The Effects of Brand Awareness, Country-of-Origin Image, and Price of Sporting Goods on Consumers' Product Evaluation

Sungwoo Bae, Pusan National University
Nayoung Choo, Pusan National University
Songhyun Cho (Advisor), Pusan National University
Yong Jae Ko (Advisor), University of Florida

Abstract 2012-045
Thursday, May 24, 2012
1:10 PM (Madison Ballroom)

The sporting goods industry has experienced phenomenal growth in the past two decades (National Sporting Goods Association, 2011). Meanwhile, sporting goods manufacturers made tremendous efforts to stay in a competitive position through innovation, branding, and price competition. However, it is very important to clearly understand how consumers respond to the marketing communication. In particular, understanding consumers’ perceptions about the product itself and product-related elements and ultimately, purchase decisions are more important than ever before.

According to the “information theory,” consumers use information cues as primary product evaluation criteria in their purchase decision-making process (Berkman & Gilson, 1986). A product information cue is primarily composed of both intrinsic and extrinsic cues. While intrinsic cues include functional and objective product evaluation criteria (e.g., product quality and design), extrinsic cues provide abstract and subjective evaluation criteria which are related to product-related attributes (e.g., brand name, country of origin image, price, retail store image, and advertisement) rather than a product itself (Zeithaml, 1988). When sufficient product information is not available, consumers rely on product-related extrinsic cues (Dodds & Monroe, 1985; Berkman & Gilson, 1986; Erickson & Johansson, 1985; Zeithaml, 1988).

In the field of business marketing, some extrinsic cues such as brand name and country-of-origin (CO) received significant attention since 1960 (Usunier, 2006), there is a limited understanding of the effect of extrinsic cues on purchase decisions among sport consumers. Accordingly, the purpose of this study was to propose and test a research model that incorporate three salient product extrinsic cues as brand name, COI, and price, and their role in forming consumers’ perceptions of quality, risk, value and predicting purchase intention. Based on the extensive literature review, the authors hypothesize that:

H1.1. Brand awareness positively effect quality and value perception.
H1.2. Brand awareness negatively effect risk perception.
H2.1. COI positively effect quality and value perception.
H2.2. COI negatively effect risk perception.
H3.1. Perceived price positively effect quality and risk perception.
H3.2. Perceived price negatively effect value perception.
H4. Risk perception negatively effect quality perception.
H5. Quality perception positively effect value perception.
H6. Risk perception positively effect value perception.
H7. Value perception positively effect repurchase Intention.
The results of this study may contribute to the knowledge background in the field of sport marketing and communication literature. Furthermore, this study may provide sporting goods manufacturing companies with useful information about their important market segments and practical implications for developing effective communication strategies.

The researchers recruited a total of 1,200 golfers from 20 different golf-driving ranges located in the city of Pusan, South Korea. 996 usable cases were included in the data analysis. Fifty eight percent (n = 582) of respondents were male and the majority of them (81%) were over 30 years old. In terms of golf consumption, almost 70 percent of them had over 2 years of golf experience and a majority of them (73%) played over 6 rounds. All participants had purchased golf clubs at least once.

The brand name was tested by six items of the modified brand awareness scale (Yoo, Donthu, & Lee, 2000). Nagashima's (1970) five-item-measurement scale was used to measure COI. To measure price perception, we revised and adapted three items developed by Yoo et al. (2000). We modified and used an existing scale (Dodds, Monroe, & Grewal, 1991) to measure product quality. Risk perception was measured by Murphy and Enis's (1986) five-item-scale. To measure value perception, we adapted five items that capture consumers' assessment of the product's utility based on perceptions of what is received and what is given (Dodd et al, 1991). Purchase intention was also measured by Dodd et al.'s (1991) scale. A total of 34 items were retained to measure the seven (7) constructs. The scale format was a 5-point Likert-type scale with response categories anchored by “1 = strongly disagree” and “5 = strongly agree.” All measures were translated into Korean by two bilingual professors majoring in business marketing.

A descriptive analysis, Cronbach’s α, confirmatory factor analysis, and correlation analysis were conducted before examining the psychometric property of the proposed research model and hypothesized relationships. AMOS 17.0 was used for structural equation modeling (SEM) analysis. Cronbach’s α scores ranged from .79 (risk perception) to .93 (brand name). The model fit indices for the confirmatory factor analysis were acceptable: \( \chi^2 = 1658.145 \) (df = 506, p < .001), RMR = .034, RMSEA = .048, GFI = .907, TLI = .945, CFI = .950. Inter-factor correlations ranged from -.26 to .44. Finally, model fit indices of SEM analysis also showed an acceptable fit: \( \chi^2 = 1664.429 \) (df = 511, p < .001), RMR = .029, RMSEA = .077, GFI = .946, TLI = .905, CFI = .928.

In terms of hypotheses testing, Brand Awareness has a significant positive influence on Quality Perception (\( \beta = .215 \), p < .001) and Value Perception (\( \beta = .150 \), p < .001), but negatively influences Risk Perception (\( \beta = -.096 \), p < .01). Second, COI has a significant positive influence on Quality Perception (\( \beta = .567 \), p < .001) and negatively influences Risk Perception (\( \beta = -.367 \), p < .001). However, COI was found to have no significant impact on Value Perception. Third, Perceived Price has a significant positive influence on Quality Perception (\( \beta = .058 \), p < .05) and Risk Perception (\( \beta = .251 \), p < .001), but negatively influences on Value Perception (\( \beta = -.449 \), p < .001). Forth, Risk Perception has a significant negative influence on Quality Perception (\( \beta = -.278 \), p < .001). Fifth, Quality Perception has a significant positive influence on Value Perception (\( \beta = .535 \), p < .001). Sixth, Risk Perception has no significant impact on Value Perception. Seventh, Value Perception has a significant positive influence on Repurchase Intention (\( \beta = .822 \), p < .001). There was significant indirect effect between Quality Perception and Purchase Intention through Perceived Value. Theoretical and practical implications will be discussed in this presentation.