

Factors Affecting the Purchase of Licensed Products

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Revenues from licensed merchandise sales have become a vital component of the sports industry and a key financial resource for professional teams (Burton, 1996). Retail sales of sports licensed merchandise in the United States and Canada reached \$12.6 billion by 2004, and retail sales of sports logo apparel were 33% of all sports licensed merchandise sales (SGMA, 2005). The sale of licensed products, especially apparel, is important to teams and leagues beyond the revenue produced. Licensed merchandise can enhance the saliency of a team's brand (Hums & Covell, 2004), which, in turn, can boost the team's brand equity (Aaker, 1991; Keller, 1993). Thus, teams and leagues have a considerable stake in licensed product sales.

Several studies have endeavored to identify factors that influence consumption of licensed products. Studies have typically examined the effects of team-related variables on sports licensed merchandise consumption: team success (Cialdini, Borden, Thorne, Walker, Freeman, & Sloan, 1976; Gladden, Milne, & Sutton, 1998), fan identification (Fisher & Wakefield, 1998; Kwon & Armstrong, 2002, 2006), head coach (Robinson & Miller, 2003), and star player (Berri, Schmidt, & Brook, 2004; Rivers & DeSchraver, 2002). Other works have demonstrated that the memories invoked by the product (Belk, 1990; Sierra & McQuitty, 2007), the purpose of the purchase (Giesler, 2006; Ratneshwar, Shocker, Cotte, & Srivastava, 1999), the relative price of the product (Berkowitz & Walton, 1980; Monroe, 1971, 1973), and gender (Fink, Trail, & Anderson, 2002; Lopiano, 1997) can also have an effect. Although consumers can purchase licensed products on impulse (Kwon & Armstrong, 2002, 2006), it is useful to note that the consumers always have the option to purchase a comparable product but without the team name or logo. It is well established in consumer behavior that consumers typically evaluate a product or brand choice with reference to its potential substitutes (Foxall & James, 2003; Peckham, 1962). Licensed products compete, at least to a degree, with their unlicensed counterparts. Thus, from the standpoint of driving sales of licensed merchandise, it is not sufficient merely to know what might be of interest to the consumer of a licensed product. Rather, it is useful to know what would motivate the consumer to choose the licensed product over its unlicensed alternative.

Based on the literature above, this study suggests nine factors that should influence a consumer's choice of licensed apparel over its unlicensed alternative. Six of these are team-related: the team's current performance, its past performance, the fan's identification with the team, whether the consumer is a fan of the head coach, whether the consumer is a fan of one of the team's star players, and whether the consumer has fond memories of the team (which could be invoked or represented by the product). Two factors are consumer-related: gender and purpose of the purchase. One product-related factor is price. The purpose of this study is to examine the degree to which these factors contribute to licensed apparel purchase intention. The effects of each of the eight factors (except for gender) were tested using a 3 (team's current performance) X 3 (team's past performance) X 2 (fan identification) X 2 (fanship of head coach) X 2 (fanship of star player) X 2 (fond memory) X 3 (purpose of purchase) X 3 (price) design. The two levels of the current and past performance were high, medium, and low. The two levels of fan identification were high and low. The two levels of fanship of head coach, fanship of star player, and fond memory were presence or absence. The three levels of the purpose of purchase were gift, personal use, and to wear at a game. The three levels of price were licensed apparel cheaper than, same as, and more expensive than unlicensed apparel.

Scenarios were developed to incorporate the levels of the eight factors. Gender was not included in the scenarios but was included in the demographic questions. Since all possible scenarios of the eight factors would result in 1,296 experimental conditions, scenario reduction was conducted using an incomplete block design. As a result, 27 scenarios were created. The incomplete block design with 27 scenarios allows tests of main effects (only) for the eight factors. Each scenario includes a common experimental condition along with the eight factors. For the common condition, the point-of-view character has two choices: (1) can buy a polo shirt with a professional team's logo, or (2) can buy an identical shirt without the logo. The character is a fan of the team (which makes the character a potential purchaser of the licensed apparel).

Six hundred and forty eight participants were recruited from several undergraduate classes at a large public university in the Southwestern United States. Female participants made up 44.4% and males 55.6% of the total sample (n=648). Participants ranged in age from 18 to 44 years (M=21.3, SD=2.4). Along with distribution of survey questionnaires, each participant was assigned randomly to one of the 27 scenarios. Participants were first asked to carefully read a scenario, and then to provide answers to a question on the basis of the scenario. The question asked the participants to gauge how likely the point-of-view character was to purchase licensed apparel or unlicensed apparel. The demographic questions asked for participants' gender and age. The ANOVA for purchase intention tested all main effects and two-way interactions between gender and the eight factors.

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ANOVA found that all main effects were statistically significant throughout ($p < 0.033$), but the two-way interactions between gender and the eight factors were not statistically significant ($0.084 < p < 0.669$). The nine factors predicted 17.1% of the variance in intention to purchase licensed apparel. Current performance and price contributed most strongly to prediction (3.8% and 3.3%, respectively). Fanship of star player and fanship of head coach were the weakest predictors (0.7% and 0.8%, respectively). Gender predicted 2.7% of the variance, with females more likely to prefer the licensed apparel.

This study demonstrates that the choice of a licensed product over its unlicensed alternative is driven by six team-related, two consumer-related, and a product-related factor. The conditions that led to greater purchase intention of a licensed product were: higher levels of a team's current performance, higher levels of its past performance, a higher level of fan identification, being a fan of a head coach, being a fan of a star player, having fond memories of the team, relatively low price of the licensed product compared to its unlicensed alternative, game and gift use, and females. Based on these findings, it is concluded that the nine factors seem to be relevant segmentation variables for licensed products. The findings suggest practical implications. Tactics such as price promotion, nostalgia marketing, and offering more product choices for females may work regardless of a team's performance. If a team is under a losing season, marketers can highlight the team's past success and star players' or a head coach's achievement to create the product demand. When a team is having a good season, marketers can also stimulate fans' desire to BIRG by offering licensed products that celebrate important victories.