Sports Team Brand-Equity Index: A New Measurement—An (Extended) Abstract

Anish Yousaf, Anil Gupta, and Abhishek Mishra

Introduction

Increased commercialization of professional sport teams has led to increased competition, making it imperative for sport managers to develop and maintain fruitful relations with their fans and other stakeholders (Naik and Gupta 2013a; Bauer et al. 2005). The stakeholders might include participants, owners, team administration, governing bodies, financial stakeholders, and community at large. To ensure a team's economic success, team owners and managers lay strong emphasis on "team branding" to build a loyal fan base (Naik and Gupta 2013b). It has been observed that higher loyalty of fans ensures their involvement in the team's activities and leads to its economic success. In a recent survey by Gallup in 2009, it was observed that more than 56 % of the respondents were watching a sport because they were the fans of a particular participant team. It is therefore important for team management to identify critical factors that have an impact on the success of the teams. Researchers have argued that high team brand equity can result into increased fan loyalty, global presence, differentiation of team, positive fan attitude, and increased purchase intentions while ultimately leading to economic success (Naik and Gupta 2013a; Bauer et al. 2005). Measuring and

A. Yousaf (✉)
Lovely Professional University, Phagwara, Punjab, India
e-mail: anishyousaf86@gmail.com

A. Gupta
University of Jammu, Jammu, India
e-mail: anil1975@yahoo.com

A. Mishra
IIM–Indore, Indore, Madhya Pradesh, India
e-mail: abhishek@iimidr.ac.in

M. Stieler (ed.), *Creating Marketing Magic and Innovative Future Marketing Trends*, Developments in Marketing Science: Proceedings of the Academy of Marketing Science, DOI 10.1007/978-3-319-45596-9_263

evaluating brand equity of a team on a continuous basis should be considered a strategic marketing decision by the team manager. There are plenty of scales that have been developed to measure sport teams' brand equity (Gladden et al. 1998; Gladden and Funk 2002; Bauer et al. 2008; Villarejo-Ramos and Martin-Velicia 2007; Ross 2006; Ross et al. 2008; Naik and Gupta 2012b). With these scales using reflective indicators, there is serious question on their coverage of the concept meaning as well as practical application.

Literature Review

Index as a Measurement Tool

Diamantopoulos et al. (2008) define an index as "a composite latent variable (LV) which can be calculated using formative indicators, rather than reflective ones, which are supposed to cause the latent variable." Lack of awareness about formative indicators to conceptualize higher order constructs is considered as a main reason for avoiding index developments (Diamantopoulos et al. 2008). Also, scale development procedure, using reflective indicators, is well established among researchers (Diamantopoulos and Winklhofer 2001; Churchill 1979). A typical example of a reflectively measured latent variable is customer loyalty. Measures of customer loyalty usually include his/her inclination to shop/repurchase at a particular store and recommendation of that store to others. Thus, any change in a reflectively measured latent variable will result into a change in its corresponding indicators concurrently (Wang et al. 2001). Formative indicators are not interchangeable whereas reflective indicators are essentially interchangeable.

Brand Equity in Sport

Literature consistently suggests that brand equity should be an important topic of research because it is considered as the combination of key customer behavior variables like loyalty, patronage, association, and trust (Yoo 1996). To practitioners, brand equity is significant as it contributes positively to both long-term profits and sales (Yoo 1996). Since the emergence of the term "brand equity," there is burgeoning interest in the subject among researchers and practitioners (Cobb-Walgren et al. 1995). Building strong brand equity is imperative in developing sustainable competitive advantage for the firm and is important in creating a point of differentiation to achieve competitive advantages for firms (Yoo et al. 2000). Literature and practice have consistently argued that brand equity increases the probability of brand choice, customer patronage behavior, customer retention, and willingness to pay a price premium; it also decreases vulnerability to competitive marketing action and an elastic response to price increases (Aaker 1991; Keller 1993; Yoo 1996). Brand equity is also a crucial determinant in acquisition and merger decisions (Mahajan et al. 1994).

In view of increased importance of branding of teams and the measurement of team brand equity for the marketing executives, researchers have developed frameworks aimed at measuring the brand equity of sport teams using reflective indicators (e.g., Gladden et al. 1998; Gladden and Funk 2002; Bauer et al. 2008; Villarejo-Ramos and Martin-Velicia 2007). One of the earlier efforts to do so was by Gladden et al. (1998) who categorized antecedents of sports-based brand equity into three classes: team related, organization related, and market related while brand equity itself was measured by perceived quality, brand awareness, brand associations, and brand loyalty. Other researchers also contributed to this literature; for example Villarejo-Ramos and Martin-Velicia (2007) followed by Bauer et al. (2008) conceptualized team sport-based brand equity. But while the former model by Gladden et al. (1998) was conceptual, the models for the latter two works were developed from the perspective of an equipment manufacturer. Other researchers like Ross (2006) have also given conceptual models relating marketing strategies of a sports firm and its relationship to consumer-brand relationship which has been subsequently shown to affect long-term revenues and profits. Building on this work, Ross et al. (2008) expanded traditional marketing mix to propose an extended marketing mix that reflected effecting marketing efforts for a sports-related firm, which had consequential effects on brand awareness and brand associations. In their scale for sports brand equity, Ross et al. (2008) adopted the seven service marketing mix elements and proposed it to measure brand equity as made of brand association and brand loyalty (Keller 1993). While brand association was measured by attributes like non-player personnel, team's success, history of the team, stadium/home of the team, team characteristics, logo of the team, concessions, socialization, team rivalry, commitment, and organizational attributes, brand loyalty was conceptualized as a mix of team identification and team internalization.

Methodology

For developing the STBE index, the process prescribed by Diamantopoulos and Winklhofer (2001) was used. For developing the STBE index, Indian Premier League (IPL) for cricket was chosen. IPL has become a very popular T20 global cricket tournament. IPL emerged as one of the first sporting events in India to attract the attention of the masses, corporate houses, celebrities, and many sponsor brands (Gupta et al. 2013). In 2013, Forbes magazine named IPL as the best cricket league of the decade. IPL has franchisees originating from the different states of India and international celebrity players combined with Indian players play for nine different branded teams. Selection of a single team out of nine teams of IPL was the next step. For this purpose, a pilot study was conducted and data was collected from 220 randomly chosen respondents who watch IPL (males comprising 83 % with average age of 22.7 years). They were asked to recall various teams of IPL. The highly recalled team was Mumbai Indians which was chosen as the reference team for this work. Dickson et al. (2004) affirmed that youth represents the major target customers for sport organizations and for sport-related enterprises. Hence, young people, aware of IPL, and aged between 15 and 30 years were selected as respondents for data collection, since they spend more time watching IPL matches at stadiums or on television and represent the most important segment for sport team(s). Stratified random sampling was used for collecting data from 380 students from a prominent university. After data screening and omitting outliers, 360 were kept for data analysis with a response rate of 94.73 %. The collected data was divided into two equal parts; the first part was used for the development of team brand equity index, whereas the second part was used for external validity check.

Results

Step 1: Indicator Collinearity

For each of the above constructs, items used were derived from the work of Naik and Gupta (2012), which revalidated the scale of Ross et al. (2008). Exploring multi-collinearity between the independent variables is the first step in index construction procedure. It is done to check whether a high correlation exists among the independent variables or not (Malhotra and Dash 2011). Peter et al. (2007) argued that formative measurement models are based on multiple regressions in which multi-collinearity between independent variables is a serious issue for researchers which needs to be checked initially for index construction. Measurement of variance inflation factor (VIF) can help researchers to check the multi-collinearity between independent variables and researchers can drop indicators having a VIF value greater than 3.3 (Diamantopoulos and Siguaw 2006). For calculating the multi-collinearity between variables in the STBE index, SPSS was used and all the indicators having VIF value greater than 3.3 were dropped. A number of variables were dropped, which happened as these items are highly intercorrelated owing to be originally part of a reflective model.

Step 2: Item Reliability

We used the partial least squares (PLS) to assess item reliability for index construction. Diamantopoulos and Winklhofer (2001) suggested that "if any of the item weightings for formative measures are non-significant, removing such non-significant indicators one at a time would be appropriate, until all paths are significant and a good fit is obtained." As a result, formative indicators having nonsignificant weights were dropped from the index (Diamantopoulos and Winklhofer 2001). Also dropped were indicators having high standard error as compared to their weights and the indicator-dropping process was done in an iterative way by deleting one item at a time and having the lowest t-value (Wang et al. 2011). This process resulted in dropping of following indicators as they did not fall into the required criteria—Bmark1 (t-value = 0.12, standard error = 0.39, weight = 0.02); TRivalry3 (t-value = 0.09, standard error = 0.27, weight = −0.12); and THistory2 (t-value = 0.48, standard error = 0.072, weight = 0.035).

Step 3: External Validity

As per the requirement of MIMIC model, brand equity of sport team was measured using both formative and reflective indicators. Yoo and Donthu's (2001) three-item scale was customized as reflective indicators for team brand equity. The items included the following: (1) It makes sense to be with [name of the team] even if other teams are performing at the same level. (2) Even if other teams perform well, I will prefer to support [name of the team]. (3) If another team is not different from [name of the team] in any way, it seems smarter to support [name of the team]. Result shows that team brand equity index explains 79 % of the variance in the reflectively measured team brand equity ($R^2 = 0.79$, $Q^2 = 0.78$). This eight-indicator model was compared with full-indicator model and findings indicate that there is very less deterioration in fit indicating that the eight-indicator model can be used as it sufficiently captures the content of brand equity index. The path coefficient from the sport team brand equity index to the reflectively measured sport team brand equity is positive ($\beta = 0.81$, $p < 0.01$).

Discussion and Contributions

The purpose of this research was to validate the SBBE model and it represents one of the first efforts in the context of television viewers of IPL. Importantly, this empirical research supports brand associations and brand awareness as the important constructs for assessing the spectator-based brand equity as suggested by Ross (2006) and Ross et al. (2008). However, not only was their framework complex, but also the predictive logic provided by them about the effect of specific constructs on brand equity was based on a reflective model. To overcome this drawback, we revalidated the spectator-based brand equity model as a formative index, which not only offers a more parsimonious, and hence more usable, way of explaining a sport team's consumer-based brand equity, but also as a formulation of the model made of formative constructs, it also readily establishes factors that influence overall teams' brand equity.

Sport teams act as a bridge between spectators and the sport. Growth of sporting events as a form of entertainment has led to an increase in competition among sport organizations for the consumer entertainment dollar. James et al. (2002) advised teams to attract, develop, and maintain relationships with a substantial number of sport consumers in order to create adequate income streams. Team management can't think of managing sport teams as nonprofit entities but as professional brands to build teams' high brand equity. Managing such complexities and competition in modern sport requires the presence of effective sport marketing strategies. Branding of sport teams is important considering the fact that brand-equity rankings of sport clubs are published in leading business magazines such as Forbes and Fortune.

Highlighting the importance of team branding, current study focuses on developing a parsimonious sport team brand-equity index following the procedure developed by Diamantopoulos and Winklhofer (2001). Index development, being a recent concept in the measure development, provides advantages over conventional reflective scale development, as it ensures completeness to the meaning of the construct under purview, though they have the disadvantage of very limited validation measures available. To our knowledge, this study is one of the first studies in sport marketing literature that propose and develop a brand-equity index. The eight-item index captures the full domain of team brand equity in a parsimonious way which other reflective scales lack. The findings of the study will be beneficial to both sport managers and marketing managers who want to associate their brands with sport teams. The study develops a theoretically and statistically sound sport team brand-equity index that could be used for measuring the brand equity of sport teams. This index has certain other uses also. The STBE index can be used as a benchmarking tool by the managers of sport teams to calculate the brand equity of their teams in a comprehensive and reliable way (Arnett et al. 2003). The index can also be used for evaluating the effectiveness of the marketing strategies of the teams. Positive value of brand equity would mean that the strategy used by sport teams' managers is effective in achieving the objective and can be continued. On the contrary, low value of brand equity would suggest a deeper introspection into the strategies employed by the team administration for the branding of sport team.

Sport team brand-equity index could also help team managers in exploring the relative importance of the different components of their team's brand equity in an effort to enhance the team's brand equity. The STBE index can also be used by team managers to investigate this relationship between outcomes and antecedents of sport teams' brand equity. Overall, the STBE index can provide a snapshot detail regarding the ability of the team's administration to create strong emotional bonds with the fans. Construction of sport teams' brand equity index will help sport marketers to better understand their teams and thereby enhance their teams' brand equity.

References available upon request.