

Consumer buying behaviour in the sport industry



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Sports and games have become one of the most essential elements of human life as it contributes to both the physical as well as mental fitness. Now day's people are trying to get involved in any sports activities to build their team spirit, mental strength, constructive use of time, confidence and decision making. This in turn has created a rise for the sports goods industries like Nike, Adidas, Reebok and Puma. These industries are now competing against each other to become world leaders in sports industry with the help of newly innovative branding techniques and marketing strategies to attract more customers.

Brand allows consumers to filter out the countless generic items and gives them a reason to buy the product. Brand is essentially the sum of all experiences related to the product, service, and companies that make and deliver the product. Branding is a very powerful component in business as it can make or break business interests, it can destroy corporate image or it can build public trust and credibility. It all depends on how it creates an impact on the consumer's perception.

Brand perceptions are shaped by functional experiences (i. e. design, comfort, quality, price, reliability, ease of use) as well as emotional experiences (i. e. social status, make me feel better, improve my performance, make my life/job more gratifying or easier) the customer associates with the product and company. Once a customer likes your brand he/she will definitely come back for repeated services or products. The qualities of the product or services are ensured through the customers minds from the brand image. Brand recognition is acquired when a brand is widely

known in the marketplace. The ability of creating and retaining a brand is called brand management.

With the demand in the market for sports goods, various prominent brands are trying their best to satisfy the customers with the help of innovative techniques which causes impact on the perception of the consumers to change their brands. This changes the buying behaviour of the consumers which is a process they use to make purchase decisions as well as the use and disposal of the purchased goods and services.

1. 2 Background of the study

We would be considering a few important sports brands companies like Nike, Adidas, Reebok and Puma in detail which will help us to do a comparative study on the impact of brand perception including consumer buying behaviour in India and Singapore.

1. 2. 1 Nike

Nike is one of the most important publicly traded sportswear and an equipment supplier with its base located in the United States and its headquarters is near Beaverton, Oregon, The company was founded in the year 1964 by Bill Bowerman and Philip Knight as Blue Ribbon Sports and it officially became Nike, Inc. in 1978. Now it is the world's leading supplier of athletic shoes and apparel with revenue in excess of \$19. 2 billion USD in the year 2009 with more than 30, 000 people employed worldwide. NIKE, Inc.'s wholly-owned affiliates with Cole Haan, Converse, Inc., Hurley International, LLC, NIKE Golf, and Umbro, Ltd. Nike produce a wide range of sports equipment like shoes, apparels, etc. for a wide range of sports

including track & field, baseball, ice

hockey, tennis, football, basketball and cricket. Nike has more than 700 shops around the world and has offices located in 45 countries outside the United States. Most of the factories are located in Asia, including Indonesia, China, Taiwan, India, Thailand, Vietnam, Pakistan, Philippines, and Malaysia. Nike's marketing strategy is an important component of the company's success. Nike is positioned as a premium-brand, selling well-designed and expensive products. Nike treasures its customers with a marketing strategy which centres on a brand image which is attained by its distinctive Tick logo and the advertising slogan: " Just do it". Nike promotes its products by sponsorship agreements with celebrity athletes, professional teams and college athletic teams. (Nikebiz)

For Nike performance and reliability of shoes, apparel, new product development, price, product identity through marketing and promotion, and customer support and service are important aspects of competition in the athletic shoes and apparel. They make contracts with prominent and influential athletes, coaches, teams, colleges and sports leagues to endorse their brands and use our products to help them market their products (10-k annual report- Nike, 2010).

1. 2. 2 Adidas Group

Adidas a major German-based sports footwear and sports apparel manufacturer was found in 1924 and has its headquarters in herzogenaurach, Germany. The Adidas Group consists of the Reebok, Taylor Made-adidas golf company, and Rockport. Their mission is to be the global leader in the sports goods industry with sports brands built on a passion for <https://assignbuster.com/consumer-buying-behaviour-in-the-sport-industry/>

sports and a sporting lifestyle. The company is the largest sportswear manufacturer in Europe and the second biggest sportswear manufacturer in the world after Nike. The company's clothing and shoe designs typically feature three parallel bars, The company revenue for 2009 was listed at €10.38 billion.

Adidas believes in engender high consumer brand loyalty and consumer focused, therefore they continuously improve the quality, comfort, look and image of the products to consumer's expectation so that they provide them with the highest value. They are more into innovation and design to help athletes achieve peak performance with every product they bring to the market. Adidas has divided the brand into three main groups with separate focus on Adidas Performance was designed to maintain their devotion to the athlete, Adidas Originals was designed to focus on fashion and life-style and Style Essentials. "Impossible is Nothing" is the current mainstream marketing slogan for Adidas. Their main focus is on football, running, training, basketball and outdoor. They focus on the investment on the highest potential markets and have a distinct channel approach.(Adidas Group, Annual Report 2010)

Reebok, a subsidiary of Adidas is a well know global sports brand which is inspired by its roots in sports and fitness was found in 1895, England and has its headquarters in canton, US. They are committed to develop innovative products which will satisfy both women's fitness and men's sport category and revive its heritage by providing them with the opportunity, the products and the inspiration to have fun staying in shape. It has a close collaboration with the athletes' training needs. It focuses on creating adaptable products

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that help athletes prepare for their sport irrespective of the discipline.

Reebok sponsor lot of events and players from various sports as a part of their marketing. The brand is committed to designing products and marketing programs that reflect creativity in some form which has the desire to change constantly. Reebok creates products and marketing programs that reflect the brand's unlimited creative potential. Reebok has its own path of greatness with its authenticity and courage.

1. 2. 3 Puma

Puma is one of the world's leading sport lifestyle companies that designs and develops footwear, apparel and accessories. The company was founded in 1948 has its headquarters in Herzogenaurach, Germany. Its products are distributed in more than 120 countries and have more than 9000 employees worldwide. PUMA starts in Sport and ends in Fashion. The price of the PUMA share stood at € 231. 84 at the end of the year 2009 and increased by 65. 2% year-on-year, which resulted in a market capitalization of approx. € 3. 5 billion. Puma is committed to working in ways that contribute to the world by supporting Creativity, Sustainability and Peace. Their vision is to stay true to the principles of being Fair, Honest, Positive and Creative in decisions made and actions taken. Puma strengthens their Sport lifestyle brand through unique events and marketing campaigns. Puma's vision and principles are put into practice through the programs: puma. safe which focuses on environmental and social standards, puma. peace which focuses on supporting peace initiatives worldwide and puma. creative which focuses on supporting artists and creative organizations. Puma invests very high on product design and development so that they ensure that the unique PUMA

design and targeted diversification of the entire product range comply with the general brand strategy. As per Puma competitive advantages can only be derived by those who can recognize these trends at an early stage.

(Puma- Annual Report, 2009)

1. 3 Review of Significant Literature

De Chernatony and McDonald (1992) define a brand as “ an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely”. There have been two basic values identified by de Chernatony (1999) that contribute towards the brand premium. Brand perception is consumers’ ability to identify the brand under different conditions, as reflected by their brand recognition or recall performance (Kotler & Lane, 2006). Brand recall refers to consumer’s ability to retrieve the brand from the memory (Keller, 1993). According to the improvement of measurement for brand equity, consumer-based brand equity was described for four dimensions; brand awareness, brand association, perceived quality, and brand loyalty (Pappu, et al, 2005). Brand awareness was defined as the consumers’ ability to identify or recognize the brand (Rossiter and Percy, 1987). It refers to the strength of a brand presence in consumer’s minds. Brand awareness has several levels starting from the less recognition of the brand to dominance (Aaker, 1991). Brands today play a number of important roles that improve consumers’ lives and enhance the financial value of firms (Kotler & Lane, 2006). Brand awareness and brand perceived quality as the significant factors to create and maintain brand equity. There are positive

relationship among brand awareness, perceived quality and brand equity (Aker, 1996, Buzzell & Gate, 1987).

Schiffman and Kanuk (2004) define Consumer Behaviour as the behaviour that customers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. Consumer buying behaviour incorporates the acts of individuals directly involved in obtaining, using and disposing of economic goods and services including the decision process that precede and determine these acts (Hutchings 1995). Lamb, Hair and McDaniel (1992) note that consumer behaviour is a study of the processes the consumer uses to make purchase decisions as well as the use and disposal of the purchased goods and services. It also includes the analysis of factors that influence purchase decisions and goods usage. Stanton, Etzel and Walker (1994) states that consumers are complex in nature and keep changing constantly. In short, the understanding of the buying behaviour of existing and potential customers is imperative for marketers (Lancaster 1998). When the consumer is viewed in the proper perspective, the outcomes could be quite positive for the manufacturer. Lamb, Hair and McDaniel (1992), claim that the knowledge of consumer behaviour reduces uncertainty when creating the marketing mix.

Mahatoo (1985) defines consumer behavior decision making process consisting of a number of steps that begin before the purchase and reach beyond the buying act. He suggests that marketers have to go beyond the various influences on buyers and develop an understanding of how consumers actually make their buying decisions. The ability to create a good

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service and to persuade the market to buy this offering instead of its competitors offering depends upon the insight into the consumer purchase decision on the understanding of how the target customers arrive at their purchase decisions.

1. 4 Objective of the study / Problem Statement

For a sports industry building a powerful brand is all about creating the strongest positive perception in the minds of your customers. The primary objective would be to study and compare how consumers are influenced by the impact of brand perception which involves the consumer buying behaviour in sports industry within India and Singapore. The study will help us analyse the knowledge of sports brands for consumers in India as well as Singapore and the different perceptions that consumers have on the sports brands and find out the reasons behind such a perception. We will also be finding out which sports brands the consumers are aware of and how do they streamline their decision to buy a particular brand by considering factors like price, quality, reliability, availability, design, innovation and comfort. It will also help us to analyse the buying behaviour of the customers and check whether brand perception has any impact on the buying behaviour of the customers which choosing their sports brands. We will be able to find whether pricing of a product and annual income of the consumers has any influence on the buying behaviour in both India and Singapore. Finally a comparative study between the two countries India and Singapore with the help of all the above analysis will allow us to understand the difference in the brand perception and buying behaviour of the consumers in each country along with its reasons.

The study proposes research into the attitudes of young male and female consumers towards shoes and apparels of different popular sports brands like Nike, Adidas, Reebok and Puma within the two countries India and Singapore. It is important to understand how customers perceive and select brands in specific product categories and market segments. An in depth study on the impact of advertisements in newspapers/ Televisions and the different promotions on their products will be analysed as it is also essential to know what is important to customers when making a brand decision, where customers get information about products and services, and what customers think about your brand.

1. 5 Research Questions

Is there a relationship between brand awareness and overall brand preference for sports brand consumers in India and Singapore?

Does brand perception influence the buying behaviour of consumers with regard to purchase of sports shoes and apparels?

Does pricing affect the buying behaviour of the consumers in India and Singapore?

Does the annual income of consumers influence their buying behaviour of sports brands in India and Singapore?

1. 6 Hypothesis

H01-There is no significant relationship between brand awareness and overall brand preference for sports brand consumers in India and Singapore

H1- There is significant relationship between brand awareness and overall brand preference for sports brand consumers in India and Singapore

H02 – Brand perception does not influence the buying behaviour of consumers with regard to purchase of sports shoes and apparels in India and Singapore.

H2 – Brand perception influence the buying behaviour of consumers with regard to purchase of sports shoes and apparels in India and Singapore.

H03 – Pricing does not affect the buying behaviour of the consumers in India and Singapore.

H3 – Pricing affects the buying behaviour of the consumers in India and Singapore.

H04 – The annual income of consumers does not influence their buying behaviour of sports brands in India and Singapore.

H4 – The annual income of consumers influence their buying behaviour of sports brands in India and Singapore.

1. 7 Research Methodology and Design

The research design is the plan, structure and strategy of investigation conceived so as to obtain answers to research questions and in variance with the economy in procedure (Kulingu, Fred 1983). It is the conceptual structure within which research is conducted and it constitutes the blueprint for the collection, measurement and analysis of data. The design includes an outline

of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data (Kothari, 1997).

1. 7. 1 Method of data collection

The researcher has used both primary and secondary data for the research. The company's bulletins, their annual reports, advertisements and websites along with international and national journals in the field of marketing, business magazines and referred text books in marketing management will be used as sources for secondary data. As per the primary data is concerned the researcher has done a survey among sports brand consumers both in India and Singapore using questionnaire method. According to DeVaus (2002) questionnaire includes all techniques of data collection in which each person is asked to respond to the same set of questions in a predetermined order. The questionnaire will incorporate as highlighted by Dilman (2000) all the three types of data variables i. e. opinions, behaviours and attributes as it aims to record respondents feelings, thoughts, beliefs, attitudes, etc

1. 7. 2 Data Size and Sampling

For a pilot test, sample of 6 respondents were used to justify the feasibility, since the questionnaires were short and accurate, and the respondents would have related knowledge to modify the questionnaires. A total sample size of 200 sport's goods customers were surveyed both in India and Singapore. The type of sampling used for Quantitative analysis is Non-probability Sampling which involves identifying and questioning people on the grounds of their individual positions, roles or background experience (Jankowicz, 2005). The other type of sampling that was used for analysis is snowball and convenience sampling.

1. 7. 3 Analysis of data

The data which was obtained from the respondents were fed in the SPSS software version 17.0 which is a technology that encapsulates advanced mathematical and statistical expertise to extract predictive knowledge that when deployed into existing processes makes them adaptive to improve outcomes. The different variables were tested using different types of tests like correlation and chi square analysis. These tests helped in testing the hypothesis of the research questions and the values were shown in the table. It was helpful for the comparison and detailed analysis of the acquired data. The data analysis is done by bivariate analysis where two sets of data are simultaneously analyzed. Bivariate analysis can be completed by constructing two-way tables with columns for one variable, usually the independent variable, and rows for the dependent variable (Sekaran, 2003).

1. 8 Significance of study

The scope of the research will allow us to find the knowledge about consumers with regard to sports brands and which sports brands the consumers are aware of and overall prefer which brand. Is it because of the brand perception of factors such as price, quality, design, comfort, etc. The study will give an in depth analysis of each sports brand in both India and Singapore so that the brand perception of the consumers about each brand will be known and the reasons for why they prefer the particular brand can be found. Whether annual income plays an important role for the consumers in spending on sports brands every year will also be analysed and compared between both the countries which will show the buying behaviour of consumers. The study will focus mainly on the sports brand consumers so

that they can give us the right information about the sport brands. This research will show the brand perception and buying behaviour of consumers both in India and Singapore which will be helpful to compare the sports market in these two countries. The findings from the respondents will be very helpful for the sports brand companies who can look at setting things right by making definite changes in their marketing strategies along with manufacturing new products to reach and satisfy the customers.

1. 9 Limitation of the Study

The scope of the study was related to sports brand consumers, so the survey was focused more on the respondents who had average to very good knowledge about sports brands. Since India is a huge country few major cities like New Delhi, Mumbai, Bangalore and Chennai were selected to conduct the survey. Well for Singapore the survey was conducted in the whole city mostly near the sports brand retail showroom and play grounds. There might be a significant difference in the results as equal number of data size were taken without considering the total size of population in each country.

1. 10 Organization of the Dissertation

This chapter presented an introduction to this research study with focusing on the background of the study. It provides an overview of the significant literature along with problem statement and objective of the research. It stresses more on the research questions, hypotheses, methodology and data analysis. Finally the significance of the study and limitation of the study are discussed.

Chapter 2 will explain the literature review for the study which will be focusing on the branding in general and stress more on brand perception along with consumer buying behaviour. The review will give a proper understanding of the type of research undertaken.

Chapter 3 will show how information can be retrieved from consumers and used for the analysis. The chapter will be divided into three parts research design, data collection and data analysis. It help in designing the questionnaire to collect primary data.

Chapter 4 all the data which was collected will be analyzed so that I can represent certain variable in a meaningful way. It is done using SPSS software and charts are shown in this chapter. Finally the hypothesis testing is done using correlation test.

Chapter 5 will be the final chapter providing the recommendation and conclusion for the research study.