EVALUATION OF SPORT BRANDS – AN EMPIRICAL ANALYSIS OF THE INTERPLAY BETWEEN BRAND STRENGTH AND BRAND EQUITY

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Abstract

Aim of abstract – Research questions
The evaluation of sport brands played a major role in sport management research during the last two decades and will be one of the hottest topics in future, too (Keller, 1993; Gladden et al., 1998; Bauer et al., 2005). This piece of research focuses on marketing in sport and especially on the evolutions of sport brands. The latest empirical publications in the context of sport brand evaluation mainly deal with the brand equity of European football clubs. Like all the studies conducted in marketing research before, those studies in sport management show striking differences in their results. Just to mention one example, the brand equity of Real Madrid CF differs from one study to another between 278 million Euro and more than 1 billion Euro. This example underlines that there are no consistent results in the current brand evaluation discussion. In this context the following research questions are crucial for developing a better understanding of brand evaluation: Which indicators are relevant for building up a strong brand? Which indicators determine brand equity? Finally, is there any correlation between brand strength and brand equity?

Theoretical background
In the first step we reviewed the latest literature in marketing and sport management dealing with brand valuation in general. As a consequence the literature can be divided into three main perspectives: finance-oriented (e.g. Simon & Sullivan, 1993), customer-oriented (e.g. Aaker, 1991; Keller, 1993) and integrative brand evaluation. Finance-oriented models are based on quantitative data like market value or costs, whereas customer-oriented models rather consider qualitative data like loyalty or image. Furthermore, integrative models combine these views by using both quantitative and qualitative data. In sport management more and more studies, like those analyzing the Real Madrid brand mentioned above, cope with combined models for calculating brand equity. The tremendous difference between the calculated brand equities derives from the use of integrative models that mix the strength and the equity of the Real Madrid brand instead of clearly distinguishing between those two perspectives. In summary, our theoretical analysis shows that the trend to the development of integrative models is a step into the wrong direction. We recommend developing financial-oriented models for controlling purposes and customer-oriented models for brand management.

Methodology, research design and data analysis
As a consequence, we reconsidered the theoretical foundations to make brand equity models more applicable to sport brand management. Based on these considerations we propose an innovative theoretical framework that clearly divides between psychological indicators of brand strength and financial indicators of brand equity. We hypothesize that brand strength has a positive influence on its psychological indicators awareness, loyalty, image and quality, whereas quality also includes perceived sporting success. Furthermore, we assume that the higher the brand strength is, the higher the brand equity will be and consequently the higher are revenues and the better is real sporting success. This theoretical framework and the proposed hypotheses are analyzed by using structural equation modeling. The data collection was realized with online surveys focusing on spectators and fans of all first-league clubs in basketball, ice hockey, football and handball in Germany during season 2009/2010. Altogether, a data set of n = 1.585 could be generated. Before the analysis of the complete structural equation model (SEM), exploratory factor analysis and confirmatory factor analysis was applied. The so confirmed structures were finally measured in a comprehensive SEM measuring brand strength and brand equity as well as the correlation between them. In this regard, brand strength and brand equity are specified as second-order latent variables being measured by the corresponding first-order latent variables that represent psychological respectively financial indicators.

Results and implications
In contrast to the existing literature we argue that brand strength and brand equity cannot be combined by mixing qualitative and quantitative data. Therefore, we could prove in our SEM that brand strength and brand equity should be treated as separate latent variables, because brand strength should be solely measured by psychological indicators and consequently, brand equity by financial indicators. In addition, our SEM shows how brand values are created and how the different brand evaluation perspectives are related to each other. Consequently, the derived theoretical framework and the empirically proved SEM lay the foundation for a new paradigm concerning the evaluation of sport brands, which opens the way for a better understanding of the relationship between brand strength and brand equity.

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