Summary
Due to the rise of powerful retailers, (price) negotiations between manufacturers and retailers often go sour, and result in conflict delistings, where the manufacturers’ brands get removed from the retailers’ assortment. Despite their frequent occurrence and their potential harmful effects, both academics and practitioners lack information on the performance implications of conflict delistings. This dissertation consists of two empirical chapters that examine the performance implications of conflict delistings, and investigates conditions under which conflict delistings are more or less harmful, albeit from a different perspective.

Chapter 2 takes a consumer perspective to conflict delistings, and focus on the impact of conflict delistings on sales. Conflict delistings can seriously harm manufacturer and retailer sales, due to consumers switching to alternative brands within the store and consumers switching between stores, respectively. I want to unravel which managerial strategies are most suitable in which conflict situation to alleviate these potential losses, and focus on the effectiveness of the manufacturer’s as well as the retailer’s advertising support and price reductions. I compose a unique and extensive dataset of all conflict delistings that occurred between 2002 and 2012 in four European countries - spanning different categories, manufacturers, and retailers - and reveal that both advertising support and price reductions are less effective when faced with a conflict situation that receives a lot of publicity. The results further show that price reductions are an effective marketing tool for the initiator of the conflict, but the initiator should refrain from increasing its advertising spending. For the other party, the effects are reversed: advertising is more effective while price reductions are not advisable. The results of the study thereby provide a marketing dashboard guiding both manufacturers and retailers on which marketing actions are more effective in different types of conflict situations.

Chapter 3 takes an investor perspective, and examines the effect of conflict delistings on total firm value (stock return). Results from an event study show that, on average, conflict delistings severely harm firm value. The direction and magnitude of the stock market reaction is contingent upon the seriousness of the delisting and the capacity to withstand its negative consequences. When the conflict delisting is more serious (i.e., when more brands are delisted and the conflict delisting is heavily publicized), conflict delistings negatively influence firm value. If a firm has the capacity to withstand its negative consequences (i.e., when the firm is the initiator or is larger), firm value is less negatively affected.