

Is it all up for grabs? Intentional Brand Marginalization versus Brand Cannibalization Strategy after Brand Acquisition

Jean Suvatjis

International Brand Marketing Consultant

Christos Ntais

Marketing Department, University of Nicosia School of Business, Cyprus

Yioula Melanthiou

Department of Public Communication, Faculty of Communication and Media Studies,
Cyprus University of Technology

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Abstract

This paper investigates the situation where two firms market similar brands, targeting the same consumer segments and the most robust firm proceeds with acquiring the other. In such a case, the acquiring firm has to make a strategic decision as to whether the acquired brand is to be maintained, marginalized or cannibalized. Our research suggests that intentional brand marginalization after acquisition can cause less customer defection compared to brand cannibalization, less irritation of the followers of the acquired brand and less activation of brand switch. However, intentional brand marginalization cannot easily erase the loyal customers' commitment and emotional ties to the acquired brand, although it seems to be a more manageable strategy versus brand cannibalization. Our findings imply that intentional brand marginalization is a strategy which hurts less the feelings of the customers of the acquired brand and, if detected, infuriates them minimally in the phase-out process.

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