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European Journal of Experimental Biology, 2012, 2 (5):1529-1533



# Determination of Brand valuation standards of football super league clubs of Iran

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## ABSTRACT

*The purpose of this study to describe brand valuation metrics was the Iranian Premier Football League. The research method was survey. The statistical population of the research contained three groups of players, coaches and assistants and CEOs or their deputies that made up 568 subjects. According to Morgan table the sample for the three groups was respectively, 225 Players, 32 coaches and 17 executives. Measuring tool was the researcher developed questionnaire that measured brand valuation parameters using Colin Bates method. Validity and reliability of the questionnaire was confirmed. Results showed that such parameters as stability criterion, increased brand strength with longer history was the most significant ( $\chi^2=290.59$ ); in profitability trend parameter the number of Asian Cup titles ( $\chi^2=195.5$ ) the criteria for quantifying the importance of their support ( $\chi^2=380.33$ ); geographical spread of clubs and the club's brand being incomparable with those of similar clubs ( $\chi^2=11.52$ ); the value of leadership roles with market leaders in club's brand strength ( $\chi^2=54.88$ ) Protective measures requirements for club's copyright ( $\chi^2=73.41$ ) and market's role in determining brand strength were most important in brand evaluation. Also the results showed that among all effective components in brand evaluation the most important one was "support".*

**Keywords:** Brand, Evaluation Criteria, Premier League, Football

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## INTRODUCTION

The term "brand" covers multiple meanings. At one end of the spectrum, brand means name, LEGO, Symbol, identity and trademark and on the other end in includes all other tangible and intangible characteristics on which a business depends. Researchers use various local and international branded products to measure brand equity. Calculating brand equity enables the company senior executives to assess the strengths of their brand, explore their brand value over time to and develop their intended marketing strategy[13]

Nowadays brand name is merely an efficient tool in the hands of executives, brand name is a strategic imperative that helps organizations to create more value for customers and also create sustainable competitive advantages[11]. A powerful brand brings a myriad of advantage for service organizations; such as greater customer loyalty, increased power in critical situations, higher profit margins, more positive response by customers to price changes, the benefits of selling the license to use the name and logo and development opportunities [12].

Brand equity is considered to be a very important concept in academic researches on business activities, because a successful brand can create competitive advantages; brand management is located in the heart of brand equity[6]. For centuries the corporate value was measured by land, buildings and tangible assets (such as lawn field, office

equipment, etc.). It was quite recently that we realized that the real value is outside the company and in customers' mind as the source of brand equity [11,8] In the early '80s, American marketing executives used the term brand equity for the first [3], later the term was also used by scholars; Leuthesser in 1998, Farquhar in 1989, Aaker in 1991, Ambler in 1993. From the late 80's due to the advent of philosophy of values-based management, brand equity - both in theory and in practice - became one of the important concepts in marketing management arena. The need to measure brand equity, led to creation of many models in different parts of the world. By 2005 more than 300 different models had been established. Most of these models focus on consumer and customer's viewpoint [4].

In spite of the different perspectives on the definition of brand equity, most experts believe that brand equity explains the difference of outcomes resulting from marketing a product and service with a brand from a product and service without a brand [10] Aaker defined brand equity as a set of assets and obligations that are associated with the name and symbol [1]. The main assets include brand awareness, brand associations, perceived quality of the brand, and brand loyalty [2] Kevin Keller defines brand value from a customer-centered approach and considers brand equity of a customer oriented brand as having a different effect from brand awareness on customer response to marketing programs [8].

Models of brand equity consider brand equity from different perspectives. Six models are the most famous and most frequently used are: Brand Asset Valuator Model, Aaker Model, Brands Model, Brand resonance, Brand Equity Trend (Equitrend), and Internbrand [16,9].

In this study, Colin Bates evaluation model is used. This model is used by Interbrand International Company and its valuation consists of seven components.

- Stability: Creating a long term brand in the market which is due to the depth and loyalty.
- Leadership: Having dominance and a strong share in the market
- Profit Trend: TV broadcast right strengthens the brand.
- Geographic Spread: international brand names are stronger than national and regional ones.
- Safeguarding and protection: full protection of a brand and making use of copyright law represent the final component of the strength of a brand in Interbrand model.
- Market: the consumer preferences are most important.
- Support: it is more about the sponsors.

Sports enterprises especially professional football clubs, are increasingly faced with financial crises; the economic costs cause the executives of sports enterprises and clubs to transfer their rights when establishing or revamping their stadiums or hiring well-known players and coaches, or seek financing from other sources [6]. Generally speaking Iranians consider gaining revenue and profit from a brand an unattainable dream. This view is rooted in the tendency toward cost management (saving in allocations) rather than income management in the firm. So also from this perspective as well as others brands are disregarded.

Considering that this study seeks to determine the brand evaluation criteria in Iranian premier league football clubs, the researcher seeks to answer this question "what are the brand evaluation criteria of the Iranian premier league football clubs and how are they determined?"

Upon the club's entry into the trade arena, the tendency of investors to invest in the sports industry further escalates. In such a situation, adoption of modern, professional and reliable techniques in running the club and respecting the rights of investors has become more indispensable than ever before. However this should be deliberated with due attention to the experiences of other countries and based on understanding the manner of ownership, management, supervision, financial performance quality of sports clubs in addition to identification of conditions governing the country's sports system. Using these methods and adopting special measures to enhance revenues and reduce costs of clubs promises a positive vision of the sports industry in the future. So to realize this vision, infrastructural actions are to be taken for privatization of professional clubs [7].

In a paper in Forbes Magazine John Akasi states that companies and proprietors of brand names can gain numerous benefits and grow faster regardless of their size and the number of factory workers from investments in these areas. These are all the factors that are important in the capital market and come to notice through an increase in the company's stock prices and the rate of return [14]. Given the above it seems necessary to take fundamental actions with respect to the indirect and intangible assets.

## MATERIALS AND METHODS

Given the main objective of this study that is to determine the brand evaluation criteria in the Iranian premier football league clubs, the most appropriate way to do this research, is survey research. The statistical population includes three groups: first group is players group (n=514 p), group two is coaches and assistants group (n=36) and the third group, the CEO or their deputies (n=18) and all of them work in the Iranian premier League in 2011-2012 and the data are according to statistics obtained from the Iranian football league organization. Research sample consists of 225 players and 32 coaches and 17 executives according to the Morgan's sample size determination table. The research tool is researcher developed questionnaire consisting of 57 multiple-choice questions with five choices and for formal and substantive validity experts and professors of management and planning in physical education were consulted and for factor analysis through a survey the league coaches and players were asked in a preliminary study to rate the importance of the proposed factors in brand evaluation of the clubs. Factor analysis was performed on this data of the main components type. KMO test was fairly reasonable and was identified after the rotation of the factor load of the main components with the sub-components, and the less effective questions were removed from the questionnaire. The final coefficient was calculated through Cronbach's alpha reliability coefficient the value of which is  $\alpha=0.75$ .

## RESULTS AND DISCUSSION

Table 1 variable Correlation Matrix

Variable	stability	Profit Trend	Support	Geographic Spread	Leadership	Safeguarding and protection	Market	Club's Brand Value
stability	1							
Profit Trend	0/856**	1						
Support	0/726**	0/926**	1					
Geographic Spread	0/833**	0/863**	0/768**	1				
Leadership	0/876**	0/881**	0/806**	0/857**	1			
Safeguarding and protection	0/908**	0/891**	0/794**	0/836**	0/863**	1		
Market	0/902**	0/708**	0/519**	0/710**	0/729**	0/841**	1	
Club's Brand Value	0/937**	0/971**	0/897**	0/902**	0/929**	0/948**	0/814**	1

\* Significant at 0.01 (two-domain test)

\*\* Significant at 0.05 (two-domain test)

If the significant correlation coefficients are within (0 - ± 0.3) the correlation will be weak and if they are within (±0.3 ± - 0.6) the correlation will be moderate and if they are within (±0.6 - ± 1) the correlation will be strong. It must be mentioned that the direction of the correlation is determined by the sign of coefficient so if the correlation coefficient between two variables is positive relationship between two variables is direct and positive and if it is negative relationship between two variables is negative and reverse.

Table 2: Effective Components in Brand Evaluation

Components	Average rating	Rating
Support	4/99	1
Profit trend	4/95	2
Market	4/01	3
Safeguarding and Protection	3/89	4
Stability	3/84	5
Geographic expansion	3/70	6
Leadership	2/62	7

Chi-square=588.744 | df=6 | Sig=0.000

Table 3: Impact of criteria constructive statements in brand evaluation

Criteria Constructive Statements	Stability criterion	Profit Trend	Support
Clubs' Increased Brand Strength with longer background	chi-square=290/58 sig =0 ۽ df =8	-----	-----
Importance of the number of Asian Champions League Titles	-----	chi-square=195/5 sig =0 ۽ df =13	-----
importance of the quantity of support of club's brand	-----	-----	chi-square=380/33 sig =0 ۽ df =13

The results of following table show that the test value is (Chi-square=588.744) which is at an error level smaller than 0.01 of significance. I must be said that speaking there is a statistical difference between the effective

components in the evaluation with 0.099 confidences. Of course according to the results obtained from following table the average “support” component is 4.99, which represents the most important component in brand evaluation.

**Table 3 continued: Impact of criteria constructive statements in brand evaluation**

Criteria Constructive Statements	Geographic Spread	Leadership	Safeguarding and Protection	Market
Incomparability of the Club’s brand with those of similar clubs	chi-square=11/52 sig =0/210 ∫ df =4	-----	-----	-----
Valuable role the market leader in brand strength	-----	chi--54/88 square sig =0 ∫ df =4	-----	-----
Copyright law governing requirement of the club’s brand rights	-----	-----	chi-square=73/41 sig =0, df =5	-----
Important role of supporters in determining brand strength	-----	-----	-----	chi--31/96 square sig =0, df =4

According to the results of Table 3 and the obtained value of chi-square tests that is at error level smaller than 0.01 significance, it must be said that there is 0.99 statistical differences between impact criteria constructive statements in brand evaluation and in the statements mentioned in the table has the most importance in evaluating the intended brand.

### CONCLUSION

Brand valuation of the Iranian premier league clubs which was studied in a model adapted from Colin Bates model in this study, includes seven sub-scales which are stability, leadership, profit trends, geographic spread, safeguarding, market and support and the findings suggest that there is a significant correlation between the subscales and brand valuation. In studies conducted by researchers such as [5,7,15] evaluating brands in sports like other brand names could be valuable and such parameters as players’ names, brand associations are regarded as fan-related factors and their commitment to the team’s brand, so having domination and a strong market share, TV broadcast rights, having international brand names, strong protection of copyright laws, attention to consumer preferences and support of the sponsors are effective criteria in brand strength of its evaluation.

Also according to Table 2 among the effective components in brand evaluation “support” was observed to be more important than other components. According to Football Federations, sponsors’ share is increasing each year, and according to reliable sources it has reached from 1 Billion Rials in 1998-99 to the 12 billion Rials in 2002-04, was divided in accordance with regulations among Azadegan League and Premier League clubs (Football Federation, 2002). Sponsors have provided source of earnings in Italian Football League (Calcio), 14% (approximately 150 million pounds), in Bundesliga (Germany) 26 percent (approximately 250 million pounds), in the French league, 20 percent (approximately 130 million pounds) in the Japanese league 3584 million yen, so it is proposed that measures should be taken concerning support strategy and maintaining good relations with sponsors.

Table 3 results that show the impact of brand evaluation criteria constructive statements increases in stability criterion and Club’s brand strength as it gets old. Clubs that are very old and it has been years since their establishment have a strong brand and enjoy more stability. Older clubs can greatly influence fans’ minds. In profit trend the club’s titles in Asian champions league can raise the club’s strength; in Iran the clubs ranking in the Asian Championship are can be a benchmark in evaluating the club’s brand and strengthen the club’s brand. In support, the quantity of support of the club is most important. Supporters and sponsors of the clubs will play a key role in the brand. In this case, the results in Table 2 that were described previously the levels of support of the clubs by sponsors were very different with Iranian clubs in terms of figures, which is due to the role of public relations in the management of clubs. It seems that public relations in the Iranian Premier League clubs do not operate professionally and it is recommended that club officials act professionally in this area sport and the role of public relations in relation to attracting sponsors should be managed competently.

As to geographical spread, incomparability of club’s brand with those of other clubs is greatly important. If you look at Iranian and European football clubs, in terms of geographical spread international brands are stronger than national and regional brands. Clubs like Manchester United, Real Madrid and ... have stepped beyond national and regional brands and have supporters from around the world. With respect to Iranian football clubs such a situation should be planned and brand management in this area can be effective. As to leadership, the role of market leadership in brand strength is the most important; having domination and a strong market share is a function of this criterion. As to safeguarding and protection, the requirement of laws governing clubs’ copy right is most important. As to brand counterfeiting there are good legislations in the area of trade, but it is poorly practiced with respect to brand counterfeiting in the area of sports and sports brands are easily subject to counterfeiting while there is no

reasonable perusal of such offenses so in this area it is recommended that legislators perform expert work about the counterfeiting of sports brands. The last component in brand evaluation that which is the impact of the constructive statement related to the role of fans in determining brand strength; supporting Iranian Premier League teams is well organized and fans can be regarded as the guarantee to the brand name. Identification of fans' tastes and desires is very important and it is recommended that this capacity should be utilized. Clubs' executives should have on strategic planning concerning fans, because when fans are considered customers, measures should be taken for customer satisfaction. In general, executives of football clubs should be able to strengthen their intangible assets using different methods and gradually decrease their dependence on the government, and add their brand to their assets as a tangible asset.

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