Brand Equity & College Athletics: Investigating the Effects of Brand Uncertainty Situations on Consumer-Based Brand Equity

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Brand equity is defined as a consumer's "perception or desire that that a brand will meet its salient promise of benefits" (Raggio & Leone, 2006, p. 8). Additionally, stronger brand equity should result in more positive, biased processing of information, persistent attitudes that are resistant to change, and behaviors that are influenced by those beliefs. Raggio and Leone (2006) support Keller’s (1993, 1998) model that brand equity comes from consumers' brand knowledge. They propose that brand equity cannot be measured using potential outcomes, so it is vital that the actual dimensions of brand equity (i.e., brand awareness and associations) are measured at the individual level in order to gauge true brand equity. The consumer processes his/her brand knowledge (made up of his/her brand awareness and brand associations) which elicits individual behaviors.

Athletic departments around the country are searching for ways to attract and retain customers to ensure that revenues can grow at the same rate as expenses. The brand equity literature suggests that by developing a strong brand and finding ways to make that brand have meaning for consumers, athletic departments will put themselves in a position to do just that. In order to attract and retain fans, corporate sponsors, and media outlets, sport organizations must successfully provide an excellent product. Building and leveraging brand equity has been proposed as a key to that success. Gladden, Irwin, and Sutton (2001) note that sport management activities will "evolve from a focus on winning as a means of realizing short-term profits to a focus on strategic management of the team brand as a means of realizing long-term appreciation in franchise value" (p. 298). Bauer, Sauer, and Schmitt (2005) created the Brand Equity in Team Sport (BETS) scale as a way to estimate the impact of brand equity on the economic success of German professional soccer teams. The BETS measures four factors of brand equity: brand awareness, product related attributes, non-product related attributes, and brand benefits. The authors found that "brand equity has a positive effect on purchase intention, price premiums and brand loyalty" (Bauer, Sauer, & Schmitt, 2005, p. 509). These findings support previous research (e.g., Gladden & Milne, 1999) that brand equity can play a significant role in the financial success of sport organizations.

Raggio and Leone (2006) note that there has been so little agreement in the study of brand equity, that no solid theoretical foundation has been established. Much of the branding literature touts the importance of brand equity, but few studies have measured true brand equity, instead relying on market-level outcomes (e.g., brand loyalty, repurchase rates, etc.) as proxies for brand equity. The purpose of this study was to investigate Raggio and Leone’s (2006) proposed theory on brand equity by measuring individual consumers' brand equity for a collegiate athletic team. While there has been a great deal of research on brand equity, there have been few attempts to measure true brand equity at the individual level. Raggio and Leone (2006) suggest that a true measure of brand equity may be easier to attain when consumers are faced with brand uncertainty situations (i.e., situations that force consumers to think about how they feel about the brand) because the brand equity is activated. This led to the following hypothesis:

Hypothesis 1: The control groups' posttest scores will not change significantly from their pretest scores on the brand equity measure because their brand equity is not being activated.

Much of the research on branding has proposed that stronger brand equity has many advantages, including consumers’ positive response to change in usage context, product changes, product harm crises, new competition, brand extensions, claims made by a competitor, word-of-mouth, and out-of-stock situations (Raggio & Leone, 2006). Raggio and Leone (2006) indicate that brand equity results in biased processing of information and brand beliefs that are resistant to change; the stronger the consumer's brand equity, the more resistant to change those beliefs are. Given the preceding, this study proposed the following hypotheses:

Hypothesis 2: Scores on the posttest brand equity measure will be significantly more affected (positively or negatively) by brand uncertainty situations for those who have lower initial levels of brand equity than those with higher levels.

This study used a pretest-posttest control group experimental design in order to gauge the effects of brand uncertainty situations (e.g., times when a consumer must think about how they feel about a specific brand) on the brand equity that consumers hold for a Division I college football team. The purpose of this study was to determine if individuals with strong brand equity respond differently than those with weak brand equity to a specific brand uncertainty situation. Students (N = 141) from a large, Midwestern university participated in the experiment and were randomly assigned to a control or treatment group. Participants were asked to respond to the BETS scale which measured their brand equity for the university's football team. A week later, the
treatment groups’ participants were asked to read a fictitious news article (presented as a real news article) depicting a brand uncertainty situation for the football team. Two fictitious scenarios described a product change (the loss of a key player or the emergence of one); the other two described word of mouth situations (experts picking the team to be very successful or to be very disappointing). After reading these articles, participants then responded to the BETS. The control group simply responded to the BETS without reading an article.

The hypotheses were tested using one-way analyses of covariance (ANCOVA) for each brand equity factor on the BETS. None of the ANCOVAs was significant which indicates that none of the treatments had a significant effect on subjects’ post-test scores. However, results indicate that the majority of the participants had very strong brand equity for the team in question. The data was significantly negatively skewed suggesting that nearly all of the 141 participants had scores above the midpoint on the 7-point scale on all the factors: awareness (M = 6.63), product related attributes (M = 5.64), non-product related attributes (M = 5.99), brand benefits (M = 4.83), and overall brand equity (M = 5.77). There was a lack of participants with weak brand equity to determine how their brand equity would be affected by the brand uncertainty situations. However, the results for participants with strong brand equity indicate that brand equity is persistent and resistant to change in the face of an uncertain situation. These findings support previous research on consumer-based brand equity that acknowledges its importance to organizations in the long run. The strength of the respondents’ brand equity provides valuable insight into factors that marketers can address to create and leverage brand equity. The results of this study indicate that those with strong brand equity for a team are less likely to change their beliefs on the basis of one brand uncertainty situation. This is important as sport organizations face more competition for consumers’ entertainment dollars, more attention from 24-hour sports channels and the internet, and more potential crises (whether from players taking steroids, athletes and schools violating NCAA rules, and many other scandals) every day. Sport marketers have to strategically build their brand in order to insulate it from the volatility of competitive sports, but also from the crises that can arise. The findings have implications for sport marketers who are responsible for developing and maintaining a strong brand amidst fierce competition. These and other practical and theoretical implications will be discussed thoroughly.