Feasibility Analysis for Brand Extension of IPL Franchises to Fans Belonging to Three Pshycographic Profiles Using Socializing As A Positioning Strategy

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Abstract

The current study tries to understand the feasibility of IPL franchises, diversifying into product categories such as Health Restaurants, and Health Spas, using socializing as the positioning strategy w.r.t. psychographic profiles, the research finds that "Socializing is a good positioning strategy for "Restaurants", but the same may not work for "health spas".

Key words: Brand extension, Psychographic profiles, Restaurants, Health Spas.

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1. INTRODUCTION

A recent Forbes magazine article about the National Football League states that "The NFL's 32 teams are worth, on average, $1.17 billion (each)." This can be compared to the world's top 20 soccer teams' worth of $968 million, the average valuation of Major League Baseball's 30 teams at $744 million and average worth for the NBA teams of $509 million. Apart from the extremely worthy TV deals, the teams of the NFL get huge revenue from the sale of licensed merchandise, which can include anything from t-shirts to toilet tissue with the team's logo prominently affixed etc. Best estimates on sales figures for this merchandise are around $3 billion each year. The NFL brand is another strong and popular brand. Making this well-oiled machine which can continue to print money requires a lot of people and talent. NFL Properties staff is composed of hundreds of marketers, licensing experts and many attorneys. It works with its board of directors, 32 team owners , to rigorously maintain the integrity and uniformity of the NFL brand. Why? This brand has some of the best-known logos, mascots and merchandise in the sporting world and the league wants this cash cow to remain pristine. However, managing a brand can be a very tricky thing, especially when it involves a group of customers – the NFL fans – who are the outrageous, passionate and loony renegades in the world.

2. LEAGUES AND LEAGUE SYSTEMS

"League" and its synonyms may be used to encompass either a single competition or a related group of competitions. In the United States, leagues are often divided into sub-divisions on historical or geographical lines. These may be referred to as conferences or divisions, as with the National Football Conference and American Football Conference in the National Football League, or the Eastern and Western Conferences of the National Basketball Association and National Hockey League. The NFL's "AFC" was formed largely from the remnants of the American Football League, though it also contains three original NFL teams and three expansion teams. In other parts of the world, especially in association football, where promotion and relegation is common, the term "league" may be used to refer both to a league system, a group of leagues that are tied together in a hierarchical fashion by promotion and relegation and to the individual leagues within the league system. For example, the Football League in England and the Bundesliga in Germany are both association football league systems.

*IPL :*The Indian Premier League is a Twenty20 cricket tournament which started in 2008 in India. Twenty20 cricket was first introduced at a competitive level by the England and Wales cricket board in 2003 but the IPL is largely credited with being the institutionalizing the format of the game onto the world stage. The IPL was initiated by the Board of Control for Cricket in India (BCCI) and has been enormously successful. The annual tournament is played in the months of April and May has been globally popular since launch. There are a total of eight franchises that play in the IPL (in brackets original cost of franchise in $/million): Chennai Super Kings, CSK (91) Delhi Daredevils, DD (84) ,Kings XI Punjab, KXIP (76) ,Kolkata Knight Riders, KKR (75.1), Mumbai Indians, MI (111.9) ,Rajasthan Royals, RR (67) ,Royal Challengers Bangalore, RCB (111.6), Sunrisers Hyderbad, SRH (159).

3. LITERATURE REVIEW

According to Campbelletal (2002) Brand extension is an attempt by the companies to leverage consumer recognition into a successful new product and service offerings. In the business of

sports , brand extensions have been limited to physical products, like energy bars by Gatorade or clothing by National Football League (NFL). Off late, sport leagues have started to leverage their intangible product- the entertainment of the game to create brand extensions in the form of new sport leagues. Introduced by **Park et al. (1991),** the criteria for analyzing these types of extensions has two main dimensions: 1) product feature similarity and 2) brand concept consistency, referring to the degree to which the original product's abstract meaning is passed on to the brand extension. Following a summary and evaluation of the WLAF and NFL Europe products, the authors offer strategic suggestions to other leagues considering similar brand extension endeavors **Sion et al (2010)**, the paper reports on a preliminary study of the application of line and brand extension strategies by Football Association Premier League football clubs. It looks initially at the factors which have led clubs increasingly to consider extending their lines and their brands. This context has a range of issues that should be considered before successful line and brand extension in football. In their article **Bhattacharya (2007**) focuses on the growing spa industry in India. It states that the industry has been attracting the attention of both domestic and international consumers. Consumer awareness about concepts of beauty and wellness, rising demand for exclusive and customized beauty and wellness services that only offered in spas are the prime reasons for increase in demand and the interest of consumers in experiencing Indian ayurvedic and herbal therapies. In their article **Edward et al (2006)** present information on new group tours promoted by the tour operator Cox and Kings for its **India** 2007 programme. The tour operator is targeting a **growth** rate of around 15%. According to Simon Grove, product manager for **India** and the sub-continent, the available product needs to be expanded to meet the increasing demand. Attractive destinations in **India**, Nepal and Sri Lanka have been featured in the programme. The tour will feature the Ananda Spa, **India**, one of the best **spas** in the world. There are reports on the effort of sandwich chain **restaurants** in the United States seeking to **grow** through **health**-focused items and marketing. In their article **Simon et al (2009**) features two **spas** in **India**. The Kaya Kalp boasts a 25-meter lap pool surrounded by fruit bearing trees and relaxing areas intended for its guests. It then notes that Himalayan retreat.

4. OBJECTIVES

The objectives of this work are as follows:

- To identify two business models which IPL fans would relate to socializing.
- To identify whether IPL fans belonging to three psychographic profiles consider restaurants as a socializing place.
- To identify whether IPL fans belonging to three psychographic profiles consider Health spas as a socializing place.

5. RESEARCH DESIGN AND METHODOLOGY

Donald & Schindler (2007), research methodology typically involves a full breakdown of all the options that have been chosen in order to investigate something. This would include the procedures and techniques used to perform the research, as well as any of the terminology and explanations of how these methods will be applied effectively. In this paper, Researcher embraced

both exploratory qualitative and Survey based Quantitative approach. For identifying which business models can be suitable for brand extension by IPL franchise owners, specifically taking into consideration "socializing" as the positioning strategy. An Focus Group Discussion (F.G.D) was conducted with Eight IPL fans in Mumbai restaurants and health spas were selected as outcome. Second level of data collection included data collected through questionnaire from IPL fans belonging to three psychogrpahic profiles "experiencers", "strivers" and "strugglers". Categorizations was done on the basis of operational definitions provided on the questionnaires. Respondents were asked about their opinion about their agreement on socializing at restaurants and health spas.

Segments restaurant_socialint Crosstabulation Count									
Particulars		**restaurant_socialint**							**Total**
		1.00	**2.00**	**3.00**	**4.00**	**5.00**	**6.00**	**7.00**	
Segments	Experiencer	4	7	7	4	3	1	0	26
	Striver	4	3	8	4	3	2	2	26
	Struggler	4	0	0	11	8	4	0	27
Total		12	10	15	19	14	7	2	79

From the above table we can see that a majority of a experiencers and strivers are between strongly agree on this particular variable. Whereas there was a majority of strugglers from neither agree nor disagree and towards strongly disagree. Hence, we can suggest that Experiencers and strivers have more preference towards socializing in restaurants as compared to strugglers.

From the above table we can deduce that

Chi-Square Tests			
Particulars	**Value**	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	29.485	12	.003
Likelihood Ratio	36.471	12	.000
Linear-by-Linear Association	7.545	1	.006
N of Valid Cases	79		

H0 : the two variables types of segments and Restaurant socialization are independent of each other .
When we run a chi-square test for independence we can see that pearsons chi square value at 5% level of significance is .003 when we compare this value with alpha value 0.05 we see that significance value is lower than the alpha value hence, we reject the null hypothesis and conclude that the two variables are dependent of each other. Hence, it can be suggested that IPL franchises go for brand extension with "Socializing" as a positioning strategy and set up IPL franchise named restaurants as a lot of fans would consider it for socializing.

Segments * spa_socialint Crosstabulation Count							
Particulars		**spa_socialint**					**Total**
		2.00	**3.00**	**4.00**	**5.00**	**6.00**	
Segments	Experiencer	3	4	7	7	5	26
	Striver	3	6	3	7	7	26
	Struggler	4	4	8	7	4	27
Total		10	14	18	21	16	79

From the above table we can see that a majority of experiencers and strivers and struggler are towards neither agree or disagree or towards this agree side. Suggesting that all three segments agree on the above statements.

Chi-Square Tests			
	Value	**Df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	3.960	8	.861
Likelihood Ratio	4.181	8	.840
Linear-by-Linear Association	.197	1	.657
N of Valid Cases	79		

H0 : *the two variables types of segments and SPA socialization are independent of each other* .When we run a chi-square test for independence, we can see that pearsons chi square value at 5% level of significance is .0861 when we compare this value with alpha value 0.05, we see that significance value is higher than the alpha value hence we accept the null hypothesis and conclude that the two variables are independent of each other. Hence, it can be suggested that health spas are not considered as socializing places for IPL fans and hence can not be considered for brand extension on " Socializing" as a positioning strategy.

Reliability Analysis: Reliability Statistics

Cronbach's Alpha	N of Items
.727	2

Item-Total Statistics				
	Scale Mean if Item Deleted	**Scale Variance if Item Deleted**	**Corrected Item-Total Correlation**	**Cronbach's Alpha if Item Deleted**
loyalty_restaurant	3.3205	2.221	.574	-
loyalty_healthspa	3.4487	1.861	.574	-

Reliability analysis for Scale was carried out to understand the reliability of scale. Reliability for Scale can be defined as a measure how a scale can be used to produce similar measurement every time we use the scale analysis. SPSS 20 was used to carry out reliability analysis. According to Churchill (1979), coefficient alpha for standardized item and item-to-total correlation needs to be considered to assess the quality of an instrument. First, coefficient alpha was examined separately for the constructs in the current study to see if the respective values exceed the recommended level of it is 0.70 or 70. (Nunnally & Bernstein, 1994). Second, item-to-total correlation was also

used as the criterion in deciding whether to discard an item. Generally accepted rule of thumb suggests that the item-to-total correlations should exceed 0.50 (Hair et al., 1998). Nargundkar (2007) If the Alpha Value for Scale is 0.7 or more, it is usually considered to be a good scale. If the item to total Correlation for an item is low you can consider to drop an item from scale. In our out put for Reliability Analysis we are examining the Scale which has 2. What we find is that scale reliability is 0.727. If we see item to total correlation we find that the item to total correlations is 0.574 for both items. Hence it passes the reliability.

6. MAJOR FINDINGS AND RECOMMENDATIONS

- "Socializing" is a good positioning strategy for Brand extension of IPL franchises , specifically w.r.t to restaurants for the fans belonging to three psychographic profiles .
- "Socializing", may not work as a good positioning strategy for Brand extension of IPL franchises , w.r.t. Health spas for fans belonging to three psychographic profiles.

*Limitations of Research :*The research suffers from limitations of sample size and sampling process as convenience sampling was used to collect primary data , further only Pshychographic Segmentation is taken into consideration without taking into consideration demographic data specifically income group , this is the biggest limitation of this research.

Future Scope of this Research: Research can be done on the same topic taking into consideration Income group, that will involve both demographic and psychographic segments. It is true representative of the customers.

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