

Brand equity of ipl teams marketing essay



Abstract

Purpose - The purpose of this research paper is to develop an instrument for the measurement of Brand equity of teams participating in the Indian Premier League.

Methodology - An online questionnaire was circulated amongst the followers of Indian Premier League. Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) were later applied to the sample.

Findings -

Research Limitations/Implications - The main limitation of this research is the population size. The CFA and EFA are performed on a sample size of around 120. However, for all practical purposes, a sample size of around 160 for each is desirable.

Practical Implications - The scale gives the team management and the owners a look into the various factors affecting the Brand Equity. Some of these factors, if required, could be tweaked by the managers to enhance the Brand Equity for their respective teams. Brand Equity could also potentially be linked to the economic success of these teams as was the case in the German Bundesliga, talked about in a paper by Hans H. Bauer and Nicolas E. Sauer.

Originality/value - The Indian Premier League is in its 3rd edition and the fact that no other instrument has been applied yet to measure the brand Equity of the teams, makes this scale a novice concept.

Keywords - Brand, Brand Equity, Cricket, Indian Premier League

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Paper Type - Research Paper

Introduction

The concept of Sports Marketing was conceived at the advent of a Major League Baseball game to be televised on August 26, 1939[1]. Ever since, Sports Marketing has scaled new heights with every passing sporting extravaganza. It started Babe Ruth who became first athlete to earn six figure contract. But it was just a beginning of deriving financial success on back of athletic success. In team sports, the athletic success of a team translated into rising financial fortunes. Sports teams were soon becoming brands that transcended the sports field.

Cricket though not exactly a Global sport and clearly not as popular as football worldwide, has its own fan following. In India, cricket is the most popular sport and Cricket stars are treated as demi-gods. From commercial point of view, India is the most important country in world cricket, and BCCI (Board of control for Cricket in India) decided to cash-in and initiated the competition IPL (Indian premier league). The idea was to present the newly discovered T-20 (20 overs a side) format in more entertaining way and at the same time provide youngsters to showcase their talent on big stage.

The owners who bought different IPL franchises are big names in business, who have spent thousands of millions in buying teams. Mumbai Indians was the costliest, and was sold at approx. 4410 million. When such a huge sum is invested by businessmen, it is important for them to know the brand equity of their franchise and factors affecting the same.

This study aims to develop a scale which will measure the brand equity of IPL teams on comparative basis. It is a qualitative research aimed at providing IPL managers with a tool which will help them identify the factors affecting brand equity of their teams, factors on which their team is performing well, factors which need improvement. The managers can then focus on particular factors and devise strategies, plan promotion campaigns or might even look for a marquee signing if that is the case.

As mentioned earlier, the aim of this research is not to measure economic success quantitatively for the teams, but to identify factors which affect the brand equity the most. This is a novel approach of looking at brand equity of IPL teams and can have important implications for management of IPL teams and can also be replicated for T20 tournaments taking place in other countries like Australia, South Africa, England etc.

Research Background

Efforts have been made to measure the brand equity of sports team across the world. Factors from research papers that were relevant have been identified and adopted in developing the instrument. Eight factors were selected and items were developed to define these factors. The following are the factors considered:

Familiarity

We are trying to measure brand awareness using 'familiarity' factor. Here we faced similar problem as faced by H. Bauer, N. Sauer and P. Schmitt in their study " Customer-based brand equity in the team sport industry" in German football league (Bauer 2004). When it comes to familiarity, brands are easily

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recognizable by most of the respondents and it is difficult to use brand awareness as deciding factor in measuring brand equity. Similar problem is faced by IPL teams as almost every respondent is well aware of the brands. This problem is not unique and it happens when the respondents are highly knowledgeable and hence awareness factor does not provide correct measure. However, it is acceptable to use this procedure when factors are measured directly. (Churchill, 1979; Jacoby, 1978). For IPL teams, we are measuring familiarity of respondents with IPL brand on basis of items such as news updates, brand ambassador, team logo etc. We have also tried to measure the effect of promotional measures undertaken by IPL teams in building the brand awareness and whether it affects the awareness level in viewers.

Entire Team

Gladden and Funk in their brand image model had mainly concentrated on 3 aspects. Product related attributes, non-product related attributes and benefits (Gladden and Funk, 2001). The same was considered by Bauer, Sauer and Schmitt in their study on German football league (Bauer 2004). We have found these 3 aspects suitable and applicable to our study of IPL teams, but we have also added one more aspect, that is organizational attributes.

Product related attributes are those which are directly related to athlete (Bauer, Sauer). In a typical sports team these attributes include players, head coach, management etc. We are considering these attributes under one factor i. e. 'entire team'.

Team and its performance is a product related attribute and hence we try to measure this factor by analyzing the importance of team composition, players and coach to the respondents. We are also trying to measure the importance of star players (icon players) and how it affects brand equity. Lastly, we try to analyze impact of management/owners as most of the teams are owned by businessmen, film industry personalities etc.

Regional Importance

Along with Product related attributes, the studies by Gladden and Funk as well as by Bauer and Sauer focused on non-product related attributes (Bauer 2004). Non product related attributes contains factors other than those related to athletes. The non product related attributes which we have concentrated upon include regional importance and stadium atmosphere. The 8 IPL teams each represent major cities in India, each belonging to different region. This factor tries to measure the importance of regionalism of respondents in supporting a particular team. It tries to measure whether the support to a particular team depends on regional commonalities. This factor is important because IPL teams have previously created ads adding a regional flavour to it. Thus this study in a way would also give a indication of relevance of such ads in promoting the team. Gladden and Funk in their study had tested factor 'pride in place' (Gladden and Funk 2001) while Bauer and Sauer had modified it to 'regional importance' (Bauer 2004) believing that region is very relevant factor in supporting a club. In our study, we have maintained the regional importance factor and studied its impact on the brand equity.

Stadium Atmosphere

Stadium atmosphere also falls under non product related attributes. The atmosphere in cricket stadium in India has always been unique and intimidating for foreign players. Now that the focus have shifted on regional teams with each team having combination of local as well as foreign players, it is important to study the effect of stadium atmosphere while measuring brand equity. Bauer and Sauer had modified Gladden and Funk's 'product delivery'(Gladden and Funk 2001) factor to 'stadium atmosphere' claiming that stadium atmosphere determines the entertaining value in German team sport. In India, IPL has given new meaning to entertainment value to cricket with Indian fans witnessing cheerleaders for the first time in sports arena. Organizers also arrange for entertainment packages for fans during breaks, making entertainment as their prime objective. Through this factor we also try to measure if stadium atmosphere charges up the fans and also whether it enhances experience of viewer.

Influence of Family and Friends

One of the attributes considered for the construction of the scale for measurement of Brand Equity of IPL teams is the influence of friends and family. The peer group plays a major role in the individual's choice to support any team as considered by Gladden and Funk (2001). This attribute was also recognized by Bauer Hans and Nicola Sauer (2004) for the computation of Brand equity in their research paper. The attribute assumes greater importance in the context of sports, especially the Indian Premier League, in India since an individual is seemingly close to his family and friends. The

attribute is an adaptation of the attribute "peer group acceptance" as referred to in Gladden and Funk (2001). However, converting it into "influence of family and friends" made more sense in the Indian context. The Team Brand Association Scale (TBAS) accounts for the aforementioned factor in terms of an attribute called "Social interaction"

Organizational Attributes

Organizational attributes make an important contribution in the brand equity of products and services across the world. Many brands would not enjoy the same advantage without the organizational associations as recognized in "Brand Equity Valuation: A global perspective" by Reza Motameni and Manuchehr Shehroki (1998). Aaker's (1991) original framework of brand equity recognizes the importance of organizational efforts in developing the brand equity for a product/service. Kerr and Gladden (2008) also recognize certain organization related antecedents as precursors to the consumer related brand equity. The Team Brand Association Scale in the area of Sports Management developed by Ross et al. (2006) also considers Organizational attributes as one of the factors for computing Brand Equity. Taking a cue from all the above sources, this paper also takes into account Organization related attributes("A team loyal to its fans" and "entertainment") for the measurement of Brand Equity of the teams of the Indian Premier League.

A team loyal to its fans

The first organizational attribute, a team loyal to its fans, considered in the development of the scale for the measurement of Brand Equity of IPL teams characterizes the team's loyalty towards its fans. The attribute is adapted

from the Team Brand Association Scale (TBAS) developed by Ross et al (2006). A team loyal from its fans should ideally elicit a similar loyal response from the fans. The brand loyalty is an important contributor to the brand equity as pointed out by Keller (1993). So higher the brand loyalty, higher should be the brand loyalty for these teams. Off late in the Indian Premier League various teams have started exhibiting loyalty towards their fans in terms of better deals, entertainment packages and state of the art facilities. All efforts to exhibit loyalty are intended to elicit similar responses from the fans. Therefore, the same has been considered in development of the measurement scale.

Entertainment

The other organizational attribute considered is the entertainment provided by the organizations owning each of the teams. The Indian Premier League, apart from being a platform for competitive cricket, also acts as a source of entertainment in terms of the cheerleaders, the high scores, the boundaries and the close finishes the game provides. Entertaining teams are slated to enjoy more loyalty from the fans that follow them. Entertainment is considered as one of the attributes in the antecedents proposed by Gladden in the paper " An integrative framework linking brand associations and brand loyalty in professional sports (2001)". The Team Brand Association Scale (TBAS) also includes Entertainment as one of the attributes in the Organizational attributes. The same has therefore also been incorporated in the scale for measuring Brand Equity of Indian Premier League teams.

Fan Identification

A sense of belonging to the team is a pivotal factor in fans following various teams in various sports across the world. Hauer and Bauer consider this factor in the measurement of Brand Equity of teams in the German Bundesliga. Fan identification, as an attribute, basically encompasses a sense of belonging to the team. This attribute is largely drawn from Gladden and Funk (2002). The authors believe that the fan identification would contribute to the loyalty of the fans towards the team, therefore leading to a higher value of Brand Equity (Keller, 1993).

Method

Results

Discussion and Implications

The scale has been developed by adopting factors across research work over the years. The factors thus selected that are applicable to T20 being played across the globe. Hence, it can be adopted to measure brand equity of teams across the world.

The instrument is critical to team owners and prospective buyers. Team owners purchase teams as a lucrative investment opportunity. They can decide on valuations of the team based on the brand equity the team possesses. Brand equity is a critical parameter for such as investment as it reflects the potential of the franchise to generate future cash flows. As this ability cannot be quantified easily, qualitative analysis yields a useful decision making criteria. Existing owners can use the instrument to decide on how to enhance their teams brand equity in the long run and thus improve the attractiveness of their investments.

DLF has paid an estimated \$50 million to sponsor the IPL over a period of five years. Hero Honda has been selected as an associate sponsor for five years for a handsome sum of US\$22.5 million. Beverage giant Pepsi secured the title as the tournament's Official Beverage by signing a deal worth USD 12.5 Million for a period of five years.

Like any other sport, sponsorship is big business in the IPL. Advertisers could use the instrument developed to gauge the attractiveness of sponsoring teams participating in the IPL. It would ease the process of deciding on the amount one is willing to pay vis-a-vis the benefits of making that investment. Chennai Super Kings (CSK) has sponsorship and merchandising deals with brands such as PepsiCo, Wrigleys, Cafe Coffee Day, Johnson & Johnson and Camlin. It earned close to Rs 20 crore through sponsorships last year and expects to notch up a much higher figure this time.

Another source of income for teams is sales of merchandise. CSK also entered into a five-year merchandising agreement with marketing company Oceanbed to sell a host of products, including T-shirts, key-chains, binoculars, hats, small bats, caps and across major retail outlets such as Landmark, Peter England, Reebok, MegaMart and Univercell (mobile retail major in south). Pricing is crucial in marketing any product and this holds true for merchandise. Teams can use the instrument to aid its pricing its merchandise.

Limitations and Conclusion

The instrument developed for the measurement of Brand equity of Indian Premier League teams has certain limitations that need to be acknowledged.

Firstly, the sample size considered for the Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) were around 80 and 120. The desirable size for each of the tests should be greater than 150. However, due to the paucity of respondents, the requisite number could not be reached for the purpose of this research. Further researches must therefore look at the requisite sample sizes and then extend the usage of the scale for further study.

Secondly, certain factors that are considered are Indian Premier League centric. Therefore, the scale cannot directly be extended for use in leagues of other sports such as football, hockey etc. However, the scale can be extended for use in other sports by tweaking with certain parameters and introducing attributes relevant for the sport the scale is intended to be used for.

Thirdly, the scale measures the brand equity of a team on a relative scale. The brand equity in this case is measured on a Likert Scale. The team that scores the higher sum on all the parameters combined is assumed to have a higher brand equity than the team that boasts of a lower sum. However, these brand equity figures are only comparative in nature. In order to compute the actual values for brand equity various other parameters and computations need to be performed which lie outside the purview of this research.

Fourth, the scale takes into account the fact that the Indian Premier league is in its years of growth and inception. Therefore, it does not take into consideration factors such as nostalgia and team rivalry which take

substantial number of years. Therefore, as the Indian Premier League would grow over the years the same attributes might not be sufficient for computing the brand equity of the various participating teams. Sub-constructs such as nostalgia and inter team rivalry will have to be factored in as the Indian Premier League grows over the years to come.

Fifth, the scale only restricts itself to the computation of the brand equity of the various participating teams in the IPL. The scale could be utilized for linking the brand equity with various other parameters such as financial success, consumer loyalty etc.

Finally, the scale is developed only keeping the Indian Premier League in consideration. This could be extended to other cricketing leagues(different versions) across the world with certain minor changes to the attributes.