Managing Customer Reactions to Brand Deletion: An Abstract

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ABSTRACT

Along with adding new brands and managing existing brands, it is equally important, to delete weak brands from the brand portfolio in order to channelize resources toward building brand portfolios comprising strong brands (Shah, 2015; Shah, Laverie, and Davis, 2017). Despite its important strategic role in brand portfolio management, firms are hesitant to delete brands from their portfolios, as they fear losing customers and the challenge of managing customer reactions. Therefore, the purpose of this study is to provide a useful and practical guide to managers (based on academic literature and qualitative analysis of in-depth interviews with 15 brand professionals) on successfully deleting brands without estranging their loyal customers. Brand professionals were chosen as key informants in these interviews because they work very closely with brands and have experience and in-depth insight into the challenges involved with managing customer reactions during brand deletions.

When customers feel emotionally attached with brands, deleting these brands can negatively influence customer satisfaction, attitude toward the brand, firm reputation, brand and firm evaluations, brand loyalty, and brand commitment (Mao, Luo, and Jain, 2009; Somosi and Kolos, 2015; Varadrajan, Defanti, and Busch, 2006) and thereby cause a severe business disruption (Avlonitis and James, 1982). Therefore, it is imperative to consider customers and their reactions to brand deletion while deciding to delete a brand (Shah, 2017 *forthcoming*).

Firms can be classified as B2C (Business-to-Customer) and B2B (Business-to-Business) based on the nature of customers they serve. Brand deletion in the B2B context may have severe consequences for customer firms (i.e., firms buying from them) and customer-company relationships (Homburg, Fürst, and Prigge, 2010). If a firm undergoing brand deletion provides a timely announcement of the decision, offers a sound explanation of the deletion decision, takes responsibility of providing appropriate financial and/or non-financial compensation, and exerts effort to help satisfy its customers' needs, it is perceived by customer firms as more reliable, sincere, and flexible. Due to this, customer firms' psychological and economic costs are reduced, thereby improving their overall satisfaction and loyalty after the brand deletion (Homburg, Fürst, and Prigge, 2010).

In the B2C context, a loyal customer's reaction to the deletion of his/her favorite brand can be explained by the stage theory of grief (Worden, 2008) since the customer experiences a loss due to the death of an important entity, his/her beloved brand. If the deleting firm offers a better substitute for the brand being deleted with a prior notice to customers, the customer churn is less because customers experience more satisfaction, loyalty, and commitment to the brand being deleted (Somosi and Kolos, 2015). Furthermore, only notification is not sufficient. It is also important to explain the reasoning behind the deletion decision.

This study explores the under-researched area of brand deletion and extends the understanding of customer reactions to brand deletion by synthesizing existing literature with qualitative data. The findings explain the impact of brand deletion on customers, the resulting customer reactions to brand deletion, and ways to manage these reactions in the B2B and B2C context. If managers know how to implement a brand deletion such that it generates favorable reactions from customers instead of alienating them, deleting brands will not be a formidable task for brand managers.

References Available Upon Request.