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Decision-Making Process and Brands in Sport Environments

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Abstract:

Sport marketers had to increase their product sales to generate increased revenues for their organizations. Sports management contributed to the global economy through the process of decision-making and through sports brands because of its linkage to other industries such as tourism, education, technology etc. The first part of the work was focused on the process of decision-making in sport environments. The second part of the work was concerned on sports brands and their management. The aim of the paper was to offer an interesting theory-based framework and a management model useful in sport environments. The evaluation of the business model was made using a quantitative research and a cash flow analysis. By using the findings and the model proposed in the paper, managers could satisfy the needs of different types of customers and they could obtain business performance.

Keywords: *Decision-making process, Brand, Sport, Management, Performance*

1. Introduction

The sport industry is a large and fast growing industry. In a dynamic global business environment, innovation and change are essential for the sport field. Sport is „a social product and service as it is often marketed within a community of people” (Traquattrini et al., 2015, p.2). Decision-making process is a fundamental element of any sport business organization and of any sport. Nowadays, brand and branding represent one of the most important issues facing sport management.

In this paper, after approaching the knowledge of the concepts „decision-making process”, „brand personality”, „brand equity” and its components, after giving an interesting vision of the importance that these elements have in sports organizations, the authors proposed a model which helps the sports decision makers to manage their organizations and to obtain business performance. The purpose of this conceptual paper is to provide a theory-based framework especially for managers from sport industry. The evaluation of the model was realized using a quantitative research and a cash flow analysis of two sport organizations from Romania.

2. Literature Review

2.1. Decision-making Process in Sport Environments

The decision-making process has emerged as one of the most important areas of current management research. The decision-making process is very important in sport environments for a several reasons. In the field of sport there are “a number of different decision agents (coaches, referees, players, spectators, etc.), tasks such as play-calling and ball allocation, penalty kick and circumstances such as during play, timeout and switching players” (Kaya, 2014, p. 333). In sport environments, the process of decision-making has three important characteristics. Hence, the majority of sports decision-making processes are “dynamic, naturalistic (which refers to the decision-making agents especially coaches and athletes) and made online during the tasks or intense timely situation (Kaya, 2014, p. 334). In sport management the attention should be focused on coaches’ decision-making, on technical and on tactical aspects of decision-making. Even though „coaches depend mostly on their own individual experience and the observation of other coaches as sources of knowledge, it was proven that through shared experiences, the collective understandings begin to develop, meaning that professional culture of coaching starts to take formation” (Cushion, Armour & Jones, 2003, Kaya, 2014, p. 334). Technical skills represent “the specific procedures to move one’s body to perform the task that needs to be accomplished” (Martens, 2012, p. 169). Tactical skills are defined as “the decisions and actions of players in the contest to gain an advantage over the opposing team or players” (Martens, 2012, p. 170).

In sport organizations, to obtain business performance, managers should focus on strategies that include: optimizing, satisficing, maximax and maximin. Optimizing is “the strategy of choosing the best option among the identified alternatives connected with the importance of the problem, time limit, availability of resources, cost of other alternatives and the psychology of the decision maker” (Ahmed & Omotunde, 2012, p. 53). Satisficing considers the first satisfactory alternative rather than the best. In the maximax strategy, “evaluation is done and the alternative with the maximum profit is chosen as the best option. Maximin is considered to be that of a

pessimist as it considers the worst possible outcome of all alternatives and the one with the highest minimum is chosen” (Ahmed & Omotunde, 2012, p.53).

2.2. Brand Personality in Sport Organizations

The concept of brand personality has received considerable attention in marketing and sport management field (e.g. Braunstein & Ross, 2010; Carlson et al., 2009; Heere, 2010). Aaker (1997, p. 347) defined brand personality as “the set of human characteristics associated with a brand.” There are five attributes of the brand personality in sport: “wholesome (e.g. NFL quarter back Peyton Manning); imaginative (e.g. professional snowboarder Shaun White); successful (e.g. tennis star Roger Federer); charming (e.g., professional soccer player David Beckham) and tough (e.g. American football quarterback Brett Favre)” (Carlson & Donovan, 2013, p. 196). These five personality attributes have the potential to influence the consumer’s identification with the human brand. The consumers view athletes as human brands with unique personalities because of their prestige. In addition, “once consumers identified with the athlete, they were more likely to feel an emotional attachment to the athlete, identify with the athlete’s team, purchase team-related paraphernalia and increase their team-related viewership habits” (Carlson & Donovan, 2013, p. 193).

2.3. Brand Equity in Sport Organizations

Brand equity represents “a set of assets (and liabilities) linked to a brand’s name and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or that firm’s customers.” (Aaker, 1996 p. 7). There are four sources of brand equity as brand loyalty, brand awareness, perceived quality and brand associations (German & Nechita, 2015, p. 157). Sports fans represent an example of the often “extremely loyal customers who continually return and who are reluctant to switch teams or sports”(Fyrberg & Söderman, 2007, p.18). Brand awareness refers to the possibility that more people obtain knowledge of the club over a short period - one way to get a club known in a short time is if the team is in a Premier Division. Perceived quality is concerned to the brand which will resist in the long term, since the consumer’s perception of quality affects both profitability and market share. In this case, the federation or the club and its ability to deliver quality is important for sponsors and partners (Fyrberg & Söderman, 2007). Brand associations refers to that associations that arise in consumer’s memory when they are in contact with the brand. Football has launched itself as a “international sport” which is an example of how football creates associations and simultaneously differentiates itself” (Fyrberg & Söderman, 2007, p.18-19). Keller (2013) proposed six brand building blocks to obtain a powerful brand and to ensure brand identity. This blocks refers to salience, performance, imagery, judgments, feelings and resonance (German & Nechita, 2015, p. 157).

2.4. Brand Building by Sponsorship

A modern strategy to obtain business performance is using sponsorship as a brand-building tool. Sport sponsorship involves a strategic business-to-business (B2B) relationship between a sponsor and a sport entity for mutual benefit (Farrelly & Quester, 2005). Sponsorship can build a powerful brand if the sport organization follows the next steps: “mobilize its organization, provide an experience, demonstrate new products/services, create brand exposures, develop brand associations and become part of the event/consumer bond” (Aaker & Joachimsthaler 2000, p. 203). In order for organizations to locate and manage successful sponsorships, there are some keys elements that lead to an effective sponsorship according to Aaker and Joachimsthaler (2000). This element suggests to have a clear communication, to be proactive, to look for an exceptional fit, to own sponsorship, to look for publicity opportunities, to consider multiple sponsorship payoffs and to manage actively the sponsorships (Aaker & Joachimsthaler 2000, p. 223).

2.5. Sports Brand Management

The problems that exist in the process of the development of sports brands are linked with the vague market positioning, marketing methods and unreasonable development mode. The challenge situation in sport is that the value of a brand should be so strong that it does not diminish the prestige despite the absence of sporting success (Couvelare & Richelieu, 2005).

In sport, brand equity can be followed by three steps (Richelieu, 2004): defining the identity of the sport, positioning the sport and developing a brand strategy. The identity of the sports team refers to two elements: the attributes of the team and the value the team represents to its fans Richelieu (2004). Sports organizations have to “identify key elements they want the team to represent (ambition, solidarity, fighting spirit, etc.), to send a “message of meaning” to the team and at the same time to provide direction to the brand” (Couvelaere & Richelieu, 2005). For example, “the stadium or arena can withhold a great part of a clubs identity (memories of championships or dreadful defeats) and be something to help build and strengthen the identity of a sports team” (Schilhaneck, 2008, Klouman & Beljulji, 2012, p. 11). Richelieu (2004) proposed that “teams divide positioning into two dimensions namely the selection of market segments and target market and the differentiation of the brand in the market” (Klouman & Beljulji, 2012, p. 12). Developing a brand strategy refers to the branding process.

The strategy for sports brands should “concentrate on decreasing their positioning because brand positioning should be consistency and continuity, transform their business model, develop multi-channel integration operations by combing with the current e-commerce, improving the brand image by setting up the brand characteristics which are needed to pay more attention to the market research and develop new marketing modes” (Hu, 2015, p.476).

3. Research Methodology

The methodology follows some steps:

3.1. The Creation of a Business Model

The literature review offers different elements that should be taken in to account in the process of sports brand management. Based on the literature elements, the authors propose a business model.

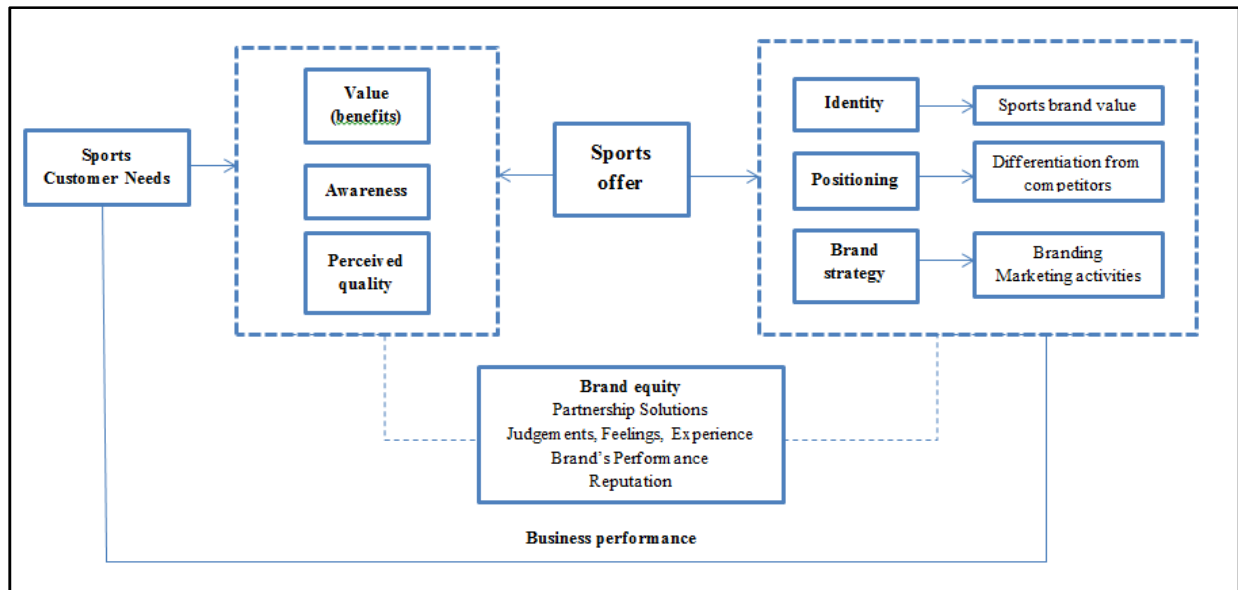


Figure 1: Sports Brand Management

(Adapted from German and Nechita, 2015, Fyrberg and Söderman, 2007)

The authors propose a model that describes the phenomenon of brand in the sport field. The model is focus on the external view (value, image, perceived quality) and on the internal brand management (identity, positioning, branding). This element should be built on brand equity (partnership solutions, judgements, feelings, experience, brand's performance, reputation). Sport marketers can use the information from this model to create the best brand strategy and to obtain business performance.

3.2. The Business Model Evaluation

To evaluate the business model, the authors made a research. The research objectives are:

1. to identify the customer's perceptions according to sport brands
2. to determinate if sport brands/branding represents a key source to obtain business performance in sport industry.

The general research hypotesis are:

1. the general research hypotesis regarding the model:
2. the majority of the consumers are influenced by the brand in their decision-making process.

3.2.1. Quantitative Research Methodology

3.2.1.1. Objectives

1. to determinate the principals needs of the customers
2. to identify if the sport brand equity influence the customer's perceptions
3. to identify if brands influence the consumer's decision/making process

3.2.1.2. The Research Design

The research design follows the next steps (Funaru, 2013, p.47; Lefter, 2004):

1. Choosing the method of research: quantitative research. Type of research: descriptive research.
2. Questionnaire design:

Types of questions used: closed questions with answers such as yes or no; open questions; questions with multiply answers.

3. Determining the sample

To determine the sample size for the random sampling, a level of error of $\pm 5\%$ was considered and a confidence level of 95%. According to the z distribution table, the value of 1.96 corresponds to these values. Due to the lack of information about the p value, it will be considered 50%, which leads to the maximum standard deviation that can be obtained for percentages (binary scale). (German & Nechita, 2015, p. 158, Funaru, 2013, p.47). The size of the sample is represented by 360 sport customers. The population of the research is represented by consumers of sport products from Romania. The research is based on customers of three sport brands: Nike, Adidas

and Lotto. They have ages between 18-35 years old, different education (high school level – 15%, bachelor degree – 45%, master degree 30%- and PHD degree – 10%), different gender (68% male and 32 % female) and different job levels (entry – 25%, intermediate – 42%, senior – 28%and lead level – 5%) from fields such as: IT, medicine, sport and economy. The questionnaire has twenty questions focused on customers` perceptions and behavior.

3.2.1.3. Data Analysis and Processing

The research was made from November till January 2016. The statistical analysis and processing were focused on “the primary data obtained consisted of the following: main questions statistics; estimation of population parameters for two important variables of the research (indicators of descriptive statistics and estimation of the population mean - for the interval scale - and indicators of descriptive statistics and estimation of the percentage - for binary scale; hypothesis testing; connection between variables” (Funaru, 2013 p.33).

3.2.1.4. Research Findings

After analysing the data from the research, there are some key points and conclusions. The results offer an interesting image of the situation regarding the customers` perceptions about sport brands.

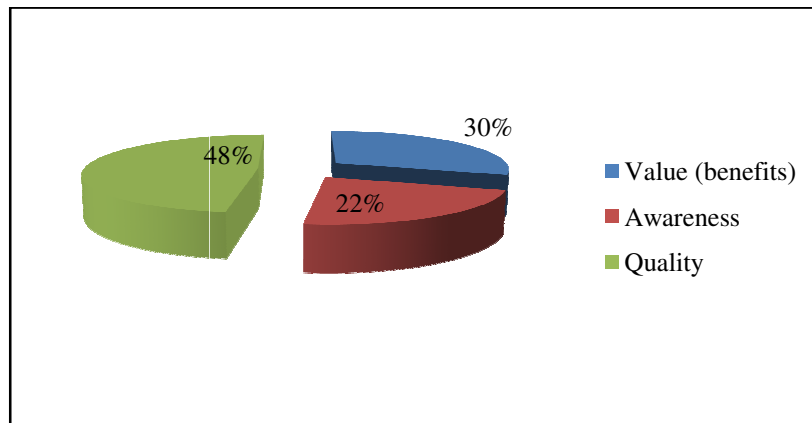


Figure 2: Customer`s principles needs in general

The figure above suggests that customer`s principles needs in general refers to the quality of the products (48%), the benefits that they can obtain by using the products of a brand (30%) and the awareness (22%).

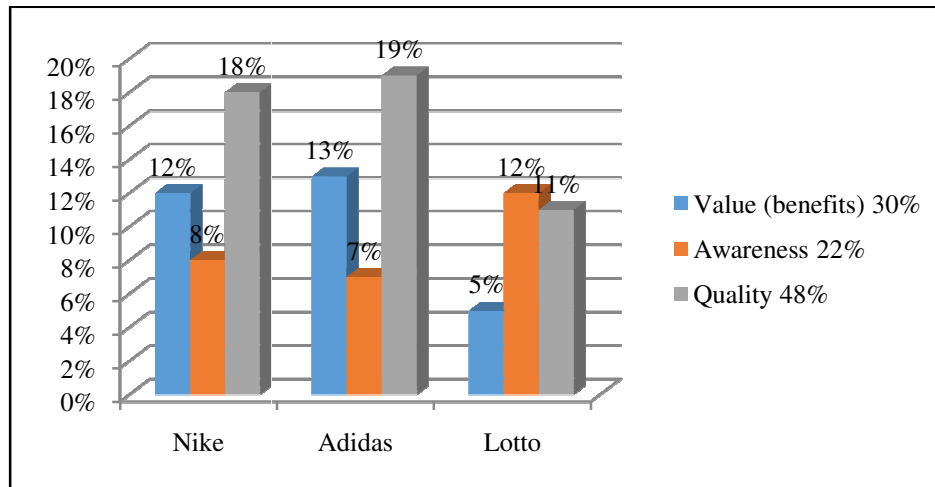


Figure 3: Customer`s principles needs regarding specific brands

In particular, customers consider that Adidas is a brand which has quality products (19%) and benefits (13%). Nike is very close to Adidas. It offers qualitative products (18%), and benefits (30%). The most awareness brand according to the respondents is Lotto (11%).

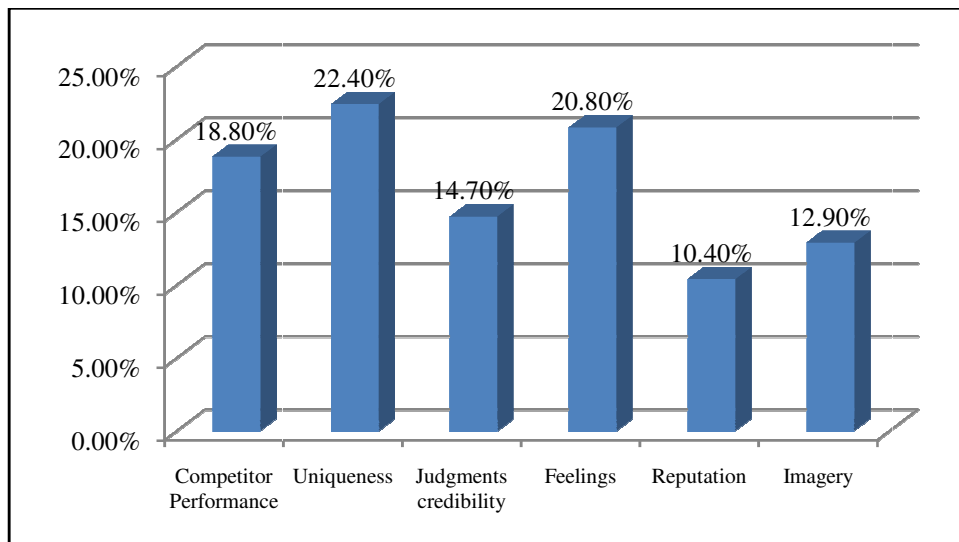


Figure 4: Customer's perception according to the brand equity

Customers are very influenced in their decision-making process by their feelings related to the brand (20.80%), the uniqueness of the brand (22.40%), the competitor's performance products (18.80%), the judgements credibility (14.70%), the imagery (12.90%) and brand's reputation (10.40%).

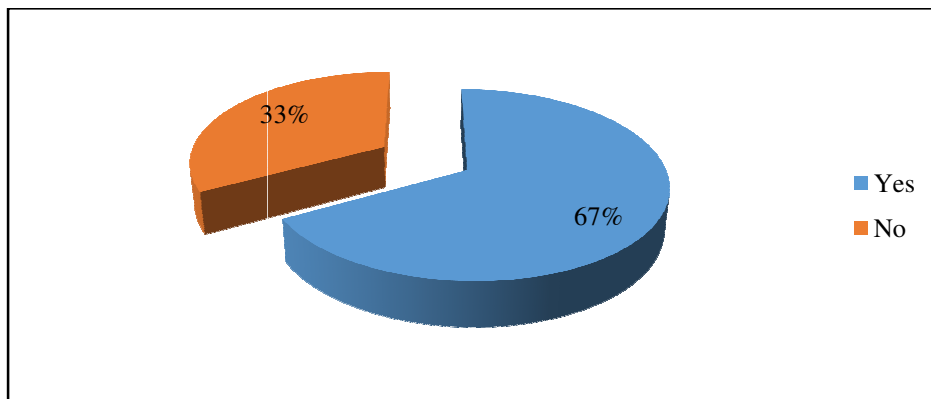


Figure 5: The influence of brand on customer's decision-making process

According to the respondents of the research, brands influence the customer's decision-making process (67%).

3.2.1.5. Conclusion of the Research

The research followed the objectives and confirmed the hypothesis. Customers are influenced by brands in their decision-making process. The elements of brand equity are very important for consumers. They are more satisfied by Adidas but also, Nike and Lotto are two powerful brands.

3.2.2. Organization Perspective

The research to test the business model proposed is continuing with the analysis of the cash flow of two sport organizations from Romania which applied the model.

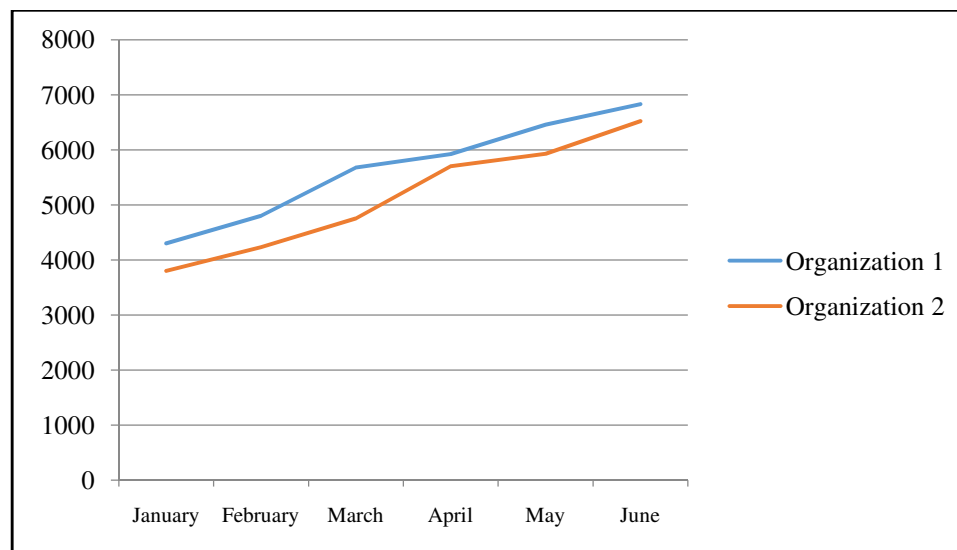


Figure 6: Cash flow after using branding in sport organizations

The figure shows that bought sport organizations analysed obtained an increase cash flow after they applied the model proposed by the authors. The results show that in a dynamic business environment, sport branding could represent a key source to obtain competitive advantage because it builds the identity of the organization, conduce to differentiation from competitors and gain business performance. Managers of sport organizations obtain business performance using brand strategies.

4. Conclusions

Managing sport organizations involves the application of various modern methods and strategies. The relationship between decision-making process and brands represents an interesting topic. Brand equity is very important to build a powerful sport organization. Also, using brand personality is a modern strategy to improve the image of a sport organization. A powerful brand is not built alone. It must have a good brand strategy. It could be realized when the fan loyalty and attachment are increased and business revenues are obtained. In sport environments, a team can build a strong brand for the organization.

The paper offers an interesting theory-based framework and a model useful for sport brand management. The model was evoluted using a quantitative research and a cash flow analysis. Applying the model proposed in the paper, managers could satisfy the needs of different types of customers and obtain business performance using elements such as brands and branding. The aim of the future research is to study and develop new innovative models for sport management and marketing that will provide considerable cash-flows and business performance. More studies will analyze the dynamic sports management and marketing practices as a result of emerging technological innovations to sustain sport entrepreneurship.

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