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Modelling the Effect of the Competitive Environment on Brand Performance of the Sports Goods with the Mediating Role of Marketing Strategies

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ABSTRACT

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The aim of this paper was to investigate the effect of the competitive environment on brand performance of the sports goods with the mediating role of marketing strategies in Iran. The statistical population of the study consisted of managers, staff, distributors, shop assistants, manufacturers of Iranian sports goods and sport products in Tabriz. 150 subjects were studied through total sampling approach and completed the questionnaire. Structural equation modeling were conducted for data analysis. The results showed that: a) there is a positive and significant relationship between competitive environment and brand performance, b) there is a positive and significant relationship between competitive environment and the marketing strategy, and c) there is a positive and significant relationship between marketing strategies and the brand performance. The findings also demonstrated that the research model has an appropriate fitness.

Introduction

The position of the brands in the industry determines its profit generation. Creating and maintaining a proper position among competitors depends to the firms' ability to maintain a competitive advantage in the market. One of the key factors in obtaining a competitive advantage and ensuring the long-term survival of companies is creating a strong brand (Dehghani et al, 2019). While performance can play an important role in brand positioning, marketing strategy and competitive environment can also be regarded as two critical factors that influencing brand performance.

A competitive environment can be defined as dynamic external system in which a market works. The more competitors of a similar market, the more competitive the environment in which you work.

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Getting success in a highly competitive environment, requires great attention to product marketing and the efficient use of marketing strategies. The existence of a diversity of products and the growing demands of customers require continuous activities on behalf of manufacturing companies to match these demands to their products (Rezaei and Gharibnavaz, 2015). Moreover, to exist and grow in a competitive market, one must have a competitive advantage over the competitor. According to Porter, a competitive strategy is establishing a strong and profitable position for brands (Hong, 2008). Looking at the changing environment implies intense competitive environments and a diversity of goods and services, a mass of information and relationship, and an excess of production in the markets. The question that comes to mind is "In this situation, what is the secret of the survival of organizations and companies?"

Having marketing strategy for sport good manufacturers is significant. Without efficient marketing strategies, the companies cannot establish their position in marketplace. Porter's model is one of the well-known models introduced in marketing strategy domain. This model includes cost leadership strategy, differentiation strategy, and centralization strategy. The two strategies of cost leadership and differentiation aim to get the whole market and the centralization strategy aims to get a specific part of the market. Having an efficient strategies help companies to show an effective reactions against the environmental uncertainty (Alegre and Chiva, 2008). Every company and organization that competes in the markets has explicit or implicit approaches for the development of marketing strategies. Marketing strategy establish a road map for creating an attractive image for brands that may ultimately results in improvement of brand performance.

The performance of brand refers to the success of a brand in the market and aims to assess the strategic successes of a brand (Ho and Merrilees, 2008). Many scholars introduced performance with two dimensions including the brand market performance and brand profitability performance. Brand profitability performance refers to the financial share of a brand the brand market performance considers the market demands and examines the features such as sale levels and market share (Baldauf et al., 2003). In order to improve brand performance, managers should create harmony and propriety between the company and the external environment. Brand performance shows the success and competition of a brand among other brands in the market. There are different indexes to measure brand performance, for example, to evaluate brand performance, Wong and Merrilees (2008) have introduced three criteria including brand awareness, brand image, and loyalty to brand. Also, the sales volume of the brand can be measured by criteria such as the amount of brand customers and also the amount of people buying from other brands (Rastegar et al., 2016). From the other side, research has shown that organizations with strategic management achieve more and higher performance. Researchers argued that organizations following a clear strategy, perform better in comparison to organizations that do not have a specific strategic orientation (Saniei, 2012). Many international companies such as Nike, Adidas, Reebok, Benton, Filla, etc. which are famous brands, have an important role in the fields of trade and production of sports goods (Gholamzadeh, 2016). These multinational companies are active not only in international trade activities but also in foreign activities in many international markets that make a lot of money for the national economy and also develop employment in their own countries and in other countries. The largest share of gross domestic product (GDP) in the sports part is produced by Hong Kong trading companies in the global market of sports goods (Fakhri, 2017). The sports goods market is considered as one of the markets that has capabilities for development and has shown considerable growth over the years. Different socio-economic criteria affect market demand in this industry. First, sports goods and products are leisure products, and the subject of leisure is primarily related to the individual. Also, the process of globalization, the emergence of the world trade organization, the unification of global markets, and highlighting the role of the sports industry as an influential industry in the world. On the other hand, due to the increasing pressures of economic sanctions in Iran, the necessity for development of non-oil industries is growing. According to the growing tendency of people to sports events and sports goods, it is necessary to examine factors playing critical roles in developing sport markets. The present study seeks to provide practical tip in the field of the performance of the sports goods brand and its strategies to become a well-known brand in the domestic and international markets. This study

can help managers and researchers to increase their understanding of the brand performance creation in sports good markets. Moreover, this study help the companies to try new approaches to improve brand performance with a broader perspective. This study was set up to investigate the effect of the competitive environment on brand performance of the sports goods with the mediating role of marketing strategies in Iran.

Methodology

This study was a practical survey research. The statistical population of the study consisted of managers, staff, distributors, shop assistants, manufacturers of Iranian sports goods and products in Tabriz. 150 subjects were studied through total sampling approach. Thus, 150 questionnaires were distributed among managers, staff, distributors, shop assistants, manufacturers. The research tools were three questionnaires including Porter marketing strategies (2003), brand performance (2000), competitive environment (2005). The Porter's marketing questionnaire (2003) includes questions about Porter's three competitive strategies (differentiation, centralization, and cost leadership), the questionnaire consists of 27 items. The brand performance was evaluated using Prasad and Dev (2000) brand performance scale. Bennett (2005) questionnaire including 18 items was used for measuring competitive environment and market orientation. Sports management professors and experts confirmed the validity of the questionnaires. Moreover, the reliability of the questionnaires was evaluated through alpha-Cronbach test that was found to be 0.77, 0.75, and 0.81 respectively. To test the hypotheses, structural equation modeling were conducted by using AMOS 22 and SPSS 20 software.

Findings

Descriptive findings of the study showed that 79% of participants were male and 21% were female. It was also found that 54% of the participants had an associate degree or bachelor degree and 15.3% had a master degree or doctorate. Among the participants, 30% of them were shop assistants and 5.3% were managers of the production company. In terms of experience, it was indicated that 38.7% of the respondents had 11 to 15 years and 10.7% of them had less than 5 years of experience. Finally, it should be mentioned that 45% of the respondents were exporters, of which 24% exported to other cities, 14% to other provinces, and 7.3% to other countries.

Structural equation model was used in order to investigate the effect of competitive environment on marketing strategies, and brand performance and marketing strategies on brand performance. In this model, the competitive environment is considered as independent variable (endogenous), brand performance as dependent variable (exogenous), and marketing strategies as mediator variable. The proposed model of the research has been given in figure 1. According to the indexes of the model fit shown in Table 1, the research model has a good fitness. The results of research hypotheses has been demonstrated in Table 2.

Table 1. Indicators of model fit of relationships between marketing strategies, competitive environment and brand performance of sporting goods

fit indexes		Ratio	Criterion	Interpretation
Absolute	(χ^2)	3245.122	---	---
	df	1284	---	---
	the ratio of Chi-square to the degree of freedom (χ^2/df)	2.527	1 to 3	good fitness
	P Value	0.085	More than 0.05	good fitness
comparative	goodness of fit index (GFI)	0.907	More than 0.9	good fitness
	Tucker-Lewis index (TLI)	0.932	More than 0.9	good fitness
	Bentler-Bount index (BBI)	0.917	More than 0.9	good fitness
	comparative fit index (CFI)	0.909	More than 0.9	good fitness

Parsimony	root means square error of approximation (RMSEA)	0.078	Less than 0.1	good fitness
	parsimony normed fit index (PNFI)	0.73	More than 0.5	good fitness

Since test of the model of relationships among marketing strategies, competitive environment, and brand performance of sports goods has a good fit, fit indexes were used. In modeling structural equations with emphasis on AMOS software, in order to determine the fit of the model, three fit indexes including absolute, comparative, and parsimony should be used. According to the results of Table 1, the ratio of Chi-square (χ^2) of 3245.122 to the degree of freedom of 1284 is equal to 2.527. This value can approve the model since it is between 1 and 3. Also, the significance level is 0.085, which is acceptable since it is more than 0.05, and the model is approved. The goodness of fit index (GFI) is 0.907 which shows the acceptability of this value for ideal fit of the model. The value of root means square error of approximation (RMSEA) which is another index of goodness of fit is 0.078 which is acceptable considering that it is less than 0.1 and indicates the approval of the model of the research. Other goodness of fit indexes for structural equations are as the following, the value of the Tucker-Lewis index is 0.932 (TLI); Bentler-Bount fit index is 0.917 (BBI); the comparative fit index is 0.909 (CFI), and the parsimony normed fit index is 0.703 (PNFI), which all are representations of the ideal fit and model approval.

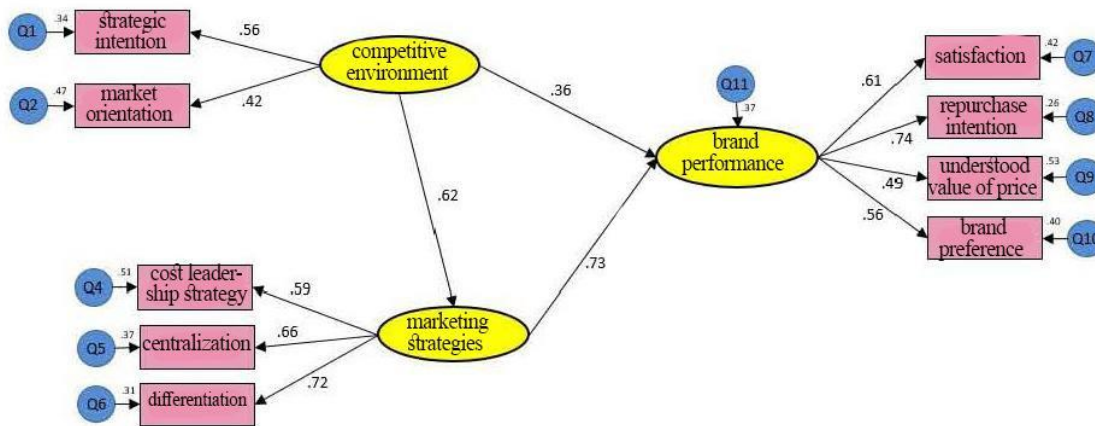


Figure 1. Structural Model of relationships between marketing strategies, competitive environment and brand performance of sporting goods

Table 2. The effect of competitive environment on brand performance mediated by brand marketing strategy

Variable	The effect of variable			
		Direct	Indirect	
marketing strategies	-->	brand performance	0.73	
competitive environment	--->	brand performance	0.36	
competitive environment	--->	marketing strategies	0.62	0.45

* $p < 0.01$.

Table 2 shows the direct and indirect relationships of research variables involved in the research model.

Discussion and Conclusion

Identifying the influential factors on brand performance is a key issue in the field of brand positioning. As a result, in order to achieve a proper brand performance, managers have to pay attention to the position of industry and the external environment and they also have to try to create coordination between the internal and internal environment (Hasani et al., 2013). Looking at the current situation of the sports industry, the importance of branding as a process of creating competitive advantage is of great significance. This study demonstrated the significance of competitive environment and the marketing strategy in explaining the brand performance of sports goods.

The results showed that there is a significant relationship between the competitive environment and the brand performance of Iranian sports goods. Findings of the present research are consistent with the findings of the research done by Asadzadeh et al. (2013), Okas and Lim (2011), Panigirakis and Theodoridis (2007), Kim (2003), Divandari et al. (2008), Doaei and Bakhtiari (2007), and Sanobar and Khatami (2010). Over the past half century, progresses in information systems have created competitive information that is really influential. Uncertainty and environmental changes have influenced sports production companies and can be effective on the brand performance. Market orientation and strategic intention are aspects of competitive environment, focus of producers on these concepts can provide a proper performance for sport goods.

The finding also showed that there is a significant relationship between marketing strategies and brand performance of Iranian sports goods. Regarding this finding, the results of this study are consistent with the results of Qayyumi and Wasefi (2015), Rezaei and Gharibnawaz (2015). Marketing strategies involve cost leadership strategy and differentiation strategy, and centralization strategy. Considering these strategies helps sport companies to improve their sport goods. Karampour et al. (2012) found that companies that apply strategic proceedings of cost leadership and differentiation simultaneously, achieve better performance. Doyle (2000) believes that the success of a business in a wide range of industries is affected by the brand performance (Dechernatony et al., 2004). Hassani et al. (2013) did a research which indicated a positive and significant relationship between strategic orientation and brand performance, brand equity and brand performance. Having an efficient strategy for marketing, can be of great importance for brand performance. Marketing strategy encourage the customers to choose the products (Wong and Yahyah, 2008).

The findings also indicated that there is a significant relationship between the competitive environment and marketing strategies of Iranian sports goods brand. The findings of the present study are consistent with the findings of Rezaei and Gharibnavaz (2015) and Rahmani et al. (2013). The environment has an important role in formation of the business strategies of companies. Since different markets have different needs, if we want to have the maximum market share, we have to design a different marketing strategies. Companies must always adapt their policies to the changing competitive environment. A competition-oriented company is a company that adjusts its actions and activities greatly based on the actions and reactions of competitors (Rahmani et al., 2013). If companies producing sports goods, properly identify their external environment they will be able to achieve competitive advantages.

Finally, the results showed that the proposed model had a good fitness. Organizations in today's greatly competitive world with the aim of preservation and extension their market share are constantly trying to achieve loyal customers, it is not only necessary to select an appropriate strategy to fulfill the maximum needs of customers to survive in the market but also uninterrupted monitoring and evaluation of brand performance is very vital to avoid any deviations (Hasani et al., 2013). The sports goods industry is no exception. In Iran, companies and firms are managed traditionally and strategic management in Iran is at the beginning of the road. In these conditions, implementation of study projects regarding strategic management can also help the managers of companies in selecting and implementing strategic management approaches. Companies producing sports goods should pay attention to the external environment in order to improve their performance. They require research and development approaches in order to develop their brand performance.

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