An Empirical Examination of the Licensed Team Merchandise Model

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The purchase of licensed team merchandise (LTM) by sport consumers is a lucrative market for many sport organizations. Sport consumers often buy their favorite team’s merchandise to show their loyalty toward the team. This consumption is evident in the sales of licensed merchandise at both the professional and collegiate level of sport. For instance, the National Football League and Major League Baseball each had over $3.2 billion in retail sales in the North America in 2006 ("Estimated Retail", 2007). College athletics also represent a large part of the LTM industry, reaping $3 billion in retail sales in 2006 ("Estimated Retail").

Due to the profitable nature of this segment of the sport industry, it is critical for sport managers and marketers to understand sport consumers’ psychological tendencies in predicting purchasing behavior of LTM. This information enables managers and marketers to implement effective marketing strategies in an effort to maximize profits and sell more LTM. Although important, few studies have been conducted to understand psychological variables related to LTM purchasing behavior (Kwon, Trail, & James, 2007). Thus, more research is necessary to better understand what aspects drive consumption of LTM.

This study attempted to fill the void in the literature by developing a theoretical framework that identifies variables that may influence purchase intention of LTM. Specifically, this study proposed a structural model that used values theory (Rokeach, 1973; Schwartz, 1992), social identity theory (Stryker, 1968), involvement theory (Krugman, 1967; Petty & Cacioppo, 1981; Rothschild, 1984), and the concept of perceived value of product attributes.

The model consisted of two facets. First, the model explains that five first-order latent constructs (i.e., patriotism, ambition, hedonism, stimulation, and conservatism) represent a second-order latent construct (i.e., personal values). Second, the model explains the influence of personal values, team identification, product involvement (Rothschild in 1984 defined involvement as "a state of interest, motivation, or arousal"; p. 216), and perceived product attributes (Gutman in 1982 defined product attributes as the external product features that enable products to grant the desired benefits) on the purchase intention toward LTM (e.g., hats, T-shirts, shorts, or jackets of consumers’ favorite team). Variables within the proposed model have been studied by previous researchers in relation to sport consumption, yet not as related factors to explain LTM consumption. It is recognized that although one theory may corroborate a specific phenomenon related to product consumption, a blend of more than one theory may facilitate even greater understanding about a specific consumption activity (e.g., purchase of LTM). In fact, our endeavor to link the discussed theories was based on a supposition that behavior is an outcome of various factors. As such, many of the discussed factors within each theory are interrelated to the same end result, which is behavior, or are at least correlated with each other to some extent.

To examine psychometric properties of the LTM model, we pilot tested the model with a 72 student sample. Then, in the main study, the model was tested on a 252 college student sample for measurement and structural relationships. Various existing scales were chosen based on their appropriateness to measure each latent construct, including values typology items (Lee & Trail, 2007), Team Identification Index (TII; Trail & James, 2001), perceived product attribute items (Netemeyer et al., 2004), product involvement items (Zaichkowski, 1994), and purchase intention items (Hagger, Chatzisarantis, & Biddle, 2001). The items were designed to assess LTM in particular. In this study, Cronbach’s alpha ranged from .61 to .90, item-to-total correlation ranged from .36 to .86, and average variance extracted (AVE) ranged from .35 to .76. Discriminant validity was established in that all factor correlations were below Kline’s (2005) recommended value of .85.

To analyze the data, correlation analysis, confirmatory factor analysis (CFA), and structural equation modeling (SEM) were performed. Using EQS 6.1, the maximum likelihood (ML) method using a direct estimation process was selected to estimate the model. Kurtosis and skewness were examined to detect nonnormality of data. To estimate the model, fit indices such as comparative fit index (CFI), root mean squared error of approximation (RMSEA), a confidence interval (CI) for the RMSEA, the standardized root mean square residual (SRMR), and the chi-square per degree of freedom (Browne & Cudeck, 1992) are reported. As a result, we found that the measurement model fit the data well [*RMSEA = .057(.049; .064) and *CFI = .895], and the SEM yielded a well-fitting model to the data. Goodness-of-fit statistics (GFIs) of the structural model were as follows: S-BX2(362) 671.52; *RMSEA = .060 (.053; .067), *CFI = .875, SRMR = .080, and χ²/df = 1.86. In the structural model, the first-order latent constructs, patriotism, ambition, conservatism, hedonism, and stimulation, were significantly associated with the
second-order latent variable, personal values, explaining 46%, 50%, 32%, 26% and 22% of the variance, respectively. Personal values was significantly associated with team identification, explaining 48% of the variance. Product involvement was significantly associated with personal values and team identification, and 50% of the variance was explained by the constructs. Product attributes was significantly associated with personal values, team identification, and product involvement, and 71% of the variance was explained by the constructs.

Finally, intention to purchase was significantly associated with team identification, product involvement, and product attributes, and 64% of the variance was explained by the constructs. To conclude, this study developed and empirically examined a structural model in an attempt to understand factors that influence consumers' purchase intentions of LTM. The empirical findings suggested that consumers' intention to purchase of LTM is affected by various factors including personal values (i.e., patriotism, ambition, conservatism, hedonism, and stimulation), team identification, personal involvement (i.e., personal relevance, meaningfulness, value, and interest), and product attributes (i.e., performance, quality, price, and product worth). It is worth noting that this systematic examination of a structural model that explains LTM consumption had not been explored previously, as LTM was typically explained by one or two single factors.

The systematic approach provides retailers with a clearer understanding of the overall consumer process to purchase LTM and marketing efforts can be directed accordingly. Validation of the scales in the current study provides researchers with a reliable and valid tool that measures consumers' intention to purchase LTM. Several useful recommendations will be discussed that could help the sales of LTM. The importance of this type of research is justified by recognizing sales of LTM as a fast growing segment within the context of sport that further contributes to the development of the overall sport industry at both professional and collegiate level of athletics.