THE VALUE OF TEAM NAME CHANGES

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Research question

Many professional teams around the world have development teams, sometimes known as second-tier or minor league teams. Most of these development teams are named after the professional teams they are associated with, also known as the parent club. Some of these development teams engage in the peculiar habit of changing their name away from the valuable parent club brand. In doing so, the development teams are engaging in a tradeoff between the value of the parent brand and the future potential value of a new local brand. This research uses attendance variations to investigate the effect of a name change.

Theoretical background

Sports teams relish the power of organizational identity generated from a strong brand. Organizational identity theory (Elsbach, 1999) predicts that fans of the team, whether they attend games or not, derive a portion of their identity from the team. These highly identified sport fans are more involved with their teams and have a greater likelihood for in-game attendance (Wann & Branscombe, 1993) and other purchase behaviors. When a team changes its name, these fans may be adversely affected. Changing the team's name has the potential to have negative consequences, particularly if consumers find the change distasteful or find that it alters their association and identification with the brand (Muzellec & Lambkin, 2006). In terms of the outcomes of such name changes, research is scant. Branca and Borges (2011) found that rebranded companies experience no change in firm value when measured through an event study model.

Methodology, research design and data analysis

We consider the specific case where a parent club has a development team that (a) is affiliated with only one parent club, (b) plays and competes with other development teams at its own level (i.e., it is not a practice squad), and (c) has changed its name either to be the same as the parent club or to be different from the parent club.

In a profit maximizing model of corporate behavior, a name change occurs for the long-term good of the business, usually in terms of revenue generation. Thus, we will examine the revenues, proxied by attendance, of minor league baseball teams that changed names between 1980 and 2011. We have identified 142 teams that fit these requirements.

We will regress attendance on a set of known demand determinants, dummies that explain the different type of name change, and controls for other factors that may occur simultaneously with a name change such as team relocations, changes in ownership, and/or changes in league classification. The final results of this research study will be available at the time of presentation.

Results, discussion and implications

Regardless of the outcome of a name change, the act of changing the name should not be taken lightly. As Muzellec, Doogan, and Lambkin warned (2003), "Dispensing with an established brand, often the culmination of many years of continuous investment, and perfunctorily replacing it with a new brand would seem to contradict a century of marketing theory and practice" (p. 31). This research will help sport practitioners determine whether a meaningful, local brand is more valuable than a nationally or globally recognized brand.

References

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