

Consumer Evaluations on Extensions of Sport Brands using Strategic Alliances

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Brand equity facilitates in the effectiveness of brand extensions and brand introductions. This is because consumers who trust and display loyalty toward a brand are willing to try and adopt brand extensions. With the increasing importance of branding in marketing, companies have adapted new strategies to enhance their brand power in conjunction with other brands. One of those strategies, brand alliances, includes all circumstances in which two or more brand names are presented jointly to the consumer (Rao, Qu, & Ruckert, 1999). In the context of sport businesses, brand extension is one of the important strategies due to the fact that leveraging existing brand equity into new product attempts to avoid risk associated with establishing a new brand. Although researchers and practitioners in the field of sport marketing have considered the importance of brand extension, little research has been conducted on how consumers perceive the strategic alliance of sport brands with other brands.

Therefore this study attempted to investigate how consumers evaluate sport brand extensions using strategic alliances. Specifically, the purpose of this study were to examine the impact of perceived quality of the original brand on attitude toward brand extensions and the impact of perceived fit between the original brand and brand extensions on attitude toward brand extensions. 310 consumers who have bought or experienced given sport brand extensions (i.e., Nike with ipod, Adidas with Stella McCartney, Puma with Alexander McQueen) were participated in this study. Multiple regression analyses using SPSS/PC 11.0 showed that perceived quality of the original brand is a significant predictor of consumer evaluation on product extensions.

However, the results of consumer's perceived fit (i.e., complement, substitute, transfer) between the original brand and product extensions on attitude toward product extensions were different for the allied brand category. In the case of the alliance with fashion brand, substitute and transfer had positive impacts on attitude toward the product extension. In the case of the alliance with electronic brand, however, findings showed that complement and transfer were significant in explaining variances in brand extension evaluation. Finally, the impact of difficulty of making the sport brand extensions through alliances on the attitude toward the product extension was nonsignificant. The study provides useful implications for managers and academics when they are choosing sport brand extension using collaboration as brand leverage strategies.