A proposed brand extension decision making model in professional sport

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Marketing Abstract 2009-059

May 28, 2009
25 minute oral
5:20 PM
(Richland C)

When an organization uses a pre-established brand name to enter a new product class the new product is known as a brand extension (Aaker, 1991). As costs to operate professional sport teams continue to rise, managers within these organizations will seek new and innovative ways to interact with fans and increase revenue for the team outside of the core product, the game itself. In fact, Gladden, Irwin and Sutton (2001) indicated that one of the major trends in the management of professional sport teams in this millennium will be the increase in the introduction and management of brand extensions such as sports grills and merchandise stores. While brand extensions have the potential to result in increased revenue for the team, they also have the ability to fail, thus harming the team's financial health and brand equity (John, Loken, & Joiner, 1998; Loken & John, 1993).

Previous research on brand extensions has generally supported that a consumers evaluation of a brand extension is driven by the attitudes and associations one has for the parent brand (Aaker & Keller, 1990; Bhat & Reddy, 2001; Broniarczyk & Alba, 1994), the perceived quality of the brand which is introducing the extension (Bottomley & Doyle, 1996; Bottomley & Holden, 2001), and the fit between the product class of the parent brand and the product class of the brand extension (Aaker & Keller, 1990; Apostolopoulou, 2002; Bhat & Reddy, 2001; Bottomley & Doyle, 1996; Bottomley & Holden, 2001; Volckner & Sattler, 2006). In addition, for extensions introduced by professional sport teams Apostolopoulou (2002) found that fans with higher levels of identification are more likely to have favorable attitudes and opinions about a team's brand extension regardless of the perceived category fit.

Outside of studies on consumer evaluations of brand extensions, less research has focused on the impact a brand extension could have on the parent brand which introduces the extension. Research has indicated that if a brand extension is introduced which has attributes or associations that the consumer does not hold for the parent brand then the consumer will modify their attitudes about the parent brand in a negative fashion (Gurhan-Canli & Maheswaran, 1998; John et al., 1998; Loken & John, 1993). This would suggest that if a professional sport team were to introduce a brand extension which had incongruent associations with the team, then dilution of the team's brand equity would occur. This dilution would then result in the weakening of the team's ability to influence items such as ticket and merchandise sales, fan loyalty, and the ability to generate revenue from corporate sponsorships (Ross, 2006).

Despite the risks involved with brand extensions, many times brand extension decisions go right from conceptualization to development. These decisions are often made in the hopes of realizing short term financial gains, without having a true understanding of the long term impact that brand extensions could have on the team's brand equity and financial well being. It is important for sport managers to have a process that fills in the gaps from conceptualization to launch so they understand the type of information that should be taken into consideration when developing and marketing a brand extension. Utilizing previous theoretical and applied research on brand extensions the Team Brand Extension Decision Making Model (TBEDMM) is proposed.

The TBEDMM consists of seven sequential stages: 1) Evaluation of Team Brand Equity and Identification Levels, 2) Strategy Development, 3) Concept Development, 4) Potential Impact of Extension on Team Brand Equity, 5) Potential Impact of Extension on Team Identification, 6) Promotional Decisions, and 7) Extension Launch. At various stages in the TBEDMM recommendations will be provided as to the specific decisions and tactics which should occur at each stage, when a team should continue to the next stage in the model, or ultimately determine that a brand extension strategy may not be an appropriate strategic decision for a team.

The TBEDMM provides sport managers with an effective and relatively simple process that can be utilized when implementing a brand extension. This model is more appropriate to utilize in the sport setting than other non-sport product development models (Ambler & Styles, 1997; Kotlar, 1991) as more focus is given to how brand extensions can benefit from the team's brand equity, and how the brand equity of the team could be diluted by a brand extension. Also, the sport specific concept of a fan's psychological connection with a team is a vital component in the TBEDMM and would not be taken into consideration in other models. The process that has been proposed in the TBEDMM should facilitate brand extension decisions and increase the potential for brand extension success for professional sport teams.

While the TBEDMM provides sport managers with a process which can increase the chance for brand extension success, future empirical testing is needed. In particular, no research to date has examined the impact that brand extensions in professional sport product development can have on team identification and equity.
sport are having on the brand equity of the team. This research is needed to understand under what circumstances brand enhancement and/or dilution might occur. While this has been examined outside of sport, the unique nature of the sport product could produce different results. Factors such as the perceived fit of the extension's product category, attribute congruency, fans level of identification, and success of the team could have a significant impact on any enhancement and/or dilution effects and should be examined.