

NEW THOUGHTS ON BRAND DISPOSAL STRATEGIES OF MULTINATIONAL FIRMS

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ABSTRACT

The rapid growth of Asia and Latin America as large consumer bases in the last decade has given rise to a broader variety of brands that multinational firms have brought to foreign markets. Some of these brands are global and are commonly found across different national markets. Others are local and unique to a particular country or region. The existence and operation of global and local brands has been well established in international marketing and business literature (Van Gelder 2004; Yu 2004) although the exact definitions of these respective terms are broad.

With this rapid introduction of new global brands, there is a clear need to ultimately examine brand exit decisions. Using the capability perspective, in which firm capabilities act as the precursor to deploy resources, we address the broad question of how multinational firms manage their portfolio of global and local brands such that competitive advantage is sustained. We introduce a new theoretical framework for the explanation of brand disposal and brand exit strategies among MNCs. Our work categorizes these exit strategies by the relatedness of underlying brand capabilities and the entry mode of the brand.

This study makes an important contribution in an under-researched area of international business and marketing. In addition, this study is one of the relatively few brand-level studies (as opposed to firm level or subsidiary level studies (Li 1995) that have dominated the international business literature), allowing greater micro-level insights to emerge.

References Available on Request.