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Sport Marketing Quarterly, 2008, 17, 132-134, © 2008 West Virginia University

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What are the biggest challenges facing Basketball Ireland in growing the game in Ireland?

We face numerous challenges. I have listed the main ones below:

- Our clubs do not own their own venues and basketball venue rental charges are high. Therefore, the cost for a kid to play basketball in Ireland is proportionally high compared to outdoor sports.
- The commercial sporting landscape is dominated by Gaelic sports, soccer, rugby and horse racing.
- Government funding has also largely focused on the four sports listed above.
- In our top semi-professional SuperLeagues (men and women), there has been too much focus on importing players as opposed to developing home-grown talent, for short-term gain.
- Developing a marketing strategy for the SuperLeague is difficult when the better players tend to be the imports. They are usually here for just one season.
- The technical competency of our coaches needs to be at a higher level in order to compete with larger European countries.

Despite the challenges we are the third largest participation sport in Ireland, and have grown our staff from 8 to 24 in the last two years. I feel strongly that we, as the national federation, now have the correct structures in place both from a staffing and governance perspective, to take the game in Ireland to a new level. The organization is relishing the prospect of taking on each challenge in order to build a bright future for the sport.

What strategies have been used to increase the awareness and increase participation in the game?

In terms of awareness, we do not have the budget to conduct extensive above-the-line marketing activity, so our focus has been on direct contact with the sporting community via our Regional Development Officers—RDOs (i.e., our field staff). They have been working extensively on a grassroots "grow a club" program that targets specific areas where school basketball is prominent but where club infrastructure is weak. Our objective is to encourage kids to participate in school basketball from Monday to Friday and club basketball on the weekends.

We have invested heavily in our web infrastructure, with a new on-line registration database and competition management area that provides our members with streamlined access to vital information while also providing the ability to register teams and individuals in our competitions at all levels. As the body that administers all national competition, it is vital that we do this in a professional manner, to ensure the participants and everybody associated with the sport holds the structure in high regard. We also organize regional camps that specifically focus on attracting beginners to the sport. Our database also provides us with an extremely valuable communications tool that will not only create administration efficiencies but also assist us in the sale of our commercial packages.

We believe that it is vitally important to have a vibrant pinnacle of the sport to complement the work being done at grassroots. We conduct a variety of awareness raising activities and media promotions to raise the profile of all our national competitions and events, including the SuperLeagues and our International teams. An absolutely critical objective in raising the profile is to increase attendances at games and achieve more sellouts of our major events.

How has the influx of immigrants into Ireland impacted the interest in the game?

This has had an immense impact and is one of our unique selling points as we move to a new era. The countries where the immigrants have come from tend to have a major interest in basketball, more so than Ireland in many instances. Countries such as Poland, Lithuania, Latvia, and China all have vibrant basketball leagues and extremely competitive national teams. It has been extremely beneficial to the sport to have people move here from these countries. We have noticed players at all age groups playing in our competitions and attending our camps. This is a major area of focus for us, and to demonstrate this we have recently established an inclusion advisory group within the federation.

BI has initiated the Emerald Hoops for 2008 where you have Notre Dame as the marquee team. What is the ultimate goal of the program?

The Emerald Hoops program is extremely exciting for the sport in Ireland and will build on existing relationships and activities between Ireland and the US to provide a structured program whose goals are

- to develop sporting, educational, and cultural relationships between the basketball communities in Ireland and America;
- to provide American basketball players with opportunities to partake in unique Irish experiences in terms of hospitality, culture, history, and sport;
- to provide the Irish basketball community with opportunities to experience, first hand, the exuberance, athleticism, and skills associated with American basketball;
- to develop a range of activities that foster the development of relationships between all sectors of the basketball communities in Ireland and America; and
- to encourage the youth of Ireland to deliver on their full potential through participation in the growth and development of basketball in Ireland.

The 2008 event has focused on the men's NCAA strand of the program, with Notre Dame playing in a four-team tournament involving the national teams of Ireland, Poland, and Iceland. However, it is envisaged that there will be a number of strands by the end of the five-year plan that will also include high schools (boys and girls), a coaching program, an officiating program, women's NCAA, and a further enhancement of our relationship with the NBA offices in London and New York.

How have you promoted the program? What has been the reception of the US college programs?

We have made three trips to the US in the past 10 months; one of them involved us taking a stand at the NABC trade show in San Antonio at the Final Four. This was extremely valuable in our effort to build the brand and raise awareness of the program. We have also directly met and visited nearly 15 Division I programs, where the reception has been very warm indeed. One of our objectives is to make Ireland the destination of choice for NCAA men's and women's basketball programs (Division I, II, & III) that are considering a foreign tour. We will provide Notre Dame with a truly top class experience, both on and off the basketball court. An Emerald Hoops advisory board is being established in the coming months that will include key associates of Irish basketball that are based in the US. The advisory board will provide strategic direction to the program that is based on an understanding of the US basketball environment. We have also developed a relationship with a marketing partner in the US—Position Sports—that will be assisting our campaign through the coming months.

What is the future vision for Emerald Hoops?

Emerald Hoops will further develop the relationship between Ireland and the US via the sport of basketball. A number of events will take place annually involving all strands of the sport. We believe the Emerald Hoops program will assist us in addressing some of the challenges I mentioned above. There is the educational aspect of learning from the US players, coaches, and officials, but it will also provide us with the opportunity to host events that are of a higher profile than we currently can offer. This will have the domino effect of increasing the profile of the sport along with providing additional commercial opportunities.

The SuperLeague is the highest level of competition in Ireland. The league seems to be growing in stature and recognition within the country. What have been the strategies you have used?

We have implemented a licensing system where the existing teams were required to apply to enter the league. There were three rounds of presentations and business plans submitted by the clubs. The clubs were required to demonstrate sustainability and a solid financial base, along with a vibrant playing and coaching infrastructure. One of the key goals of the licensing program is to encourage the SuperLeague teams to connect with other clubs and schools in their locality. It is an exciting time for the League.

What has been the sponsors' reception of basketball in Ireland in face of the more established sports?

As I mentioned above, it is a challenging environment largely because of the snowball effect that an increase in investment can provide, and has provided to the other sports through the last 10 to 15 years. However, we do have a number of unique selling points that we need to package in a way that is attractive to the potential partners. As the national federation, we have a strong link with our participants and can provide excellent value to sponsors who wish to target the basketball demographic. We have spent a great amount of time conducting both field and desk research to obtain a good understanding of our membership and audience. We have a number of valuable properties and have a very good understanding of the sponsorship industry. Our focus is on satisfying the needs and objectives of the sponsor, as opposed to focusing on what our needs are. I firmly believe that the structures are now in place for basketball to deliver real value and measurable results to a suitable and relevant partner.

Who are your current sponsors? What is key to getting and keeping them?

We have deployed a tiered approach to our sponsorship strategy:

- Primary Partner x 1
- Secondary Partners
- Official Suppliers

We have a number of secondary partners including NIVEA for Men, O'Neills, Molten, ServaSport, and O'Driscoll O'Neill. Our official suppliers are the Tower Hotel Group, First Sport, and Tipperary Water. We are currently in the market to obtain a primary partner who will obtain the naming rights to all our main properties that includes our National Cup, International Teams, men's and women's SuperLeagues, Schools League and Cup, National Camps, and the National Basketball Arena.

It is vital that we obtain a good understanding of what our partners' objectives are and ensure that our reporting focuses on demonstrating how those objectives are met, and exceeded. The key to keeping our sponsors is by deploying a partnership approach. This is a phrase that is often used in the industry, however, all too often not adopted in the correct manner. It is essential that we exceed expectations in all contact and communication with our partners. Considering the current and future economic climate, it is critical to that we continue to deliver for our partners, as it could become increasingly difficult to replace them.

What steps have you taken to communicate to sponsors the benefits of a relationship with Basketball Ireland, SuperLeague, or Emerald Hoops?

We target organizations that are a good fit with our demographic and with the brand traits of basketball in Ireland. We strive to gain an understanding of what the potential partner's objectives are. We then tailor our proposals and presentations to ensure we meet the organization's marketing objectives. We demonstrate how we will assist a partner in meeting their specific objectives and provide innovative ideas for how the partnership can be leveraged and activated by both parties. The most challenging element of the process for Basketball Ireland is actually making a sufficient number of proposals and presentations to achieve the required hit rate. This is largely because of the difficult aspect of obtaining that initial meeting. Our effort to obtain the primary partner is where we need to be particularly innovative. We have an exciting campaign planned for the coming months where we expect to get the desired result.

Where do you see basketball in Ireland as a brand in 10 years?

The traits I envisage that will be associated with the brand of basketball are vibrant, dynamic, exciting, and energetic. We need the marketing community and the media organizations in Ireland to associate the brand of basketball with such traits. The tremendous value there is in the sport needs to be realized. There is little doubt that the foundations are in place for basketball to significantly challenge some of the higher profile sports for a more established place in the hearts and minds of the sporting community.

Interview conducted by Matthew Robinson, University of Delaware

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Relationship Marketing in Australian Professional Sport: An Extension of the Shani Framework

Constantino Stavros, Nigel K. Ll. Pope, and Hume Winzar

RELATIONSHIP MARKETING

Abstract

The value and benefits of relationship marketing to sport practitioners have been observed in the literature for more than a decade. In spite of this, little empirical research has been reported to examine the uptake of this approach or the means by which it is implemented. This paper reports the findings of qualitative, case study research into the uptake and application of relationship marketing principles by sport organizations. The findings are couched in terms of the Shani model, which is extended into an Australian context. Results indicate that while practitioners are cognizant of the workings of relationship marketing, there is some reluctance to embrace and apply these principles.

Relationship Marketing in Australian Professional Sport: An Extension of the Shani Framework

Introduction

Relationship marketing is an established and important part of modern marketing practice (Egan, 2004; Veloutsou, Saren, & Tzokas, 2002). It has been suggested that it represents a paradigm shift in marketing (Gronroos, 1994, 1996; Gummesson, 1993; Morgan & Hunt, 1994; Veloutsou et al., 2002) and continues to evolve, particularly with the advancement of technology (O'Malley & Mitussis, 2002; Sheth, 2002).

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"Given relationship marketing's benefits and its status within modern marketing thought, the continued development, understanding, and application across various industries (in this instance, sport) provides strong justification for this research."

Relationship marketing adopts a customer focus and its main benefits include greater customer retention, increased loyalty, reduced marketing costs, and greater profits (Berry, 1995; Berry & Parasuraman, 1991; Christopher, Payne, & Ballantyne, 2002; Gronroos, 1996). Most of these benefits have been established within the broader marketing context. Given relationship marketing's benefits and its status within modern marketing thought, the continued development, understanding, and application across various industries (in this instance sport) provides strong justification for this research.

Relationship Marketing in Sport

The recognition that sport can benefit from a relationship marketing approach is well accepted, as is the notion of referring to and considering sport fans as customers (Cohen, 1996). Common reasons cited for the embracing of relationship marketing within sport are technological innovation, the maturing of sport marketing research, and increased entertainment and leisure options leading to greater competitive challenges (McDonald & Milne, 1997).

Despite an acknowledgement that the change of focus to replace transactional marketing approaches has filtered into sport (Brenner, 1997; Kelley, Hoffman, & Carter, 1999; McDonald & Milne, 1997), insufficient literature exists to seriously evaluate the extent of relationship marketing in sport or to attempt to provide some framework for understanding the strategic approaches and value relationship marketing may bring to sport. This was reiterated by Bee and Kahle (2006), who noted that despite the significant study of relationship marketing in many contexts, little research and theory development has occurred in sport.

Further, where it has occurred it has only partly explored relationship marketing, been focused on one

This loyalty program concept has now spread to many other sports throughout North America and has been particularly helpful for sports such as soccer, where typically walk-up sales (tickets bought at the stadium on the day of the game) make up the bulk of the crowd. In the case of the Oakland Athletics MLB team, customers provide basic demographic information at the stadium and receive a card, which they swipe at kiosks at the stadium every time they attend a game. As a result, they earn points toward rewards, such as coupons for free drinks, parking, or the chance to win a trip to the World Series (Lorge, 1999).

Regrettably, detailed literature outside of North America on the sport marketplace's implementation of relationship marketing strategies is not readily available. With the general lack of information as to the issues faced by sport organizations wishing to undertake relationship marketing, coupled with the broader issue of the extent of relationship marketing practice, it is readily apparent that considerable scope for research in this area exists, particularly in countries such as Australia, where the sport industry is large.

Research Questions

We seek to address some of these shortcomings by examining the history and current practices of several different organizations in Australia, in a number of different sports and at the level of a regional franchise through to a national governing body.

Our case studies address three broad questions: (1) To what extent do professional sporting organizations in Australia undertake relationship marketing? (2) What strategies do they employ? (3) What are the issues faced in implementing a relationship marketing approach?

Method

Six cases were developed for this study using an interpretivist paradigm. Various sports teams operating as national franchises were represented by Australian football, rugby league, basketball, and soccer. An annual international sporting event was represented by the Australian Formula One Grand Prix motor race. Further, a national governing body, Cricket Australia, was studied as an example of a coordinator among international, state, and regional competitions. These choices were based on access, location, cooperation, relevance in terms of size, scope and operation, heterogeneity, theoretical applicability, likely outcomes, possible uniqueness, and representation of the local sporting landscape. The selection allowed insights into what are generally considered major team sports within Australia.

Free-flowing unstructured and semi-structured interviews with key personnel at each organization were conducted on several occasions. Prior to interviews, a guide was developed. Interviews were conducted in the organizational premises of the respondents, taped by micro-cassette recorder or, in the very few instances where this was not possible, notes were taken. All interviews were transcribed and presented back to interviewees for adjustment and comment. Follow-up interviews sought clarification of comments made or in some instances were used to discuss new events that were likely to impact upon an organization—for example, when a rugby league team relocated to a new stadium.

> *"... description, implementation, and evaluation of specific strategies were generally poorly resourced and notable barriers were identified or encountered."*

Aside from some points on the interview guide, the interviews were kept as relaxed and open as possible. Respondents were encouraged to be frank and forthright and some of the sensitive information provided suggested this occurred. Respondents were informed of other organizations assisting with the study, primarily because this was commonly requested and also because it appeared to give them a sense of security.

Participant observation formed an integral part of the approach used in this study. Aside from attending actual sporting events of all the organizations, the actions and operations of the organizations' marketing functions were observed and noted. These included, where permitted, meetings, fan functions, and management discussions. These elements were specifically noted and help provide insights that could not have been obtained in any other way.

All interviewees in this study were also asked for appropriate documentation that may be of relevance to the discussion. Secondary information from a variety of sources, including promotional material, press reports, and industry and government reports were separately accessed and noted. This information was particularly helpful in setting the scene and where possible secondary information on the particular sport organization was collected and read prior to interviews being conducted. This information allowed specific incidents to be mentioned and commented upon.

Findings

In general, we found that organizations had favorable attitudes toward relationship marketing. They had all identified the value of the concept and had made plans or were considering plans that incorporated specific relationship marketing strategies. However, description, implementation, and evaluation of specific strategies were generally poorly resourced and notable barriers were identified or encountered. A number of key issues arose consistently both within and across cases. These included organizational history, organizational structure and internal marketing approach, attendance and membership priorities, new versus existing markets, relationship marketing practices, database, media and communication, community and volunteers, and research.

RQ1: To what extent do professional sporting organizations in Australia undertake relationship marketing?
Relationship marketing is acknowledged by professional sporting organizations in Australia as fundamental to their ongoing survival and success. Respondents indicated that competitive pressures, the need for financial security, and a maturity of their marketing understanding had steered them toward the concept. To date, however, little evidence exists to suggest that relationship marketing practices have been fully integrated into marketing activities. Respondents were, for example, unable in many instances to provide strategic plans for the implementation and orientation of relationship marketing or the ongoing monitoring of initiatives. In some instances frank admissions were made that despite the need for better engagement with existing customers, the organization had yet to work out a way to do this. Cricket had, as one example, excellent research data but felt that a perceived strong link between the consumer and cricket existed "by accident," rather than through conscious planning. Furthermore, a basketball team noted its own "... fairly relaxed ... attitude which is not in tune with how you have to be these days in sports business."

> ***"It was also apparent that while some organizations had gathered the basic tools of relationship marketing, they had not progressed to the point of utilizing or exploring these elements with any clear vision of what relationship marketing involves."***

Basic elements such as loyalty programs, which are often considered a first step in relationship marketing, were not prevalent. One Australian football team had tried various applications with limited success. In doing so they relied on third-party suppliers for the maintenance and operation of such systems, creating in their minds a sense of detachment from the primary marketing activities. Few organizations studied had truly moved away from a transactional approach, exemplified by a strong focus on customer acquisition. One franchise emphasized the need to find potential new ethnic groups to become club members, but had no strategy beyond translating brochures to do this, while several others saw overseas markets and broadcasts to these regions as potential growth areas, despite excess capacity existing in their domestic marketplace. Respondents also frequently referred to new market opportunities and mentioned females and interstate visitors and other segments such as students, ethnic groups, and the surrounding community as potential markets that had been underexploited. The Grand Prix spoke broadly of making their event "irresistible ... even if you only have a passing interest (to motorsport)" while a basketball team considered relocating to a university campus, in part, as it offered what they believed was a large market among overseas students that had limited allegiances to domestic sporting teams. This predisposition on new customers should not be viewed with total pessimism as customer acquisition and relationship marketing are not mutually exclusive. This study indicates that the consideration of new markets and segments can be an appropriate path to relationship marketing if it allows a sport organization to better understand with which audiences it should seek valuable relationships.

Despite acknowledging the need to improve customer retention, such strategies were either limited or nonexistent. Similarly, there was scarce evidence of sporting organizations seeking to move people into higher value relationship levels. Respondents indicated that direct mail was the most common approach to re-engage fans and many sports had turnover rates that they deemed unacceptable. For example, one Australian football team consistently lost over 20% of its season ticket holders from season to season, while a rugby league team lost around 40% in its formative years, a figure the club labeled "... outrageous but accurate." Both organizations were not fully aware of the specific reasons for such turnover rates at the time and commenced research projects to assist their understanding.

Typically, it was likely to be a consequence of financial pressure that had forced a re-evaluation of marketing approaches and a movement (albeit limited) towards relationship marketing. These financial imperatives threatened the existence of the organization and had forced a reorientation of operations to relationship marketing. A clear example of this was a team that had spurned a league-sanctioned merger with a rival club to go it alone. This move reenergized the organization and facilitated a complete restructuring of its marketing operations, leading to a "proud, passionate, and paid up" marketing slogan that signified the clubs intentions to actively engage a broad range of fans. The club subsequently went from being unprofitable and in debt to one of the league's most profitable teams and also managed to raise its membership (season ticket) level by 157% within three seasons. Much of this growth can be attributed to doing greater business with current customers and using the near-merger as a catalyst to invest in marketing fundamentals, such as a customized database and an ongoing integrated marketing communication campaign focused on converting casual fans into season-ticket holders. Other organizations reviewed had survived new, rival competitions that had forced a reexamination of consumer motivations, while several teams, particularly in basketball and soccer, were operating in a precarious financial position that saw them open to any new marketing opportunities that promised better results. Paradoxically, for some of these organizations it was readily apparent that surviving day-to-day precluded the kind of strategic planning and implementation that relationship marketing required. Both basketball and soccer teams indicated that they understood the need for relationship marketing, but lamented not having the resources (financial and staffing) to fully exploit its benefits. In the case of soccer, one team indicated that relationship marketing was difficult because fans were of the belief that the club would continue to survive because "... it had always done so in the past" and that fans did not "... understand the urgency, or the need, or the financial implications of them actually not becoming members."

RQ2: What strategies do they employ?

Strategies employed among the organizations under review were largely primitive and reactionary, with little evidence of detailed planning. These strategies involved one of two basic approaches: (a) maintaining attendance and/or membership (season-ticket sales) of fans that had exhibited some level of loyalty in the past, and (b) actively seeking new markets that may open up relational opportunities in the future. Where plans existed it was readily apparent that goals were extremely ambitious and that round-number targets had been set with little regard for prevailing environmental and resourcing standards. For example, one team executive spoke at a meeting attended of the need to reach "... 50,000 season-ticket holders in the near future," despite the club having previously failed at a more modest target of 35,000. Similarly, one club had targeted a membership total that would have required more than doubling the previous year's figure. It should be noted that most sporting teams operating in Australia do so under a strong cultural push for members (season-ticket holders) as this number is often used as a barometer of general success. Member totals are commonly referred to in the media to represent stable and prosperous clubs and respondents also indicated that high membership levels were appealing to potential sponsors.

Respondents were also particularly conscious of attendance figures as this was in their perception a palpable measure of short-term promotional success. Large crowds enhanced the perception of a successful team and marketing operations had used the context of being part of a big event as a catalyst to attract a broad audience. This was common with Cricket Australia and the Australian Grand Prix, where socialization was a strong marketing communication tool, particularly in attracting non-traditional audiences.

There was considerable disparity in the strategies employed by the various organizations, with those that did undertake some relationship marketing activity acknowledging that it had occurred on an *ad hoc* basis or was in early stages of development. It was also readily apparent that organizations were uncertain what strategies were most appropriate. Cricket Australia, for example, indicated that they were aware that "... supporters were looking for a closer relationship which is difficult to deliver in a perfect sense" and that technology may be beneficial in the future. An Australian football team spoke about the success of engaging interstate based fans by simply being first into that marketplace, while the Grand Prix conceded that in its early years "... marketing was not the focus, it was more about the getting the circuit built and having the event run ..."

Strategies were often hampered by the lack of basic data, with team-based organizations often directly critical of their league administrators for not providing enough support to gather information. One problem apparent at many organizations was the event-ticketing operations being handled off-site by an external agency whose system was not readily compatible to the database used by the sporting organization. While this didn't preclude exploring the usage and patronage motivations of customers, it did create a barrier that was often seen as too difficult or time consuming to overcome.

It was also apparent that while some organizations had gathered the basic tools of relationship marketing, they had not progressed to the point of utilizing or exploring these elements with any clear vision of what relationship marketing involves. There were numerous examples of databases that were incomplete, did not interface with other systems, or were not being exploited to their capacity. One soccer team had a database crash wipe all its records, with no backup in place, while a basketball team spoke of a multitude of software packages tried over the years. Similarly, relationship marketing appeared to be viewed in simple terms as a set of discrete tools or revenue streams, rather than as a holistic approach to customer focus.

Examples of myopic behavior existed, as did a sense of belief that the behavioral involvement inherent in the nature of sport itself would deliver the positive outcomes associated with relationship marketing. The majority of team sports in this study at one point drew the comparison to Manchester United when discussing future goals. While United's global brand and marketing strategy is to be admired, attempts to emulate this from Australian-based sports teams with vastly different resources and structures seemed out of place.

"... sporting organizations, intent on maximizing audiences to events, appeared pre-occupied with creating enthusiasm and interest in one-off events rather than a sustained season or over multiple years of an event."

Similarly, a belief that the media would always provide an avenue for positive communication was widely held. Respondents, particularly in the team sports, were seemingly reliant on the media for the majority of contact with customers, seeing it as the most cost effective way of communicating, despite not being able to fully control the message. A few organizations, such as one in rugby league, had attempted to formalize their media communications and had clearly benefited from corporate involvement with a media owner. Both basketball and soccer provided good examples of myopic behavior, suggesting that strong junior participation rates would all but guarantee their future success, despite limited planning of how to harness this participation into longer-term fan support.

Attempts to build relationships with the community both locally and broadly were noted and in some ways a focus on community relationships appeared to take precedence over individual target audience members. All the sports reviewed emphasized the need for a strong community focus, even in the case of the Australian Grand Prix, which was particularly sensitive to the race being held in a residential area. One strategy linked to community involvement that was particularly common to the sport organizations reviewed was the reliance on volunteers in many instances to provide basic promotional and operational activities, including the sale of season tickets in some instances. Several team sports indicated that without the input of volunteers their operations could not continue with any certainty. Many organizations provided resources to fan groups in the belief that this approach would be advantageous in maintaining positive relationships with these influential stakeholders.

The most common relational strategy used by organizations was a referral system whereby patrons of a sport were encouraged to solicit support from like-minded friends and family. Some organizations were rewarding fans for their marketing activities, in the case of one club giving cash incentives to those that could procure new season-ticket holders. The same organization had also introduced a yearly "loyalty scarf" that prominently featured the number of membership years in the hope that this would encourage renewal. However, some executives in subsequent years had begun to question the financial prudence of issuing approximately 30,000 new scarves each season.

RQ3: What are the issues faced in implementing a relationship marketing approach?

The growth of relationship marketing is typically ascribed to convergent influences that are the maturing of services marketing, increased recognition of potential benefits to organizations, and technological advances (Berry, 1995). Other issues noted in the literature are the use of research, internal marketing, and the broader concept of moving toward a customer focus. The current study was able to confirm many of the issues previously noted with regard to the implementation of relationship marketing as well as identify a range of issues not previously discussed in the literature on relationship marketing in sport.

The integral role of the database in relationship marketing was reaffirmed and it was apparent that sporting organizations that had installed modern data management systems were at an advantage in the implementation and operation of suitable activities. One club identified the acquisition of a custom designed database as the most significant marketing step that had occurred in recent years. Those organizations that had systems that were inadequate had identified upgrades of equipment as a priority, in many instances noting that they were embarrassed by their (lack of) technology. One issue particularly relevant to sport in terms of the database was the need to have seamless interaction with the databases of ticketing agencies. This, as previously noted, had proved a major obstacle to many organizations. Related to database technology was the use of relatively newer communication channels, such as email and the internet. Organizations noted that such technology had opened up new and possibly valuable ways of establishing relationships with consumers, but had also posed new issues that would be difficult to deal with. One example of this was the ease of communication by email. One club indicated that whereby they had no trouble responding the small number of letters coming to the club in the past, the hundreds of emails appearing each week now required a totally new approach that they had yet to identify, thus, leaving many emails with no response.

While organizations showed some evidence of becoming more marketing orientated, it was readily apparent that the emphasis was on using the broader mass media as the primary communication channel with target audiences, rather than specific personalized and targeted channels. The ability to engage the mass media was seen as critical to relationship marketing by all organizations and has not been noted in any of the previous literature. This reliance on mass media was particularly problematic for some sports that engendered less coverage, particularly on free-to-air television, such as basketball and soccer. Notably teams in both of these sports hinted at media conspiracies to favor more indigenous sports as a major reason for their failure to fully engage the broader media as much as they would desire. Other organizations had different problems with the media, for instance the Grand Prix, which received saturation media coverage around their event and lamented that coverage of Formula One motor racing declined in the subsequent overseas races, making it harder to sustain broader interest in the sport from less committed fans.

With inappropriate staffing structures and insufficient resources the implementation of relationship marketing is considerably impaired. There was limited evidence of internal marketing practices being adopted, particularly in the case of organizations that were struggling financially and had limited staff operating in marketing capacities. Attempts to structure organizational responsibilities in such a way that promoted relationship marketing strategies were rare and no organization featured a relationship marketing manager, although both a rugby league and Australian football team did have membership managers. Their role largely focused on attracting new members, rather than retaining existing ones, as evidenced by the high non-renewal rates noted previously. This approach had started to change, however, perhaps reflecting a better understanding of relationship marketing. The best example of an internal marketing structure conducive to relationship marketing was an Australian football club that had instilled a strong sense of belonging in their communication, both internally and externally. It was not uncommon, for instance, to hear the word "family" being used in internal discussions or when seeking a theme to be used in promotional material. The term was considered by this organization to be particularly endearing in that it, among other things, helped project a sense of unity through both good and bad times that would be beneficial in maintaining fan involvement.

A considerable relationship marketing barrier was that the focus of the sport experience appeared increasingly one of general entertainment consumption, or transaction, rather than a specific longer-term sporting relationship. That is, sporting organizations, intent on maximizing audiences to events, appeared pre-occupied with creating enthusiasm and interest in one-off events rather than a sustained season or over multiple years of an event. The Grand Prix, for example, indicated that in an attempt to attract new audiences "... everything we do is about creating hype and excitement," while a rugby league team placed considerable emphasis on match-day entertainment to attract casual fans. Both a soccer and basketball team had also experimented with what they termed "mini-memberships" that allowed fans to attend a pre-selected range of major matches, but were concerned and unsure of the possible cannibalization effects on overall season-ticket sales this may have.

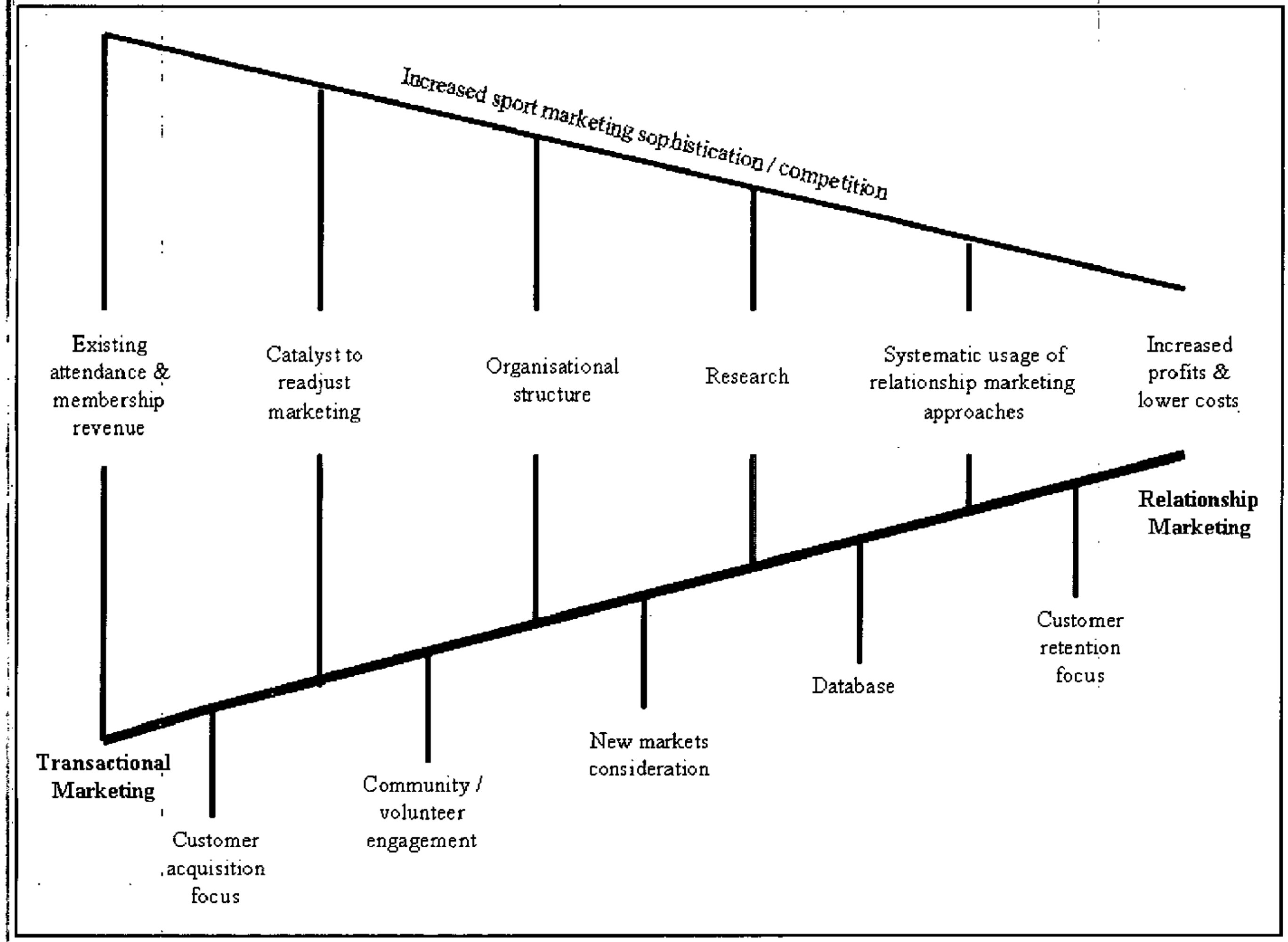
"Sport organizations with an internal structure that facilitates the implementation of relationship marketing are likely to develop a thirst for research data to help them make appropriate relationship marketing decisions."

Many of the sporting organizations reviewed also indicated that while their overall attendance figures had increased, repeat attendance from fans had declined. This is potentially problematic, given that relationship marketing derives its greatest value from long-term associations from individuals.

Organizations also noted a pressure from the media (to generate coverage) and from consumers (evaluating entertainment alternatives) to hype events. This occurred particularly with the Grand Prix, which indicated it felt obliged to reinvent its product offering each year to maintain the broad interest needed to ensure a mass attendance. Cricket Australia also felt a need to constantly re-attract crowds each summer season given its variable schedule, while soccer and basketball teams conceded they were unsure of if and how to embrace new interest in their respective sports and at the same time ensure maximum engagement from what they termed traditional fans. One club reflected this by stating "... we can irritate and lose our traditional fan base by making out we don't care for them anymore by chasing new people ..."

While many organizations cited a lack of funds as the primary reason they were unable to undertake robust research, the need for research to drive relationship marketing strategies was universally acknowledged. There was some evidence of organizations that had never conducted systematic research beginning to do so. Some organizations, particularly Cricket Australia and the Grand Prix, had comparatively good research programs in place that were being used to drive, albeit limited, relationship marketing strategies.

Figure 2.
Conceptual Model of Sport Relationship Marketing Development Process



A number of other issues appeared that acted as barriers to integration of relationship marketing within sporting organizations. These were: inadequate marketing planning, overambitious targets, general funding shortages, and the relative immaturity of sport marketing (compared to the USA) in Australia itself.

Finally, although not specifically a research aim of this study, it is worth noting that the limited adoption of relationship marketing practices coupled with the strategies evidenced does suggest that the concept itself may not be fully grasped. This in itself would be a significant barrier.

Discussion

A conceptual model, developed from the existing literature and the findings of this study, is presented in Figure 2. It demonstrates the anticipated convergence of sport marketing development and relationship marketing.

The conceptual model in the current study at Figure 2 is considerably broader than the framework proposed by Shani (1997) and aside from being based on empirical observations, presents a greater number of issues. While the conceptual model is presented in a linear format as an ideal example, the dynamic nature of organizations does not suggest that this linear approach is appropriate in every instance, or that every step is an antecedent of what follows. Instead, it highlights the issues that develop both on the continuum between transactional and relational approaches and the impact sport marketing development has on that process. Further, it serves to demonstrate the likelihood of relationship marketing being adopted by providing a generalization of the data collected in this study. In some cases, for example, sport organizations have used research to guide relational decisions, despite not having an organizational structure in place to fully maximize opportunities that occur.

Figure 2 depicts the projected convergence of relationship marketing with the maturity of sport marketing practice. It details the elements of this maturity and the impact they have on relationship marketing adoption. The catalyst to readjust marketing typically leads to organizational restructuring, the adoption of an internal marketing approach and then the utilization of research to facilitate relationship marketing strategies. Simultaneously with this progression, the ability to accurately understand, relate, assess, and communicate with potential audiences becomes imperative. Typically this has begun with sport organizations interacting with volunteers and seeking to form some relationship bonds with their local community. This then progresses to the consideration of new and existing audiences, which then leads to the full utilization of a database to facilitate relationship marketing strategies. Mass media is shown as an ongoing and important link throughout the entire process, although dissipating in terms of reliance upon it by sport organizations as the application of relationship marketing expands.

This study has indicated that the recognition of relationship marketing can develop through a natural maturing of marketing, but also appears to often rest on a significant event that forces a re-evaluation of the marketing approach. This may stem from a critical incident, such as the formation of new competitive leagues, extremely perilous financial situations, or lack of competitiveness. While the literature on general relationship marketing suggests that marketing maturity is generally the significant catalyst, this is not always the case in sport. This is particularly applicable to Australia, where many sporting clubs, even at the highest professional levels, operate as not-for-profit organizations and are thus not necessarily primarily motivated by maximizing profits (which may be the case in other sport markets).

This catalyst to restructure requires organizational change to the marketing operations of sport organizations. It was noted that in most organizations the inability to provide appropriate staffing, structure, and resources was a considerable impairment to the implementation of relationship marketing. Many organizations indicated that they were understaffed in marketing areas and as such concentrated on day-to-day activities, precluding the longer-range planning and monitoring required by relationship marketing. Without appropriate structures in place, the practice of internal marketing as an integral component of relationship marketing is unlikely to occur.

Sport organizations with an internal structure that facilitates the implementation of relationship marketing are likely to develop a thirst for research data to help them make appropriate relationship marketing decisions. The use of specific research to drive marketing decisions was not uniform across the organizations reviewed; however, the need for research was universally acknowledged by the sport organizations in this study. In many instances individual teams were reliant on league governing bodies to provide research data, while organizations such as the Grand Prix and Cricket Australia were systematic in their data collection.

Reliance on volunteers was considerable for some organizations in this study and while this sense of bonding is favorable to relationship marketing in terms of spreading promotional messages, it was apparent that the privately owned organizations, such as one of the rugby league teams considered in this study, found it harder to engender this volunteer support to the same capacity. If sport organizations are able to move away from volunteers and a community focus they naturally progress to a more detailed consideration of existing markets and possible new markets.

While consideration of new markets can be driven by acquisition goals, ultimately it provides increased relational opportunities, particularly where a database system is in place to allow for an analysis of the relational value of such markets. The importance of the database to assisting relationship marketing cannot be overemphasized. This study has readily reinforced the necessity of a database and it was apparent that those organizations most primitive in database use were similarly positioned when it came to relationship marketing implementation. Where organizations had inadequate systems, upgrades of equipment were identified as a priority.

While media is not specifically linked to the other elements of the conceptual model in Figure 2, it can be viewed as the ongoing significant link between the sport organization and its customers throughout the entire process. As organizations move toward a relationship marketing approach the dependence on mass media will likely diminish. This study has indicated a continued strong reliance on the media to act as a collaborative channel member in the relationship between sporting organization and consumer, suggesting it will be some time before organizations can bypass the media in this interaction to any significant extent.

Areas for Future Research

This paper reports on a range of different organizations at one time period within Australia. It is suggested that the study be replicated in other regions to ascertain the diffusion of relationship marketing in these areas. We also see value in reinvestigating organizations at regular intervals to chart how the application of relationship marketing has progressed and what (if any) benefits accrue from such a marketing realignment. Additionally, studies should be conducted at lower levels of sport to expand the knowledge base relating to the application of relationship marketing. This paper and much of the literature have concentrated on the "big business" end of the sports spectrum, but there is value in understanding the extent that relationship marketing applies to regional sporting bodies or even suburban sports clubs.

Finally, while this study has considered relationship marketing from an organizational perspective, it would be particularly appropriate and helpful to complete the other side of the equation and further develop the application, acceptance, and implementation of relationship marketing in professional sport from the consumer perspective, both in Australia and other regions. This understanding would be useful to sport organizations as their knowledge of the sport consumer with regard the acceptance and expectations of relationship marketing would be enhanced, thus allowing them to develop products, better shape strategies, and manage issues to ensure success.

Conclusion

Australian professional sport can be seen as focused on attracting and to some limited extent maintaining customer relationships, but is still well away from actively and strategically enhancing customer relationships. It appears, however, that as the discipline of sport marketing itself further matures, the opportunities to embrace and utilize relationship marketing will increase, particularly as organizations encounter incidents that require a reassessment of marketing operations. These opportunities are best harnessed and provide maximum benefit if sport organizations adopt a complete relationship marketing orientation. In doing so they will need to structure their internal operations correctly, consider the most valuable new and existing markets, undertake appropriate research, and utilize their database appropriately to systematically engage in relationship marketing practices focused on customer retention.

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Sport Marketing Quarterly, 2008, 17, 146-153, © 2008 West Virginia University

SPORT CONSUMPTION

Impact of New Minor League Baseball Stadiums on Game Attendance

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Abstract

More than 100 new minor league baseball stadiums were built in the 1990s and early 2000s following the opening of several successful new venues in Major League Baseball. Sports economics literature suggests that the economic impact potential of new stadiums is overstated because attendance gains from new stadiums are short lived (i.e., a novelty effect). This study examined the impact of new minor league baseball stadiums on annual attendance using attendance data from 101 stadiums opened between 1993 and 2004. Results indicated that attendance levels attained the first year a stadium opened increased only slightly in years 2-5 as average attendance in year 5 was only 0.2% higher than year 1. For stadiums built to replace existing venues, attendance levels were 74% higher in year 5 of a new stadium compared to the final year at the old stadium. Attendance increases were greatest for teams competing in Independent and Class A leagues.

Introduction

A surge in construction of new sports stadiums occurred during the 1990s and carried over to the beginning of the 21st century. The desire to build new stadiums was fueled in part by the success of baseball stadium projects in the early 1990s in Baltimore, Cleveland, and Arlington, Texas. Baltimore's stadium, Oriole Park at Camden Yards, received great notoriety for its architectural design, a design that was a departure from the massive multi-purpose stadiums built during the 1960s and 1970s and a return to a more intimate facility that could be found during the first half of the 20th century. Characteristics of many of these new venues included "retro architecture" in which the physical appearance of a stadium resembles ballparks from the early 20th century, expanded retail and dining options, and interactive activities for patrons of all ages.

The stadium construction trend has been observed in minor league baseball, too. A review of minor league baseball stadium directories on the Internet (e.g., http://www.minorleaguenballparks.com, http://www.ballparksofbaseball.com, and http://www.baseballparks.com) and the annual publication *Baseball America Almanac* found that more than 100 new minor league baseball stadiums opened since 1990. Many cities view new stadiums as a local economic development vehicle, a means of enhancing a city's image, or a form of public good intended to add to quality of life.

"The desire to build new stadiums was fueled in part by the success of baseball stadium projects in the early 1990s in Baltimore, Cleveland, and Arlington, Texas."

This study examines the effect of new minor league baseball stadiums on annual attendance in markets where new stadiums have opened during the period 1993-2004. A literature review of relevant research in sport economics and services marketing is presented to provide context for the study's research questions. Attendance data at stadiums opened over a 12-year period were analyzed to determine whether new stadiums lead to short-term or long-term attendance increases. Also, the question was addressed of whether the relationship between a new stadium and annual attendance differs depending on the minor league classification in which a franchise competes.

Literature Review

Benefits of Stadium Development

New sport stadium development projects are often promoted for their potential to create economic and intangible benefits for communities and teams. Developers, team officials, and other people behind proposed stadium developments tout the potential economic impact a new stadium can provide to the immediate area in which a stadium will be built and the city as a whole. Proponents often point to the jobs a new stadium will create, both at the stadium itself and in surrounding retail and service establishments, because of the presence of a new stadium. Economic activity created by attendance gains at a new stadium and the increase in the number of businesses nearby could generate additional tax revenues. The likelihood that a stadium will

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contribute positive economic impact is enhanced when it is part of a larger project that includes year-round businesses developed in conjunction with the stadium (Siegfried & Zimbalist, 2000).

In addition to the economic impact a new stadium might have on the community, teams have economic incentives of their own for wanting to build new stadiums. Replacing an older venue with a modern stadium allows a team to design a facility that includes amenities that are both pleasing to patrons and revenue sources for the team. Examples include in-stadium dining and shopping, suites, and premium seating areas near the field of play. Increased interest in a team generated by a new stadium can result in higher revenues from ticket sales and broadcast rights (Baade & Sanderson, 1997; Owen, 2006). In addition, it is possible that an increase in consumer interest in a team will lead to greater interest among potential corporate sponsors, which could result in higher sponsorship revenues.

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Other benefits created by new sports stadiums are non-economic and intangible; they are assumed to exist but are difficult to quantify and measure. Two benefits cited by both proponents of new stadium development and academics conducting research on stadium impact are: image enhancement and community pride. Building modern stadiums to attract or retain professional sports teams is viewed by some residents in a community as a signal that it is a "big league city" (Owen, 2006). Such associations created through the presence of professional sports can be leveraged to position a metropolitan area in the marketing of tourism and business development. Associations about quality of life in a community can be influenced by stadium development. Adjacent shopping and dining development often built in conjunction with a new stadium provides a community with enhanced recreation and entertainment opportunities (Bachelor, 2000). While economic impact studies find little evidence that benefits of a new stadium outweigh costs, it may be necessary to think in broader terms than economic benefits versus costs. The benefits provided by new stadiums in terms of adding variety to leisure and entertainment options are similar to benefits delivered by parks and zoos (Perry, 2001).

Sports teams are an ideal vehicle for developing civic pride. A community's sports teams can bring together residents with varied socio-demographic characteristics that share a bond created by an attachment to the community's team. Many fans of a sports team develop an attachment initially because of geographic proximity (Hunt, Bristol, & Bashaw, 1999). Even researchers who have been among the most vocal critics of publicly funded stadiums acknowledge that teams occupying newly built stadiums can be a source of community pride and the shared experience a community's citizens have of being a fan of "our team" (e.g., Coates & Humphreys, 2004; Siegfried & Zimbalist, 2000). The reach of a professional sports team extends beyond those who attend games. Sports teams are public goods that are consumed not only by game attendees but consumed by a larger audience within a community through broadcast media and word-of-mouth (Sutter, 2000). This public benefit created by professional sports teams is viewed as a reason that taxpayers are willing to accept government subsidies for stadiums (Groothuis, Johnson, & Whitehead, 2004).

Criticisms of Stadium Development

Numerous academic works on the economic impact of sports stadiums have concluded that publicly funded or supported stadiums are an unwise use of public funds (e.g., Baade & Sanderson, 1997a; Rosentraub, 1997; Siegfried & Zimbalist, 2000; Zimbalist, 2000). A variety of explanations have been put forth as to why sports stadiums create little, if any, positive economic impact. A frequently cited reason for the limited economic impact of stadiums is that the purported gains in leisure and recreation spending resulting from new stadiums do not occur. This phenomenon, known as a substitution effect, suggests that consumer spending arising from new stadium development replaces spending that would otherwise go to other forms of entertainment or leisure such as movies, concerts, or shopping (Coates & Humphreys, 2004; Siegfried & Zimablist, 2000; Zimbalist, 2000). Similarly, the effect of new stadiums on tourism spending is overstated. Stadium development critics contend that a rather large percentage of out-of-town attendees at professional sporting events are not drawn to the city because of the stadium but rather because they are in town on business or visiting family (Noll & Zimbalist, 1997b; Siegfried & Zimbalist, 2000; Zimbalist, 2000).

Other arguments against sports stadiums as engines of economic activity pertain to the potential for a sports property to generate significant economic impact on its own. In comparison to a corporation that might establish a headquarters or production facility that employs hundreds or even thousands of people, sports teams typically employ a relatively small number of people (Baade, 2000; Baade & Sanderson, 1997b; Zimbalist, 2000). Also, jobs created by sports venues are often seasonal or part-time, thus creating less impact than permanent or full-time jobs created by other types of business development.

In the case of minor league baseball, a community might subsidize a stadium costing tens of millions of dollars but creates only a small number of full-time, non-player positions (e.g., business office, facility management, and sales and marketing). The cost per job created is much greater than for a similar investment of public funds to land a corporation's headquarters location that might employ several hundred people.

Despite evidence presented in several research studies that public investment in sports stadiums is not optimal use of a community's resources, new stadiums continue to be built. Why? One reason is that there is a community benefit, although the primary beneficiaries of sports stadiums are those people who attend games (Coates & Humphreys, 2004; Noll & Zimbalist, 1997b; Zimmerman, 1997). Another reason cities agree to publicly finance stadium construction is the competitive pressure felt to retain sports teams (Reiss, 2000; Sutter, 2000). A limited supply of professional sports franchises exist, which gives teams bargaining power with cities when negotiating stadium deals. A team dissatisfied with its current stadium could threaten to move to another city to get a more modern stadium. Third, local politicians may be inclined to support stadium development projects to serve special interests or constituencies such as contractors. Companies or organizations that participate in stadium projects and business owners in the area near the site of a proposed stadium would benefit from the traffic created by a stadium (Fort, 2006; Noll & Zimbalist, 1997a; Siegfried & Zimbalist, 2000).

Stadium Impact on Service Quality

The physical environment in which service delivery occurs, known as servicescape, is influential in consumers' satisfaction judgments with a service experience (Grace & O'Cass, 2004). The importance of the servicescape varies depending on the benefit provided by the service (functional or leisure service) and the amount of time one spends in the servicescape (Wakefield & Blodgett, 1994). In the case of a sporting event, patrons are consuming a leisure service and usually spend several hours in the servicescape. A sporting event's servicescape plays a more prominent role in shaping consumers' perceptions of their experience with the service than the servicescape of a functional service (e.g., dry cleaning) or a leisure service (e.g., a movie theater) in which less time might be spent. Servicescape impacts perceptions of service quality and can impact evaluations of intangible aspects of service delivery (Reimer & Kuehn, 2005). Thus, sports stadiums that present a favorable physical environment through such characteristics as wide concourses, comfortable seating, and clean facilities can impact consumers' perceptions of their entire service experience, not just perceptions of the servicescape.

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A key argument often made by proponents of new stadium development is that the economic impact of a sports team can be enhanced by a new stadium's potential to entice fans to patronize the facility. When one interacts with a service provider in its servicescape, perceptions of the servicescape can trigger cognitive, emotional, and physiological responses (Bitner, 1992). Cognitive responses in the form of beliefs and attributions associated with the service provider, its employees, and its products can shape satisfaction judgments. Emotional responses such as positive arousal and pleasure can impact consumers' desire to stay in the servicescape or visit again. Physiological responses such as ease of movement and comfort in a servicescape can positively (or negatively) impact evaluations of a service encounter.

Effects of servicescape have been studied in the context of sporting events (Hightower, Baker, & Brady, 2002; Wakefield & Blodgett 1994, 1996). Perceptions of service quality were positively related to satisfaction and feelings of excitement. In turn, satisfaction was positively related to repatronage intentions. These studies found that involvement was positively related to servicescape evaluations that comprise perceived service quality. On one hand, such a finding might be used by stadium development critics as evidence that stadium impact is limited primarily to those persons with high involvement (i.e., frequent attendees). On the other hand, it is argued that a sporting venue with a high quality servicescape can be used to attract consumers who have low involvement with a team or sport.

New Stadium Impact: A Novelty Effect

Despite the mixed views about the viability of sports stadiums to create a positive economic impact, dozens of new stadiums intended to serve as homes to a variety of sporting events have been built across the United States in the past 15 years. A study of attendance at new professional sports stadiums by Howard and Crompton (2003) identified 31 new venues housing professional franchises that opened during the period 1995-1999. The stadium development trend occurred in minor league baseball, too. More than 50 stadiums were built between 1991 and 2000 (Baade & Sanderson, 1997b). In minor league baseball, new stadium development has been influenced by a provision in the 1990 Professional Baseball Agreement that called for minor league teams' facilities to meet certain minimum quality standards or risk losing their player development agreements with their major league teams (Baade & Sanderson, 1997b).

New stadiums have a positive impact on attendance, but the duration of the impact is not as long as one might expect. Several studies have examined the relationship between the presence of a new stadium and attendance (e.g., Coates & Humphreys, 2005; Howard & Crompton, 2003; Noll, 1974). Researchers have dubbed the impact of new stadiums on attendance as a "novelty effect." Consumers may be drawn to a new venue so that they can experience it, much like what often occurs when a new retail store opens in a market. However, once trial has occurred, many consumers are not motivated to make return visits to the stadium to attend games.

"While major league and minor league teams both can foster associations with a community and be a source of civic pride, this role might be more important for minor league teams because of their significance to their communities."

The length of the novelty effect appears to vary depending on the number of games a team plays, with the more games a team plays the more influential the stadium (i.e., servicescape) in influencing people's decision to attend games. The novelty effect has been observed to be greatest for Major League Baseball, with a high number of games. Percentage increases in attendance are greater, but the gradual decline in attendance occurs sooner than for the National Football League, with a low number of games per season (Coates & Humphreys, 2005). For professional sports franchises, the novelty effect has been observed as early as the second year a new facility is open. Attendance in the second year a stadium is open often is lower compared to the first year, and by the fifth year a majority of franchises have attendance levels that are lower than the year the stadium opened (Howard & Crompton, 2003). Despite evidence that suggests new stadiums do not create attendance gains, positive impact has been observed when comparing attendance at new stadiums to attendance at teams' old venues. Howard and Crompton (2003) note that in cases where stadiums were built to replace existing facilities, attendance levels three to five years after a stadium opened often exceeded attendance for the last season at a team's former stadium.

In the case of minor league baseball, the impact of new stadiums on annual attendance appears to be strong. Franchises that opened a new stadium during the period 1985-1995 experienced a 99% increase in attendance in the first year, and teams that relocated to a stadium in a different city enjoyed a 148% attendance increase over the previous home (Baade & Sanderson, 1997b).

Research Questions

Much of the research conducted on the impact of new sports stadiums has focused on *major league* sports; less is known about how stadiums impact a minor league market. Minor league baseball possesses certain characteristics that distinguish it from its major league counterpart (Krauss, 2003). Perhaps the most salient characteristic is the feelings of community engendered by the presence of a minor league baseball team in a city. While major league and minor league teams both can foster associations with a community and be a source of civic pride, this role might be more important for minor league teams because of their significance to their communities. In smaller cities, a minor league baseball team might be the only professional sports team in the market. In contrast, many major league cities have multiple teams in different sports competing for the attention and entertainment dollars of consumers as well as corporate sponsorship dollars.

The divergent views on the effects of sports stadiums on communities, the large number of minor league baseball stadiums built in recent years, and renewed popularity of minor league baseball motivate the present research. Many scholars are skeptical of the economic impact of stadiums, yet dozens of minor league baseball facilities have been built in recent years and annual attendance is near all-time highs. So, does a new stadium pay off? Specifically, this study addresses three questions:

RQ1. Does a new stadium result in short-term and/or intermediate-term attendance increases?

RQ2. If a team is moving from an existing stadium to a new one, does attendance at the new stadium increase compared to attendance in the old stadium?

RQ3. Does the effect of a new minor league baseball stadium on attendance differ among different minor league classification levels?

These questions were addressed by analyzing attendance at minor league baseball stadiums opened during the period 1993-2004. New stadiums included in this analysis were built for one of the following reasons: 1) a franchise was new to a market because of expansion or relocation from another city, or 2) a team already located in a particular market moved out of an existing stadium and into a new one. Markets that

Table 1.
New Minor League Baseball Stadiums

Year Opened	Classification Independent	A	AA	AAA	Total
1993	2	3	1	2	8
1994	2	3	3	1	9
1995	3	4	2	2	11
1996	3	5	1	1	10
1997	2	1	2	2	7
1998	4	1	1	3	9
1999	7	1	2	0	10
2000	2	1	3	3	9
2001	4	2	0	0	6
2002	6	3	1	2	12
2003	2	2	2	1	7
2004	0	2	1	0	3
Total	37	28	19	17	101

Table 2.
Analysis of Attendance at New Minor League Stadiums Opened 1993-2004

Classification	1st-2nd Yr % Difference	1st-3rd Yr % Difference	1st-4th Yr % Difference	1st-5th Yr % Difference
Independent	7.3%	9.3%	6.7%	5.1%
A	2.5%	0.3%	-1.0%	-3.9%
AA	2.8%	6.3%	0.9%	5.4%
AAA	-2.6%	-2.6%	-6.7%	-9.6%
Average	3.8%	0.5%	1.3%	0.2%

opened new minor league stadiums were identified by a review of Internet baseball stadium directories and *Baseball Almanac*, an annual publication of *Baseball America*. Data collected for each new stadium included annual attendance in the new stadium for the first five years it was open, attendance for the last year in an old stadium if a team's new stadium was a replacement for an existing facility, and the minor league classification level of the team occupying a new stadium (Independent, Class A, Class AA, or Class AAA). Table 1 provides a breakdown of the number of new stadiums opened each year by minor league classification. A total of 101 new minor league stadiums were included in the study. This total includes 53 stadiums for teams that were either expansion franchises or relocating from another market and 48 stadiums that replaced existing stadiums in the same market.

Results

The issue of whether attendance at new minor league baseball stadiums reflects a novelty effect was considered in RQ1. For each new stadium, attendance for the first year was compared with attendance in Years 2, 3, 4, and 5 to determine if the high level of attendance often achieved in Year 1 was sustained in subsequent years. Results of this analysis are shown in Table 2. Average attendance for teams in the sample was higher each year for Years 2-5 compared to Year 1, although the increases were minimal following Year 2. Attendance in Year 2 was 3.8% higher than Year 1 for the sample, but by Year 5 attendance was just 0.2% higher than for Year 1.

While attendance gains were observed each year for Years 2-5, examination of attendance trends by league classification suggests evidence of a novelty effect. Independent teams and Class AA teams that played in new stadiums experienced increases in attendance each year in Years 2-5 compared to Year 1. Class A and Class AAA teams did not enjoy similar results in Years 2-5. Class A teams had attendance increases in Years 2 and 3 compared to Year 1, but attendance was lower in Years 4-5 compared to the first year. AAA teams were

Table 3.

Comparison of Attendance at New Minor League Stadiums Year Before Move with Years 1, 3, and 5 after Move

Classification	Yr Before-1st Yr % Difference	Yr Before-3rd Yr % Difference	Yr Before-5th Yr % Difference
Independent	51.8%	88.1%	88.3%
A	76.5%	83.7%	75.3%
AA	70.3%	73.3%	71.9%
AAA	74.6%	72.4%	63.5%
Average	67.7%	79.5%	74.2%

unable to generate attendance gains beyond Year 1. Attendance each year in Years 2-5 was lower than in Year 1; by Year 5 attendance was almost 10% lower than Year 1 levels. The difference between AAA and the other classifications could be that AAA teams play more games than teams in the other classifications. Coates and Humphreys (2005) posited that the onset of a novelty effect occurs earlier for teams that play a large number of games; AAA teams play more than 70 home games each season. Also, it is possible that differences in other variables between classifications such as average ticket prices influenced attendance.

Results of attendance analysis presented in the preceding paragraph showed that attendance for teams with new stadiums increased 3.8% in Year 2 but by Year 5 attendance was only 0.2% higher than Year 1. That analysis included new stadiums for expansion or relocated teams as well as replacement stadiums for teams already located in a market. The second research question focused on stadiums that replaced existing facilities. When a new stadium replaced an existing one, how did attendance in the early years for a team's new stadium compare with the final year's attendance at the old stadium? To address RQ2, a team's attendance for the final year in an old stadium was compared with attendance at its new stadium at three points in time: Year 1, Year 3, and Year 5. The analysis performed was similar to an approach used by Crompton and Howard (2003) in a study of attendance at new stadiums for major league teams. In that study, attendance for replacement stadiums at Years 1, 3, and 5 of operation was compared to attendance the final year at teams' old stadiums.

Overall, the 48 teams that moved into a new stadium in the same market where they were already located had large percentage increases in attendance at all three points in time. In situations where a team replaced an existing stadium, first year attendance was almost 68% higher than the last season in the old stadium. Attendance figures in Years 3 and 5, while overall only slightly higher than Year 1, represented great increases over the last year in an old stadium (89% and 74%

"Overall, the 48 teams that moved into a new stadium in the same market where they were already located had large percentage increases in attendance at all three points in time."

increases, respectively). While results shown in Table 2 suggest a novelty effect may exist as attendance increases often occurred only in Year 2, it appears that the market for minor league baseball expands when a team moves into a new venue. Attendance for Year 5 of a new stadium was slightly higher than in Year 1, when a novelty effect would presumably be greatest. In the case of a stadium serving as a replacement for an existing one, the market for minor league baseball expanded considerably as average Year 5 attendance was 74% higher than the final year in an old stadium.

The findings for RQ1 and RQ2 are based on a sample of minor league teams from all classifications. RQ3 considers whether attendance trends observed once a new stadium opens differ depending on a team's classification level. Teams in Independent leagues that open new stadiums enjoyed the greatest percentage increases in attendance. Table 2 reflects that Independent teams had the greatest attendance increases in Years 2-5 compared to Year 1. Class AA was the only other level that experienced attendance increases each year in Years 2-5 compared to Year 1. A new stadium had the least impact on attendance for Class AAA teams, with attendance in Years 2-5 being lower each year than Year 1. Analysis of teams' attendance for Year 1 in a new stadium compared with the final year in their old stadiums found that Independent teams enjoyed less of an attendance increase than teams in other classifications. However, Independent teams had greater attendance increases in Years 3 and 5 than any of the other classifications (see Table 3).

Discussion

New stadium development projects often bring a combination of optimism and controversy to communities in which they are planned. Optimism appears in the form of projections about the number of jobs, amount of revenues, and an enhanced quality of life a stadium would bring to a community. Opponents of stadium development projects point to numerous studies that question the efficacy of stadiums as an economic development catalyst. The issue becomes particularly controversial when public support of a development is involved, whether it is land donation, special tax breaks, or outright cash payments to a sports franchise. Critics point to the high cost per job created and the limited benefit derived by stadiums as reasons that public subsidies for private ventures in the sports industry are an inefficient use of taxpayer resources.

The issue of whether stadiums deliver a positive impact can be measured directly using game attendance. One research question considered whether the impact of a new stadium on game attendance. The results lead to the question, "Does game attendance trends differ between minor league teams and their major league counterparts?" Results of this study suggest the answer is "Yes." A study of new major league stadiums by Howard and Crompton (2003) found attendance lower for Years 2, 3, and 5 of a new stadium compared to Year 1. In this study, the average attendance change for minor league baseball stadiums increased for Years, 2, 3, 4, and 5, although the percentage increases were very small after Year 2. The attendance gains that occur when a new stadium opens tend to be experienced for a longer period by minor league teams than major league teams.

A second research question in this study considered to what extent attendance levels at new minor league stadiums differed from attendance at a team's former stadium home. Results of this analysis can be compared to trends for major league stadiums. The impact of a new stadium on attendance appears to be greater for minor league baseball stadiums than for major league stadiums. Most major league teams enjoy higher attendance levels at a new stadium when compared to attendance at their former home (Howard & Crompton, 2003). Results from the present study suggest that the impact of a new stadium on attendance is even greater for minor league baseball teams. A new major league stadium might generate a 10-30% increase in attendance its first year over the final year in its old stadium. Minor league baseball teams included in this study had a 68% increase in Year 1 attendance compared to the final year in their old stadiums. Attendance levels at stadiums built to replace existing venues continued to be strong in the years beyond a venue's debut season. This finding was supported by attendance at new stadiums being 80% higher in Year 3 and 74% higher in Year 5 than attendance levels of the final year at teams' former stadiums.

"The challenge for team marketers is to leverage the marketing benefits of a new stadium to reach people who attend less frequently or currently do not attend. One approach could be to expand the geographic footprint of the team, using a new stadium as a marketing tool to appeal to consumers in outlying markets."

Two major findings arise from this research (see Table 4). First, while the impact of a new stadium on attendance does not generate large percentage increases in attendance in the years following Year 1 of operation, it appears that opening a new baseball stadium has a long-term effect of expanding the customer base for a minor league baseball team when comparing attendance at a new facility to attendance levels at a team's previous home. While annual attendance is often at its highest level in Year 1 of a new stadium, after five years in a new stadium teams often have much higher attendance than they did before moving into their new home.

When teams are planning to move into a new venue, they should explore ways to maximize the attendance impact a new stadium can deliver by identifying key customer segments to target. A high percentage of people who attended games at a team's old stadium are likely to follow the team to its new home. The challenge for team marketers is to leverage the marketing benefits of a new stadium to reach people who attend less frequently or currently do not attend. One approach could be to expand the geographic footprint of the team, using a new stadium as a marketing tool to appeal to consumers in outlying markets.

A second finding from this study is that the potential for attendance impact from a new stadium appears to be less for AAA minor league teams than for AA, A, and Independent teams. One explanation for this finding could be the level of competition for consumers' sports entertainment dollars in these markets. Class AA, A, and Independent teams are often located in smaller cities that have no major league teams, or they enjoy significant price advantage over major league teams competing in the same geographic market. In contrast, AAA teams are likely to encounter greater competition. For example, teams in AAA markets such as Indianapolis and New Orleans must compete for attention and consumers' sports entertainment dollars with NFL and NBA franchises in their markets. The idea of "If you build it, they will come" appears to have less applicability for AAA franchises. On the other hand, AA, A, and Independent teams have the potential to leverage a new stadium as a marketing asset that can spur attendance gains.

The debate over the appropriateness of publicly supported sports stadium development will unlikely end

Table 4.
Major Findings and Implications

	Finding	Implication
1.	Market for minor league baseball expands when a new stadium opens	Identify customer segments that can be attracted by new stadium and develop strategies to reach them
2.	Impact of new stadiums on attendance varies across minor league classifications	Marketers of AAA franchises must focus on fan attraction AND retention strategies; new stadium can be a marketing tool for AA, A, and Independent franchises

anytime soon. Many cities have major needs for investments in infrastructure and support services. Even if sports stadiums lead to greater attendance, it can be challenging to persuade citizens, many of whom will never attend a baseball game, that a stadium should take funding priority over other public projects such as education or transportation. In the case of minor league baseball, two points of distinction separate minor league teams from their major league counterparts on this issue. First, the cost to build a minor league stadium is substantially less than a major league stadium; the project is smaller in scope. Second, once a new minor league stadium opens, the effect of a new stadium on attendance gains tends to be experienced longer than it does for major league stadiums. The market for minor league baseball expands, particularly when a new stadium opens to replace an existing one. These points of difference could be keys to convincing the public to support new stadium development in their city.

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Sport Marketing Quarterly, 2008, 17, 154-162, © 2008 West Virginia University

Concerning the Effect of Athlete Endorsements on Brand and Team-Related Intentions

Brad D. Carlson and D. Todd Donavan

Abstract

The researchers utilize social identity theory to investigate the effect that athlete endorsers have on both brand and team-related attitudes and intentions. As fans identify more strongly with an athlete, the more they intend to purchase the endorsed products. Additionally, a fan's level of identification with an athlete is positively transferred to their attitude toward the team. The influence of athlete ID on team abandonment was fully mediated through attitude toward the team. However, fans who identified less with the athlete endorser were more likely to abandon the team's market offerings than those fans who identified more with the athlete endorser.

Athletes endorse products more often than any other celebrity category (i.e., musicians, actors, comedians, etc). While 20 percent of all ads feature a celebrity, approximately 60 percent of celebrity endorsed advertisements feature an athlete, thus demonstrating the dominance of athletes as endorsers (Dyson & Turco, 1998). Furthermore, nearly 10 percent of advertising costs is spent on fees to these endorsers. Companies are willing to invest millions of dollars to associate their brand names with easily recognizable athletes. For example, more than $12 billion is spent on multi-year athlete endorsements by corporations with more than $1.6 billion committed by Nike alone (Horrow, 2007, 2005). Some professional athletes make more money annually from endorsement deals than from salaries. The top ten sport endorsers of 2006 were paid a combined $223 million (Freedman, 2007). Tiger Woods, alone, earned $87 million from endorsement deals in 2006 and has multi-year endorsement contracts of $105 million and $40 million with Nike and Buick, respectively (DiCarlo, 2004). Since Tiger Woods signed with Nike, annual sales for Nike Golf have grown to nearly $500 million with an estimated 24 percent per year growth in the first five years of the agreement (Pike, 2006). While endorsements from celebrities such as Tiger Woods have a positive impact on product evaluations, the impact of such endorsements on the athlete's sport affiliation (e.g., the PGA for Tiger Woods; the Indianapolis Colts for Peyton Manning) has been unexplored. This study contributes to research on athlete endorsers by implementing a social identity theory framework and empirically evaluating the impact of fans' identification with athlete endorsers on both brand and team-related outcomes. In a field study with 494 subjects, we tested a model that indicates that athlete identification influences brand purchase intentions and attitude toward the team, which thereafter influences team abandonment. We discuss our findings and provide suggestions for team and brand managers to improve endorsement-related decision making.

"This study contributes to research on athlete endorsers by implementing a social identity theory framework and empirically evaluating the impact of fan's identification with athlete endorsers on both brand and team-related outcomes."

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Background

Athletes are commonly chosen by firms as endorsers to associate the firm's brands with the athlete's celebrity image. Previous research has revealed positive relationships between celebrity endorsers and increased favorable attitudes toward the brand (Till & Busler, 2000), purchase behaviors (Friedman & Friedman, 1979; Kahle & Homer, 1985), and stock price evaluations (Agrawal & Kamakura, 1995). Brands benefit from the endorser-brand association when fans feel a connection with the athlete. Specifically, it is the fan's identification with the athlete, or celebrity, that ultimately makes an endorsement effective (Kamins et al., 1989). Briefly, identification refers to the overlap between the fan's self schema and the schema of the athlete (Bergami & Bagozzi, 2000; Brown et al., 2005). Identification is distinct from attitudes and liking in that it does not assess positive or negative associations with an entity. Additionally, identification is distinct from commitment and involvement in that it does not assess intentions to maintain future associations with an entity or the personal relevance or importance of an entity. Thus, identification is a cognitive state that may both influence and be influenced by positive or negative attitudes and intentions. Although identification has received considerable attention in the sport marketing literature, it has not been formally investigated in an athlete endorsement context.

"Purchasing an athlete-endorsed product is one means of symbolically and publicly demonstrating aspirations to be a part of the group and such behaviors are directly influenced by the extent to which a fan identifies with an athlete endorser."

Identification

The theoretical basis for identification research is social identity theory (Tajfel & Turner, 1985). According to social identity theory, individuals satisfy a self-definitional role and make sense of the world by categorizing themselves and others into groups (e.g., I am a Dallas Cowboys fan) (Hogg, Terry, & White, 1995). Thus, identification is described as a "cognitive state of self-categorization" that exists when fans feel belongingness with an entity, such as an athlete (Bergami & Bagozzi, 2000). Individuals may categorize themselves into groups determined by demographic variables such as gender or geographic location, organizational memberships such as employment or religion (Bhattacharya, Rao, & Glynn, 1995), psychological communities that congregate around brands (Algesheimer, Dholakia, & Herrmann, 2005; Carlson, Suter, & Brown, 2008), or even a desired association with an individual such as an athlete. Thus, *athlete identification (athlete ID)* is a cognitive state in which the individual evaluates the degree of overlap between their own self-schema and the athlete's schema. In the endorsement literature, identification has been described as occurring when an individual attempts to establish or maintain the identity associated with a celebrity endorser (i.e., athlete) in an effort to be like that person (Kelman, 1961). Previous research found that an individual's need for affiliation leads to increased levels of identification (Donavan, Carlson, & Zimmerman, 2005). This is particularly relevant as sports fans are partially motivated by the drive toward group affiliation (Wann, Schrader, & Wilson, 1999). By associating with an entity such as a reference group that is held in high esteem in society, fans may elevate their social status and enhance their self-image. Moreover, fans may be attracted to and identify with athlete endorsers due to the symbolic aspirations to join a reference group (Assael, 1984).

Athletes are effective as endorsers because they often represent an association with a symbolic aspirational reference group (Kamins, 1990). Fans may rely on such reference groups as a point of comparison to assess their own attitudes and behaviors. More importantly, fans will modify their attitudes and behaviors to maintain consistency with such a group. Purchasing an athlete-endorsed product is one means of symbolically and publicly demonstrating aspirations to be a part of the group and such behaviors are directly influenced by the extent to which a fan identifies with an athlete endorser. Thus, athlete endorsers possess referent power when fans identify with and aspire to be like them (Tom et al., 1992).

Sport Affiliations

The social meanings associated with a celebrity that make him or her appealing as an endorser are heavily influenced by the source of their celebrity status. For instance, using the example of Tiger Woods, his celebrity status comes from his public persona as a golfer on the PGA Tour. For an athlete such as LeBron James, his celebrity status comes from his public persona as a basketball player for the Cleveland Cavaliers. Thus, the role in which an athlete derives his or her public meanings is synonymous with the source of the athlete's endorsement power. We refer to this source of endorsement power as the athlete's *sport affiliation.* The sport affiliation is the public vehicle (e.g., a sports team or league) that allows consumers to become familiar with the athlete as a celebrity. Specifically, we investigate the athlete's team as the sport affiliation.

Theoretical Development

Athletes are effective endorsers when fans aspire to be like them or hope to be associated with their image, and thereafter identify with them (Kamins & Gupta, 1994). Identification leads to many positive outcomes such as increased event attendance (Bhattacharya et al., 1995) and positive word of mouth (Brown et al., 2005). We anticipate that athlete ID will have a positive impact on both brand and team-related outcomes.

While it is possible that an individual's affiliation with or attachment to a particular sport or sports team may influence his or her level of identification with a particular athlete, many sports fans develop an attachment to a team as a result of their identification with an athlete. For instance, many fans of Shaquille O'Neal have followed his professional career as a fan of whichever team he played for beginning with the NBA's Orlando Magic, then the Los Angeles Lakers, then the Miami Heat, and now the Phoenix Suns. While our investigation focuses on the influence of athlete ID on attitude toward the team rather than vice versa, we do not dismiss the possibility of team and sport affiliations influencing endorser ID. Thus, our study is designed to control for the influence of such relationships. Fans identify with an athlete when the athlete is perceived to be symbolic of an aspirational reference group. Consistent with the image congruence hypothesis, consumption behavior is geared toward enhancing the self-concept through the consumption of products that provide symbolic meanings (Grubb & Grathwol, 1967). Adopting positive attitudes and intentions toward teams and brands that are closely linked to a celebrity's image provides an opportunity for fans to demonstrate similarity to and further assume the desirable meanings associated with the celebrity. Similarly, fans who strongly identify with an athlete should be less likely to abandon the market offerings (e.g., purchasing team merchandise, attending games) of the team than those fans who are less identified with the athlete.

H1: Athlete ID has a positive effect on Attitude toward the Team.

H2: Athlete ID has a negative effect on Team Abandonment.

H3: Athlete ID has a positive effect on Brand Purchase Intentions.

Previous investigations into athlete endorsements have primarily focused on positive ad-related and brand-related outcomes. However, consideration should also be given to the sport affiliation, or team, that provides a public stage for endorsement power to develop. In the movie industry, many American movie stars endorse products in other countries, yet remain hesitant to endorse products in the US for fear of abandonment, or decreased consumption, from movie audiences. However, in recent years, certain movie stars have begun to endorse American products (e.g., Robert DeNiro and American Express) without detriment to their movie careers. Although this concern has not been as widely expressed in the sports industry, it is an important consideration for both athletes and their teams. Sport affiliations such as sports teams are characterized by multiple components (e.g., other team members and coaches) that jointly influence fan assessments of and purchase intentions toward market offerings. We anticipate that a positive attitude toward the team will decrease the likelihood of abandoning the market offerings of the team as a result of an endorsement.

H4: Attitude toward Team will negatively influence Team Abandonment.

Thus, the effect of identification on team abandonment is both direct and indirect. Identification should influence team abandonment, but part of its effects will be distributed through attitude toward the team. Consequently, we are suggesting that the relationship between athlete ID and team abandonment is partially mediated through attitude toward team.

Attitudes that are based on and related to personal experience, such as attitudes to existing brands, tend to be useful predictors of behavior. In low-involvement situations such as normal everyday purchases, experience with the brand precedes the formation of attitudes toward the brand (De Bruicker, 1979). Thus, positive attitudes result from satisfactory experiences with the brand. Consequently, attitude toward the brand should directly influence future intentions to purchase the brand as a result of the endorsement. Attitude toward the brand is included as a control variable in the model to account for this relationship.

"Sport affiliations such as sports teams are characterized by multiple components (e.g., other team members and coaches) that jointly influence fan assessments of and purchase intentions toward market offerings."

Methods

Procedures. We conducted a field study with Dallas Cowboy fans in the midwestern United States. Students enrolled in undergraduate marketing classes at a major midwestern university were given an extra credit opportunity for recruiting study participants. Students were carefully trained on how to recruit respondents and given strict guidelines on a number of required respondent characteristics (c.f., Mick, 1996), such as all respondents must be over 18, no respondents could be students from the university, and all respondents must consider themselves to be a Dallas Cowboy fan. The sample was made up of 251 males (50.8%) and 243 females (49.2%). The age distribution varied as follows: 32% between the ages of 18 and 24; 27% between the ages of 25 and 45; and 41% were over 45 years of age. All respondents indicated that they consider themselves to be a Dallas Cowboys fan and they reported various levels of following the team during the previous season: 53% spent up to $100 on team merchandise and 13% spent more than $100 on team merchandise; 20% attended at least one game; 90% watched more than 5 games on television and 30%

watched every game on television; 88% percent sought out information about the team in various media (e.g., newspapers, online) at least once per week and 14% sought out information about the team everyday.

Survey Measures. Participants completed a computer-based survey instrument. Eight different fictitious endorsement scenarios were created based on matching one of two athletes with one of four low-involvement brands. Each scenario included an evaluation of one athlete (Terrell Owens or Tony Romo) from the Dallas Cowboys. Two of the endorsement brands were well-known restaurants, one being a family-oriented establishment (Applebee's) and the other being an adult male-oriented chain (Hooter's). The second pair of endorsement brands was two well-known drinks. One was a popular canned iced tea (Arizona Iced Tea) and the other a popular energy drink (Red Bull). Pretests revealed that pairing one of the two athletes with one of the four brands created variance within the data. Participants were exposed to only one of the eight different scenarios.

Prior to beginning the survey, respondents read an introductory page on the computer screen with a link to take the survey. Upon clicking the "take survey" button on the screen, respondents were randomly assigned to a survey containing one of the eight endorsement scenarios. Randomly assigning respondents to each scenario serves as a means to control for various individual differences among respondents (e.g., attachment to the team or the sport) that may influence the relationships in our model. Subjects began the survey by indicating their familiarity with the team, their team-related consumption habits, and their familiarity with the athlete they would eventually be exposed to as an endorser. Next, subjects were asked to assess the athlete's attractiveness and trustworthiness and then indicate the degree to which they identify with the athlete. After evaluating the athlete on *Athlete Identification* (2 items, Bergami & Bagozzi, 2000) and indicating their *Attitude toward the Brand* (3 items, Mackenzie & Lutz, 1989), subjects were exposed to only one of four fictitious endorsement announcements created for the study (see Appendix for items).

Following their exposure to the endorsement announcement, subjects then completed items pertaining to their *Attitude toward the Team* (3 items, Mackenzie & Lutz, 1989), likelihood to abandon the team as a direct result of the athlete endorsement (i.e., *Team Abandonment*; 3 items, created for the study), and *Brand Purchase Intentions* as a direct result of the athlete endorsement (3 items, created for the study). (See Table 1 for cell means.) Thus, in an attempt to control for potential reciprocal relationships between attitude toward the team and athlete ID, we have designed our study such that athlete ID and attitude toward the brand were measured prior to respondents viewing the endorsement announcement and all other constructs of interest were measured after exposure to the endorsement announcement (see Figure1). Therefore, the design of the study allowed an assessment of the causal impact of athlete ID on all outcome variables while controlling for individual differences via random assignment.

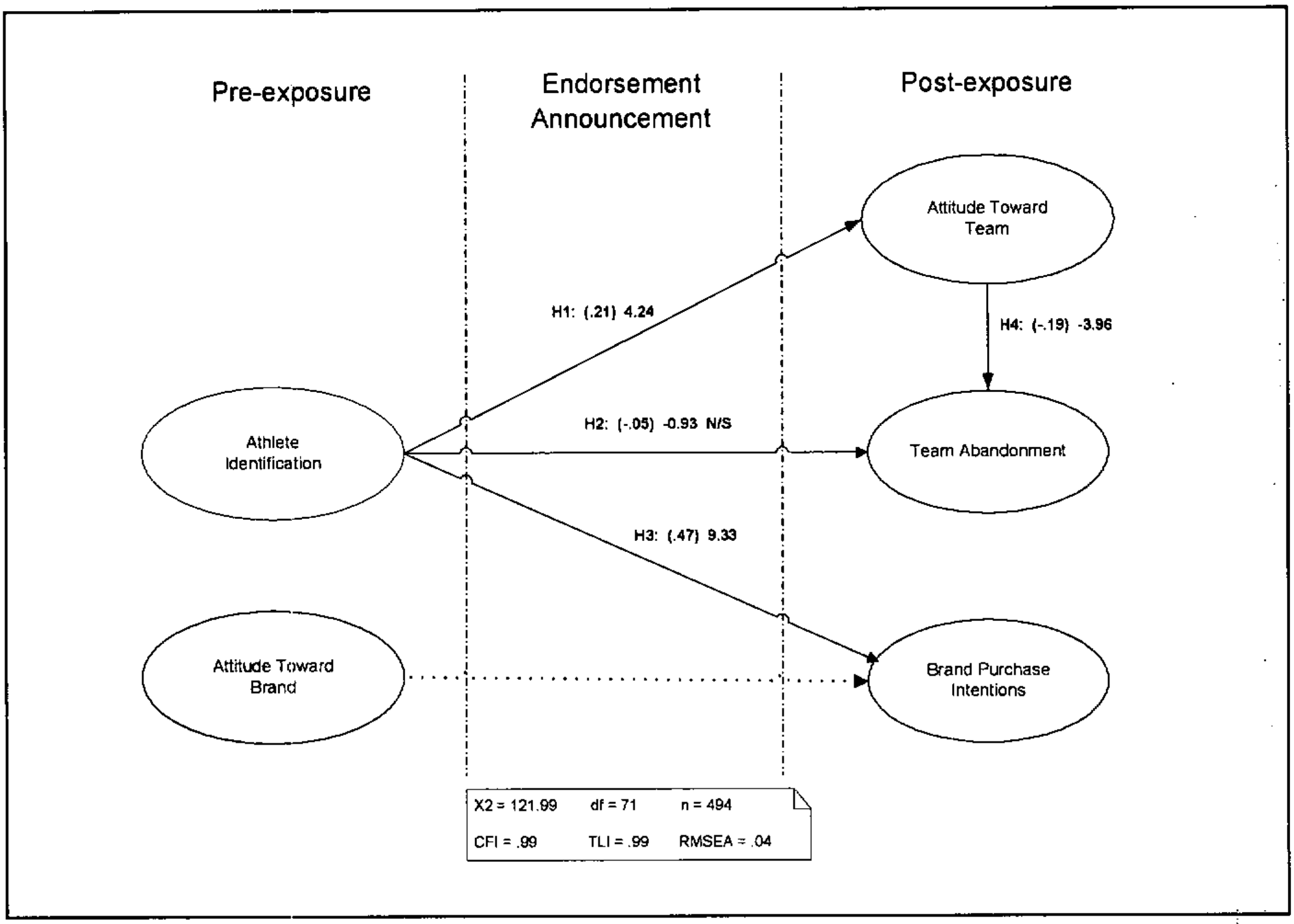
Table 1.
Mean Results by Endorser-Product Pairing

	Endorsement Pairing							
	Tony Romo				Terrell Owens			
Variable	Applebee's n = 66	Hooters n = 69	Red Bull n = 80	Arizona Tea n = 61	Applebee's n = 38	Hooters n = 58	Red Bull n = 64	Arizona Tea n = 58
Attitude toward Brand	5.01	4.61	4.60	4.82	5.57	5.07	4.31	5.07
Athlete Identification	2.71	2.99	3.15	3.15	1.37	1.72	1.60	1.29
Attitude toward Team	5.19	5.27	5.21	4.96	5.53	5.32	5.59	5.49
Team Abandonment	2.84	2.85	2.97	2.79	3.16	3.19	3.05	3.40
Purchase Intentions	2.97	2.46	3.15	3.09	1.79	1.80	2.02	1.57

Table 2.
Descriptive Statistics and Correlations

Variable	Mean	s.d.	C.R.	A.V.E.	1	2	3	4
1 Athlete ID	2.56	1.61	0.81	0.68	1.00			
2 Attitude toward Team	5.83	1.18	0.97	0.92	.16	1.00		
3 Team Abandonment	2.78	1.90	0.93	0.82	-.08	-.20	1.00	
4 Brand Purchase Intentions	2.61	1.60	0.94	0.85	.43	.11	-.04	1.00

Figure 1.
Theoretical Model



Analysis and Results

The analysis was conducted using AMOS 7.0 (Arbuckle, 1997). We began with the two-step approach suggested by Anderson and Gerbing (1988). A confirmatory factor analysis (CFA) was conducted on the five scales: A_{Team} (3 items), *Athlete ID* (2 items), *Team Abandonment* (3 items), A_{Brand} (3 items), and *Brand Purchase Intentions* (3 items). The CFA gave us acceptable model fit indices: ($\chi 2$ = 101.0, df = 67; p = .01); comparative fit index (CFI) = .99; Tucker-Lewis Index (TLI) = .99; root mean square error of approximation (RMSEA) = .03.

The measurement model provided evidence of reliability, convergent validity, and discriminant validity. Composite reliabilities, the analog of Cronbach's alpha for structural equation modeling, were strong for all the multi-item measures, ranging from .81 to .97. All the measurement items were significant and their loading values related to the appropriate construct, which provided evidence of convergent validity. All constructs met the discriminant validity criteria suggested by Fornell and Larcker (1981) of the average variance extracted (AVE) value exceeding the correlation squared value (See Table 2 for composite reliability, AVE, and factor correlations).

Table 3.
Results of Structural Equations Analysis

Structural Model Statistics		Conceptual Model Results	
$\chi 2$		121.99	
df		71	
CFI		.99	
TLI		.99	
RMSEA		.04	
Path		**Path Estimate**	**t-value**
Athlete ID→Attitude toward Team	H1	.21	4.24[a]
Athlete ID→Team Abandonment	H2	-.05	-.93
Athlete ID→Brand Purchase Intentions	H3	.47	9.33[a]
Attitude toward Team→Team Abandonment	H4	-.19	-3.96[a]

Note: n = 494 [a] $p < .01$; (two-tail tests)
Standardized path estimates shown.

> ***"Overall, our findings confirmed that identifying with an athlete endorser is an important determinant of both team and brand-related outcomes."***

The structural model was estimated based on the proposed hypotheses. (see Figure 1 for theoretical model). The fit indices for the structural model appeared satisfactory: ($\chi 2 = 121.99$, df = 71; $p < .00$); CFI = .99; TLI = .99; RMSEA = .04. See Table 3 for complete results.

We proposed in hypotheses 1 – 3 that athlete ID would have a positive influence on A_{Team} (H1) and *Brand Purchase Intentions* (H3), and a negative influence on *Team Abandonment* (H2). While these relationships were confirmed for *Athlete ID* →A_{Team} (H1) (SPC = .21, t-value = 4.24), and *Athlete ID →Brand Purchase Intentions* (H3) (SPC = .47, t-value = 9.33) the relationship between *Athlete ID* and *Team Abandonment* (H2) failed to reach significance (SPC = -.05, t-value = -.93).

Hypothesis 4 proposed that A_{Team} would have a negative influence on *Team Abandonment.* This relationship was supported (SPC = -.19, t-value = -3.96). Although we anticipated that A_{Team} would partially mediate the relationship between *Athlete ID* and *Team Abandonment*, the initial structural model results confirmed the positive influence of A_{Team} on *Team Abandonment* but did not support the positive influence of *Athlete ID* on *Team Abandonment.* However, to test if the effect of *Athlete ID* on *Team Abandonment* is fully mediated through A_{Team}, we used a nested model approach (James & Brett, 1984). In the nested model we removed the path from *Athlete ID* to *Team Abandonment.* The fit indices for the model were as follows: ($\chi 2 = 122.84$, df = 72; $p < .00$); CFI = .99; TLI = .99; RMSEA = .04. The non-significant chi-squared difference test ($\Delta\chi 2 = 0.85$, Δdf = 1) reveals that the fully mediated model is superior to the partially mediated model in explaining the relationships between constructs. Together, these results reveal that the influence of *Athlete ID* on *Team Abandonment* is fully mediated through A_{Team} (Baron & Kenny, 1986).

Discussion

This study applied a social identity theory framework to investigate consumer responses to athlete endorsements. While previous endorsement research largely focuses on brand and advertising outcomes, we offer the first empirical investigation into the effects of an athlete endorsement upon consumer response to his sport affiliation (i.e., team). Overall, our findings confirmed that identifying with an athlete endorser is an important determinant of both team and brand related outcomes. Understandably, previous studies on endorsement have primarily focused on brand-related outcomes. However, athletes are representatives of the sport affiliations (i.e., teams or leagues) for which they work. As more and more athletes are being utilized as endorsers for various products, it is important to investigate the impact of these endorsements on outcomes that relate to their teams as well as the endorsed brands. We found that athlete ID had a positive influence on attitude toward the team. Additionally, attitude toward the team had a negative influence on team abandonment as a result of the endorsement. In other words, fans who held a favorable versus unfavorable attitude toward the team (i.e., Dallas Cowboys) were less versus more likely to reduce spending on market offerings (e.g., purchasing tickets or apparel) as a result of endorsements featuring that athlete (e.g., Tony Romo).

Our findings supported three of our four hypotheses. We did not find support for the hypothesis that athlete ID would directly impact abandoning the market offerings of a team. It seems the effects of athlete ID on team abandonment are fully mediated through attitude toward the team. This finding suggests that respondents' intentions to abandon team offerings in our study appear to be more influenced by their attitudes toward the team as a whole than their evaluations of a single athlete. Part of this may be due to the nature of the NFL and its fans. Many fans of the NFL tend to follow and remain loyal to a team as individual players come and go. The same is true for many collegiate sport fans, as well as some other team sports. However, our findings may have been different if our respondents were NBA fans of whom some are more prone to follow an individual player and cheer for any team of which the player is a member. While our results suggest that athlete ID does have significant effects on team-related outcomes, additional clarification of its impact is warranted.

To further investigate the influence of athlete ID on team abandonment, we conducted mean comparisons for each outcome variable between those individuals rated high on athlete ID ($n = 248$) and those who rated low on athlete ID ($n = 246$) as determined by a median split.[1] As expected, the mean for each outcome variable was significantly higher for those rating high in athlete ID than for those rating low on athlete ID. Specifically, attitude toward the team was higher for the high ID group ($\bar{X} = 5.47$) than the lower ID group ($\bar{X} = 5.13$; $F = 4.00$, $p = .05$) providing additional insight into Hypothesis 1. Team abandonment was lower for the high ID group ($\bar{X} = 2.77$) than for the low group ($\bar{X} = 3.26$; $F = 24.23$, $p = .00$) providing additional insight into Hypothesis 2 and revealing a potential negative consequence of athlete endorsements.

Future research should further investigate the relationship between athlete ID and team abandonment. If supported in future studies, the results of the mean comparisons could have important implications for team managers. All fans do not highly identify with every member of a given sports team. Product endorsements from athletes who are not identified with by a large number of fans may increase the likelihood of fans abandoning the team. From a social identity theory perspective, this may be due to the fact that most product endorsements tend to increase the visibility of not only the individual athlete, but also the athlete's team. As a result, fans who do not strongly identify with the athlete may adopt intentions and behaviors to actively distance themselves from the image of the athlete (e.g., abandoning the team's market offerings).

"General managers of sport teams may need to start considering the implications for their quasi-brands (e.g., Dallas Cowboys) when their featured athletes endorse outside products."

General managers of sport teams may need to start considering the implications for their quasi-brands (e.g., Dallas Cowboys) when their featured athletes endorse outside products. This may be particularly important when those products are unrelated to the sport or team. We did not investigate endorsement pairings between celebrities and controversial brands or advertisements, but these issues should be explored in the future. Managers of professional sport teams may wish to include clear expectations regarding endorsement deals in contracts with these celebrities. Further, while many professional sport teams actively promote the individual performances of important athletes, it may be beneficial to promote the overall experience of the sports team while merely highlighting the role of the individual athlete.

Together, the findings of this study contribute to athlete endorsement research in multiple ways. Athlete identification was empirically investigated as a unique construct and found to be an important predictor of brand and team-related outcomes. We found that positive attitudes toward a team reduce the likelihood of abandoning the corresponding market offerings in response to athlete endorsements. However, fans with lower levels of identification with an athlete may be more likely to abandon the team's market offerings than fans with higher levels of identification with an athlete. This study is limited to the NFL context and should be investigated in other contexts such as the NBA, MLB, and other professional and collegiate sports. Future research should further explore the impact of athlete endorsers on their sport affiliations.

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Endnote

[1]This analysis was conducted to addresses a specific concern expressed by one of the reviewers. We would like to thank the reviewer for this suggestion as the analysis provides additional clarity in understanding our findings and achieving the objectives of the study.

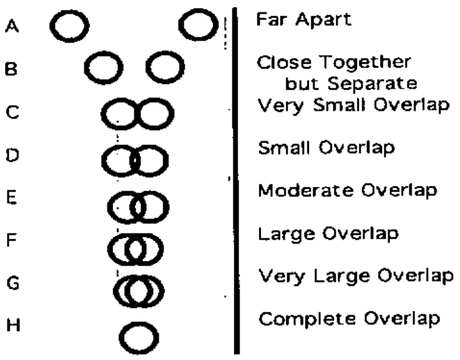
Appendix

Measures Used in the Analysis

Athlete ID (1-7 Not at All to Very Much).

(Item #1)

My Identity — Athlete's Identity



(Item #2) Please indicate to what degree your self-image overlaps with the image of (athlete's name).

Attitude toward Team (1 – 7 bipolar scale)

Please indicate your opinions of (athlete's or team's name) using the following scales.

Unpleasant | Pleasant
Unfavorable | Favorable
Dislike | Like

Attitude toward the Brand (1 – 7 bipolar scale)

Please indicate your opinions of (e.g., Applebee's, Hooters, Red Bull, or Arizona Tea) using the following scales. (Respondents were only shown one brand).

Unpleasant | Pleasant
Unfavorable | Favorable
Dislike | Like

Team Abandonment (1 – 7 Strongly Disagree to Strongly Agree)

If (athlete's name) agreed to endorse xyz brand…

I would be less likely to attend a (Team's) game this season.
I would be less likely to purchase (Team) merchandise.
I would be less likely to watch the (Team) on TV this season.

Brand Purchase Intentions (1 – 7 Strongly Disagree to Strongly Agree)

I would be more likely to (go to xyz's/purchase xyz) as a result of this endorsement.
This endorsement would make me feel more favorable toward the (restaurant / drink).
This endorsement would improve my perceptions of the (restaurant / drink).

Sport Marketing Quarterly, 2008, 17, 163-172, © 2008 West Virginia University

Does a Manufacturer Matter in Co-branding? The Influence of a Manufacturer Brand on Sport Team Licensed Apparel

BRANDING

Harry H. Kwon, Hongbum Kim, and Michael Mondello

Abstract

Despite increased sales of sports team licensed merchandise, there is a lack of research examining the effect of the manufacturer brand on the sales of such products. This study examined whether manufacturers' brand influenced sport consumers' attitudes toward and purchase intentions of licensed apparel. Using information integration theory and classical conditioning, four different hypotheses were developed. The data were collected from 299 students (men = 201; women = 98). The questionnaire included attitude toward a manufacturer, attitude toward school athletic teams, attitude toward co-branded licensed apparel, and purchase intentions of co-branded licensed apparel. Three different brands were assessed (i.e., Nike, Starter, and Specs). Specs was a generic brand developed by the researchers to represent an unknown brand. The results indicated sport consumers' attitudes toward and purchase intentions of licensed apparel were determined by their attitude toward a manufacturer. In addition, the attitude was modified by their team identification. The effect of a manufacturer's brand was decreased among individuals reporting high team identification, which could be partially explained by classical conditioning.

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"Sport marketers need to understand to what extent a manufacturer brand on sport team licensed apparel influences consumers' attitudes and purchasing intentions."

Introduction

Licensing is a business arrangement in which the licensor (i.e., property right holder) grants permission to licensees (i.e., manufacturing companies) so the licensees can manufacture products carrying the licensor's logo or trademark. In return, licensors collect financial benefits consisting of royalties. This business alignment has been extremely lucrative to both parties. In fact, the retail sale of licensed merchandise in the United States and Canada was $71.21 billion in 2005 (The Licensing Letter, 2006). Among the sales, $13.23 billion (19%) were from sport licensed merchandise sales representing a 5% increase over the previous year's sales.

Despite the increase in sales, minimal empirical research upon the effectiveness of sport team licensing has been conducted. One avenue requiring additional investigation is the effect of a manufacturer's brand on licensed merchandise. Sport marketers need to understand to what extent a manufacturer brand on sport team licensed apparel influences consumers' attitudes and purchasing intentions. This issue has become even more important in the sport licensing industry when we look at a current trend in the professional sport environment as professional sport leagues have attempted to reduce the number of licensees. Today, many sport organizations have reached exclusive contracts with manufacturers for their licensing business. For example, the National Football League (NFL) signed a 10-year exclusive contract with Reebok in 2002 to be the league's only provider of on-field and sideline apparel. Compared to the multiple licensees (i.e., Nike, Puma, and Adidas) the NFL had previously, the exclusive right to Reebok was considered a dramatic change in their licensing business. The NFL simplified their licensing business and was able to secure significant cash flows for a long time period. However, the NFL needed to recognize their choice of licensee might also influenced consumers' purchasing decisions. If consumers' choice of licensed apparel is somewhat or significantly determined by the name of the manufacturer, having multiple licensees may be considered a better business strategy because it provides consumers with diverse choices.

In addition to professional sport leagues, collegiate sport teams are increasingly engaging in licensing agreements with popular name brands (e.g., Nike, Adidas, and Under Armour) to increase the sales of licensed merchandise. And the sales of licensed merchandise have been a part of the major revenue structure for many collegiate teams. This also validates the need for a study examining the influence of a manufacturer's brand on customers' attitudes toward sport team licensed apparel.

The central research objective of this study was to examine the effect of a manufacturer of sport team licensed apparel on sport consumers' attitudes and purchasing intentions. In addition to the hypothesized effect of manufacturer brand, this study also examined the modifying effect of consumers' attitudes toward a team as another determinant of sport consumers' attitudes and purchasing intentions.

Brands in Co-branded Team Licensed Apparel

A licensed product carries two different brand names or logos simultaneously: the brand of the licensor and the brand of the licensee. Park, Jun, and Shocker (1996) referred to these two brands (i.e., licensor's brand and licensee's brand) as a modifier and a header based on the concept specialization model of Cohen and Murphy (1984). Specifically, the name or logo of a sport team is a header and the manufacturer is a modifier in co-branded sport team licensed apparel. For example, a Nike manufactured Ohio State University (OSU) Buckeyes' sweatshirt is composed of the modifier Nike and the header of OSU Buckeyes.

Manufacturers of sport team licensed merchandise attempt to penetrate market share by using well-known brands of sport teams and university athletic teams. However, such coalition can also be found between two well-known brands such as Dell computers with Intel processors and credit card companies aligning themselves with frequent flyer airline programs. This type of coalition has also been popular in sport team licensed apparel. Among sport team licensed merchandise, Nike, Reebok, and Adidas are among the leading manufacturers for professional and collegiate sport teams. An alliance between two well-known brands can produce a synergy effect without taking a huge financial risk.

Co-branding involving team licensed apparel has a unique brand structure that cannot be found in other co-branded products. For example, a Dell computer with an Intel processor provides consumers with two different measures of product quality, which are two manufacturer brand names of Dell and Intel. However, consumers have only one brand name that they can associate with quality of licensed apparel. For example, the quality of a Seminoles' sweatshirt manufactured by Nike can be estimated by using Nike but not by Seminoles. Even though licensors control the quality of their licensed merchandise, consumers' estimation on quality should be determined by the manufacturer of the product. Due to this uniqueness, a manufacturer's brand name on sport team licensed apparel is expected to play a different role than the ones on other general co-branded products such as Dell computers with Intel processors.

"Co-branding involving team licensed apparel has a unique brand structure that cannot be found in other co-branded products."

Team Identification and Sport Team Licensed Apparel

As indicated above, a sport team's name or logo comprising co-branded team licensed apparel does not provide any measure of quality. However, it does provide sport consumers with a symbolic meaning. The symbolic meaning of the licensed apparel is based on sport consumers' attitudes toward an athletic team (Kwon & Armstrong, 2002, 2006). This attitude, usually termed *team identification* or *fan identification*, is defined as "the degree to which the fan's relationship with the team contributes to their social identity" (Mahony, 1995, p. 12). The concept of team identification is developed based on Social Identity Theory (Tajfel, 1982; Tajfel & Turner, 1986). Purchasing and consuming behavior of sport team licensed merchandise creates and strengthens the sense of belongingness of an individual to a particular sport team that the individual wishes to be associated with and thinks to be significant to their social identity. They also use sport team licensed apparel to classify and separate themselves from other groups of people (e.g., fans of rival sport teams).

A landmark study of social identity and licensed apparel was done by Cialdini, Borden, Thornes, Walker, Freeman, and Sloan (1976). They counted the number of college students wearing school/athletic team identifying apparel on Mondays during the college football season. Their study indicated more students wore school/athletic team identifying apparel on

Monday after their team won a football game on the previous Saturday. They termed this phenomenon as "basking in reflected glory," suggesting that students attempted to increase their self-esteem using the success of their school football team. Thus, when their football team wins, they were more likely to publicize their social identity as a student of the university by wearing such licensed apparel. This study established a link between social identity of an individual and their wearing sport team licensed apparel. Several studies have replicated and developed this line of inquiry using team identification (e.g., Kwon, Trail, & Anderson, 2006; Kwon, Trail, & James, 2007).

> ***"... the transfer of the attitude toward a sport team to co-branded team licensed apparel can be largely determined by sport consumers' attitude toward the sport team."***

Team identification of sport consumers has been studied as a major determinant of many different consumer behaviors. Kwon, Trail, and Anderson (2006) and Kwon, Trail, and James (2007) empirically tested the effect of team identification on sport consumers' purchasing intentions of sport team licensed apparel and merchandise. Similarly, Kwon and Armstrong (2006) examined the effect of team identification on impulse purchases of team licensed merchandise among college students. In the aforementioned literature, team identification was found to be a major determinant of sport consumers' attitudes toward and purchase intentions of sport team licensed apparel.

Although social identity theory has played a major role in sport team licensed merchandise sales, it only partially explains the variance of the attitude and purchase intention of sport team licensed apparel. This may be due to a presence of another brand name on the product. Consequently, to appropriately explain the effect of manufacturer brand of sport team licensed apparel, additional theories were necessary. This study incorporated information integration theory and the concept of classical conditioning as conceptual bases of co-branded team licensed apparel. The information integration theory explained how two different brands were combined together to form a new attitude and purchase intention. Additionally, the concept of classical conditioning explained the modifying effect of team identification on forming a new brand attitude and purchase intention of co-branded apparel.

Theoretical Background and Hypotheses Generation

The theoretical basis of this study can be found in information integration theory (Anderson, 1981). The major concept of information integration theory is that people receive, interpret, evaluate, and then integrate incoming information with an existing belief or attitude. Thus, existing information is summed, subtracted, multiplied, or averaged with incoming stimuli and, consequently, the individual forms a new attitude toward an object. This calculation is referred to as cognitive algebra.

Anderson (1981) suggests multiple pieces of information are integrated using three processes of valuation, integration, and responses. An individual is expected to transform physical stimuli (e.g., something an individual sees, touches, tastes, etc.) into psychological information through valuation process. These multiple pieces of psychological information are integrated together for human's thought and behavior through integration process. The last process of response is an observable attitude or behavior, which is a resulting product of a newly composed attitude through integration process. Information integration theory may explain how consumers perceive a co-branded product when two different brands are allied together to form one product. Two separate valuation functions (i.e., attitude toward manufacturer and attitude toward athletic team) are combined together through integration function and form a new attitude toward a co-branded product.

Simonin and Ruth (1998) examined the integration function in co-branding using information integration theory. They developed a conceptual model to examine a possible spillover effect of brand alliances on consumers' brand attitudes. Part of their model hypothesized direct causal relationships between attitude toward each manufacturer's brand and attitude toward brand alliance. The regression coefficients were positive (b = .270 and .192) and statistically significant. These results indicated that two different valuation functions were actually integrated together to form a new attitude. The attitudes toward the first manufacturer brand and second manufacturer brand explained approximately 11% of the variance in the attitude toward brand alliance.

Thus, sport consumers are expected to form a new attitude toward co-branded team licensed apparel based on their attitude toward a sport team and attitude toward the manufacturer. In this integration function, the two separate attitudes should interact together to form a new attitude toward a product representing two different brand names. When their attitude toward a sport team is set constant, their attitude toward co-branded licensed apparel will follow the order of their attitude toward manufacturers.

Hypothesis1a: Respondents will form a brand attitude toward co-branded team licensed apparel accordant to their previous attitude toward each manufacturer.

The next hypothesis was developed using the concept of classical conditioning. Classical conditioning is known as Pavlov's classical experiment in which a metronome was paired with the presence of a meal. Whenever a meal was served, the dog was exposed to the sound of a metronome. If the pair is conditioned through multiple repetitions, the dog salivates to the sound of the metronome even without the presence of food. Researchers indicated this kind of physiological response could be developed in human being as well (Rescorla, 1988). Several studies in the advertising literature have utilized classical conditioning as their conceptual background (e.g., Stuart, Shimp, & Engle, 1987; Grossman, 1997). Grossman (1997) used classical conditioning in examining the effect of co-branding on a product and found that pairing a new product with a favorable existing product should result in a favorable attitude toward the new product.

The major assumption of classical conditioning is a possible transfer of an attitude (e.g., positive, negative, etc.) from one to another; one being an existing object (i.e., conditioned) and another (i.e., unconditioned) being a new object, which is linked to the existing product. Kim, Lim, and Bhargava (1998) found that a transfer of an affect from an existing product to a new product should happen even without the beliefs of the new product once an individual had a strong affect to an existing product.

The results of previous studies suggest that an individual can form an attitude toward a new product even without an objective evaluation when (1) s/he has a strong affect toward the original product and (2) the original product and the new product are linked together (e.g., produced by same company or same brand). Thus, the transfer of the attitude toward a sport team to co-branded team licensed apparel can be largely determined by sport consumers' attitude toward the sport team. For this transfer to take place, an individual's attitude toward a sport team should be conditioned, indicating a strong relationship.

Information integration theory and classical conditioning suggest slightly different functions of a manufacturer brand in sport team licensed apparel. Information integration theory suggests a manufacturer's brand name will work as one of multiple attributes of a co-branded product and will influence consumers' attitudes toward team licensed apparel. In contrast, classical conditioning suggests the attitude toward a sport team will be transferred to the team licensed merchandise and the attitude toward a manufacturer brand will be reduced when sport consumers possess a high level of team identification (i.e., when they are conditioned). Based on this supposition, it can be hypothesized that individuals with strong attitudes toward a sport team should demonstrate a conditioning effect whereas individuals with moderate or weak attitudes toward a sport team may not.

Hypothesis1b: Respondents will form a brand attitude toward co-branded team licensed apparel accordant to their previous attitude toward each manufacturer and the relationship will be modified by their team identification.

"When the respondents' team identification was set constant, their attitude toward co-branded team licensed apparel followed their attitude toward their manufacturers."

This study also included purchase intention as another dependent measure to increase the validity of the results. Previous studies have consistently reported high correlation coefficients between brand attitude and purchase intention in many contexts. Recently, Martin and Stewart (2001) developed a goal congruency model and incorporated brand attitude and purchase intention. The regression weight from brand attitude towards purchase intention was as high as .70. Similarly, Laroche, Kim, and Zhou (1996) found brand attitude influenced purchase intention across four different brands, in which the beta coefficients ranged from .41 to .48. Based on empirical findings from previous literature, we hypothesized that sport consumers' purchase intentions of team licensed apparel should follow their attitudes toward the co-branded licensed apparel. Thus, two additional hypotheses were developed following Hypotheses 1a and 1b.

Hypothesis2a: Respondents will show a purchase intention of co-branded team licensed apparel according to their previous attitude toward each manufacturer.

Hypothesis2b: Respondents will show a purchase intention of co-branded team licensed apparel according to their previous attitude toward each manufacturer and this will be modified by team identification.

Methods

Participants

The data were collected from 299 students (men = 201; women = 98) enrolled in a major southeastern university with Division I-A athletics (i.e., two different sport management classes, Lifetime Activity Program classes, one business marketing class), and a community college (i.e., two different psychology classes) in the same city. The community college does not have a football team. The data from the community college students were purportedly collected to have responses from individuals with low level of team identification toward the athletic teams of the aforementioned Division I-A

Table I.
Means and Standard Deviations of Attitude and Purchase Intention

	Nike $n = 299$			Starter $n = 299$			Specs $n = 299$			Total $N = 897$		
	High	Medium	Low	High	Medium	Low	High	Medium	Low	High	Medium	Low
	n=163	n=87	n=49	n=164	n=39	n=96	n=163	n=46	n=90	n=490	n=172	n=235
	$M(SD)$	$M(SD)$	$M(SD)$	$M(SD)$	$M(SD)$	$M(SD)$	$M(SD)$	$M(SD)$	$M(SD)$	$M(SD)$	$M(SD)$	$M(SD)$
Att	5.78(.50)	5.27(1.77)	3.73(1.58)	5.29(.50)	3.99(1.01)	3.14(.92)	2.97(1.21)	2.59(1.18)	2.24(.89)	4.68(1.49)	4.26(1.60)	2.91(1.22)
PI	5.65(.66)	5.14(1.11)	3.88(1.56)	5.27(.58)	4.03(1.18)	3.15(1.10)	2.90(1.44)	2.74(1.46)	2.70(1.37)	4.61(1.56)	4.25(1.59)	3.13(1.38)

Note. Numbers in rows are means from a 6 point scale.

school. The mean age of the respondents was 20.91 (SD = 2.86). Student sample was used based on two different reasons. First, the city was known to be a college town with three different colleges. Thus, the student group is one of the major groups who represent as fans of the football team. Second, the college students were thought to be the major target market of the team licensed apparel (e.g., t-shirts, hooded sweat shirts, etc.) based on their social identity (i.e., being a student of the school) and their casual lifestyle.

Measurements and Data Analyses

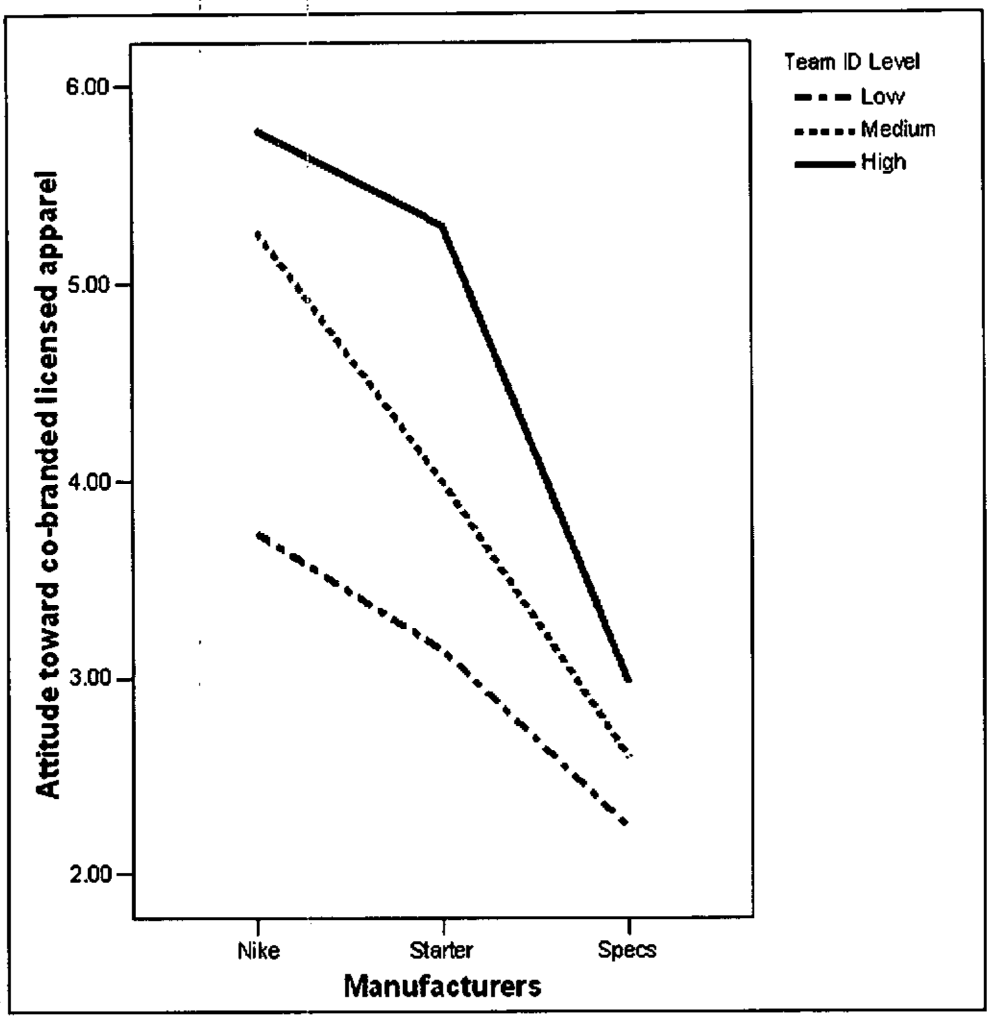
The questionnaire included attitude toward a manufacturer, school athletic teams, co-branded licensed apparel, and purchase intentions of co-branded licensed apparel. Among these, attitude toward a manufacturer and attitude toward co-branded licensed apparel were measured respective to three different manufacturers' brands (i.e., Nike, Starter, and Specs). Among the three brands, Specs is a generic brand developed by the researchers to represent the unknown brand. Thus, total responses for the analyses were 897 (i.e., 299 times 3). Type I error could be inflated because a team identification measure was used three times for three manufacturer brands. Thus, alpha level was adjusted at .016 for the study.

The researchers spotted 27 missing values from 299 questionnaires. The missing values did not show any particular pattern and were treated as missing at random (Hair, Anderson, Tatham, & Black, 1998). Consequently, the missing values were imputed with a mean substitution.

Attitudes toward school athletic team, manufacturers, and co-branded athletic team licensed apparel were each measured with three items from Osgood, Suci, and Tannenbaum (1957). A six-point semantic differential scale (bad and good, unfavorable and favorable, and negative and positive) was utilized. The reliability of the scale was measured with Cronbach's alpha. The attitudes toward the three manufacturers reported Cronbach's alphas of .84 (Nike), .86 (Starter), and .90 (Specs). The attitude toward the athletic team showed .95. The attitudes toward co-branded team licensed apparel were .91 (Nike), .82 (Starter), and .93 (Specs).

Respondents' purchase intentions on co-branded licensed apparel was measured with three items for each manufacturer (i.e., Nike, Starter, and Specs) using a Likert scale ranging from 1 (strongly disagree) to 6 (strongly agree). The items involved intention of purchase, probability of purchase, and consideration of purchasing co-branded licensed apparel. Internal consistencies of the scales were measured with Cronbach's alpha and the values were .89 (Nike), .86 (Starter), and .95 (Specs), respectively.

Figure 1.
Interaction between Manufacturer and Team Identification on Brand Attitude



The data were analyzed utilizing three steps. First, descriptive statistics were calculated using SPSS 12. The mean scores and standard deviations were calculated for attitude toward each manufacturer brand (Nike, Starter, and Specs), school athletic teams, and three co-branded licensed apparel. Next, the mean scores of three manufacturer brands were compared to determine if they were distinct from one another. After three different levels of manufacturers were established, the data were aggregated for MANOVA analysis. Finally, the aggregated data were analyzed using a MANOVA with two independent variables (i.e., team identification and manufacturer brand) and two dependent measures (i.e., attitude toward and purchase intention of co-branded sport team licensed apparel).

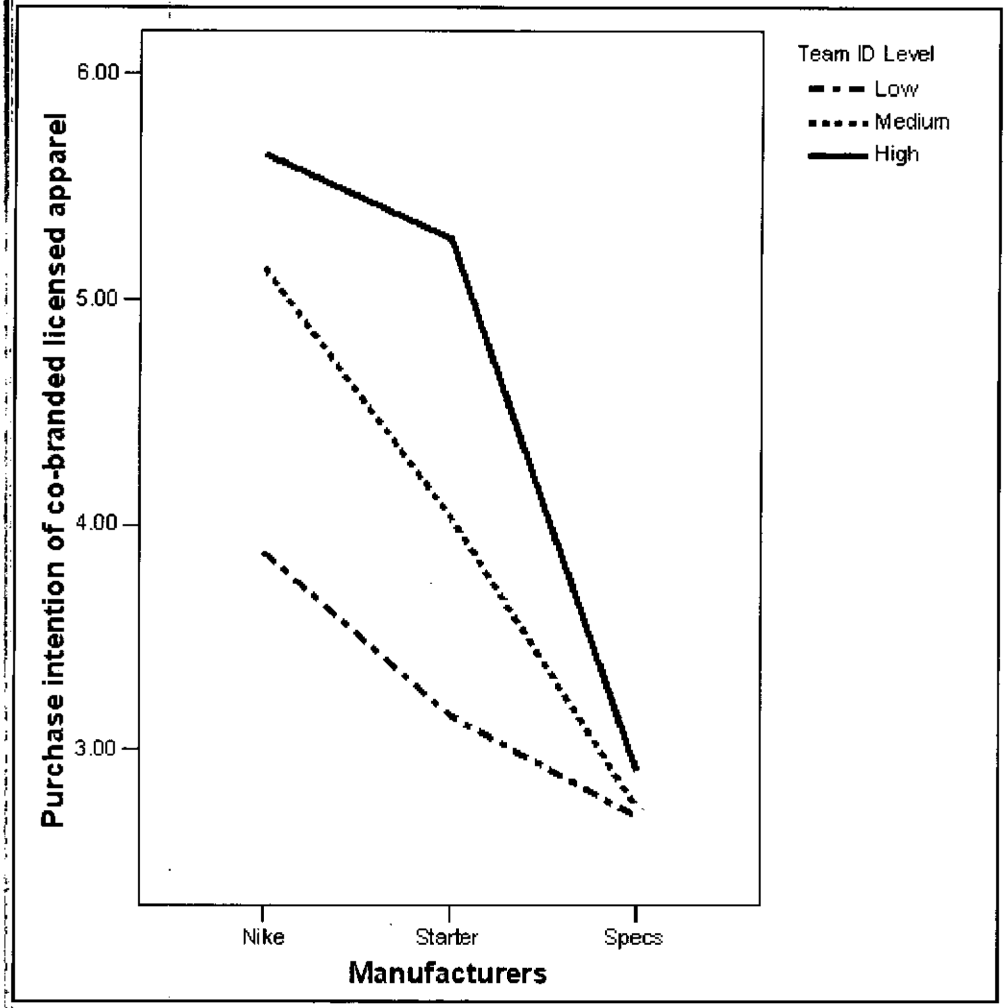
Results

The mean scores of the manufacturer brands were compared to distinguish if the three brands were distinct. The ANOVA results indicated attitude toward Nike ($M = 5.30$) was statistically higher than Starter ($M = 4.43$, $p < .05$) and attitude toward Specs was statistically lower than Starter ($M = 2.69$, $p < .05$). Thus, respondents demonstrated different attitudes toward the three manufacturers.

Descriptive statistics are presented in Table 1. A MANOVA was performed to analyze if the attitude scores and purchase intention scores were statistically different across three different manufacturers and three different levels of team identification (i.e., High, Medium, and Low). The mean score of team identification was divided into three different groups using 1 - 2.6 (Low team identification), 2.7 – 4.3 (Medium team identification) and 4.4 – 6 (High team identification). The researchers used three-group analyses over two-group analyses because the effect of classical conditioning was expected to be stronger when respondents had a strong attitude toward an object than when it was moderate or weak.

The main effects of the multivariate test were examined to support Hypothesis 1a and 2a. The main effect of a manufacturer was significant (Wilks' Lambda = .54, $F = 160.74$, $p < .016$, $\eta_p^2 = .23$) and so was team identification (Wilks' Lambda = .66, $F = 103.05$, $p <$

Figure 2.
Interaction between Manufacturer and Team Identification on Purchase Intention



.016, $\eta_p^2 = .19$). This indicated the attitude toward a manufacturer and a sports team influenced the attitude toward the co-branded sport team licensed apparel. Next, follow-up univariate tests revealed that the mean scores in cells were different in terms of manufacturer ($F = 651.99$, $p < .016$, $\eta_p^2 = .43$ and $F = 532.43$, $p < .016$, $\eta_p^2 = .32$, respectively, for attitude and purchase intention) and team identification ($F = 410.24$, $p < .016$, $\eta_p^2 = .33$ and $F = 283.63$, $p < .016$, $\eta_p^2 = .20$ respectively for attitude and purchase intention). The MANOVA results also indicated there were interactions between two independent variables of manufacturers and team identification (Wilks' Lambda = .88, $F = 15.04$, $p < .016$, $\eta_p^2 = .06$) on two dependent variables of attitude toward co-branded licensed apparel and purchase intention. The interaction terms were depicted in Figure 1. We then conducted post hoc analyses using a Tukey test at alpha level of .016 to determine where the differences existed. The results indicated the three manufacturers' brands were statistically different from one another ($p < .016$ for all comparisons) in terms of attitude and purchase intention. Nike scored higher than Starter and Starter higher than Specs. The same results were found in the three levels of team identification ($p < .016$ for all comparisons). A follow-up univariate test also indicated the interactions were significant on separate dependent variables ($F = 21.21$, $p < .016$, $\eta_p^2 = .09$ and $F = 24.77$, $p < .016$, $\eta_p^2 = .10$, respectively, for attitude and purchase intention). In all analyses, the power level was maintained at 1.00 and the results fully supported Hypotheses 1b and 2b.

Discussion

The major findings of the study were twofold. First, a respondent's attitude toward co-branded licensed apparel differed by its manufacturer. This study used three different manufacturers (Nike, Starter, and Specs) and respondents statistically distinguished brand attitude toward those three manufacturers. When the respondents' team identification was set constant, their attitudes toward co-branded team licensed apparel followed their attitudes toward their manufacturers. This study also found that, in addition to brand attitude, respondents had statistically different levels of purchasing intentions for the three co-branded licensed apparel companies. Thus, it can be concluded that sport consumers' attitudes toward licensed apparel is partially determined by their attitudes toward a manufacturer.

Secondly, this study investigated whether the aforementioned effect was modified by team identification based on classical conditioning theory. The interaction hypothesized that individuals with high team identification would not be concerned about the manufacturer as much as individuals with moderate or low team identification providing there was a logo of their favorite team on the apparel. The results partially supported the interaction hypotheses.

Specifically, the mean score of the attitude toward Nike manufactured sport team licensed apparel was 5.78 (High team identification), 5.27 (Medium team identification), and 3.73 (Low team identification). Compared to these mean scores, the mean scores of attitude toward Starter manufactured licensed apparel were 5.29, 3.99, and 3.14, respectively, for three different levels of team identification. The notable aspect here was the attitude toward Starter manufactured licensed apparel among the ones with high team identification. They nearly maintained the same attitude (m = 5.27) as the attitude toward Nike manufactured licensed apparel (m = 5.78) whereas the respondents with moderate team identification reported completely different mean scores for Nike (5.29) and Starter (3.99). This indicated the participants with high team identification were less influenced by the manufacturer of the licensed apparel.

An unexpected result was found in the case of Specs manufactured licensed apparel. The respondents with high team identification did not maintain the attitude as they did in Starter's case. The mean score was 2.97 when the mean scores from moderate and low team identification groups were 2.59 and 2.24. Even though the mean score from high team identification groups was statistically higher than the one from the low team identification group, the mean score from moderate team identification was not distinguished from either the high or low team identification group. There are two possible explanations for this finding. First, the effect of classical conditioning was not as clear as in the case of Starter. The mean score from the high team identification group closely matched the mean scores of moderate and low team identification groups. Second, the respondents' attitudes toward Specs was quite neutral, presumably because they were not aware of the brand. Consequently, the mean score of the attitude toward Specs did not gravitate toward the low end of the scale, thus reducing the gap between the three mean scores. The respondents showed a neutral attitude rather than a negative attitude toward an unknown brand.

A similar pattern was found regarding purchase intentions (see Figure 2). The effect of classical conditioning was unobserved in the case of Specs. The mean scores from three different levels of team identification were not statistically different from one another, indicating the effect of classical conditioning was even less than reported in the case of attitude toward co-branded licensed apparel.

"... when consumers are unaware of a manufacturer or lack a positive attitude, the overall effect of classical conditioning is compromised. When determining the licensee of licensed apparel, marketers should completely understand how the manufacturer is perceived by their target market."

Marketing Implications

A couple of important marketing implications resulted from this study. The first inference centers on the premise that the brand name of the manufacturer actually influenced consumers' attitudes toward and purchase intentions of sport team licensed apparel. Nike scored highest in both brand attitude and purchase intention of team licensed apparel. Thus, it is crucial for sport marketers to consider the manufacturer when establishing their licensing relationships with potential clients.

Secondly, the effect of a manufacturer brand decreased among the individuals with high team identification. Classical conditioning can help explain this phenomenon since the high level of positive attitude toward their favorite sport team was transferred to the co-branded licensed apparel. However, this was only true in Starter's case. The classical conditioning did not occur in the case of Specs as much as the case of Starter. This can be supported by Mitchell and Olson (1981) in that the effectiveness of conditioning is determined by respondents' attitudes toward the unconditioned stimulus, which is the attitude toward Specs. Since the brand name Specs was unfamiliar, the respondents failed to transfer the affect toward a sport team to the Specs manufactured licensed apparel. Although further investigation is necessary, respondents might have failed to connect the two attitudes toward their favorite sport team and the name Specs. Michell, Kahn, and Knasko (1995) and Shimp (1991) suggested that, in order to increase the conditioning effect, there needs to be a perceived congruence between the conditioned and unconditioned stimuli. The congruence is expected to increase the connection between the two focal objects facilitating the conditioning effect. In the current study, the respondents unsuccessfully linked Specs and their favorite sport team. Thus, when consumers are unaware of a manufacturer or lack a positive attitude, the overall effect of classical conditioning is compromised. When determining the licensee of licensed apparel, marketers should completely understand how the manufacturer is perceived by their target market.

These marketing implications can be developed into marketing strategies for sport teams with a strong fan base and the teams without it. First, when a new sport team licensed apparel is launched targeting a group of people who are highly identified with the sport team, the management does not need to choose a top level manufacturer (e. g., Nike, Reebok, etc.) that usually prices its product higher than other manufacturers in the market. When the customers acquire the similar level of attitude and purchase intention toward two different brands, they are more likely to choose one with less cost. This eventually can generate more royalty revenue to the sport team. However, the management needs to be cautious in choosing the manufacturer. It does not have to be a top level brand but it needs to be a brand that the customers are aware of and something that can be linked to the team so that the conditioning effect can take place. Colleges with strong athletic programs (e.g., Ohio State University, University of Michigan, Flórida State University, etc.) can fall into this case. Also, when colleges market specific apparel targeting their students, they also can expect a conditioning effect because the students have higher team identification than non-students. For this group of products, the marketers can use campus book stores as their primary sales outlet, where most of the customers are current students of the school.

Second, when a sport team does not have a strong fan base because, for example, it is a new team in a market, it needs to choose a top level manufacturer so that it can take advantage of manufacturer's brand equity. For example, a team like the Washington Wizards could promote their team licensed apparel better with an alliance with top-notch manufacturers than with moderate or low-level brand equity manufacturers. In a business alliance with top-notch manufacturers, the team may want to reduce the royalty rate so that their licensed apparel can have more competitive edge in the market, which will be able to maximize the effect of information integration theory. A better marketing strategy in licensed apparel business may help promote their core product (e.g., baseball) as their novelty effect wears off.

Based on the results of the study, the current trend of an exclusive deal needs to be incorporated with more caution. A league-wise exclusive licensing deal with a top-notch manufacturer (e.g., NFL with Reebok) may not be the most lucrative decision when teams have already established a strong fan base. Usually such a manufacturer prices their licensed apparel higher than when it is made by a less-known manufacturer. If the name of manufacturer is not the major determinant of a purchase among highly identified fans, such an exclusive deal would result in unnecessary price increase. On the other hand, Major League Soccer (MLS), which is relatively new to spectating sport market, may have more benefits out of an exclusive licensing deal with a top-notch manufacturer.

Limitations and Future Research

Future research should examine the effect of classical conditioning with a real brand having a low/negative brand attitude. The brand name Specs was fabricated by the researcher and subsequently many respondents answered three on the six-point Likert scale when asked about manufacturer brand attitude. Therefore, it was assumed many respondents did so because 3.5 was considered a neutral attitude and they chose to be impartial toward the unfamiliar brand. This might have biased the results of the Specs brand. Therefore, additional research identifying a manufacturer brand possessing considerable awareness but possessing an inauspicious attitude among consumers would be warranted.

Another future research study could examine how a consumer establishes a brand attitude toward licensed merchandise when it does not carry any manufacturer's brand on the product. As found in the current study, team identification actually did not improve the brand attitude or purchase intention for Specs' manufactured licensed apparel. This could be attributed to the negative brand attitude or unfamiliarity with the manufacturer brand. If classical conditioning was limited because of the negative influence of a manufacturer brand, this mitigating effect could be eliminated when the manufacturer brand is unobservable on the product. This will allow classical conditioning to shape a positive brand attitude toward the licensed merchandise.

The price of a product also needs to be included in future research to gauge real market situations. An inclusion of price might have altered the results of purchase intentions in the current study since there should be price differences between the three different manufacturers. In the case of the university where the data were collected, multiple manufacturers (i.e, Nike, Ashworth, Jan Sport, Champion, and other unfamiliar brands) were producing similar apparel such as hooded sweat shirts, t-shirts, etc. Nike manufactured t-shirts were sold at $18.00 whereas t-shirts from Champion were sold at $14.00. The price difference is expected to potentially influence the purchase intentions among college students.

The last limitation comes from its selection of sample. The data were collected from a student sample using convenience sampling. This definitely could limit the generalizability of the findings. Thus, the results of the current study need to be interpreted with caution in that the data were from students and its selection was not based on probability sampling.

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Sport Marketing Quarterly, 2008, 17, 173-177, © 2008 West Virginia University

SPORT MARKETING AND THE LAW

Recent Trademark Dilution Cases Redefine Concept of "Fame"

Steve McKelvey

Trademark dilution has been described by one legal commentator as "probably the single most muddled concept in all of trademark doctrine" (Beebe, 2006, p. 1144). Two recent sport-related decisions have, however, served to illuminate the application of the doctrine to sport-related trademarks through interpretation of the 2006 amendments to the Federal Trademark Dilution Act of 1995 ("FTDA"). Both decisions provide guidance to sport-related brands and sport teams, and particularly colleges and universities, that seek to bring dilution claims (typically brought in conjunction with trademark infringement and unfair competition claims).

Overview of Dilution Law

The Federal Trademark Dilution Act ("FTDA"), enacted in 1995, is designed to protect the owner's investment in his mark and consists of "the 'lessening of the capacity of a famous mark to identify and distinguish goods and services' of the owner of the famous mark such that the strong identification value of the owner's trademark whittles away or is gradually attenuated as a result of its use by another" (*Horphag Research Ltd. v. Garcia*, 2007, quoting 15 U.S.C. § 1127). Dilution can occur by "blurring" (whereby defendant's use of an identical or similar mark or trade name impairs the distinctiveness of the plaintiff's famous mark) or "tarnishment" (whereby the defendant's use of a similar mark or trade name harms the reputation of the plaintiff's famous mark) (U.S.C. sec 1125(c)(1)).

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The seminal case on dilution, *Moseley v. V Secret Catalogue, Inc.* (2003), held that the FTDA "unambiguously require[d] a showing of actual dilution, rather than a likelihood of dilution" (p. 433). The Supreme Court rejected Moseley's argument that likelihood of dilution should be the appropriate standard similar to the likelihood of confusion standard used in trademark infringement actions. Consequently, in October, 2006, Congress enacted the Trademark Dilution Revision Act, codified as 15 U.S.C. §1125(c)) (hereinafter "2006 Dilution Amendments"), overriding *Moseley* and providing that "the owner of a famous mark ... shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is *likely to cause* dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury" (15 U.S.C. §1125(c)(1) (emphasis added).

In addition to establishing the "likelihood of dilution" standard, other specific changes to the 2006 Dilution Amendments include: 1) a provision that non-inherently distinctive marks may quality for protection; 2) a reconfiguration of the factors used to determine whether a mark is famous for dilution purposes, including *a rejection of dilution claims based on "niche" fame*; 3) the specification of separate and explicit causes of action for dilution by blurring and dilution by tarnishment; and 4) an expanded set of exclusions (see *Louis Vuitton Malletier S.A. v. Haute Diggitty Dog, LLC*, 2007) (emphasis added).

Thus, presently, in order to state a dilution claim under the 2006 Dilution Amendments, a plaintiff must first show: 1) that he or she owns a famous mark that is distinctive; 2) that the defendant has commenced using a mark in commerce that allegedly is diluting the famous mark; 3) that a similarity between the defendant's mark and the famous mark gives rise to an association between the marks; and 4) that the association is likely to impair the distinctiveness of the famous mark or likely to harm the reputation of the famous mark (see 15 U.S.C. §1125(c)).

The linchpin of a dilution claim is the premise that the trademark be "famous." Both the original FTDA and the 2006 Dilution Amendments outline non-exclusive factors the court may consider in determining whether a mark is famous. The 2006 Dilution Amendments factors, which streamlined the FTDA's unwieldy eight-factor test, include: 1) "[t]he duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties"; 2) "[t]he amount, volume, and geographic extent of sales of goods or services offered under the mark"; 3) "[t]he extent of actual recognition of the mark"; and 4) whether the mark is registered (15 U.S.C. §1125(c)(2)(A)). Perhaps the most significant clarification of the 2006 Dilution Amendments, however, is the specific requirement that the mark "be *widely recognized by the general consuming public of the United States* as a designation of source of the goods or services of the mark's owner" (15 U.S.C. §1125(c)(2)(A)), emphasis added).

As illustrated in two recent sport-related cases discussed below, this latter requirement is more easily met by international "households brands" that distribute their products on a national basis, and will pose a significant hurdle for sport organizations whose market for consumers is much more locally or regionally based. These cases also serve to illustrate the vagaries of consumer surveys as a means of proving likelihood of dilution.

Adidas: Dilution Involving a National Brand

The *adidas America, Inc. v. Payless Shoesource, Inc.* (2007) case derives from an on-going saga that dates to 1994. As a result of alleged violations by Payless of a 1994 Settlement Agreement, adidas filed this action in November 2001 in federal district court in Oregon, alleging that Payless' two- and four-stripe footwear designs infringed adidas' Three-Stripe Mark and its Superstar Trade Dress. In addition to claims of federal trademark infringement, federal unfair competition, and various other state-law based claims, adidas also brought a claim of dilution in violation of 15 U.S.C. §1125(c). The defendant KST's motion for summary judgment on the trademark infringement, unfair competition claims, and federal dilution claims were all denied. It is the court's decision on the dilution claim that is the focus on the discussion below.

The District Court first found adidas' Three-Stripe Mark to be famous since as early as 1970, regardless of whether one uses the set of factors enumerated in the FTDA or 2006 Dilution Amendments. The court relied on its earlier decision in *adidas-America, Inc. v KMart Corp.* (2006) in which it determined the mark to be famous based on its "huge" expenditures in advertising, promoting, and developing its brand identity and its wide recognition in the athletic apparel industry. Next, the court addressed the issue of whether Payless' mark was "identical, or nearly identical to the protected mark," as required by both the FTDA and 2006 Dilution Amendments. Relying on the Ninth Circuit's discussion of identity in *Thane International, Inc. v. Trek Bicycle Corp.* (2002), the court held that a reasonable fact-finder could conclude that the two marks were nearly identical or essentially the same, stating: "Payless cannot appropriate the Three-Stripe Mark and avoid liability for dilution simply by adding or subtracting a single, identical stripe" (*Thane International, Inc. v. Trek Bicycle Corp.*, 2002, p. 1246).

Finally, the court found compelling the evidence submitted by adidas indicating that Payless "used" or "appropriated" adidas' Three-Stripe Mark and "incorporat[ed] the same [symbol] into its own mark as a separate, visually identifiable element, and that a significant segment of the consuming public would likely focus on that element as an identifier essentially the same as the [adidas] mark" (*adidas America, Inc. v. Payless Shoesource, Inc.*, 2007, p. 1246). In addition to expert testimony put forward by adidas, the court took strong note of adidas' survey evidence showing that 41% of respondents saw a four-stripe design and believed it was adidas' mark. Although, as noted by the court, expert opinion and survey evidence may be "open to attack, it is at least sufficient to create a genuine issue of material fact to preclude summary judgment [on the issue of identity]" (*adidas America v. KMart*, 2006, p. 12-13). Because Payless' alleged unlawful actions occurred before enactment of the 2006 Dilution Amendments, adidas had to demonstrate actual confusion and willful intent in order to recover monetary damages for dilution under the FTDA; here, the court found sufficient evidence under which a fact-finder could reasonably conclude that both the actual confusion and willful intent requirements could be met by adidas.

In May 2008, a jury returned a decisive verdict in favor of adidas on the trademark infringement and unfair competition claims, awarding adidas $304 million (the defendant is currently weighing an appeal of this verdict) (Raymond, 2008).

University of Texas: Dilution Involving a College Team Mark

Contrary to the decision in *adidas,* which involved a widely recognized, global sport brand, the recent decision in *Board of Regents, The University of Texas System v. KST Electric, Ltd.* (2007) (hereinafter, *UT v. KST*) suggests a much higher hurdle for sport organizations such as college and university athletic programs surviving summary judgment motions based on federal dilution claims. This case also illustrates the importance of sound survey evidence.

This case was brought by Board of Regents, The University of Texas System ("UT") against KST Electric, a local company founded in 1994 by Kenneth and Suanna Tumlinson, both avid fans of UT athletics. In 1998, KST designed a company logo that consisted of a longhorn silhouette with a "K" on the left cheek area of the longhorn, an "S" on the right cheek area, a "lightning bolt T" in the face of the silhouette and the words "ENTERPRISES, LTD" in the space between the horns (referred to by the court as the "Longhorn Lightning Bolt Logo") (hereinafter, "LLB Logo") (a reproduction of the KST logo is included for educational purposes).

In March 2002, when UT asserted it first learned of the LLB Logo, UT requested in writing that KST cease and desist using the logo, which KST ignored. UT subsequently filed suit in December 2006 claiming, inter alia, federal trademark infringement, unfair competition, and dilution. KST filed a motion for summary judgment on UT's federal trademark infringement, unfair competition, and dilution claims. Although the court denied the KST's motion on the trademark and unfair competition claims, the court granted KST's motion on the dilution claim. The court's dismissal of UT's dilution claim is the focus on the discussion below.

Because the case was filed in 2006, the court applied the "likelihood of dilution" factors as enumerated in the 2006 Dilution Amendments, most notably the requirement that the mark be "widely recognized by the general consuming public of the United States" (15 U.S.C. §1125(c)(2)(A)). Because KST was only moving for summary judgment on the "famousness" element of UT's dilution claim the magistrate judge only analyzed that discrete issue. In essence, KST's primary argument was that UT's mark was not sufficiently recognized on a national level to be deemed "famous."

As discussed above, under the 2006 Dilution Amendments, one of the four non-exclusive factors for determining whether a mark is sufficiently famous is the duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties. To support this factor, UT provided a litany of evidence of famousness "that at first blush appears impressive" (*UT v. KST*, 2007, p. 45). UT pointed to the fact that, among other points of evidence: 1) its football games are regularly televised on ABC and ESPN and that its longhorn mark is prominently featured in these broadcasts; 2) its men's basketball team has been nationally televised 97 times in the past five seasons; 3) its football team's appearance in the national championship game; 4) UT football players have been featured solely or as part of the cover of *Sports Illustrated* 10 times from 1963-2006; 5) UT holds the record for most royalties earned in a single year on the sale of officially licensed merchandise; and 6) *Forbes* magazine recently valued UT's football program as the second most valuable in the country, behind Notre Dame. UT contended that all of this evidence was enough to at least create a fact issue as to whether its longhorn mark was famous. UT also presented evidence of the many well-known corporations that sponsor UT athletics.

UT, in further arguing that its evidence of famousness was enough to at least create a fact issue as to whether its mark was famous, cited a decision in which 41% recognition by the general consuming public was enough for a mark to be deemed sufficiently famous (*Ringling Brothers-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Development*, 1997). The court noted, however, that this decision was decided under the FTDA, not the 2006 Dilution Amendments which specifically incorporated the concept of "niche" fame.

As the court concluded:

> ... the central problem for UT is that its circumstantial evidence is largely evidence of niche market fame. Reading through the evidence, it is not at all clear that if one is not a college football fan (or, to a much lesser extent, college baseball or basketball fan) would recognize the [UT mark] as being associated with UT, as all of the evidence relates to the use of the logo in sporting events. The Court is well aware that NCAA college football is a popular sport – the Court counts itself as a more than casual fan of Saturday afternoon football in the Fall – but this hardly equals a presence with the general consuming public (nearly the entire population of the United States). Simply because UT athletics have achieved a level of national prominence does not necessarily mean that the longhorn logo is so ubiquitous and well-known to stand toe-to-toe with Buick or KODAK. (UT v. KST, 2007, p. 49)

The magistrate judge held UT's "circumstantial evidence" to be "largely evidence of niche market fame" (*UT v. KST*, 2007, p. 49). Of much greater weight to the court was the survey evidence supplied by KST. In arguing that UT's mark was not sufficiently recognized on a national level to be famous, KST presented a national survey that demonstrated that only 5.8% of respondents in the U.S. associated the UT registered longhorn logo with UT alone and only 21.1% of respondents in Texas associated the UT registered longhorn logo with UT alone. The court began by discounting the results of the survey of people in Austin, Texas, or in the state of Texas, reiterating that the Trademark Dilution Revision Act of 2006 specifically requires that the mark be "widely recognized by the general consuming public of the United States" (15 U.S.C. §1125(c)(2)(A)). Although the court found numerous flaws in the survey methodologies of the defendant's lead expert, the court ultimately held that the survey evidence presented by KST still outweighed the evidence of famousness presented by UT.

In sum, the magistrate judge, while citing to *adidas v. Payless*, concluded that, despite numerous problems in the survey methodology of KST's expert, "the fact remains that UT has not created a genuine issue of material fact that the longhorn silhouette logo is 'a household name'"(*UT v. KST*, 2007, p. 51). As a result, the magistrate judge recommended that, because UT's evidence failed to demonstrate the high level of recognition necessary to show "fame" under the 2006 Dilution Amendments, KST's summary judgment motion on the federal dilution claim be granted. The case was subsequently settled in March 2008.

Discussion

In its discussion of the dilution claim, the court in *UT v. KST* began by examining both the legislative and judicial history of the doctrine, noting that it was "invented and reserved for a select class of marks—those marks with such powerful consumer associations that even non-competing uses can impinge on their value" (citing *Avery Dennison Corp. v. Sumpton*, 1999, p. 875). As such, dilution claims "tread very close to granting 'rights in gross' in a trademark" (UT, 2007, p. 36). As further noted by the court, the legislative history of the 2006 Dilution Amendments speaks of protecting only those marks that have an "aura" (H.R. Rep. No. 104-374, 1995, p. 7). The magistrate judge concluded its decision on the dilution claim by citing an academic commentator who stated that the "TDRA is simply not intended to protect trademarks whose fame is at all in doubt" (Beebe, 2006). Hence, as the magistrate judge suggested, the granting of dilution protection is not to be taken lightly.

The juxtaposition of the decisions in the *adidas* and *UT* cases raises several important questions with respect to the application of a dilution claim under the 2006 Dilution Amendments. First, collegiate and professional sport organizations market an intangible product (sport entertainment) whose consumer base is primarily local (although occasionally regional or even national). Conversely, the *adidas* case involves a tangible product (footwear) that is sold on an international scale. Adidas spends hundreds of millions of dollars to advertise, market, and promote its products and to build its brand. Although the company is based in Oregon, it has a truly national (in fact, international) footprint, in that its products are marketed and sold in every corner of the United States. Hence, it is easy to understand how a sport-related company like adidas could be widely known by the general consuming public of the United States. However, the nature and structure of sport leagues and collegiate athletics poses a unique challenge to meeting this test. Collegiate and professional sport organizations rely largely on media-generated publicity to advertise and market their products. Few if any collegiate and professional sport organizations invest a million dollars (lets alone hundreds of millions of dollars) to advertise and market their product. What advertising and marketing they do engage in is, by design, typically limited to their local market. Hence, based on the analysis of the two decisions discussed above, collegiate and professional sport organizations appear to be at a distinct disadvantage in meeting the heightened standard of the 2006 Dilution Amendments; namely, that its marks be widely recognized by the general consuming public of the United States.

Second, the application of a "general consuming public" standard would appear to be highly problematic for collegiate and professional sport organizations seeking to bring a dilution claim. While it can be argued, in favor of companies like adidas, that "the general consuming public" regularly purchases athletic footwear, the universe of the "general consuming public" becomes much smaller when one starts to segment out for college football fans, professional football fans, professional baseball fans, and the like. Furthermore, the fact that the court in the *UT* case completely discounted the national media profile of UT athletics further raises the question of what level of national media exposure would be sufficient enough to rise above the status of "niche" fame.

Third, the decisions discussed above raise questions as to what percentage of national recognition is necessary to meet the "general consuming public" standard. In the *adidas* case, 41% was deemed sufficient. In the *UT* case, 5.8% was deemed insufficient.

Based upon the courts' rationale in the *adidas* and *UT* cases discussed above, one is left to merely speculate as to what collegiate or professional sport organization trademarks would meet the 2006 Dilution Amendments standard to sustain a federal dilution case. For instance, although one would think that the "Dallas Cowboys" or "Notre Dame Fighting Irish" marks would indeed be "famous," the court's decision in *UT* raises the specter that they might instead rise only to the level of "niche fame," for the general consuming public of the United States might not "widely recognize" these marks, especially if they are not fans of these particular sports. As a further example, could "Super Bowl" be proven widely recognized enough by the general consuming public of the United States as a designation of source or service such that the NFL would succeed in a dilution-based claim against "Souper Bowl" restaurants? The cases also leave unresolved what precise percentage of consumers would be necessary to "recognize" these marks and properly associate them with the sport property in order for the mark to meet the 2006 Dilution Amendments standard for famousness versus niche fame.

From a practical standpoint, in cases where identical or similar trademarks are used by third parties, sport organizations will continue to have viable protection based on trademark infringement and unfair competition claims where a "likelihood of confusion" can be demonstrated. However, when it comes to collegiate and professional sport leagues and individual teams, a successful judgment on federal dilution claims appears much less assured given the *UT* court's decision and the subsequent settlement of this case.

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Sport Marketing Quarterly, 2008, 17, 178-182, © 2008 West Virginia University

CASE STUDY

Building the Brand: A Case Study of Troy University

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Abstract

The public perception of a university's athletic programs is often considered a primary factor in building the brand image of the respective institution. Maintaining a favorable brand image can have a significant impact when recruiting potential student athletes, when soliciting corporate partners, and when facilitating development opportunities with alumni and key stakeholders. Colleges and universities are becoming increasingly more entrepreneurial in nature as schools seek various strategies to generate additional revenues and exposure. For smaller universities not affiliated with a major conference, building and maintaining a favorable brand image is challenging. With an understanding that it is impossible to redefine one's brand image instantaneously, Troy University implemented strategies in several stages. These stages were evaluated and examined in the context of this case study.

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Introduction

The public perception of a university's athletic programs is often considered a principal aspect in building the brand image of the respective institution. Some believe athletic programs draw the outsider in and form the foundation for a general awareness of the respective educational institution (Toma & Cross, 1998; Toma, 2003). Image enhancement and brand building are important sport marketing and organizational development objectives. Establishing and maintaining a favorable brand image should be a primary objective of any sport entity. Maintaining a favorable brand image can have a significant impact when recruiting potential student athletes, when soliciting corporate partners, and when facilitating development opportunities with alumni and key stakeholders.

Colleges and universities are becoming increasingly more entrepreneurial in nature as schools seek various strategies to generate additional revenues and exposure. Therefore, developing and maintaining a marketable brand image among the public is integral given that the public's knowledge of educational institutions if often limited to their knowledge and exposure to the institution's athletic prowess. Successful athletic programs can facilitate widespread institutional brand identification. Spectator sports, especially football and basketball, contribute in important ways to the institution's culture by providing campuses with distinct identities and connections to the student body, alumni bases, and fans across the nation (Toma, 2003). In other words, successful athletic programs often form the framework for an institution's brand identification and can cultivate distinct perceptions in the minds of the public.

For smaller universities not affiliated with a major conference, building and maintaining a favorable brand image is challenging. In contrast to larger institutions, these universities typically garner less national media exposure even if they develop successful athletic programs (Brunswik, 2005). Therefore, the purpose of this case study was to present the information relevant to branding strategies taken by Troy University and the move to redefine its overall brand image so that strategies of the case may be assessed by readers. With an understanding that it is impossible to redefine one's brand image instantaneously, Troy University implemented strategies in several stages. These stages are evaluated and examined in the context of this case study.

Branding

The virtues of branding have been well-documented (Gillentine & Crow, 2005; Gladden & Funk, 2001, 2002; Gladden & McDonald, 1999; Gladden & Milne, 1999; Gladden, Milne, & Sutton, 1998). Branding is the term applied to names, designs, symbols, or combinations of the aforementioned that an organizations use to differentiate themselves from the competition (Mullin, Hardy, & Sutton, 2002; Shank, 2005). Branding is an important business strategy that is extremely valuable for sport entities and can occur on many levels including the league level, club (university) level, player level, event level, and so forth (Foster, Greyser, & Walsh, 2005).

Aaker (1991) and Keller (1993) argue the creation of brand equity (i.e., added value associated with a brand name) is largely driven by consumers' mental associations relative to a specific brand. Brand equity is measured as a real, soft asset. If there is no attempt made to enhance the benefits perceived by the customer, any attempts to leverage such a resource are likely to prove ineffective (Mosakowski, 1993). Brand equity is enhanced by the development of one's brand awareness and brand loyalty within the marketplace.

Brand awareness is a vital step in the building of perception of value, or brand equity, in the consumer's mind (Stokes, 1995). The brand is conceptualized as a single entity in the consumer's memory, which allows other information about the specific brand to be a fixture to it (Aaker, 1991). It is widely accepted that without brand awareness, brand loyalty cannot be formed (Macdonald & Sharp, 1996).

Developing a strong sense of brand loyalty with the consumer can help build a unified consumer base, which will, in turn, provide protection from other competitors in the industry (Berry, 1999; Mullin, Hardy, & Sutton, 2000). With the successful development of the consumer's loyalty to the brand, the opportunity to develop product extensions becomes easier to accomplish. This development of product extension can then translate into an increase in the overall brand equity of an organization or product.

Marketers spend billions of dollars to develop relationships with consumers in an effort to develop a strong brand. College provides a time that is significant in the education, human development, and memory establishment in the lives of those experiencing it (DiGisi, 2004). Through sports, colleges and universities can provide a sense of distinction and importance to their national brand image (Toma, 2003). DiGisi (2004) points out that though universities often fall short in forming a unified brand strategy, these institutions can present opportunities and settings that are ideal for marketing purposes.

Universities have the enviable advantage of an inherent and natural passion associated with the college experience. Leveraging that influence with effective licensed merchandise programs provide an ideal means for reaping the benefits associated with maintaining closeness with important core constituents (DiGisi, 2004).

Toma (2003) addresses this noting that "businesses, colleges and universities must work both hard and smart to build themselves as brands. They must associate who they are and what they do with what people perceive to be positive . . . [attempting] to link themselves with that in which people take pride, with what they value as a society, and with what they consider to be distinctive, central, and enduring" (p. 196).

Difficult branding challenges may arise so it is imperative that organizations plan effectively. Central to branding are the primary concepts of the brand name and brand marks. A brand name is the name of the given organization or institution. A brand mark, which is known as a logo, is an extension that is visually communicated but not spoken (Shank, 2005).

History of Troy University

Troy University began in 1887 as Troy Normal School/State Normal School in Troy, Alabama. The school was founded on the importance of education, and was known as the "Teacher's College" to prospective students. In 1929, Troy Normal School became a four-year college, and in 1957, the name was changed to Troy State College because of growth in enrollment and the addition of several new degrees offered in the area of education (English, 1988). After it became possible for students to earn master's degrees from the college, university status was granted in 1967 (Smith, 1971).

Troy University Athletics

In 1909, the first football team at State Normal School was created. Since its inception, the institution has utilized various mascot names including the Teachers, Red Wave, and ultimately the Trojans. In the 1950s, the university began participating in the National Association of Intercollegiate Athletic (NAIA) and in 1968 the university's football program won its first national title. In 1970, the athletics program joined the National Collegiate Athletic Association (NCAA) as a Division II institution and earned a pair of national titles in football and baseball, as well as multiple national titles in golf.

In 1990 the board of trustees voted to pursue Division I membership. By 1992 the athletics program was granted Division I status, with football set to begin play in Division I-AA. In June of 1998 the board of trustees chose to pursue a higher level of competition and began the process of moving the football program to Division I-A.

Troy's Drive to Brand

One Great University

Stamats, a marketing consultation firm specializing in branding and based in Dallas, Texas, was hired to consult with the university in meeting its institutional marketing objectives. Stamats worked closely with the university to develop a set of images that accurately represented the mission and beliefs of the university. The company provided Troy with the most effective measures for developing its overall brand image. A key strategy was to position the university in the minds of the public.

With the advisement of Stamats, the decision to consolidate all university campuses under one administrative structure became a process refereed to as *OGU*, referring to "One Great University."

What's in a Name?

Dr. Jack Hawkins, the chancellor of the university, informed university officials that an institutional name change from "Troy State University" to "Troy University" would most accurately reflect the university's worldwide mission. This change was reflective of the university's steady growth in enrollment and number of degree programs offered. Stamats recommended the name change based on several key factors

- The utilization of "State" in the name confines boundaries and did not reflect the university's mission by contrasting the national and international reach of the university.
- Institutions containing the name "State" without also containing the name of the state in the title may be perceived as second-tier universities.
- The TSU acronym was not exclusive or unique. Other institutions already utilized this acronym, "TROY' provided the university with a more of distinct image.
- Other institutions dropped "State" from their names and experienced growth through increases in applications and annual giving, while receiving broader recognition

Uniform Standards

Troy sought to utilize brand identity and related graphics to express an institutional commitment to quality, tradition, and excellence. According to Troy University's *Style and Graphic Standards Manual* (2004), the university's graphic identity "is an outward expression of the personality, values and goals of an institution" (p. 1.1). Consistency and regularity of standards allowed the university to enjoy the benefits of heightened brand awareness. By establishing this level of awareness, the institution provided a springboard for benefits for improved communication, understanding, and competitive positioning with important publics

Troy University's *Style and Graphic Standards Manual* (2004) also addressed the concept of a "Brand Portfolio." This Brand Portfolio, which is reflective of an initiative where all aspects of the university are to convey positive awareness of the institution, involved a 1) *brand promise*, 2) *brand rationale*, and 3) *brand attributes*. The *brand promise* was "Troy University is the right University for students seeking exceptional instruction, multiple delivery systems and a variety of resources and conveniences" (*Style and Graphic Standards Manual*, 2004, p. 1.1). The *brand rationale* promised that Troy University "is a student-focused, publicly-engaged teaching institution" (p. 1.2). Through this, the university provided educational opportunities on multiple campuses around the state of Alabama, the nation, and throughout the world through a vast array of service including "academic, social, athletic and spiritual—to prepare today's student for tomorrow's challenges and opportunities" (p. 1.2).

Troy University's b*rand attributes* were classified as: international (global); friendly; proven; responsive to markets, communities, and individuals; value-centered; and forward-thinking.

Building the Brand: Troy Athletics

As mentioned earlier, perception is vital to marketing the brand image of universities. In reference to the university's first ever prime time national *ESPN* telecast against then nationally ranked opponent the University of Missouri, Chancellor Hawkins stated that the event would "be an unprecedented opportunity for Troy University to enjoy national exposure" (Rogers, 2004, p. 1). Since moving to Division I-A football in 1998, each athletics facility on campus had undergone renovation or was newly built. An increased financial impact had also been felt. The establishment of naming rights deals assists universities in building brand equity. Schools find that such arrangements can afford the institutions the funds to support the facilities or other programs. In 2002, Troy University entered into a long-term football stadium naming agreement with Movie Gallery, Inc. In 2003, the University unveiled a newly renovated, $18 million dollar complex that included increased seating capacity, a new field surface, new media facilities, luxury sky boxes, an academic center, and strength and conditioning facilities. The crown jewel of Troy University's athletics facility enhancements was Movie Gallery Veterans Stadium. This facility was built in 1950 as Memorial Stadium, at the cost of $65,000. Though it has seen numerous modification projects, following the 2002 season, a tremendous facelift and expansion project increased the stadium's capacity to 30,000. This project also included 29 luxury suites and a state-of the-art press facility. The stadium received a name change following a $5 million, 20-year commitment from the movie rental giant Movie Gallery in May, 2003 (Troy University Media Relations, 2005). In addition to its value as a football environment, the facility also housed a new academic center, sports medicine area, weight room, and sport management educational center.

Both financially and through increased exposure, Troy University was a rare success story given the number of universities that transitioned from Division II to Division I. Many of schools in this type of transition have been faced with financial losses despite being in the "greener pastures" of big time athletics (Timanus, 2005). Troy was able to generate approximate revenues of $3,000,000 in the 2003-2004 academic year. Such financial successes were made possible in large part by guaranteed payouts to travel and play perennial football national powers like Nebraska and Miami.

Another benefit associated with Troy's athletic advancement is its membership in the Sun Belt Conference. After participating as a football independent since its move to Division I-A, Troy's football program joined the Sun Belt Conference in 2004 with the remaining sports following the 2005-06 academic year. This involvement allowed the university to play for a conference championship and ultimately for a football bowl berth each season. Additionally, conference affiliation offered increased visibility of teams, athletes, and the university.

A New Look

All entities should be conscious of the ability to strengthen associations through visual identity. Developing a strong identity presents new avenues and enhanced opportunities. The restructuring of the university prompted new institutional logos for academics and athletics. Establishing a distinctive academic and athletic mark also provided more diverse marketing options as well as greater revenue generating opportunities for the university via trademarks and licensing.

The new academic logos were made in association with the advertising firm Hambright, Calcagno, and Downing (HCD). Based in Virginia Beach, Virginia, HCD is a full scale advertising and public relations firm that provides a variety of imagery functions (Hambright, Calcagno, & Downing, n.d.).

In regards to athletic images, Scott Farmer, associate athletic director for Troy University, stated that the university's athletic department began the process of changing the existing logos when Keyframe, a company contracted to construct graphics for the football stadium's new vision board, informed the athletic department that the existing logo did not afford them the option of developing 3-D graphics. This realization prompted the athletic department and the university to begin a more formal evaluation of existing logos. An examination of logos from other institutions who had modified or developed new images over the previous five years were reviewed (along with those institutions' apparel lines) and the process confirmed Keyframe's suggestion that the logos being used were static 2-D images that provided little opportunity for creative development associated with the new technology being installed into the stadium. Additionally, there was the desire to develop a set of marks that represented a more authentic sense of what a Trojan resembled through accurately representing appropriate imagery. It was believed that the current logo was not an accurate representation of a Trojan helmet, but rather representation of a "knight" helmet.

Due to their impressive presentation and history of developing eye catching images, Phoenix Design Works, Inc. from New York was contracted by the university to assist in the development of new imagery. The company developed preliminary images, which were presented to a broad-based committee composed of alumni, coaches, students, athletes, faculty, and administrative personnel.

Apprehension Regarding New Athletic Logos

Numerous concerns were addressed during this process. First, the existing mark, which was developed in 1994, had garnered exposure when the athletic department transitioned the football program from Division I-AA to Division I-A in 2001. This awareness was enhanced when the football team played numerous high profile opponents including games at Nebraska, Virginia, Kansas State, Arkansas, Missouri, and Mississippi State, which Troy defeated in 2001. Additionally, Troy received greater notoriety by defeating a nationally ranked Missouri team during a prime time ESPN televised game in 2004. Such games provided Troy with greater exposure and some were concerned that changing the current logo could hinder the already favorable perception of Troy. These sentiments were reflected by a student who stated, "I can see why they changed the logo along with the name, but I feel we as a school should have kept the name because people know the name" (personal communication, n.d.).

Another primary concern focused on the reaction to the change by the university's existing fan base. Many wondered if key stakeholders, and particularly alumni, would resist the change due to existing identification levels with the current logo. This was extenuated by the knowledge that this group makes up a large part of athletics' donor base, and such drastic changes might alienate members of this important group. This concern was addressed by Farmer, when he explained that this particular "target group" differs from the population of those currently enrolled in the university due to established brand loyalty and tradition attributes.

Licensing

An effective licensing program can help establish a strong marketing campaign. Merchandise featuring insignias with university brand marks provide a means for students, alumni, employees, fans, and other interested parties to represent their intuitions. This provides the university with a unique form of gorilla marketing.

Historically, Troy State University failed to capitalize on many of the opportunities that a flourishing licensing program can offer. The university had been self-licensed, meaning licensing management and royalty payments were managed in-house by campus auxiliary services. The resources in this arrangement were limited and did not allow the university to capitalize on revenue generation and marketing benefits associated with a thriving licensing program. Seeking to take advantage of licensing opportunities, Troy selected Strategic Marketing Affiliates (SMA) to provide licensing representation and marketing counsel. The university selected SMA for two primary reasons. First, the company was better equipped to enforce the trademark/copyright policies, and second, the company's past successes in various markets would provide Troy with the best opportunity to penetrate new markets.

The Troy University trademark licensing program was a significant factor in the overall marketing plan. The results were positive in terms of exposure, licensing, enrollment, and uniformity of imagery. Troy University sought to use its name, colors, symbols, and logos to communicate a sense of brand identity.

Conclusion

The purpose of this case study was to present and evaluate the strategies employed by Troy University in redefining its overall brand image. Public perception is key when establishing awareness and when establishing and re-establishing a favorable brand image. A favorable brand image is paramount as universities strive to garner additional revenues and media exposure. Troy University implemented strategies in several stages, and these stages are evaluated and examined in the context of this case study. Readers should evaluate these strategies, assess their effectiveness, and determine how these tactics may be modified to address the needs of other universities facing similar challenges.

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