enhancing and maintaining the value of brands in the long term, including brand extensions, co-branding, revitalization, etc. This abundant knowledge on these as well as many other important issues is skillfully reflected in many books that enlighten business and marketing professionals and which contribute to a better understanding of how to strategically manage brands (see for example Kapferer, 2015, or Keller, 2013, to name but a few of the leading and frequently cited manuals), although at best these devote just a few pages to discussing BD. Even if we look at the literature in the related field of product or service elimination, the conclusion is also that it is limited (Argouslidis, Baltas, & Mavrommatis, 2015; Avlonitis & Argouslidis, 2012; Gounaris, Avlonitis, & Papastathopoulou, 2006). As a result, very little is known about the drivers of successful BD (Shah, 2017a). The few theoretical articles that do exist on BD are geared toward identifying the explanatory factors underlying BD propensity, either in general (Shah, 2015; Varadarajan et al., 2006) or in multinationals (Ketkar & Podoshen, 2015). The few empirical papers to have been published deal with the effects of BD on performance, either

considering consumer evaluations as a performance measure (Mao, Luo, & Jain, 2009; Mishra, 2018) or analyzing the impact on the firm's value by looking at stock market reaction after the announcement of a brand disposal (Depecik, van Everdingen, & van Bruggen, 2014; Wiles et al., 2012). Very little empirical research has considered the company perspective and has scrutinized how its decisions and actions shape BD results. Notable exceptions are Shah's (2017a, 2017b) qualitative studies exploring why firms delete brands and what factors explain BD success or failure.

Against this background, this study attempts to narrow this important gap in the literature and thereby contribute to a better understanding of the BD phenomenon by empirically investigating what firms can or should do to successfully delete brands. In an effort to achieve this, the paper focuses on BD implementation. Unfortunately, our previous comment concerning the lack of scholarly attention paid to the BD strategy is also true if we take into account research on strategy implementation. According to Hutzschenreuter and Kleindienst (2006), research on strategy-process is unbalanced, with less attention having been paid to strategy implementation than to formulation. This is particularly alarming because, as suggested in product elimination literature, the implementation stage is felt to be particularly critical and complex because customers must deal with the inconvenience resulting from discontinuing products or services (Argouslidis, 2008). Consequently, companies must make subsequent internal adjustments to minimize the disruption to customers and employees (Argouslidis & McLean, 2004; Harness & Marr, 2001).

As previously noted, BD entails an intricate and demanding strategic change that affects both internal and external stakeholders. Managing these diverging expectations and reactions can be difficult and divisive. Thus, BD outcomes are conditioned by effective implementation. The scant literature on BD is nearly silent concerning how to successfully execute a BD strategy. Again, research on implementation in the field of product elimination is also limited

and focuses primarily on the choice companies make to remove products from the market, with a continuum of possibilities from immediate drop to slow phase-out (Avlonitis & Argouslidis, 2012). Intentionally, we draw a distinction between BD literature and product elimination literature. Brands and products are distinct entities, yet research tends to ignore BD, and product elimination theory only vaguely considers BD (Avlonitis & Argouslidis, 2012).

In summary, this study makes a novel and relevant contribution to the scant literature on BD, which is a very important but under-researched topic within brand portfolio management. Adopting an interdisciplinary view, the strategic management and marketing literature on strategy implementation is linked with the field of strategic brand management in order to expand our understanding of BD strategy. Based on the extant works on strategic change and marketing strategy implementation, the paper proposes an eclectic model that considers four variables derived from the distinction between context and process factors –i.e., how the strategic change is initiated and how it is actually executed– (Dutton & Duncan, 1987; Pettigrew, 1987; Pettigrew, Woodman, & Cameron, 2001) and between structural and interpersonal behavior implementation factors (Noble, 1999; Noble & Mokwa, 1999; Skivington & Daft, 1991). In particular, the study explores how decentralization, consensus, formalization, and communication affect the firm’s results attributed to BD. Given that the pros and cons of the structural factors of strategy implementation (i.e., decentralization and formalization) are still the subject of debate, and that consensus-building and communication efforts imply investing time and money, their joint effect on performance should be examined, particularly in view of the special nature of the BD strategy. Furthermore, this study assumes that the relation of these factors with BD performance is complex as all four variables are intertwined. Thus, understanding the potential interactions among these variables helps to expand knowledge on brand portfolio management about how BD strategy is materialized (Leonardi, 2015) and affects a firm’s economic performance (Hrebiniak, 2006).

2. Theoretical background

Strategic changes, such as deleting a brand, may help the firm to overcome inertia, as well as to innovate and adapt its environment. Yet at the same time, such a change may trigger disruptive effects that lead to inefficiencies and a waste of resources that can impair performance (Herrmann & Nadkarni, 2014). The implementation of a strategic change is often uncertain and complicated, and the outcomes depend on a myriad of factors. Although an exhaustive discussion of these factors is beyond the scope of this paper, Pettigrew (1987) and Pettigrew et al. (2001) develop an overarching framework which shows that strategic change processes are embedded in contexts. Much of the legitimacy for change is derived from the context, which enables or constrains the change process (Pettigrew, 1987; Pettigrew et al., 2001). According to Dutton and Duncan (1987), two major phases can be identified in a strategic change: initiation and implementation. Initiation occurs when the need for change is established, and this phase covers the activities that lead to the decision to make the change (in our case, the strategic decision to delete a brand). These initial activities shape a more or less favorable context for the change implementation phase, i.e., when the decision is in fact executed. As such, BD embodies an important transformation within a firm's marketing strategy and consequently its implementation process must consider the context in which the BD is executed. Thus, the paper investigates how context and process implementation factors are related to the success of the BD, measured in terms of its contribution to improving the firm's economic performance.

This distinction between context (i.e., how the BD strategy is initiated) and process (how the BD is actually executed) factors is complemented with the distinction in the literature on marketing strategy implementation, which considers two major dimensions: structure and interpersonal behavior (Noble, 1999; Noble & Mokwa, 1999; Olson, Slater, & Hult, 2005; Piercy, 1998). These dimensions reflect a debate concerning the nature and definition of

strategic implementation, with some scholars conceptualizing it as a formal or mechanistic operationalization of a clearly articulated plan and others emphasizing the behavioral or organic aspects of implementation (Hutzschenreuter & Kleindienst, 2006; Noble, 1999). A holistic view considers implementation as an action-oriented human behavioral activity that requires a proper strategy–structure alignment to successfully put into operation a new business strategy (Drazin & Howard, 2004; Noble, 1999). Following on from this perspective, variables from both structural and interpersonal perspectives must be considered to determine their inextricable links and to understand the determinants of success or failure of strategic implementation (Pettigrew, 1987; Skivington & Daft, 1991).

In line with these theoretical arguments, and given the lack of prior academic research on BD implementation, this paper proposes a taxonomy of key BD implementation variables that help to explain *BD performance*, defined as the extent to which a company improves or worsens its financial (margins, profits, profitability, etc.) and market (number of customers, sales volume, market share, etc.) performance indices due to having deleted the brand. As shown in Table 1, the proposed taxonomy includes context (BD initiation) and process (BD execution) factors and considers both structural as well as interpersonal behavior views of strategic implementation.

In particular, decentralization and consensus are studied as contextual factors that help to legitimize the BD decision from its inception (i.e., these factors operate before the BD is actually executed), and are therefore related to BD performance. According to Shah et al. (2017), BD cannot happen overnight, but is a strategic decision which could take months or even years to get the brand out of the market. Who makes or participates in the decision, as well as the extent to which relevant stakeholders in the company agree or not on the need to delete a brand, can help or hinder BD implementation. *Decentralization*, a fundamental dimension in the structural view, is defined as the delegation of authority from top managers

to lower management levels (Olson et al., 2005) and reflects the extent to which BD decision-making is participative. There is a debate as to whether brand management proves more efficient when entrusted to middle managers, as frequently occurs in many companies, or whether it should be the direct responsibility of senior managers (Capon et al., 2001). *Consensus*, an essential component in the interpersonal behavior view, is defined as the shared understanding of strategic priorities among managers at the top, middle, and/or operational levels of the organization (Floyd & Wooldridge, 1992a; Kellermanns, Walter, Lechner, & Floyd, 2005). Building consensus is positive, but requires a time-consuming effort that could end in a blockage of planned strategies (Argouslidis et al. 2015; Townsend, Cavusgil, & Baba, 2010). As Pettigrew (2012) notes, strategic change is easier in receptive contexts where coherence and clarity of goals as well as cooperation and support are found. Thus, the BD context (i.e., whether the BD decision was more or less participative and whether or not an effort was made to achieve consensus) facilitates or constrains the process of implementing a BD strategy (Shah, 2017a). In other words, how the BD was initiated conditions the effectiveness of managerial actions during BD execution.

Nevertheless, a favorable context for strategic change is no guarantee of success. Once the change has been initiated (more specifically, once the decision to make a change has been made), the implementation process also matters. How the execution phase is managed and the actions actually taken during the BD can help to materialize the desired outcomes and remove obstacles. Two BD process factors that have also been considered in product elimination literature are contemplated in this study: formalization and communication. *Formalization*, defined as the degree to which standardized rules and protocols affect intrafirm actions (Avlonitis & Argouslidis, 2012), is a representative construct of the structural view of implementation. Formalized BD execution is characterized by a controlled procedure with prescribed guidelines, tasks and responsibilities, milestones for brand phase-out, and regular

monitoring. *Communication*, defined as the dissemination, both internally and externally, of information related to the strategy (Christensen, Morsing, & Cheney, 2008), is a core element in the conceptualization of strategy implementation (Noble, 1999), and is vital in shaping interpersonal behavior. Effective communication during BD execution may be indispensable to inform internal (e.g., affected employees and managers) and external stakeholders (e.g., customers, distribution channel members) about why and how the brand is being deleted, and to manage their reactions so as to ensure the impact is minimal and the deletion is accomplished as planned.

The relevance of these four factors has been widely acknowledged in marketing strategy implementation and strategic change literatures (Cespedes & Piercy, 1996; Noble & Mokwa, 1999; Piercy, 1990, 1998; Smith, 2011; Thorpe & Morgan, 2007; Walker Jr & Ruekert, 1987), in which increasing emphasis is being placed on the importance of behavioral and process factors that offer a more realistic view of implementation. Nevertheless, further empirical research is required. The importance of communication seems obvious in the field of strategic brand management, and decentralization, consensus and formalization have also been explicitly or implicitly contemplated as meaningful components in the internal and external branding policies implemented to ensure that brands deliver value for company and customers alike (Iyer, Davari, & Paswan, 2018; Lee, O’Cass, & Sok, 2017; Matanda & Ewing, 2012; M’zungu, Merrilees, & Miller, 2017; Santos-Vijande, del Río-Lanza, Suárez-Álvarez, & Díaz-Martín, 2013; Townsend et al., 2010). It is, however, necessary to examine how these factors operate when the company attempts to delete a brand.

[Table 1 here]

3. Hypotheses

Figure 1 depicts the conceptual model and the research hypotheses. The main and interaction effects of decentralization, consensus, formalization and communication on BD performance are investigated.

[Figure 1 here]

3.1. Effects of implementation context

As regards the context in which the BD decision was adopted, it is conjectured that the level of decentralization and consensus around BD can influence firm performance, given that these variables condition middle managers' positive or negative perceptions about the quality or legitimacy of this strategy, and hence their commitment throughout its implementation. In turn, middle managers influence the resistance to or acceptance of the BD among employees and other stakeholders (Cespedes & Piercy, 1996).

Although prior research provides contradictory findings on the effect of decentralization on performance (Hutzschenreuter & Kleinsdienst, 2006), in the cases of major strategic changes, such as a BD, the benefits of greater decentralization are expected to prevail. Decentralization increases the range of vision so that optimal alternatives can be considered (Cespedes & Piercy, 1996; Challagalla, Murtha, & Jaworski, 2014; Dutton & Duncan, 1987; Eden & Ackermann, 2010; Lin & Germain, 2003). Middle managers are in a good position –arguably in a better position than top managers– to recognize the firm's most valuable assets (Lampaki & Papadakis, 2018; Wooldridge, Schmid, & Floyd, 2008). Because they understand how each brand contributes to the company's result, they can help to make more informed and rational choices regarding which brands can be deleted without causing adverse spillover effects to the other brands that remain in the portfolio. Decentralization may also elicit more positive (or less negative) beliefs and emotions as well as more favorable reactions (or less resistance) to plans for important organizational changes (Huy, Corley, & Kraatz, 2014; Pinderit, 2000).

Decentralization helps to foster a sense of ownership of the projects promoted by the company (Barton & Ambrosini, 2013; Chiaburu, Thundiyil, & Wang, 2014; West & Meyer, 1998), which encourages greater involvement and collaboration to improve organizational performance (Dutton & Duncan, 1987; Huy et al., 2014). In this context, stakeholders are less likely to engage in boycotts or blocking maneuvers such as delaying tactics, information filtering, or bargaining activities to hinder the BD implementation process, and which would only elevate the deletion costs. Accordingly, the following hypothesis is proposed:

H1: *The greater the decentralization, the better the BD performance.*

Prior literature finds that consensus is positively related to performance (Kellermanns, Walter, Floyd, Lechner, & Shaw et al. 2011). Consensus enhances the perception of the legitimacy or fairness of the strategic decision-making and promotes reciprocation by individuals, who are more willing to share their knowledge (Hutzschenreuter & Kleinsdienst, 2006). Teams working for a brand are closer to the market than top managers, such that consensus should help to integrate the experience and insights from internal and external agents. By contributing to a shared strategic thinking, consensus serves as a catalyst for the process and improves the coordination and integration of collective efforts (Wooldridge et al., 2008). Consensus reduces conflict, as members of the organization feel their interests have at least been considered and their concerns have been voiced, thus reducing employee stress and enhancing their motivation and collaboration to solve any issue that arises during BD implementation. Thus, consensus softens the process, thereby lowering deletion costs, and contributes to the consistent and successful execution of a given strategy (Cespedes & Piercy, 1996; Dess & Priem, 1995; Dooley, Fryxell, & Judge, 2000; Smith, 2011). Therefore, the following hypothesis is stated:

H2: *The greater the consensus, the better the BD performance.*

The literature proposes combining both structure and interpersonal behavior views so as to better understand the success factors involved in strategy implementation (Noble, 1999; Noble & Mokwa, 1999; Skivington & Daft, 1991). Collier, Fishwick, and Floyd (2004) point out that consensus within an organization leads to better decisions and superior performance when it is triggered by structures that favor the participation of a broader range of organization members. Furthermore, decentralization reduces the cost of consensus because it lowers information transfer costs and facilitates the development of a shared understanding of planned strategies, which positively influences economic performance (Chapman & Kihn, 2009; Wooldridge & Floyd, 1990).

The previous discussion suggests a positive interaction between decentralization and consensus. The strategic nature of the BD decision (Shah, 2015) requires thoroughly considering diverse information and points of view (e.g., regional, product, and brand managers, etc.). Decentralization helps to integrate the wisdom and opinions of more people and to consensually articulate adequate and adaptable responses to a dynamic set of challenging circumstances (Dutton & Duncan, 1987). It seems reasonable to expect that, if managers below the top management team level have both a say and can vote to decide which brand to delete, they are more likely to perceive this change as legitimate and cooperate in its implementation (Barton & Ambrosini, 2013; Cruikshank et al., 2015; Huy et al., 2014; Pinderit, 2000). Even for those who do not take part in the decision-making, knowing that there was widespread conversation, that the BD decision was participative and that an effort was made to achieve consensus should elicit positive appraisals and translate into a smoother and more efficient implementation. Therefore, the following hypothesis is stated:

H3: *The greater the decentralization, the more positive the effect of consensus on BD performance.*

3.2. Effects of implementation process

An effective implementation process can help to materialize the positive effects of strategic change by ensuring consistent execution of the strategy, minimizing the final manifestations of resistance to change, or gaining further support and commitment from stakeholders (Dutton & Duncan, 1987; Herrmann & Nadkarni, 2014).

Although the value of formalization during strategy implementation is controversial because it is frequently understood as being synonymous with bureaucracy and rigidity, formalizing the process may help to successfully implement planned strategies (Auh & Menguc, 2007). Formalization makes organizational actions more precise as it offers a clear definition of the means to accomplish strategic goals, thus enabling greater coordination and faster implementation of marketing strategies (Krush, Agnihotri, & Trainor, 2016) and reducing uncertainty, confusion and conflict in periods of organizational transformation (Smith, 2011; Wooldridge et al., 2008). Having transparent control mechanisms and predefined performance measures facilitates the diagnosis of strategy implementation as managers can monitor the outcomes and rationally respond to unexpected deviations (Ho, Wu, & Wu, 2014).

The authors are not aware of any study that examines the effect of formalization on BD. In their qualitative study, Shah et al. (2017) observe that BD procedures are conspicuously informal, probably due to the infrequent nature of BD. They did not, however, investigate how the degree of formality influences performance. Studies in the related field of product elimination emphasize the benefits of formalized procedures. Avlonitis (1985) found that formality helps to prevent managers from unduly postponing the product elimination decision. Subsequently, some studies emphasize the benefits of formalization (Argouslidis, 2008; Argouslidis & Baltas, 2007; Gounaris et al., 2006). Thus, although formalization can add complexity to the implementation process, particularly in turbulent environments (Argouslidis

& Baltas, 2007; Argouslidis & McLean, 2001), Avlonitis and Argouslidis's (2012), a systematic review of product elimination research suggests that formalization leads to faster and more efficient product eliminations and has a positive overall impact on firm performance. Moreover, formalization allows the company to anticipate potential obstacles and deploy measures to mitigate negative reactions such as customer or employee resistance. Therefore, the following hypothesis is stated:

H4: *The greater the formalization, the better the BD performance.*

When a company starts a new strategy, both external and internal communication proves key to managing change (Clutterbuck & Hirst, 2002; Hrebiniak, 2006; Yakimova & Beverland, 2005). Thus, good internal communication helps companies to explain how environmental challenges impact organizational decisions and reduce uncertainty in processes of change (Barton & Ambrosini, 2013; Clutterbuck & Hirst, 2002; García-Carbonell, Martín-Alcázar, & Sánchez-Gardey, 2016; Jimmieson, Terry, & Callan, 2004; Rafferty & Jimmieson, 2017; van Vuuren & Elving, 2008; Welch & Jackson, 2007). Chimhanzi (2004) finds that the frequency of interpersonal communication positively influences the effectiveness of marketing strategy implementation. Prior BD literature has explored reactions to the announcements of deletions and the disposal of brands and has found that consumers and other stakeholders (e.g., investors) often fail to understand the BD strategy (Mao et al., 2009; Wiles et al., 2012). Homburg, Fürst, and Prigge (2010) find that firms, if they make the right effort, can mitigate the economic and psychological costs faced by customers affected by product elimination. Thus, companies should make timely announcements and correctly explain the BD decision so as to help customers understand why a certain brand is being deleted and what possible alternatives and solutions the company may provide. In other words, a firm's efforts to improve external and internal information flows during BD should help the firm to gain support and

overcome resistance (Cespedes & Piercy, 1996), which has a positive effect on the firm's overall economic performance. Hence, the following hypothesis is stated:

H5: *The greater the communication, the better the BD performance.*

3.3. Moderating effects of the BD implementation context on the relationship between process and performance

One final set of hypotheses in our model deals with the analysis of the moderating effect of contextual variables, which may amplify or attenuate the magnitude of the relation between the process variables and BD performance. Whether a particular BD is welcomed or heavily disputed depends on how this strategic change was initiated. Moreover, a proper implementation process is required to capitalize on the initial support gained or to minimize conflict, resistance, delays and inefficiencies during execution. Accordingly, this study assumes that the effectiveness of formalizing the BD execution and communicating it to stakeholders is contingent on the level of decentralization and consensus.

First, decentralization favors autonomy in decision-making, shifting the locus of authority to lower levels of the organization (Seibert, Silver, & Randolph, 2004). In this context, formalization can be devised as a mechanism to regulate behaviors and prevent managers from acting anarchically or inconsistently with planned strategies (Schminke, Ambrose, & Cropanzano, 2000). However, several arguments support a negative interaction between decentralization and formalization. Auh and Menguc (2007) observe that under a decentralized structure formalization may be more difficult to implement because decentralization entails empowerment, which makes it challenging to formalize work rules and task processes. Formalization is coherent with a centralized structure, where establishing formal rules, protocols and control mechanisms creates greater efficiency and allows for the implementation of strategies as planned, whereas formalization is somewhat incompatible with decentralized decision-making (Moravec, Johannessen, & Hjelman, 1998; Walker Jr & Ruekert, 1987). In a

decentralized structure, too much formality is likely to be negatively perceived as a source of time-consuming bureaucracy and an obstacle to cross-functional coordination (Lin & Germain, 2003). Formalized control mechanisms during strategy implementation can restrict individuals' flexibility and ability to quickly respond to unexpected contingencies (Naughton & Outcalt, 1988). Thus, the following hypothesis is stated:

H6: *The greater the decentralization, the less positive the effect of formalization on BD performance.*

Because different types of information located in diverse parts of the organization are needed when communicating a strategy, decentralization and communication complement each other to boost the convergence of interests and goals and so promote the coordination of efforts across units and managers at different levels (Andersen, 2005). Decentralized nodes facilitate employee access to relevant information and insights from managers and can broaden the BD communication process. In addition, an important strategic change such as BD may be seen either as a threat or as an opportunity. Involving managers below the top management level in the decision-making process can encourage them to positively interpret deletion as an opportunity and to transfer this vision to their subordinates (Floyd & Wooldridge, 1992b). According to Cruikshank, Auster, Basir, and Ruebotton (2015), middle managers' participation in strategic decision-making enhances their knowledge of the strategy, which allows them to more accurately communicate it to employees and customers. In contrast, middle managers who perceive their environment as hierarchical tend to see their own knowledge of corporate objectives and strategies as more limited, such that they feel less prepared to collaborate in strategy communication. Consistent messaging and credible information is therefore more likely when a company approaches BD in a participative manner, so that middle managers are not merely passive recipients and transmitters of unidirectional information about the strategic change (Barton & Ambrosini, 2013; Huy et al., 2014).

Otherwise, doubts concerning the firm's true intentions are likely to emerge, and the information may be perceived as managerial manipulation. In addition, decentralization reduces the cost of communicating the BD decision as the reasons to delete the brand have been previously shared and discussed among managers at various levels. Hence, the following hypothesis is stated:

H7: *The greater the decentralization, the more positive the effect of communication on BD performance.*

Consensus and formalization may produce synergetic effects. Clear and effective protocols are more easily determined when decisions are made under a context characterized by an agreed-upon point of view, with well-defined objectives and organizational expectations, thus reducing uncertainty and enhancing execution efficiency throughout the process (Hackman & Wageman, 2005; Piercy & Morgan, 1994). According to Ho et al. (2014), the use of control mechanisms and performance measures in strategy implementation is more effective when consensus exists around the strategy and the measures considered because employees have a clear understanding of the methods and protocols put in place to implement the strategy. In contrast, lack of consensus may lead to the perception of incomplete or biased procedures, stress, and role conflicts between subordinates and supervisors. Consequently, consensus-building is expected to potentiate the benefits of formalizing the BD implementation process. Therefore, the following hypothesis is stated:

H8: *The greater the consensus, the more positive the effect of formalization on BD performance.*

The effectiveness of a particular strategy depends not only on its fit with the firm's competitive environment but also on the firm's ability to clearly communicate the strategy so as to ensure it is widely accepted and understood throughout the organization (Kalla, 2005; McDermott & Boyer, 1999). Communication helps in strategy implementation as it allows

people across different hierarchical levels, from top managers to shop floor workers, to converge on a common view of the firm's priorities and so focus their efforts on achieving a unified set of goals (Dutton & Duncan, 1987; Floyd & Wooldridge, 1992a; McDermott & Boyer, 1999). However, because communication is also a vital ingredient for consensus-building in the BD initiation phase, communication during the implementation phase may be perceived as redundant and lead to an overload of information, ultimately resulting in inefficiency. Thus, once a firm achieves substantial consensus around a BD strategy, overexplaining the reasons for a BD or overselling its benefits can slow down the implementation process or convey misleading and demotivating signals of ambivalence and doubts about the adequacy of the strategy (Barton & Ambrosini, 2013; Pinderit, 2000). In other words, when pre-deletion communication successfully explains the BD rationale to negotiate and reach consensus with key stakeholders, subsequent communication may be superfluous and ineffective vis-à-vis gaining further support, and might even have adverse effects. Thus, the following hypothesis is stated:

H9: *The greater the consensus, the less positive the effect of communication on BD performance.*

4. Methodology

4.1. Sample and data collection

For the empirical study, 1,362 Spanish firms with over 50 employees from both manufacturing and service industries were randomly selected from the Amadeus database¹ using stratified sampling with the industry as stratum. Firms were contacted by mail and telephone to inform them about our research project, and were asked whether they had recently

¹ Compiled by Bureau van Dijk (BvD), a Moody's Analytics Company. They also compiled Orbis, Sabi, among other international, national and specialist databases.

deleted one or more brands from their brand portfolio. From this initial contact, 792 firms were excluded either because they had not deleted any brand or because their parent company was already included in our sample; 338 refused to participate because, despite the fact that confidentiality was guaranteed, they were unwilling to disclose any information regarding BD or because managers said they were too busy to answer. The final sample comprises 232 companies that expressed a desire to participate.

Eight in-depth interviews were conducted to explore managers' point of view about the relevance of the variables identified in our model. The managers interviewed were key informants directly involved in one or more BD processes. Five managers worked in manufacturing companies and three in services sectors. Moreover, five managers belonged to large companies and three to medium-sized companies, which helped us to obtain multiple perspectives about the BD phenomenon. In particular, they agreed about the importance of reaching a consensus to avoid adverse reactions to the deletion of a brand, and highlighted the importance of carefully managing internal and external communication during the deletion execution process. Subsequently, we again contacted the eight managers to pretest the final version of the questionnaire. As no major problems were found, we sent the validated version of the questionnaire to the remaining 224 firms in the sample of companies that expressed their intention to participate in our study. After a follow-up by telephone, email, and personal visits to their offices, 111 firms completed one or more valid questionnaires, from November 2015 to May 2016, yielding an effective response rate of 48%. In total, information was collected on 155 cases of recently executed BDs, which is the unit of analysis in this study. Table 2 shows the sample characteristics.

[Table 2 here]

Following Armstrong and Overton (1977), nonresponse bias is examined and no significant differences are found in the scores given by early (33%) and late respondents (33%). Sample

representativeness is assessed via a proportion test. Table 3 shows that the wholesale and retail trade sector is slightly underrepresented in the sample, as one would expect given that brands are less a part of such firms' business models. In contrast, the information and communication sector is slightly overrepresented. Atresmedia, one of the leading private media groups in Spain, took part in our research, which may have had a snowball effect, encouraging other companies within this sector to also participate.

[Table 3 here]

Information quality is assessed by comparing secondary data on sales and employees from the Amadeus database with self-reported data. High correlations are observed for both sales (0.89) and employees (0.88), indicating the answers given by informants are reliable. Because a single informant provided the data for each BD case, some of the best practices described in the literature were applied to a priori minimize method bias (Podsakoff et al., 2003). In particular, respondent anonymity was protected, and it was verified that respondents were executives in a position to provide accurate information and opinions. Respondents were asked about their direct participation in the BD decision and implementation as well as their knowledge of the reasons and facts surrounding the deletion. Mean scores for these questions were, respectively, 5.75 and 6.38 out of 7.0, indicating that the key informants in our sample are a valid source of information. Nevertheless, whether or not substantial common method variance (CMV) is present in our data is also examined using Harman's one-factor test. Exploratory factor analysis produced six factors with an eigenvalue greater than 1, explaining 79.2% of total variance, with the first factor accounting for only 30.1%. According to Fuller et al. (2016), these results indicate that little CMV is observed in our data and, more importantly, such a small CMV is unlikely to substantially bias the estimated relationships.

4.2. Construct measurement

Given the pioneering nature of the current research, no established measures exist for the variables of our BD implementation model. Instruments from product elimination and organization literature were therefore adapted. Table 4 shows the specific items used to measure the constructs in our model. Based on Argouslidis et al. (2015), decentralization is measured with a single-item scale reflecting the managerial levels participating in BD decision-making. Consensus is measured with a three-item scale adapted from Flood, Hannan, Smith, Turner, West, and Dawson (2000). Formalization is operationalized using five items adapted from Argouslidis (2008), Argouslidis and Baltas (2007), and Collier et al. (2004). A three-item scale is developed to measure communication during BD implementation. This scale reflects communication efforts both inside and outside the organization. BD performance is measured with two items reflecting the extent to which the BD contributed to an improvement or a worsening of the firm's financial and market performance.

[Table 4 here]

Six control variables were included to account for alternative explanations of BD performance and to control sample heterogeneity: BD experience, the firm's prior economic situation, type of BD, scope of deleted brand, industry, and B2B market. First, in line with Varadarajan et al. (2006), the effects of having previous experience in similar strategies were controlled. A single-item scale adapted from Dayan and Elbanna (2011) was used to measure the firm's experience in BDs. Past experience results in an accumulation of relevant information (Finkelstein & Hambrick, 1996) and thus may lead to a positive impact on strategic performance (Golden & Zajac, 2001). Second, the firm's prior economic situation, operationalized with a three-item scale adapted from Moorman and Rust (1999) and Verhoef and Leeflang (2009), was also incorporated into the model as a control variable. Firm performance may exhibit path dependencies (Henderson, Miller & Hambrick, 2006), and prior

performance is likely to affect a firm's ability to implement new strategies (Kiss & Barr, 2014). The BD decision cannot be made and implemented overnight (Shah et al., 2017), although a poor prior economic situation may force top managers to act hastily in order to quickly implement the BD, thus forcing them to simultaneously deal with many issues and pressures. This may prevent adequate planning of the BD and negatively affect reactions as well as its impact on company performance. Third, a dummy variable –type of BD– was incorporated to control for the possibility that BD performance may vary between cases in which companies lose ownership of the deleted brand because it was killed or disposed of (Kumar, 2003), and cases in which deletion occurred through rebranding, i.e., a brand name change where the firm continued offering similar products or services under another brand name (Zhao, Calantone, & Voorhees 2018). Killing or disposing of a brand might be expected to involve a more radical and risky change in the brand portfolio with a greater potential impact on firm performance, since this type of BD generally goes hand in hand with eliminating an entire range of products or services. Fourth, implementation efforts and the potential impact on firm performance may likewise vary depending on the scope of the deleted brand. Deleting a master brand is likely to entail a more dramatic change and have a greater impact on revenues and costs than deleting a brand that merely covered a single or a small family of products/services. Fifth, we included a dummy-coded variable –industry– to assess whether BD performance varies depending on whether the brand is deleted by a company primarily operating in a manufacturing or in a service industry. In the introduction section, we provided several illustrative examples of BD in both manufacturing and service industries. Compared to deleting a brand by a service company (e.g., Telefónica, Santander, Google), BD by a manufacturing company (e.g., Unilever, P&G, GM) often entails sizeable disinvestment in tangible resources, production plants, warehouses, etc., which could lead to greater cost savings. Finally, we use a continuous variable –which we call B2B market– to control whether BD is affected by the fact that the

deleted brand was mainly targeted to business-to-business markets. As Leek and Christodoulides (2012) contend, B2B marketers tend to question the benefits of branding as their customers are felt to display more rational buying behavior and to be less influenced by emotions. Thus, compared to the relevance of branding in business-to-consumer markets, using brands as strategic assets on which to base the value proposition may be less relevant in B2B markets, and firm performance might be expected to be less affected by a BD.

Prior to hypothesis testing, item and construct reliabilities were assessed by verifying that standardized loadings are all significant and greater than 0.7, that Cronbach α and composite reliability (CR) values are all above 0.7, and that average variance extracted (AVE) exceeds the recommended minimum of 0.5. Both Fornell and Larcker's (1981) and Henseler, Ringle, and Sarstedt's (2015) criteria to establish discriminant validity were applied, and the results obtained were satisfactory. Table 5 provides the results.

[Table 5 here]

5. Analysis and results

Hierarchical regression analysis is used for hypothesis testing. Different blocks of variables were sequentially introduced to check their respective explanatory power. Constructs were operationalized using the average value of the corresponding items. Following Echambadi and Hess's (2007) recommendation, all the predictors in the regression equations were centered to facilitate the interpretation of the coefficients resulting from models that simultaneously include main and interaction effects. All variance inflation factor (VIF) values are well below the cut-off point of 5, which indicates multicollinearity is not a concern in our analyses. Table 6 shows the regression results for the five estimated models, and Figure 2 depicts the significant interactions.

[Table 6 here]

The estimates for Model 1 show that industry is the only control variable significantly related to BD performance. Consistent with our expectations, we find that BD in manufacturing industries has a greater effect on performance than in service industries. The context factors introduced in Model 2 lead to a significant improvement in the explanatory power of the equation ($\Delta R^2 = 0.049$). As predicted in H1 and H2, respectively, BD performance is positively and significantly influenced by both decentralization ($\beta = 0.15, p < 0.05$) and consensus ($\beta = 0.16, p < 0.05$). Model 3 yields a positive and significant interaction between decentralization and consensus ($\beta = 0.20, p < 0.05$), which contributes to a significant improvement in explaining BD performance ($\Delta R^2 = 0.034$) and which supports H3. As depicted in Figure 2a, the effect of consensus is particularly positive in BDs characterized by high decentralization. The process factors incorporated in Model 4 significantly improve the explanation of BD performance ($\Delta R^2 = 0.047$) and reveal a significant positive effect of communication ($\beta = 0.26, p < 0.01$), as predicted in H5. However, contrary to our expectations, the effect of formalization on BD performance is significantly negative ($\beta = -0.20, p < 0.05$, two-tailed test). H4, which posited a positive sign, is not therefore supported by the data.

Model 5 examines the interactions between context and process implementation factors and yields three significant interaction terms. A significant negative interaction is found between formalization and decentralization ($\beta = -0.18, p < 0.05$). Although the main effect of formalization proved negative, this negative moderating effect (depicted in Figure 2b) is in the expected direction, which provides support for H6. The interaction between communication and decentralization is not significant ($\beta = 0.02, n.s.$), and thus H7 is rejected. In support of H8, the interaction between formalization and consensus is positive and significant ($\beta = 0.30, p < 0.001$), although the negative main effect of formalization should again be noted. As shown in Figure 2c, a large negative effect of formalization is observed in the absence of consensus, whereas BD performance is unaffected by formalization in high consensus situations. Finally,

the negative and significant interaction between communication and consensus ($\beta = -0.18, p < 0.05$) supports H9. Figure 2d shows that the positive effect of communication is more pronounced in BDs characterized by low consensus.

[Figure 2 here]

5.1. Additional analysis

Surprisingly, the effect of formalization on performance has a strong negative beta coefficient (-0.20) whereas the zero-order correlation between these two variables is low (see Table 5). Although VIF values suggest multicollinearity is not an issue in our regression analyses, the correlation matrix shows that formalization is significantly correlated with other constructs, particularly with communication (0.48) and consensus (0.30). Kraha, Turner, Nimon, Zientek, and Henson (2012) and Nimon and Oswald (2013) warn that large intercorrelations among predictors may undermine the interpretation of multiple linear regression weights and standardized coefficients. They advocate moving beyond betas and recommend communality analysis and other metrics to provide a more rigorous and comprehensive assessment of the relevance of the various predictors. Commonality analysis partitions the R^2 explained by all the predictors in the multiple regression equation into two components: explained variance unique to each predictor, and explained variance shared between different combinations of predictors (Kraha et al., 2012; Nimon & Oswald, 2013). R software was used and the codes suggested by these authors were adapted to estimate unique and common effects as well as other metrics (i.e., structure coefficients, dominance weights, and relative importance weights) that are relevant to linear regression with correlated independent variables. This method allows us to accurately interpret how each predictor contributes to explaining the dependent variable. Table 7 provides the results.

[Table 7 here]

According to the beta coefficients, communication and formalization contribute the most to predicting BD performance, which is consistent with the observation of the largest unique effects of both variables. However, negative commonality coefficients for both predictors are observed, which is especially noticeable in the case of formalization –its common effect is almost as large as its unique effect, which is cancelled out. This finding is clearly indicative that the proposed predictors –particularly formalization, consensus, and communication– are involved in a suppressor relation. Due to substantial shared variance between these predictors, the presence of consensus and communication in the regression model increases the predictive validity of formalization. In other words, the negative effect of formalization inferred from its beta weight (–0.20) should be interpreted with caution because formalization extends its positive effects on the outcome with other predictors, which explains its low structure coefficient and the almost null zero-order correlation between formalization and performance. In contrast, when comparing beta weights, consensus has lower predictive relevance than communication and formalization, although when considering both unique and common effects and the other reported metrics, consensus is the most relevant predictor in explaining BD performance. Alone or in combination with other predictors, consensus explains 42.04% of the total R^2 , surpassing the explanatory power of communication, decentralization, and, especially, formalization.

6. Discussion

Wise brand portfolio management is required to sustain a competitive advantage and secure strong financial performance (Hsu et al., 2016; Morgan & Rego, 2009; Barwise & Robertson, 1992). Deleting one or more brands may be an imperative for many firms to respond to the current threats and opportunities posed by an increasingly dynamic and competitive market (Shah, 2015; Varadarajan et al., 2006; Wiles et al., 2012). However, the decision to delete a brand without the required potential to generate value for the company is difficult to execute.

This study focuses on BD implementation and examines the effect on performance of four relevant aspects derived from the distinction between context and process factors and between structural and interpersonal behavior factors. Our empirical results indicate that these four variables –namely decentralization, consensus, formalization, and communication– are related to BD performance in a complex and intertwined way.

First, our findings point to a positive influence of both contextual factors, i.e., how the BD was initiated. The positive effect of decentralization can be explained by the informational and motivational benefits derived from enabling brand managers and other middle managers who are closer to the market to participate in the BD decision. This enhances the array of visions, the quality of the decision, and hence the legitimacy of the BD (Eden & Ackermann, 2010). The positive effect of consensus, which is even more significant, suggests that the efforts made by the company to reach an agreement on the reasons for and the benefits of pursuing a BD strategy also enhance its legitimacy. Moreover, in line with Kellermanns et al.'s (2011) empirical evidence, the positive interaction between these two factors indicates that BDs characterized by high decentralization and major consensus produce superior economic performance compared to BDs where only top managers participate in the decision-making and where little effort is made to resolve dissension across different departments and/or managerial levels.

As regards the effect of the process variables, i.e., how the BD is actually executed, our empirical analyses confirm the relevance of communication and reveal puzzling results for formalization. As expected, adequate communication has a positive impact on BD performance. Properly explaining the rationale behind the deletion helps to prevent speculation, clarifies the positive outcomes of this strategy, and garners support from or overcomes resistance by stakeholders. These communication efforts, and the subsequent exchange of information during deletion, facilitate coordination and promote involvement by

the team responsible for correctly executing this strategy, which thereby fosters more positive outcomes. Nevertheless, the effect of communication is moderated by the level of consensus. The negative interaction between consensus and communication should be interpreted as an indication that good communication during BD execution is particularly beneficial when divergent viewpoints and dissension arise during the BD decision-making process. In this scenario, communication proves particularly crucial vis-à-vis overcoming these negative reactions and dissipating stakeholders' doubts, correcting misinterpretations, or alleviating feelings of uncertainty among those groups who do not support the deletion.

The present research also sheds light on the current debate surrounding the role of formalization in strategic implementation, particularly with regard to the bewildering effects of formalizing the BD implementation process. Formalization is found to be a double-edged sword with inherent advantages and disadvantages. At first glance, findings point to a negative effect on BD performance. The standardized regression coefficients suggest that formalization is detrimental, indicating that rules and protocols usually involve (or are perceived to involve) bureaucracy, rigidity, useless documentation and reporting, or other unnecessary tasks that hamper efficiency, cause frustration and demotivation, and reduce responsiveness to changing circumstances (Auh & Menguc, 2007; Chiaburu et al., 2014; Shah, 2017b). Furthermore, the significant moderating effects of the contextual variables indicate that high decentralization and lack of consensus exacerbate the negative effects of formalizing the BD implementation process.

Decentralization is not always compatible with formalized processes (Moravec et al., 1998; Walker Jr & Ruekert, 1987). On the one hand, decentralization may involve unclear or inconsistent rules and protocols. On the other hand, enabling brand managers and other middle managers to participate in BD decision-making is somewhat contradictory to incorporating strict procedures to formally guide BD execution. Because the managers responsible for

executing BD are familiar with the external and internal forces and circumstances that determine it, since they participated in the decision-making process, they are likely to perceive formalization as an unnecessary control and as evidencing a lack of trust in their skills rather than as useful orientation and guidelines.

However, in keeping with our expectations, a higher level of consensus balances out the negative effect of formalization. Consensus regarding the suitability of the BD may decrease the need to formalize the BD execution, although at the same time these consensus-building efforts can improve stakeholder reaction to and acceptance of established action plans, milestones, and deadlines. In sharp contrast, formalizing the BD process without attempting to reach consensus can seriously damage performance. Thus, the disadvantages of formalization are particularly apparent in the absence of consensus because stakeholders perceive it as an imposition of procedures and protocols, which can incite feelings of alienation and anger.

A deeper examination of the data forces us to qualify this initial conclusion regarding the disadvantages of formalization. Careful observation of construct intercorrelations and communality analysis reveal that formalization shares a considerable amount of explained variance with other predictors in the model, which means the regression coefficients are affected by suppression relationships. In other words, formalization tends to be concomitant with other variables, namely, communication and consensus, which are positively related to performance. Thus, disentangling the effects of each variable is complicated. The large positive effects on performance observed for communication and consensus may to some extent be masking the benefits of formalization. The present inquiry therefore adheres to Chiaburu et al.'s (2014) line of reasoning about the two opposing views of formalization, i.e., as a liability or as an asset. Formalization likely brings drawbacks as it may be perceived by many managers and employees as a liability, representing intrusion, excessive monitoring, and

coercion. At the same time, formalization helps to outline clear guidelines, which require some level of consensus and support a well-defined communication plan.

Finally, if the angle of analysis is changed from the distinction between context and process factors to the distinction between structural and behavioral factors, an interesting corollary from our empirical results emerges. Our findings are consistent with Hutzschenreuter and Kleindienst's (2006) conclusion that the behavioral side of implementation is highly consequential and must be handled with care. All the variables in our model are relevant, although consensus and communication prove to be particularly influential. Compared to decentralization and formalization, the two structural factors, consensus and communication, the two interpersonal behavior factors of BD implementation, display the greatest contribution to explaining BD performance. Whether stakeholders support or resist an important organizational change such as deleting a brand depends heavily on their cognitive interpretation of this change and their emotional responses (Huy et al., 2014; Pinderit, 2000).

6.1. Managerial implications

This study provides some important contributions to managerial practice. Firms confronting the strategic decision to reduce their brand portfolio must not only pay attention to strategy formulation but also meticulously consider BD implementation. Deleting a brand is not as simple as dismantling all the related investments and waiting until for the brand to die a natural death (Kumar, 2003). Key internal and external stakeholders may oppose the BD and disrupt the operation, driving the BD to total failure if these negative reactions are not anticipated and adequately managed. Executives cannot simply assume that any stakeholders affected by the deletion are aware of the objectives, understand the rationale, and support the strategy.

Our findings suggest that firms should approach deletion in a decentralized and participative manner and should strive for consensus. Moreover, decentralization and consensus reinforce each other to shape a more favorable context for the BD, which yields

better results. Top management teams are thus advised to avoid making the BD decision from their “ivory tower”, i.e., without the necessary involvement of middle managers (e.g., product, brand or key account managers, regional heads, etc.) who have a knowledge of the field, are closer to the customer, and who are directly affected by the strategy’s good or bad consequences. Decentralization warrants a diversity of viewpoints being debated.

Consensus is particularly important in the successful execution of BD. Consensus-building efforts pay off and lead to a more profitable BD. Deleting a brand involves a major change for the company and can have a serious (sometimes dramatic) impact for certain stakeholders. Therefore, it is vital to “sell the issue” (i.e., the BD strategy) and achieve ample consensus concerning its appropriateness before the deletion is materialized. Consensus may require hard and costly negotiations but will save time and money later on and will prevent a harsh response.

As Clutterbuck and Hirst note (2002: 119), change and communication are an “inseparable couple”. Communicating during the BD execution (especially when broad consensus is not reached) is important in order to provide the affected external and internal stakeholders with all the relevant details. Communication efforts help to explain to middle managers and employees the future plans of the company and the expectations of maintaining alignment and commitment to the strategy (Clutterbuck & Hirst 2002; van Vuuren & Elving (2008). Communication is also essential vis-à-vis informing customers, partners, and other stakeholders about the alternatives being offered by the company (e.g., other brands in its portfolio to which they are invited to switch). Thus, communication serves to preclude, or at least to minimize, incendiary reactions inside the firm and to assist customers in the migration process.

In contrast, firms are not recommended to formalize the BD process, since they run the risk that standardized rules and protocols may hinder rather than help execution. This risk is especially high when the BD is undertaken in a decentralized manner because middle

managers are likely to view formalization as useless bureaucracy and an encroachment on their functions. Formalization is also perilous in the absence of consensus such that strict norms, milestones, deadlines, and excessive monitoring can further irritate those who oppose the imposed deletion. In order to derive some benefit from formalization, the firm should establish guidelines to be followed during deletion and should define a communication plan with a precise messaging plan to deal with the reactions of the various stakeholders, the calendar, the staff responsible, as well as other relevant elements of the plan.

6.2. Limitations and future research

This study has some limitations. First, perceptual data is used to operationalize all the constructs in our model. Ideally, objective measures should be used, particularly measures of how much the BD contributed to the firm's economic performance. However, this kind of data is unavailable in public databases or even in the companies' internal records. Even if data on the financial and market performance at the individual brand level are available in some firms, the latter are unlikely to be able to accurately determine how much incomes, margins, or profits may have worsened or improved due to BD. Furthermore, given the diversity of brands and sectors included in our study, the use of real figures (even if available) seems inappropriate, since objective measures could only be meaningfully interpreted within each particular sector and are not comparable across sectors and brands. Nevertheless, the informants have been shown to be knowledgeable, and the measurement instruments have been proven to be reliable and valid.

Second, as explained in the methodology section, our sample comprises heterogeneous cases of BD, i.e., different types of BD, deletions of master brands as well as of product/service brands, deletions in manufacturing and in service industries, or affecting brands with different target markets (B2B vs. B2C). In this sense, although in our regression analyses we have introduced controls for all these sources of sample heterogeneity, this is not enough to

guarantee that our model is replicable in all kinds of industry, or that it may be applied without taking account of the target market and scope of the deleted brand. A more detailed examination of how all of these aspects moderate the relationships being examined in our model would no doubt provide a deeper understanding of how firms should delete brands and how implementation factors might affect performance. Any such analysis conducted for specific subgroups of BD cases would, however, require a much larger sample so as to allow for meaningful multigroup comparisons with sufficient statistical power. Exploring the relevance of all the considered BD implementation factors in more homogeneous scenarios (e.g., in a specific industry, or only for cases of deletion of master brands, or operating in a particular market, etc.) is an interesting direction in which to expand our research and is one that would no doubt provide novel insights for executives responsible for brand portfolio management in their companies.

Third, cross-sectional data is used to empirically investigate a dynamic phenomenon, the execution of a BD, which takes a certain period of time. Throughout the process, circumstances may change and firms may alter their behavior. In the same vein, by method design (i.e., sampling procedure and how survey questions are formulated), data cover only cases of BD that were actually executed. Although our sample is representative, it is not possible to examine this phenomenon more fully by extending the analysis to cases in which, for example, the BD decision was made but the firm finally retracted its plans, perhaps because it failed to properly manage the difficulties encountered during BD implementation, or because an alternative strategy (e.g. brand revitalization) was preferred. Thus, future research should consider a longitudinal perspective and conduct in-depth case studies, which would enable researchers to observe all the nuances of the process and to enhance current understanding of the complex phenomena of BD.

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Table 1 BD implementation variables

	Structure view	Interpersonal behavior view
Context (BD initiation)	Decentralization	Consensus
Process (BD execution)	Formalization	Communication

Table 2 Sample characteristics

Brand characteristics					
Deleted brand	N	% of total	Geographical scope	N	% of total
Created	108	69.70	Local/regional	23	14.80
Acquired	47	30.30	National	95	61.30
			International	37	23.90
TOTAL	155	100.00	TOTAL	155	100.00
Type of BD	N	% of total	Scope of deleted brand	N	% of total
Total brand killing or disposal	71	45.80	Product/service brand	124	80.00
Brand name change	84	54.20	Master brand	31	20.00
TOTAL	155	100.00	TOTAL	155	100.00
Industry	N	% of total			
Manufacturing	54	34.84			
Service	101	65.16			
TOTAL	155	100.00			
Firm characteristics					
Number of employees	N	% of total	Turnover (Millions € per year)	N	% of total
≤ 49	5	3.60	< 10	6	2.70
50 to 249	32	28.83	10 to <50	26	23.42
≥250	71	63.96	≥50	67	60.36
N.A.	3	2.70	N.A.	12	10.81
TOTAL	111	100.00	TOTAL	111	100.00
Brand architecture			N	% of total	
Branded house			29	26.1	
Mixed brands (endorsed brands or sub-brands)			32	28.8	
House of brands			50	45.1	
TOTAL			111	100.00	
Key informant position					
		N	% of total		
Marketing manager		88	56.8		
Top managers		46	29.7		
Finance manager		10	6.5		
Legal manager		6	3.9		
Quality manager		5	3.2		
TOTAL		155	100.00		

Table 3 Population and sample distribution by industry: Proportion test

NACE Code**	Population		Sample	
	N	% of total	N	% of total
10 to 15. Manufacture of food, tobacco and wearing apparel.	82	14.39%	19	17.12%
20 to 25. Manufacture of chemical, pharmaceutical, plastic and metal products.	68	11.93%	12	10.81%
26 to 33. Manufacture of electronic and optical products and machinery and furniture.	23	4.04%	5	4.50%
35, 36, 38, 41 Electricity supply, water collection and waste management.	6	1.05%	2	1.80%
45 to 47. Wholesale and retail trade	190	33.33%*	24	21.62%*
49, 52, 53, 55, 56. Transportation, storage and housing services.	18	3.16%	3	2.70%
58 to 63. Information and communication.	19	3.33%*	12	10.81%*
64 to 66, 69, 70. Financial, insurance and professional activities.	129	22.63%	24	21.62%
71, 73, 74, 77, 79, 81, 82, 85, 86. Scientific, technical support education and health activities.	35	6.14%	10	9.01%
TOTAL	570	100%	111	100%

* Significant differences: $p < 0.05$.

** NACE codes from 10 to 33 correspond to manufacturing sectors and the remaining NACE codes correspond to service sectors.

Table 4 Construct measurement

Construct name	Measures	Mean (S.D.)
Context of BD implementation		
Decentralization **	Indicate at what hierarchy level the deletion decision was made: Only the senior management level / All management levels.	3.09 (2.30)
Consensus* ($\alpha=0.88$, CR=0.93, AVE=0.81)	The senior management believed that it was worth to take more time to reach consensus in the deletion decision.	4.31 (1.82)
	The firm's management team worked hard to reach an agreement when making this decision.	4.08 (1.93)
	The decision was not made until the majority of members involved deemed it was acceptable for them.	4.12 (1.86)
Process of BD implementation		
Formalization* ($\alpha=0.94$, CR=0.96, AVE=0.82)	A standardized or normalized procedure was used to execute the BD.	5.00 (1.81)
	An action plan was elaborated to guide the deletion process.	5.40 (1.78)
	Milestones or deadlines that had to be met were set up.	5.40 (1.70)
	The responsibilities of the members involved in the BD were pinned down.	5.34 (1.79)
	The evolution of the deletion process was regularly monitored.	5.36 (1.72)
Communication* ($\alpha=0.86$, CR=0.92, AVE=0.78)	The decision was properly communicated to external stakeholders	5.36 (1.67)
	The decision was properly communicated to internal stakeholders	5.63 (1.49)
	The company made a special effort to explain the reasons for deleting this brand.	4.85 (1.78)
BD performance		
BD performance** ($r=0.67$, CR=0.91, AVE=0.84)	Our financial performance (margins, profits...): Worsened due to the elimination / Improved due to the elimination.	5.05 (1.43)
	Our market performance (number of customers, sales, market share...): Worsened due to the elimination / Improved due to the elimination.	4.97 (1.42)
Control variables		
BD experience***	Very low / Very high.	5.70 (2.55)
Firm's prior economic situation* ($\alpha=.93$, CR=.96, AVE=.89)	Our market performance was satisfactory.	4.99 (1.60)
	The company was performing well financially.	4.99 (1.65)
	The company was experiencing substantial growth.	4.59 (1.84)
Type of BD	0=Change in brand name / 1=Brand total killing or brand disposal	0.46 (0.50)
Scope of deleted brand	0=Product/service brand / 1=Master brand	0.20 (0.40)
Industry	0=Services / 1=Manufacturing	0.34 (0.48)
B2B market	Percentage of sales coming from business-to-business markets	43.63 (44.58)

Notes: * 7-point Likert scales (1: Disagree, 7: Agree); ** 7-point semantic differential scales (1: statement before the slash, 7: statement after the slash); *** 10-point semantic differential scale (1: Very low, 10: Very high).
 α =Cronbach's alpha, CR= Composite reliability, AVE= Average variance extracted.

Table 5 Correlation matrix and discriminant validity

	Mean (S.D.)	1	2	3	4	5	6	7	8	9	10	11
1. Decentralization	3.09 (2.30)	n.a.	0.34	0.11	0.05	0.16	0.24	0.09	0.24	0.11	0.17	0.10
2. Consensus	4.17 (1.68)	0.32**	0.90	0.31	0.22	0.31	0.04	0.21	0.30	0.06	0.09	0.05
3. Formalization	5.30 (1.59)	0.11	0.29**	0.91	0.59	0.05	0.19	0.15	0.14	0.13	0.10	0.08
4. Communication	5.28 (1.47)	-0.04	0.20*	0.54**	0.88	0.20	0.23	0.08	0.12	0.09	0.24	0.22
5. BD performance	4.99 (1.45)	0.19*	0.26**	0.02	0.19*	0.92	0.12	0.11	0.16	0.12	0.16	0.13
6. BD experience	5.70 (2.55)	-0.24**	0.03	0.19*	0.22**	0.10	n.a.	0.04	0.12	0.13	0.02	0.05
7. Firm's financial situation	4.88 (1.60)	0.08	0.19*	-0.15	0.02	0.09	-0.04	0.94	0.02	0.03	0.18	0.09
8. Type of BD	0.46 (0.50)	-0.39**	-0.29**	-0.13	-0.11	-0.15	0.09	0.06	n.a.	0.24	0.01	0.20
9. Scope of deleted brand	0.20 (0.40)	0.15	0.07	0.13	0.11	0.11	-0.11	-0.06	-0.24**	n.a.	0.19	0.07
10. Industry	0.34 (0.48)	-0.01	0.06	-0.09	-0.24**	0.15	0.01	-0.20*	-0.01	-0.19*	n.a.	0.12
11. B2B market	43.63 (44.58)	-0.02	0.05	0.06	0.21**	0.12	0.06	0.07	-0.20*	-0.07	-0.12	n.a.

Note: The diagonal elements (in bold) are the values of the square root of the AVE. The values below the diagonal are the zero-order correlation coefficients. The elements above the diagonal are the values of HTMT ratio.

n.a.: non-applicable, *p < .05, **p < .01

Table 6 Standardized regression coefficients of the effect on BD performance

	Model 1	Model 2	Model 3	Model 4	Model 5	
<i>Control variables</i>						
BD experience	0.12	0.14	0.14	0.13	0.08	
Firm's financial situation	0.15	0.09	0.05	0.02	-0.02	
Type of BD	-0.10	0.00	0.00	0.02	0.04	
Scope of deleted brand	0.16	0.15	0.16	0.16	0.14	
Industry	0.22*	0.21*	0.18*	0.22*	0.19*	
B2B market	0.12	0.14	0.14	0.11	0.07	
<i>Hypothesized relationships</i>						
Decentralization (H1)		0.15*	0.09	0.12*	0.15	
Consensus (H2)		0.16*	0.22**	0.23**	0.23**	
Consensus*Decentralization (H3)			0.20*	0.20**	0.21**	
Formalization (H4)				-0.20*	-0.19*	
Communication (H5)				0.26**	0.33***	
Formalization*Decentralization (H6)					-0.18*	
Communication*Decentralization (H7)					0.02	
Formalization*Consensus (H8)					0.30***	
Communication*Consensus (H9)					-0.18*	
	R ²	0.101	0.155	0.189	0.236	0.294
	(ΔR^2)	(0.106*)	(0.049*)	(0.034*)	(0.047*)	(0.058*)

* p<0.05, ** p<0.01, *** p<0.001 (two tailed test for the control relationships and one tailed test for the hypothesized relationships, except for H4, in which a positive effect was suggested but a significant negative effect was found using a two tailed test).

ΔR^2 change in R² respect to the preceding model, F change significance: * p<0.05, ** p<0.01, *** p<0.001

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Table 7 Results of the communality analysis

BD performance: $R^2=0.203$, $R^2_{adj}=0.147$					
Predictors	β	r_s	Unique	Common	%R^2
BD experience	0.130	0.222	0.015	-0.005	4.9%
Firm's financial situation	0.061	0.194	0.003	0.005	3.8%
Type of BD	0.019	-0.328	0.000	0.022	10.8%
Scope of deleted brand	0.143	0.241	0.017	-0.006	5.8%
Industry	0.244	0.340	0.049	-0.026	11.5%
B2B market	0.102	0.264	0.009	0.005	7.0%
Decentralization	0.190	0.427	0.026	0.011	18.3%
Consensus	0.163	0.570	0.019	0.047	32.5%
Formalization	-0.202	0.055	0.025	-0.025	0.0%
Communication	0.264	0.411	0.043	-0.009	16.9%

Notes: β =Standardized regression coefficients. r_s =Structure coefficient. *Unique*=proportion of criterion variance explained uniquely by the predictor. *Common*=proportion of criterion variance explained by the predictor that is also explained by one or more other predictors. $\%R^2 = (\text{Unique} + \text{Common})/R^2$.

Figure 1 Conceptual model and hypotheses

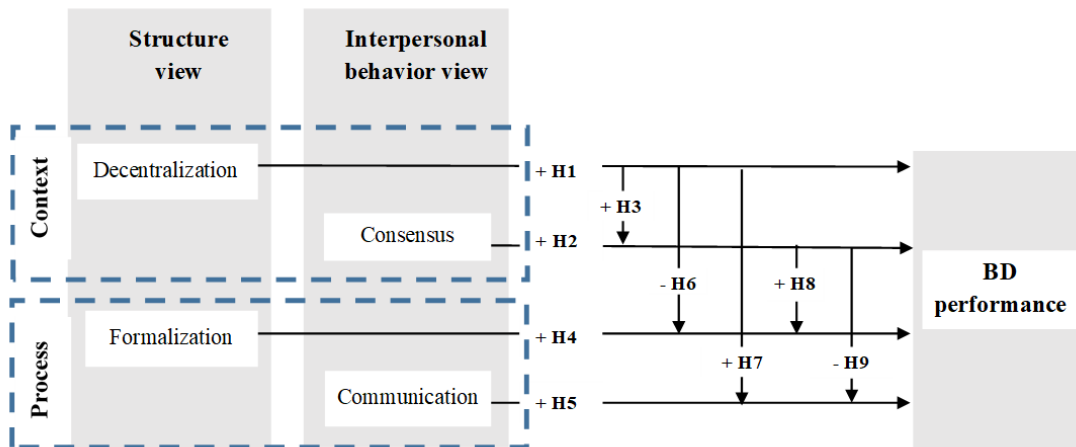


Figure 2 Significant interaction effects

