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Brand Portfolio, Corporate Image, and Reputation: Managing Brand Deletions

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Brand portfolio management addresses, among other issues, the interrelated questions of what brands to add, retain, or delete. A small number of brands in a firm's brand portfolio can often have a disproportionately large positive or negative impact on its image and reputation and the responses of stakeholders. Brand deletions can be critical from the standpoint of a firm being able to free up resources to redeploy toward enhancing the competitive standing and financial performance of brands in its portfolio with the greatest potential to positively affect its image and reputation. Against this backdrop, the authors focus on the organizational and environmental drivers of brand deletion propensity, the predisposition of a firm to delete a particular brand from its brand portfolio. The authors propose a conceptual model delineating the drivers of brand deletion propensity and suggest directions for future research, including the related concept of brand deletion intensity.

Keywords: *brand deletions; brand portfolio management; corporate image; corporate reputation*

The resource base of large corporations can be viewed as composed of multiple portfolios, chief among them being their investment, technology, business, customer, product, and brand portfolios. With respect to each of these, firms routinely address the questions of what to add, what to retain, and what to delete. However, regardless of the portfolio that is the focus, organizations generally tend to devote relatively less managerial time, attention, and effort to the question of what to delete. Similarly, extant marketing literature focusing on innovation and new product development is quite extensive but relatively sparse on issues relating to product and brand deletions.

The desired positioning of an organization in the minds of key stakeholder groups is one of the most important strategic decisions facing top management (Brown, Dacin, Pratt, and Whetten 2006 [this issue]). As shown in Figure 1, the behavior of a firm in various strategic arenas has the potential to affect its image and reputation. Here, *image* and *reputation* respectively refer to what an organization wants others to think about it and what stakeholders actually think about the organization (Brown et al. 2006). For instance, it has been suggested that the first mover has the potential to achieve a competitive advantage by developing and sustaining a reputation for innovation in the marketplace that late entrants would have difficulty overcoming (Kerin, Varadarajan, and Peterson 1992; Lieberman and Montgomery 1988). During the 1980s, diversified conglomerates (firms whose business portfolios were composed of a large and unwieldy number of unrelated businesses) were often characterized as "ragtag conglomerates." Subsequently, during the 1990s, when a growing number of these diversified conglomerates resorted to becoming more focused by divesting businesses unrelated to their core business, their actions were hailed in the business press with characterizations such as "back to basics." The strategic arenas enumerated in Figure 1 encompass behaviors spanning multiple levels in an organization (e.g., corporate, business unit, product, and brand level), but they are not comprehensive. As noted earlier, while a firm's resource base can consist of multiple portfolios, only strategic behaviors in reference to the

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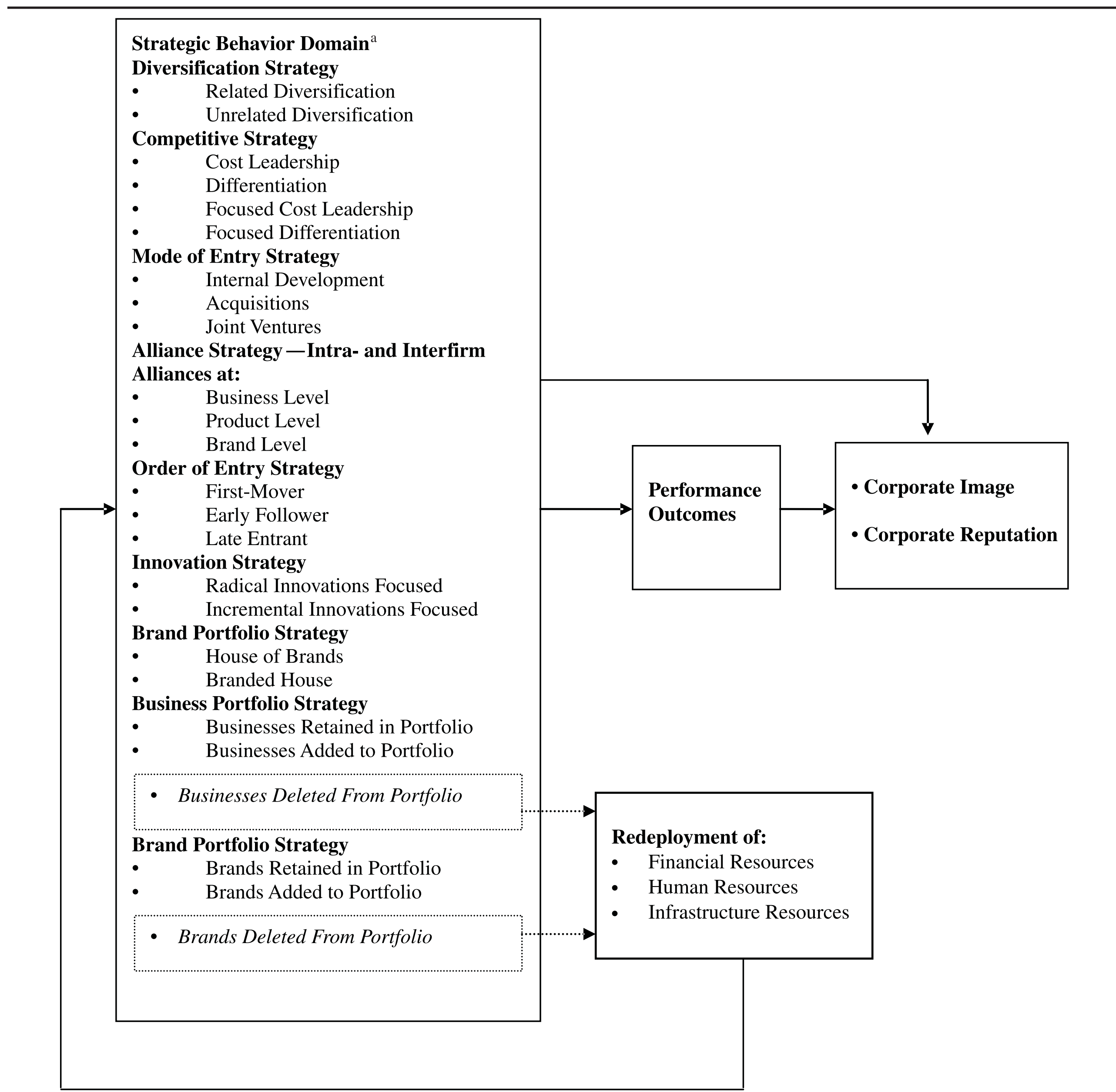
FIGURE 1
Strategic Behavior, Performance Outcomes, and Corporate Image and Reputation



a. The strategic behavior domains shown are intended to be illustrative, not comprehensive.

business and brand portfolios of a firm are shown in Figure 1.

Typically, a small number of brands in a firm's brand portfolio have a disproportionately large positive impact on its image and reputation. For instance, articles in business press often highlight brands in a firm's portfolio with annual sales turnover in excess of $1 billion and/or brands that are either first or second in terms of market share in their respective product categories. On one hand, the prospect of the presence of certain brands in a firm's portfolio having an adverse impact on its image and reputation highlights the importance of brand deletion management in organizations. On the other hand, business and brand deletions are also important in light of their potential to free up resources that can be redeployed to enhance the competitive standing and financial performance of those brands in a firm's portfolio with the greatest potential to positively affect its image and reputation. For instance, the deletion

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of weaker brands can help reduce the complexity of a firm's marketing effort and help counter the decreasing efficiency and effectiveness of traditional media and distribution channels (Carlotti, Coe, and Perry 2004). Against this backdrop, this article focuses on firms' brand deletions in the broader context of brand portfolio management. Specifically, we focus on organizational and environmental drivers of brand deletion propensity and moderators of these relationships.

In the next section, we present a conceptual model delineating potential drivers of brand deletion propensity and moderators of the relationship between the drivers and brand deletion propensity. Next, we briefly discuss the importance of involving employees in and informing them of business, product, and brand deletions. Finally, we suggest directions for future research, including the related concept of brand deletion intensity (differences in the extent to which firms engage in brand deletions).

A CONCEPTUAL MODEL OF BRAND DELETION PROPENSITY

Figure 2 presents a conceptual model delineating potential drivers of brand deletion intensity, a firm's propensity to delete a specific brand from its brand portfolio. Guided by considerations such as those delineated in Figure 2, firms can free up resources by deleting brands. Firms can then reinvest these resources in retained brands that hold the greatest potential for positively affecting their images and reputations (see Figure 1). The drivers of brand deletion propensity are grouped in Figure 2 under four broad categories: brand, firm, market, and brand performance characteristics. The relevance of brand performance characteristics (e.g., a brand's current performance, performance trajectory over time, and performance relative to other brands) as determinants of brand deletion propensity is self-explanatory. Therefore, in the following discussion, we focus on drivers in the other three categories. In Figure 2, the symbols + and – are respectively used to denote "greater" and "lower" propensity to delete a brand. However, for some drivers, while certain underlying forces are likely to predispose a firm to delete the brand, other countervailing forces are likely to predispose the firm to retain the brand. These drivers are identified in Figure 2 with the symbol +/–. Also shown in Figure 2 are selected moderators of the relationship between brand deletion propensity and various organizational and environmental drivers.

Figure 2 is developed in the context of individual brands competing in specific product markets (e.g., Crest brand toothpaste, Colgate brand toothpaste). In other words, excluded from the scope of the model are higher level brands, such as brands that are specific to individual businesses in a firm's portfolio (e.g., Sears's Kenmore brand appliances, Sears's Craftsman brand tools). A firm's business deletion decisions manifest as the deletion of the associated business-level brand name as well as the deletion of product-market-level brands associated with the deleted business-level brand name. A large body of marketing strategy literature provides insights into tools and techniques for analyzing the business portfolio of a firm to identify businesses that merit retention or deletion (e.g., Day 1977; Kerin, Mahajan, and Varadarajan 1990). Also excluded from the scope of the model are decisions by a firm to exit from either specific product categories or unattractive industries perceived negatively by society at large. Such decisions also manifest as the deletion of brands associated with specific product categories or industries. Examples include exiting industries and/or deleting specific products because of their perceived negative impact on people's health (e.g., tobacco, unhealthy food) and incomes (e.g., gambling) and the environment (e.g., sport utility vehicles, nonbiodegradable products). A more detailed discussion of the relationships delineated in Figure 2 follows.

Brand Characteristics

Extendibility (–). All else equal, the greater the potential of a brand name associated with a product to be extended to other products, the lower the propensity of the firm to delete the brand from its portfolio. The rationale is that there is a greater likelihood of success and a lower cost associated with launching a new product by leveraging an existing brand name via extension compared with launching a new brand name (Aaker and Keller 1990). The extendibility of a brand name notwithstanding, it has been pointed out that failures of brand extensions can result in the dilution of the parent brand's brand equity (John, Loken, and Joiner 1998; Loken and John 1993). A relevant consideration from the standpoint of the extendibility of a brand name, the strength of association of the brand name with a product category, is discussed later.

Modifiability (–). Akin to the modifiability of a product (Avlonitis 1985, 1986; Avlonitis, Hart, and Tzokas 2000; Harness, Marr, and Goy 1998; Kotler 1965) or business unit (Schmidt 1987) staving off its elimination, the modifiability of a brand can stave off its deletion. As a case in point, the modification and relaunch of MTV2 with 12- to 24-year-olds as its primary target audience has been characterized as an attempt to recapture what MTV first started as but has subsequently departed from (Mucha 2005).

Viability at a reduced scale of operation and marketing support (–). Under conditions of a fading brand continuing to enjoy a loyal customer base, it may be possible for the brand to achieve its profit goals by reducing the number of stock-keeping units (package sizes and variations)

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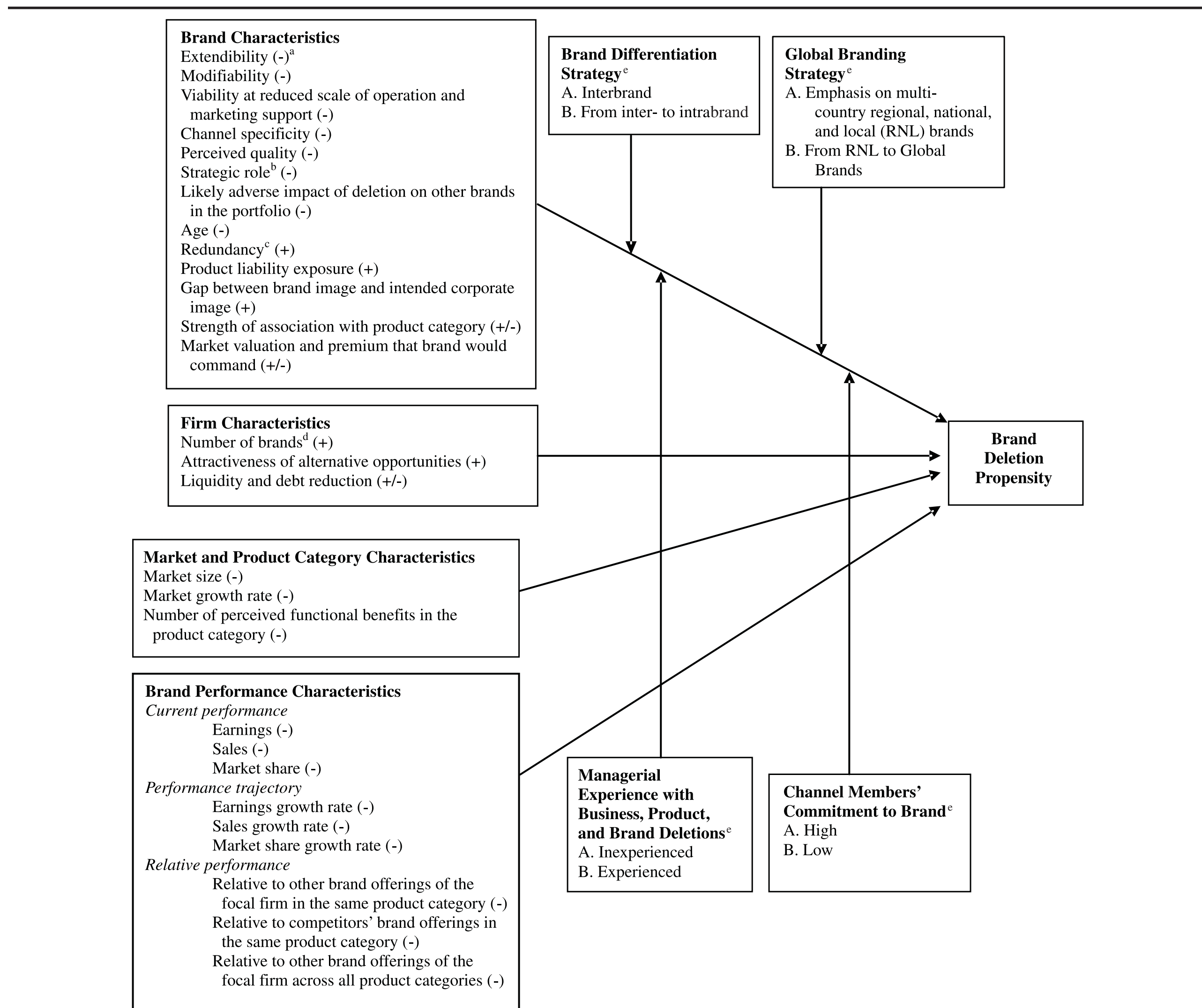
FIGURE 2
Antecedents and Moderators of Brand Deletion Propensity



a. The symbols + and – respectively denote a positive and negative relationship between the driver and brand deletion propensity. The symbol +/– denotes countervailing forces affecting in opposite directions.
b. The strategic role of a brand (e.g., a flanker brand for a flagship brand).
c. The redundancy of a brand with other firm-owned brands can be due to either internal brand proliferation or the aftermath of horizontal mergers and acquisitions.
d. The number of firm-owned brands in the product category.
e. Brand deletion propensity is greater under Condition B than Condition A. For example, it is (1) greater under conditions of a change in strategy from interbrand differentiation to intrabrand differentiation (differentiation and line extensions within a brand name as a strategy for meeting the preferences of the market) than under conditions of the continued pursuit of a strategy of interbrand differentiation; and (2) greater under conditions of a change in strategy from the allocation of a larger proportion of marketing resources to enhancing or defending the market position of firm's currently dominant local, national, and multicountry regional brands to the allocation of a larger proportion of marketing resources to developing global brands than continued emphasis on multicountry regional, national, and local brands.

and the level of marketing support (Keller 2003). For example, Coca-Cola's Tab brand soft drink accounts for a very small percentage of the firm's total sales but commands the loyalty of a small number of customers and hence, continues to be retained in the firm's brand portfolio.

Channel specificity (–). Firms often attempt to motivate retailers to carry their brands by distributing specific brands exclusively through specific types of retail outlets. For instance, manufacturers of cosmetics and apparel often market specific brands in their portfolios exclusively through specific types of retailers, such as upscale retail-

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ers, department stores, and drug and discount stores. As a case in point, L'Oreal's portfolio consists of Lancome, L'Oreal, and Maybelline brand cosmetics, which are marketed, respectively, through upscale retailers, department stores, and drug and discount stores. Brand deletion in such a scenario may necessitate either exiting from certain types of retail outlets or compromising on the exclusivity of the retained brands to specific types of retail outlets. Under the latter scenario, if a firm were to elect to market a brand that was formerly marketed exclusively through upscale retailers through other retailer types as well, it would run the risk of alienating retailers in the former group and being dropped (see Aaker 2004). Furthermore, brands offered exclusively through certain types of retailers may be perceived as more prestigious. Hence, all else being equal, the greater the specificity of a brand to specific types of retailers, the lower the propensity to delete the brand.

Perceived quality (–). Brands that suffer from either intrinsic product-quality-related problems or perceptions of poorer quality might be targeted for deletion. For example, in 2004, Electrolux, Inc., decided to phase out its Kelvinator brand of refrigerators despite criticisms by analysts. The decision to replace the Kelvinator brand with the Electrolux brand was influenced by customers' perceptions of the Kelvinator brand as beneath the multinational brands in the market and the Electrolux brand as a premium product, a multinational brand, and a brand on the rise ("Electrolux's Single Brand Strategy" 2004).

Strategic role (–). Performance considerations aside, other strategic considerations may influence a firm to retain marginal brands in its portfolio. A case in point is the propensity of firms to retain brands that are assigned the strategic role of protective flankers for the firms' flagship brands. A firm might strive to maintain the desired positioning of one of its flagship brands by launching flanker brands that are in parity with competitors' brands (Aaker 1991; Aaker 2004; Aaker and Joachimsthaler 2000; Keller 2003). For example, in the car rental business, Cendant's brands include its flagship Avis brand and the flanker Budget brand. Finally, a firm may elect to offer a low-priced brand as a flanker to compete with store brands.

Likely adverse impact of deletion on other brands in the portfolio (–). From the standpoint of further enhancing the prospects of better performing brands, the deletion of marginal brands may be crucial to free up managerial time and effort and financial resources. However, a firm may elect to retain marginal brands in its portfolio if their deletion is likely to have an adverse effect on one or more brands retained in the portfolio. For example, some retailers may decide not to carry the other brand offerings of a firm in the aftermath of a brand being deleted.

Age (–). Managers might demonstrate a reluctance to delete a marginal brand because of the brand's longevity. Procter & Gamble's first laundry detergent brand, Oxydol, launched in 1927, is an example of a brand that arguably remained in the firm's brand portfolio longer than it should have. It was left without advertising and promotional support for several years before being sold to Redox Brands, Inc., in 2000 ("For the Record" 2000).

Redundancy (+). Often, in the aftermath of horizontal acquisitions and mergers (i.e., the acquisition of or merger with a competitor in the same geographic markets or nonoverlapping geographic markets), firms are faced with more brands than may be meaningful in the context of the size of the market and the number of distinct market segments. Brand redundancy results when a brand owned by an acquiring firm and a brand inherited following the acquisition of another firm (or a business unit of another firm) compete in the same market segment for the same set of customers. Consider Procter & Gamble's recent acquisition of Gillette, Inc., and the prospect of brand redundancy in some of the overlapping personal care product categories, such as hair care products (shampoo and conditioner) and toiletries (deodorant and antiperspirant). All else equal, brand redundancy can be expected to be positively associated with brand deletion propensity (i.e., after acquisition, deleting the weaker of two brands that overlap). However, other options that firms have pursued in the past include horizontal cobranding, or dual branding (e.g., Surf-All detergent), and vertical cobranding. Illustrative of the latter is elevating and repositioning one of the brand names (e.g., Kleenex) as a brand name for a broader product category that comprises a number of products and retaining the positioning of the other (e.g., Cottonelle) as a brand name specific to a product in that broader category.

Product liability exposure (+). The threat of product liability exposure can influence a product's deletion and, consequently, the brand(s) associated with the product category. For example, in 1980, Procter & Gamble discontinued its Rely brand of tampons following concerns linking their use to toxic shock syndrome ("Procter & Gamble Co. Records First Victory" 1984).

Gap between brand image and intended corporate image (+). A corporate name can provide clarity and focus for an organization's leadership (Aaker 2004). A well-conceived corporate name "instantly sets the image positioning" for the firm's product and brands in the marketplace (Delano 2001:44). A brand image should reinforce a company's image. From the perspective of a company's leadership, often the corporate identity is captured in the corporate name, which represents the essence of the new product, service experience, or business venture (Delano

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2001). Organizational identity relates to the mental associations that organizational members have toward their companies (e.g., Payless Shoe Source, Inc.; Brown et al. 2006). A brand whose image conflicts with a firm's intended corporate image is likely to be deleted. For instance, General Motors (GM) had projected double-digit growth for several years for its Daewoo product line, which it had acquired in 2002. Against this backdrop, its decision to replace the Daewoo brand name with Chevrolet was likely due to the gap between the Daewoo brand name and GM's corporate brand image.

Strength of association with the product category (+/–). On one hand, brand deletion propensity is likely to be lower for a brand closely associated with a product category. This predisposition is likely to be even greater in instances in which brands were instrumental in firms' establishing strong competitive positions in a category. On the other hand, a strong association with a particular category limits the potential for firm growth via the extension of a brand name to other product categories. Hence, the propensity to delete a brand could be greater under conditions of limited potential for extending the brand name to other product categories.

Market valuation and premium (+/–). It is highly unlikely that firms would divest their flagship brands, even though they would command high prices in the financial marketplace. However, firms are likely to evidence a greater propensity to divest (sell off) other brands or businesses that command a large premium (Hayes 1972; Jain 1985; Sadtler, Campbell, and Koch 1997; Schmidt 1987). That is, a business and its associated brands may be sold when a potential acquirer views them as more valuable than the seller does. Hayes (1972) reported that financial managers tend to view a firm as a portfolio of assets that must be continually reviewed, augmented, and pruned.

Firm Characteristics

Number of brands (+). As noted earlier, a small number of brands in a firm's portfolio often account for a disproportionately large percentage of its overall sales and/or profits. For instance, only 200 of Nestlé's 8,000 brands in 1996 were profitable, and only 400 of Unilever's 1,600 brands in 1999 were profitable (Kumar 2003). As the number of brands increase, sales cannibalization and brand redundancy can arise because of the overlap between brands in respect of target segments, positioning, price, distribution channels, and product lines (Kumar 2004). Individual brands are likely to achieve lower sales volumes since the total market is shared among them. For example, GM had often come under criticism for the lack of differentiation between its product lines (the Buick, Cadillac, Chevrolet, Pontiac, and Oldsmobile brands) and the associated brand images (see Aaker 2004; Kumar 2004; O'Connell and White 2000). Among the factors attributed to GM's decision to discontinue its Oldsmobile product line were customers' perceptions of a lack of differentiation between the product lines (O'Connell and White 2000). Even if a firm is able to differentiate and distinctively position its brands in a product category, the question of whether a sufficient number of customers can be enticed to purchase some of these brands is an issue. This challenge is further compounded when media clutter necessitates firms to spend increasing amounts on the marketing and advertising of each brand to attract customers. Hence, the propensity to delete brands will be greater for brands that fail to achieve economies of scale in product development, supply chain, and marketing. Given the significant hidden costs that firms incur from owning numerous brands in a product category, firms may be able to improve their performance by focusing on their highly profitable brands in a category and deleting the rest (see Kumar 2004 for additional insights).

While a firm with a number of brand offerings that is unable to devote the requisite managerial and financial resources to uniquely position and market its weaker brands in a product category may choose to delete these brands, it is conceivable that a firm acquiring a brand may be able to devote the requisite resources to achieve success. For an acquiring firm, an acquired brand could even be its first brand in the product category. Furthermore, the same brand under new ownership may be viewed favorably by retailers that are inclined to make room for specialist brands and smaller suppliers to offer greater variety to their customers and avoid being influenced too heavily by the larger firms (Wheeler 2000). For instance, EMVI, a United Kingdom–based firm, acquired Harmony brand hairspray from Unilever in 1997. Given its size and resource situation, EMVI's advertising budget for the Harmony brand was substantially lower than when the brand was owned by Unilever. Nevertheless, it became the number one brand for EMVI.

Attractiveness of alternative opportunities (+). The relevance of the attractiveness of alternative opportunities in reference to product deletion decisions has been extensively discussed (e.g., Alexander 1964; Carlotti et al. 2004; Hamelman and Mazze 1972; Kotler 1965). Along similar lines, the more attractive the alternative opportunities that are available to a firm for investing resources freed up by deleting a brand (in other retained brands, new brands, or new products), the greater will be its propensity to delete the brand.

Liquidity and debt reduction (+/–). Along the lines of a firm's decision to delete businesses to generate liquidity and reduce debt (Harrigan and Porter 1983; Hayes 1972), a firm may decide to trim its brand portfolio. For example, Levi Strauss was reported to have sold its Dockers brand to Vestar, Inc., to reduce its mounting debt of over $2 billion

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(Berman and Beatty 2004). On the other hand, if a brand has a relatively low liquidation value, a firm might find it more advantageous to show a loss on the books to reduce its tax liability (Harrigan and Porter 1983).

Market and Product Category Characteristics

Market size and growth rate (–). Product deletions and business deletions are bound to be triggered by a decline in market potential. Market size is likely to be viewed as particularly important by firms that choose to focus on fewer brands that are dominant in their respective product markets. However, despite a decrease in market size, firms are often guided by other strategic considerations to maintain a presence in certain business arenas (Harrigan and Porter 1983).

Number of perceived functional benefits in the product category (–). Firms often face considerable pressure from shareholders to grow in an era of fragmenting customer needs (Carlotti et al. 2004). As such, when consumers perceive a high number of functional benefits within a product category, firms may be predisposed to offer multiple brands that are distinctively positioned. In doing so, firms may be able to offer targeted value propositions to specific customer groups. For instance, in the hair care business, Procter & Gamble's Head and Shoulders brand dominates the dandruff-control shampoo category, its Pert Plus brand is targeted at customers seeking a shampoo and conditioner in one product, and its Pantene brand is targeted to appeal to customers concerned with enhancing hair vitality (Aaker 2004).

Moderators

Brand differentiation strategy. A recent change in strategy evidenced in a number of firms is a shift from interbrand differentiation to intrabrand differentiation. For instance, the following constitutes a partial list of differentiated variations in which Procter & Gamble currently markets its Tide brand detergent: Tide Powder, Tide Clean Breeze Powder, Tide Mountain Spring Powder, Tide Tropical Clean Powder, Tide Free Powder, Tide Liquid, Tide Clean Breeze Liquid, Tide Mountain Spring Liquid, Tide Tropical Clean Liquid, Tide Free Liquid, Tide Coldwater, Tide with a touch of Downy, Tide with Bleach, Tide Liquid with Bleach Alternative, Tide Mountain Spring Liquid with Bleach Alternative, Tide Clean Breeze Liquid with Bleach Alternative, Tide HE Powder, Tide HE Liquid, Tide HE Clean Breeze Liquid, and Tide to Go (see http://www.tide.com). The number of differentiated variations in which Procter & Gamble currently markets its Crest brand toothpaste is even larger (see http://www.crest.com). Concomitant with a high level of intrabrand differentiation and variety under a single brand name will be the impetus to phase out some of the marginal brands from the product line.

Proposition 1: The strength of the relationship between a driver of brand deletion and propensity to delete a brand will depend on a firm's differentiation strategy. The positive (negative) relationship between a driver of brand deletion and propensity to delete a brand will be positive to a greater degree (negative to a greater degree) in firms transitioning from a strategy of interbrand differentiation to one of intrabrand differentiation compared with firms continuing with a strategy of interbrand differentiation.

Global branding strategy. Another recent trend in brand strategy evident in the marketplace is a shift toward a portfolio consisting of a small number of global brands from a portfolio composed of a relatively larger number of local (the brands are marketed in select areas of a country), national, and multicountry regional brands. A firm's brand portfolio being composed of a large number of local, national, and multicountry regional brands could be due to brands that were either developed internally for various country markets or acquired by the firm in various country markets. Greater emphasis on growth through multiple brands (local, national, and multicountry regional brands) in an attempt to be responsive to differences (e.g., cultural, economic, technological) between country markets (think globally, act locally) implies a larger number of brands in a firm's portfolio. While some firms tend to invest in further strengthening the market position of their local, national, and multicountry regional brands that have viable market presence (market share) in specific country markets, others tend to place greater emphasis on achieving growth through fewer global brands. The later strategy implies decisions such as which brands to market globally (in the limit: one brand in a product category marketed universally with one message) and which ones to phase out (delete).

Proposition 2: The strength of the relationship between a driver of brand deletion and propensity to delete a brand will depend on a firm's global branding strategy. The positive (negative) relationship between a driver of brand deletion and propensity to delete a brand will be positive to a greater degree (negative to a greater degree) in firms transitioning to a strategy of developing global brands compared with firms continuing with a strategy of strengthening the current market positions of their local, national, and multicountry regional brands.

In the preceding discussion, a broad distinction is drawn between the global brand portfolios of firms composed of a few global brands and those containing a relatively larger number of local, national, and multicountry regional brands. It should be noted, however, that between these extremes, intermediate options are available to firms with regard to how to organize their global brand portfo-

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lios. For example, Unilever classifies its superior-performing brands into three categories of super brands. The first category consists of brands with international appeal, as evidenced by their presence in many country markets. The second category consists of brands with international brand positioning that targets similar market segments with different brand names in different countries. The third category is composed of local jewels with exceptionally strong, unique positions and long histories (Lawrence 2000).

Managerial experience with business, product, and brand deletions. Deletion decisions in firms are often hindered by the emotional attachment and commitment of managers to specific brands, products, or businesses, as well as pride and fear concerning their own futures (Alexander 1964; Avlonitis et al. 2000; Harrigan and Porter 1983; Kotler 1965). The reluctance to delete a brand may be due to concerns that top management might view the quality of a manager's past decisions negatively in the aftermath of recommending its deletion (Avlonitis et al. 2000; Balachandra, Brockhoff, and Pearson 1996; Hart 1987). To some managers, the thought of deleting products and brands that have contributed to the sales and profitability of a firm in the past may be unappealing (Avlonitis et al. 2000). Managers may also be reluctant to delete brands because of prolonged commitment to a losing course of action. Boulding, Morgan, and Staelin (1997) noted that such prolonged commitment can be due to either the fallacy of sunk costs and framing effects (e.g., Arkes and Blumer 1985; Whyte 1986) or the escalation of commitment due to self-justification (e.g., Staw 1976, 1981).

Proposition 3: The strength of the relationship between a driver of brand deletion and propensity to delete a brand will depend on the extent of managerial experience with brand, product, and business deletion decisions. The positive (negative) relationship between a driver of brand deletion and propensity to delete a brand will be positive to a greater degree (negative to a greater degree) in firms with managers who are more experienced in brand, product, and business deletion decisions compared with firms in which managers are less experienced in brand, product, and business deletion decisions.

Commitment of channel members to a brand. Strong supplier-retailer relationships are often built around the products and brands sold. Both suppliers and retailers have a vested interest in developing long-term relationships. While frequent contacts can positively affect the strength of the relationship between a supplier and a retailer, the number of suppliers that a retailer deals with can negatively affect the strength of the relationship because of the retailer's having less time to devote to any one supplier. Understandably, planned deletions of products or brands by a supplier are likely to be opposed by retailers if such a course of action is likely to have an adverse impact on their well-being. A case in point was the dealer reaction to GM's announcement to delete its Oldsmobile brand lineup of cars. Invoking a key clause in the Oldsmobile dealer franchise agreement that permits each dealer the opportunity to achieve a reasonable return on investment, several dealers contended that this clause was violated when GM decided to eliminate the Oldsmobile brand and sued GM. One law firm in Florida handled 20 lawsuits by Oldsmobile dealers, who challenged GM's decision to delete the brand and were compensated between $10,000 and several million dollars for their losses by GM (Harris 2005).

Proposition 4: The strength of the relationship between a driver of brand deletion and the propensity to delete a brand will depend on the degree of commitment of channel members to the brand. The positive (negative) relationship between a driver of brand deletion and propensity to delete a brand will be positive to a greater degree (negative to a greater degree) under conditions of channel members being less committed to the brand compared with more committed to the brand.

DISCUSSION

Regardless of whether deletions occur at the business unit level, product level, or brand level, top management must be sensitive to the ramifications of the planned deletions on various stakeholders—channel partners, customers, employees, and stockholders—and likely effects on a firm's intended image, construed image, and reputation. However, in light of space considerations, we limit our discussion here to the potential impact of brand deletions on employees' perceptions of corporate identity. An organization's quest for its intended image to be compatible with the corporate identity that the employees form (Brown et al. 2006) highlights the importance of this issue. Employees' perceptions of a firm's corporate identity are based on positive and negative experiences that help them form ideas about the organization. A firm's corporate identity is favorably affected when employees perceive that their time is being effectively used by the organization. Employees are likely to view brand deletions in a favorable light if they are perceived as actions that free up the time and talent of employees to support healthier brands that have the potential to become market leaders. Furthermore, to the extent that employees are also stockholders, employee morale may increase if the brand deletions are perceived as likely to favorably affect the profitability of the firm (Kumar 2004). Also, to the extent that proposed brand deletions are perceived as an opportunity to professionally grow through acquiring experience in managing brand deletions, it may energize managers. On the other hand, employees' concerns about job security,

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the resulting work environment, and the reactions of reference groups such as coworkers, channel members, and stockholders in the aftermath of brand deletions can be expected to negatively affect a firm's corporate identity. The perceived change in the work environment caused by the departure of coworkers and the sense that the firm has lost its appetite for risk and innovation can also negatively affect employees' perceptions of corporate identity. In this regard, some of Kimberly-Clark's actions related to its exit from the paper business are instructive. Guided by the philosophy that a firm benefits when its best people are assigned to work on the best opportunities available to the firm rather than its biggest problems, Kimberly-Clark ensured that the best people affiliated with the divested business were reassigned to other businesses in the firm's portfolio. In effect, Kimberly-Clark enabled its employees to feel that they were part of an opportunity for the company and not part of a past problem. In this context, Collins (2001) noted, "If you create a place where the best people always have a seat on the bus, they're more likely to support changes in direction" (p. 59).

FUTURE RESEARCH DIRECTIONS

The foregoing discussion serves to highlight the potential for further refinement of the proposed conceptual model as a potential avenue for future research. For instance, our discussion on moderators is limited to moderators of the relationship between brand characteristics and brand deletion propensity. In addition, exploration of the organizational and environmental drivers of brand deletion intensity and the evolution of a firm as a house of brands versus a branded house constitute avenues for future research.

Brand Deletion Intensity

Firms differ in their brand deletion intensity, the percentage of the total number of brands that are deleted from a brand portfolio during a specified time frame. *Brand deletion intensity* refers to differences in the extent to which firms engage in brand deletions. While certain organizational and environmental drivers are unique to brand deletion propensity and brand deletion intensity, certain others are common to both. For instance, among the drivers and moderators of brand deletion propensity delineated in Figure 2, brand redundancy and the total number of brands in a firm's brand portfolio can also be expected to positively affect brand deletion intensity. As noted earlier, when consumers perceive a large number of functional benefits within a product category, firms may be predisposed to eschew brand deletion in favor of maintaining multiple brands that are differentiated and distinctively positioned (Aaker and Joachimsthaler 2000). That is, both brand deletion propensity and brand deletion intensity will be lower.

As noted earlier, a change in strategy evidenced in a number of firms in recent years is a shift from interbrand differentiation to intrabrand differentiation. Brand deletion intensity can be expected to be greater in firms that are transitioning from an interbrand differentiation to an intrabrand differentiation strategy compared with firms that continue to pursue a strategy of interbrand differentiation. Another change in strategy evidenced in a number of firms in recent years is a shift toward greater emphasis on global brands, as opposed to continued emphasis on a relatively larger portfolio of local, national, and multicountry regional brands. Brand deletion intensity can be expected to be greater in firms transitioning from competing by marketing numerous local, national, and multicountry regional brands to competing by marketing global brands. Some firms evidence a greater proclivity to engage in mimetic behavior. When they observe their major competitors engaging in particular behaviors, they also tend to engage in similar behaviors. Hence, high levels of brand deletion intensity in referent firms are likely to result in mimetic behavior by a focal firm.

Branded House Versus House of Brands

Over time, some firms have evolved as branded houses (BHs) and others as houses of brands (HOBs). Whether firms deliberately decide to become BHs or HOBs or evolve into one of these merits further inquiry. For instance, it is conceivable that market characteristics (e.g., business-to-business vs. business-to-consumer markets) and product characteristics (e.g., tangibles-dominant vs. intangibles-dominant products), among other factors, affect a firm's decision to pursue a BH or an HOB strategy. While brand deletion is a nonissue in the context of a branded house, the corporate identity, image, and reputation implications of pursuit of a BH versus an HOB strategy constitute an important brand portfolio related issue that merits further exploration.

CONCLUSION

In their study focusing on the spillover effects of brand alliances on consumers' brand attitudes, Simonin and Ruth (1998) posed the question, "Is a company known by the company it keeps?" In this article, we argue that a company is known by its brands. A small number of brands in a firm's portfolio generally tend to have a disproportionately large favorable impact on its image and reputation. Such brands include market-share leaders in their respective product categories and brands whose annual sales are

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in excess of $1 billion. Similarly, a second subset of a small number of brands in a firm's portfolio has the potential to have a negative effect on its image and reputation. Examples include brands with product liability exposure and brands whose images depart from the intended corporate image. A large majority are benign brands from the standpoint of image and reputation. Hence, it is imperative for managers to be ever mindful of what to add, what to modify, and what to delete from a firm's brand portfolio.

In the context of a firm's image and reputation, brand deletions merit careful consideration from two vantage points: (1) deleting brands whose presence in a firm's brand portfolio can have an adverse impact on the firm's image and reputation and (2) deleting brands to free up managerial and financial resources to invest in strengthening brands retained in the firm's brand portfolio that hold significant potential to have a positive impact on outcomes such as firm growth, profitability, image, and reputation. Brown et al. (2006), in their interdisciplinary review of literature on organizational and corporate identity, image, and reputation, distinguish among four dominant themes. The brand-deletion-related issues addressed in this article are particularly pertinent in the context of the first (Who are we as an organization?), second (What does the organization want others to think about the organization?), and fourth (What do stakeholders actually think of the organization?) themes delineated in their review.

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