Team-Consumer Responses to League Development Actions

Thilo Kunkel, Temple University
Daniel Lock, Griffith University

Sport leagues exert strategic influence over member teams through a structural franchise relationship (Mason, 1997). The league as the franchisor provides the framework for the teams to compete and it provides a quality promise for consumers. In return, teams as the franchisees produce the league core product (i.e., games) and provide the primary points of attachment for consumers. Consumers represent the major stakeholder of leagues and teams and many league development actions are implemented to satisfy the needs and wants of existing consumers or as a platform to attract new consumers for the teams. Examples are the introduction of salary caps to ensure competitively balanced leagues and the introduction of designated player rules to facilitate the recruitment of more high-profile players (e.g., David Beckham). These development actions form a basis to foster the league’s long-term viability, profitability, and brand augmentation (Kunkel, Funk, & Hill, 2013). Although leagues world-wide use development actions to increase the attractiveness of the league brand and generate consumers for teams, how consumers respond to these has not been explored.

The structural franchise relationship between leagues and teams can be explained by agency theory (Mason & Slack, 2005). Agency theory is concerned with relationships of acting on behalf of another party or controlling another party in complex systems. The league as the franchisor exerts power over its team through a competition (franchise) contract, which outlines the rights and responsibilities of each involved entity. As with most franchise contracts, the franchisee’s right to use the franchisor’s brand name (Mathewson & Winter, 1985) is at the core of the relationship between leagues and teams, where the league brand provides consumers with information about the quality of team games. To serve the needs and wants of consumers, leagues implement development actions that alter characteristics of the league brand, team brand, and team games. These development actions affect the league’s structural relationship with its affiliated teams, and seek to improve consumer perceptions of the league, the teams, and games.

League development actions aimed at attracting new consumers and satisfying the needs and wants of existing consumers can involve strategies to influence consumer-based brand associations. These brand associations represent any thought consumers link with the league (Kunkel, Funk, & King, in press) or a specific team (Gladden & Funk, 2002), which influence consumption decisions (Keller, 1993). Researchers have identified key brand associations that consumers link with leagues and teams, which correlate with league-related attitudes and behaviors, and team loyalty, respectively. However, to date researchers have not provided guidance to managers in relation to how consumers respond to league development actions targeted to alter consumers’ brand associations. Therefore, an opportunity exists to explore the following research question:

Research Question: How do consumers react to league development actions?

The lead researcher followed a netnographic approach (Kozinets, 2002) to collect qualitative online fan-forum data from consumers of one Australian A-League team. The lead researcher examined 67 different topics after permission to access the forum was granted by the moderator. Three topics were related to development decisions that the A-League introduced in the 2011/12 season. The first topic related to consumers’ discussion of the league promoting league-wide television advertisements. The second topic related to consumers’ discussion of the league introducing a second designated player. The third topic related to the league not renewing a league-wide jersey sponsorship agreement and allowing teams to seek individual team sponsors. Consumers’ discussions of these three topics were downloaded for data analysis. The three topics consisted of 108 unique posts totalling 16,121 words. In total, 26 out of 443 fan-forum users contributed to the three topics examined in this research. The number of posts per participant ranged from one post to 12 posts related to each topic. Qualitative data content analysis for each topic followed Neumann’s (2003) three-round coding sequence, which included an open coding round, an axial coding round, and a selective coding round. Codes were categorized as positive, neutral, negative, or unrelated reaction to league development actions.
Results related to promoting television advertisements show that consumers posted 14 positive, one neutral, zero negative, and seven unrelated comments. One example for a positive comment is: “They are good because they are different to what we have been used to. Someone thinking outside the box. I like them!” Results related to the introduction of a second designated player show that consumers posted 20 positive, 4 neutral, zero negative, and eight unrelated comments. One example for a positive comment is: “My hope is that [Harry] Kewell comes to play for us. I mean he is like 32/3 now? But still fit as. He would be great.” Results related to the league not renewing a league-wide jersey sponsorship agreement and allowing teams to seek individual team sponsors show that consumers posted 26 positive, 18 neutral, three negative, and seven unrelated comments. Comments were related to the three themes of financial (im-) balance, unique team identity, and rivalry. One example for a positive comment related to unique team identity is: “I'll just be happy to see teams playing in strips that have a bit of individuality, and doesn't make the league feel generic and homogenised.” Whereas one example for a negative comment related to financial (im-) balance is: “A lot of the smaller clubs will have huge problems with signing up a major retailer, this creates financial imbalances.”

In regards of league and team relationship management, Kunkel et al. (2013) recommended brand management strategies that focus on brand alignment and brand differentiation. League-wide television advertisements promote a brand alignment approach that is tailored toward consumers of all teams within the league. Allowing team specific sponsorship agreements allows for a brand differentiation approach tailored at creating different team identities based on specific consumer-based brand associations (e.g., Gladden & Funk, 2002). Given that the majority of consumers’ comments about strategic league development actions were of positive nature, we can conclude that the league development actions implemented had a positive influence on the consumers comprising the sample for this netnographic study.

This research makes two contributions to knowledge of the relationship between leagues and teams. First, findings indicate consumers embrace the idea that teams can develop distinctive identities. This requires leagues to divest power to teams and alter competition (franchise) contracts in terms of some team brand development actions. Second, findings provide league managers with an understanding that consumers relate league development actions to their favourite team. Hence, league development actions can be implemented to influence consumer-based team brand associations. For example changing the designated player rule allows additional star players in the league and therefore can influence consumers’ associations with the league brand and affiliated team brands. Limitations of this research are related to the focus of this research on one fan-forum of only one team within the league. Therefore, the sample size is relatively small; respondents were highly involved; and responses may be team-context biased.