BRAND EQUITY IN SPORTS INDUSTRY

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Abstract

Sports industry experienced tremendous growth over the past decades all around the world. This expansion has led to important outcomes. More sports related jobs are being created and students are becoming more and more interested in studying sports management and discovering the complex and diverse nature of sports marketing. A brand identifies and embodies everything that a company represents. The information pertaining to brands is linked more or less directly to consumer's purchase decisions. Brand equity has a direct impact on the choice of the consumer, influencing it in various ways. In the world of sports, brand equity refers to the value that supporters attach to their favourite team's name and symbol. The purpose of this paper is to analyse the stages of the branding process in the sports industry, with the purpose of influencing consumer behaviours, such as participation in sports, increasing attendance or merchandising sales.

Keywords: *branding, brand equity, sports industry.*

1. GENERAL INFORMATION ON SPORTS INDUSTRY

Sports industry is currently facing extraordinary growth, and therefore sports marketing plays a significant role in this emerging industry. The Cambridge Advanced Learner's Dictionary defines sport as "a game, competition or activity needing physical effort and skill that is played or done according to rules, for enjoyment and/or as a job." It takes us away from our daily routine and offers us pleasure. No matter if we watch a new movie, listen to a concert or attend a stirring performance by Leo Messi or Cristiano Ronaldo, we are being entertained.

Gray and McEvoy (2005) defined sports marketing as "the specific application of marketing principles and processes to sports products and to the marketing of nonsports products through association with sport." The distinct and intriguing nature of the sports industry makes sports marketing a very complex and challenging tasks both for scholars and for practitioners.

Sports organizations are considered to be entertainment providers. In addition, they know that in order to be successful in the extremely competitive environment of sports, they must practice a marketing orientation. The main goal of a marketing-oriented company is to understand its consumers and to offer them sports products in order to satisfy their needs and wants.

When analysing the word of sports, the consumer-supplier relationship model includes, in its simplified version, three elements. These are the sports consumers, the sports products and the producers and intermediaries. Sports consumers are divided into three categories: spectators, participants and sponsors. Sports products are goods, services, or any possible combination that aim to bring advantages to the sports consumer. The sporting event represents the main sport product. Other categories of sports products include sporting goods (equipment, apparel, shoes, licensed merchandise), personal training services for sports (fitness centres or sports camps), and sports information. Producers and intermediaries represent the final link of the consumer-supplier relationship model. The term producer encompasses every individual or organization that enables the event to take place, such as owners, sanctioning bodies, and sport equipment manufacturers. Intermediaries, such as sponsors, the media or the agents, are also highly important because they bring the sport to the end user of the sports product.

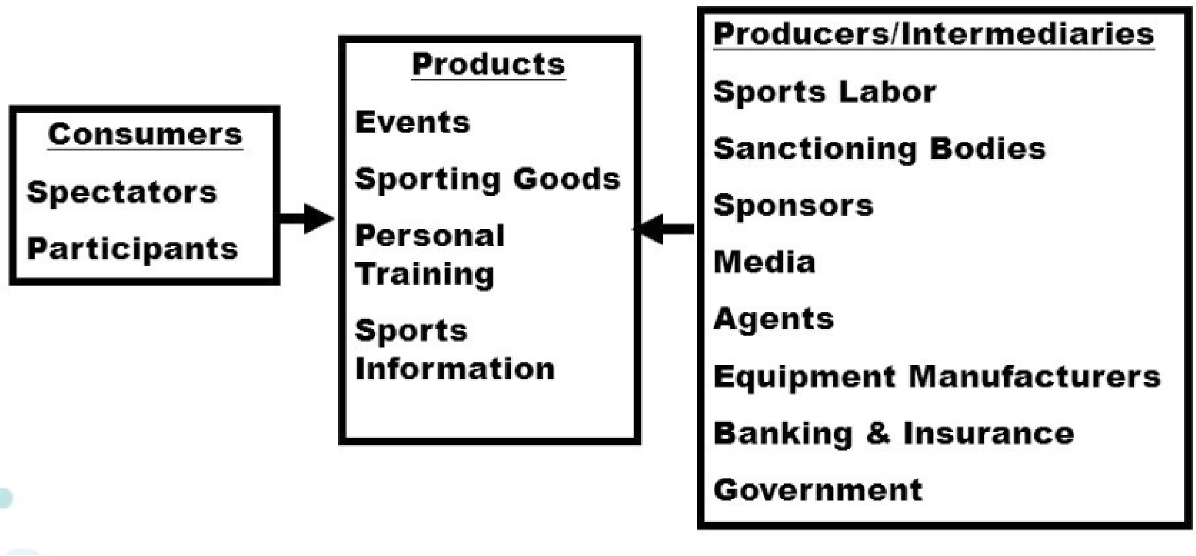

Fig.1. The simplified model of the consumer-supplier relationship in sports industry (SHANK, 2005)

To manage the complexities of the sports industry and achieve organizational objectives, sports marketers use the strategic sports marketing process. It consists of three major parts: planning, implementation, and control. The planning process requires marketers to fully understand the needs of the customers, to select various groups of customers with similar needs and to position the sport products according to the needs of each particular group. At the ends of the planning phase marketers have to establish various strategies for each of the four elements of the sports marketing mix: products, pricing, promotion and place or distribution. The second major part of the strategic sports marketing process is putting the plans into action or implementation. Finally, the plans are evaluated in order to determine whether organizational objectives and marketing goal are being met. This third, and final, part of the strategic sport marketing process is called control.

2. BRANDING IN SPORTS INDUSTRY

Branding a product allows an organisation to distinguish and differentiate itself from others in the marketplace. A brand plays an economic role in the minds of the consumers and therefore brand equity derives from the brand's ability to gain an exclusive, positive and meaningful position in the minds of numerous consumers. Thus, branding and brand formation should focus on developing brand equity. When it comes to the sports industry, building the brand influences consumer behaviours, such as increasing attendance, merchandising sales, or participation in sports. In order for this to take place several things must occur in the branding process. This process is highlighted in Figure 2.

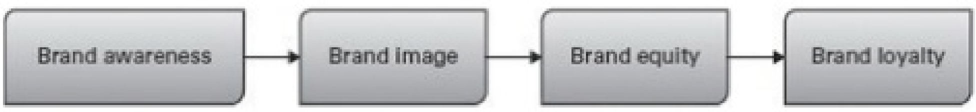

Fig. 2. The branding process (SHANK, 2005)

The first step is to establish brand awareness. This refers to whether consumers can recall, recognize, or be aware of a brand (Huang & Sarigöllü, 2012). Brand awareness affects the consumers' decision-making process. Identified brands are more likely to be included in consumers' consideration sets and increase choices (Huang & Sarigöllü, 2012; MacDonald & Sharp, 2000). Although brand awareness is not a significant dimension of brand equity (Bailey & Ball, 2006; Kayaman & Arasli, 2007), consumers with high brand awareness make initial decisions quicker than unaware consumers (Macdonald & Sharp, 2000). When the levels of brand awareness are according to the desired objectives, can marketers address the issue of brand image. After all, consumers must be aware of the product before they can understand the image the sports marketer is trying to project.

Brand image represents the consumers' set of beliefs about a brand, which, in turn, shape attitudes. Brand image may also be perceived as the "personality" of the brand. Organizations that sponsor sporting events are especially interested in strengthening or maintaining the image of their products through association with a sporting entity (athlete, team, or league) that reflects the desired image. For instance, the marketers of Mercedes-Benz automobiles have established sponsorships with tennis events to reinforce a brand image of power, grace, and control.

Sports marketers struggle to influence the consumers' beliefs about a certain brand by using numerous factors that impact on brand image. Among these "image drivers" one can include product features, product quality, brand name price, packaging, promotional techniques or distribution channels. Each of these elements plays a significant role in creating overall brand image. Once they managed to build a positive brand image, sports marketers can then hope and try to generate high levels of brand equity.

3. BRAND EQUITY

To some extent, developing and managing brand equity is especially crucial for professional sport teams (Biscaia et al., 2016). Several European professional football teams have done a good job in regard to this strategy. For example, the English football club Manchester United was ranked in 2015 as the number one sporting brand, with a value of 1.21 billion dollars (Brand Finance, 2015).

There are numerous definitions for the concept of brand equity, but most scholars agree with Farquhar's (1989) definition. He considers that brand equity represents the incremental utility or value added to a product by its brand name. From a marketing perspective two of the most well-known models belong to David Aaker and Kevin Lane Keller. David Aaker (1991) considers that "brand equity is the set of brand assets and liabilities that is linked to a brand, its name, and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firms customers." On the other hand, Kevin Lane Keller (1993) proposes the concept of "customer-based brand equity" and he defines it as "the differential effect that brand knowledge (including brand awareness and brand image) on consumer response to the marketing of that brand". This knowledge is useful for helping sport team managers understand how to influence their fans in order to achieve mental association between their fans and their brands (Biscaia et al. 2016).

In the sport setting, brand equity refers to the value that fans attach to their favourite team's name and symbol (Gladden & Milne, 1999). The satisfied consumers will, in turn, become brand loyal or repeat purchasers. Gladden, Milne, and Sutton (1998) proposed a brand equity assessment model for the sports industry. The components of the model can be seen in Figure 2. The authors explain brand equity by extending the previous work of David Aaker (1991), who believes that there brand equity encompasses four major elements: perceived quality, brand awareness, brand associations, and brand loyalty.

Gladden, Milne, and Sutton (1998) describe the perceived quality of sport as the consumers' perceptions of a team's success. Clearly, one can extend this towards other sporting products. In terms of sports, brand awareness describes the consumers' familiarity with a particular team or sport product. Brand associations refer to the intangible attributes of a brand or, in the case of sport, the experiential and symbolic attributes offered by an athletic team. The final component, brand loyalty, is defined as the ability to attract and retain consumers. As the authors point out, this is sometimes difficult because of the inconsistent and intangible nature of the sports product.

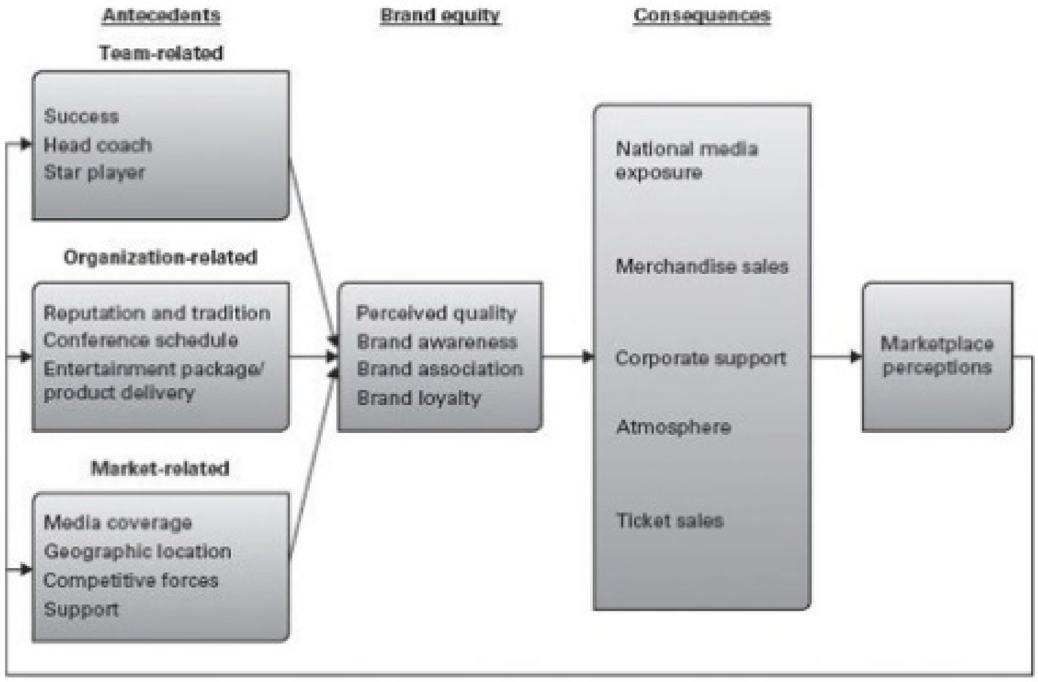

Fig. 3. The conceptual model for assessing brand equity in sports (SHANK, 2005)

When describing the full model of brand equity for sport, Gladden et al. (1998) also analyse the antecedents and consequences of brand equity for a sports product. These antecedent conditions are especially important for marketing managers as they impact on the level of brand equity. The three broad categories of antecedents include team-related factors, organization-related factors, and market-related factors.

Team-related antecedents

In order to manage brand equity, sport organizations need their teams to attain success, both on the domestic and international level, such as to become champions, to win the domestic cup, to qualify for the group stage or to reach the higher phases of the international competitions. Teams manage to improve their perceived quality when sport success arrives, their notoriety is higher due to media coverage and the levels of fan loyalty is improved when the team manages to make its supporters happy.

High brand equity leads to an increased number of ticket sales, a higher number of subscriptions and the possibility of obtaining sponsorship. Despite the fact that present sport triumph is essential, success can also be attained taking into account the club's history and the created expectations. The high level of brand equity reached by a traditionally winning team does not easily deteriorate following an unsuccessful campaign and therefore this does not reduce the fans' perceived brand equity.

The figure and the reputation of the manager is also a source of brand equity. When a club hires a well-known manager, whose previous success is appreciated by the supporters and the general public, it created high expectations among the fans that their club will manage to achieve sport success. The personal image of the manager is projected onto the image of the team and therefore the name of the sports organization becomes associated with the name of the manager.

Another team-related antecedent deals with the existence or the purchase of star players. If such players are to be found in a team, they ensure both national and international coverage and facilitate enhanced brand equity for that particular sports organization. Brand managers exploit the presence of these star players in their teams in order to increase incomes from ticket sales, seasonal tickets or promotional materials with the figure of the team's exponential players.

Organization-related antecedents

Sport success is not the only element that influences the equity of a sport organization's brand. Other aspects related to the management and administration of a sports organization increase the quality of the brand, the recognition of its brand name, the loyalty of the fans and the favourable associations linked to the name of the team. It is said that team's reputation and tradition off the field represent important factors in building brand equity.

Another organization-related antecedent refers to atmosphere which surrounds a sporting event and this can positively influence organizational brand equity. The attraction to a sport is measured by taking into account the impact that the atmosphere has on the spectators together with the other included activities which are also part of the entertainment during a particular match. A successful sporting event should be accompanied by other entertaining activities such as musical performances, dancers or mascots, which enhance both the spectators' experience and their degree of satisfaction.

Market-related antecedents

The market-related antecedents refer to aspects such as media coverage, geographic location, competitive forces, and support. Media coverage deals with the exposure the sports product receives in the media via multiple outlets such as radio, TV, newspaper, and the Internet. Obviously, the images portrayed in the media and amount of coverage can have a huge bearing on all aspects of brand equity. Geographic location is also related to equity in that every country has a particular type of sport which it is famous for. Competition is also a key market factor and scholars view it as extremely influential in the formation of brand equity. The support of the fans is the last market-related antecedent that marketers have to take into account. Sports organisations achieve a high level of brand equity if they possess a great number of loyal supporters.

Besides the significance of these brand equity antecedents, marketers must also pay attention to the related outcomes or consequences of establishing a strong brand. The authors of the conceptual model consider that higher levels of brand equity lead to increased national media exposure, greater sales of team merchandise, more support from corporate sponsors, enhanced stadium atmospherics, and increased ticket sales.

Brand loyalty

According to David Aaker (1991), brand loyalty represents "the attachment that a consumer has to a brand." Numerous studies imply the relationship between brand loyalty and consumer responses. Reicbbeld (1996) demonstrates that brand-loyal consumers are willing to pay more for that brand. Higher brand loyalty can increase brand performance and improve sales-related outcomes (Chaudhuri & Holbrook, 2001). Loyal consumers purchase their favourite brand routinely and are less likely to switch brands (Yoo, Donthu, & Lee, 2000). Oliver (1999) claims that affective loyalty is an accumulation of a customer's past favourable experiences and can generate attitudinal orientation toward a brand. Liu et al. (2012) reveal that affective loyalty is positively related to attitudes toward cobranded products.

Marketers want their products to satisfy consumers, so decision making becomes a matter of habit rather than an extensive evaluation among competing brands. In sports marketing, teams represent one of the most interesting examples of loyalty. We usually divide supporters into one of the two categories: "loyal fans" or "fair-weather fans." Loyal fans accept both the team's successes and failures. They support their favourite team no matter what. On the other hand, the fair-weather fan is only supportive of and enthusiastic about a sports team when that team is performing well.

Psychologists proposed a series of factors when discussing the determinants of fan loyalty for a sports team. Firstly, one can speak about the *entertainment value* of athletics. This value triggers fan motivation. Secondly, there is the concept of authenticity, which represents accepting that a game is real or meaningful. Thirdly, fan loyalty is composed of fan bonding, the degree to which supporters identify themselves with a particular team and its players. Bonding or fan identification are similar concepts. The final concept that leads to fan loyalty is the history and the tradition of a team.

For example, CFR Cluj is the oldest premier league football team in Romania and, although they may be lacking in other dimensions of loyalty, they certainly have a long history and tradition with the fans. Fan loyalty can be measured by asking self-identified fans to rate the teams from their hometowns according to the above mentioned dimensions. It is interestingly to notice that fan loyalty does not necessarily depend on the team's sporting performance. In order to increase fan loyalty, sports marketers are urged to develop fan loyalty programs, pairing new technology with existing marketing principles.

4. CONCLUSIONS

Nowadays, sports marketers are faced with the great challenge of keeping pace with the continuous changes that occur in the fast-paced environment of the world of sports. They have to clearly understand the complexities of the sports industry and to be able to use branding in order to differentiate their products from those of the competition. Their ultimate goal is to make consumers loyal to their sports product. Brand equity is a significant concept, as it represents the value that the brand contributes to a product in the marketplace. Once marketing managers succeed in ensuring the brand high levels of equity, customers are prone to become brand loyal and purchase it on a regular basis. Therefore, it is the sports marketers' interest to establish high levels of awareness, enhance brand image, build equity and develop an as a large loyal customer base as possible.

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