

MERCHANDISING: BOOST FOR FAN IDENTIFICATION AND FAN LOYALTY? – AN EMPIRICAL ANALYSIS OF PROFESSIONAL BASKETBALL CLUBS IN GERMANY

Christian Durchholz, Tim Ströbel
University of Bayreuth
christian.durchholz@uni-bayreuth.de

Aim of abstract – research question

Merchandising has primarily been analysed as a financial factor within a sporting club. Hence multiple analyses about the development of merchandising revenue streams are conducted regularly by market research agencies and accounting or consulting firms. In our case we focused on professional basketball clubs in Germany. In this market the share of merchandising revenue is amounting to 1 % of the total revenue stream in average. Nevertheless, club managers try to enhance short-term economic success. Therefore, they focus almost solely on revenue streams like sponsorship and ticketing and neglect improvements in the merchandising field (SPONSORS, 2012). In contrast to that short-term focus, a recent survey revealed that 38 % of the interviewed experts within the basketball market expect an annual growth of merchandising by 5 to 15 % (Deloitte, 2012).

From our theoretical point of view, merchandising plays a major role for long-term economic success. Merchandising should be used as a strategic marketing tool, which can boost fan identification and fan loyalty, which leads to long-term economic success. Moreover, merchandising has not been investigated comprehensively within sport management literature so far.

Against this background our research objective is twofold:

1-What are the main reasons for merchandising activities from the perspective of club managers?

2-Does satisfaction with merchandising supply affect merchandising consumption behaviour and consequently fan identification and fan loyalty?

Theoretical background

Reasons for buying merchandising products are diverse. Identification, integration, expression and sacralisation are theoretical concepts which help to explain the merchandising buying behaviour (Derbaix et al., 2002). From a marketing point of view, we know that product or service quality enhance customer satisfaction, customer loyalty and long-term economic success (Heskett et al., 1994). In sport marketing literature, fan loyalty and fan identification are seen as the main determinants of fan behaviour (Underwood et al., 2001; Wann et al., 2004).

Our literature review shows that these components were analysed separately. In order to analyse the effects of merchandising consumption on fan identification and fan loyalty we need to combine them. As there is hardly any research in sport management dealing with that topic, we used existing value co-creation concepts and developed a comprehensive model which includes two new dimensions: satisfaction with merchandising supply and merchandising consumption behaviour as antecedents of fan identification and fan loyalty.

Methodology, research design and data analysis

The data was generated by two online surveys. To collect insight information about main reasons for merchandising activities we interviewed managers of all first league basketball clubs in Germany. These data have been analysed on a descriptive basis to answer research question one.

The second survey was distributed in club forums and focused on spectators and fans of two professional basketball clubs in Germany in July 2012. In order to capture satisfaction with merchandising supply and merchandising consumption behaviour we drew back on existing items in sport management literature (Varley, 2001; Fink et al., 2002).

In addition, these dimensions were embedded in an existing model about co-creation of value in sport which contains quality dimensions (like perceived team performance, perceived stadium service quality, spectator induced atmosphere) as well as customer satisfaction, fan identification and fan loyalty (Woratschek et al., 2007). In our model, we hypothesize that satisfaction with merchandising supply has a positive influence on merchandising consumption behaviour, which consequently positively influences fan identification. Additionally, we assume that the above mentioned quality dimensions have a positive influence on customer satisfaction which predicts fan loyalty. Finally, we conjecture that fan identification leads to customer satisfaction and to fan loyalty. In order to answer our second research question, we analysed those hypotheses by using structural equation modelling (LISREL). Altogether, a data set of $n = 412$ could be generated.

Results, discussion, and implications

Our results show that the interviewed managers of the basketball clubs agree upon the hypothesized effects of merchandising activities. For them, increasing fan identification, fan loyalty and brand awareness are the main goals of a substantial merchandising strategy. Those results show that the managers are aware of the potential economic boost that merchandising can provide for the clubs in a long-term perspective. In accordance with the managers' assumption, we can prove in our SEM the above mentioned hypotheses concerning the role of merchandising as an indicator for fan identification. Besides that, our model shows clearly the cause-effect relations for fan identification, customer satisfaction, and finally fan loyalty. Therefore, we can draw the main conclusion from our analysis: merchandising is a boost for fan identification and fan loyalty!

Selected References

- Derbaix, C., Decrop, A. & Cabossart, O. (2002). Colors and Scarves: The Symbolic Consumption of Material Possessions by Soccer Fans. *Advances in Consumer Research*, 29, 511-518.
- Fink, J. S., Trail, G. T. & Anderson, D. F. (2002). Environmental Factors Associated With Spectator Attendance and Sport Consumption Behavior: Gender and Team Differences, *Sport Marketing Quarterly*, 11 (1), 8-19.
- Heskett, J. L., Jones, T. O, Loveman, G. W., Sasser, W. E. & Schlesinger, L. A. (1994). Putting the Service-Profit Chain to Work. *Harvard Business Review*, 72, 164-174.
- Underwood, R., Bond, E. & Baer, R. (2001): Building Service Brands Via Social Identity: Lessons from the Sports Marketplace. *Journal of Marketing Theory and Practice*, 9 (Winter), 1-13.
- Wann, D. L., Bayens, C. & Driver, A. (2004). Likelihood of Attending a Sporting Event as a Function of Ticket Scarcity and Team Identification. *Sport Marketing Quarterly*, 13 (4), 209-215.