

The Influential Factors on Brand Image

Guanyu Chai *

theories of sport training, Inner Mongolia University, Hohhot City, The Nei Monggol Autonomous Region, China

* Corresponding author: lijia@hhu.edu.cn

Abstract. This report examines Beijing Competitor Sports Science Technology Joint Stock Co., Ltd. (CPT), a Chinese domestic company, which is conducting early research on sports nutrition food. Despite having a significant customer base in China, the CPT excessively promotes products because of the consistent decline in gross margin from 2019 to 2021. This article aims to examine the reasons behind the substantial influence of brand image on the sales volume and profitability of a product. One significant factor is the influence of brand trust and product quality, which could potentially lead to customer purchasing behavior and their perception on brand image. The article argues that companies should give priority to product quality rather than excessive promotion. It further suggests that maintaining and improving consumer loyalty to strengthen the brand image will lead to increased sales. The paper also asserts that the quality of the product influences changes in purchase intentions. It suggests that firms might increase sales by understanding and fulfilling consumers' buying intentions.

Keywords: CPT, Brand Image, Brand Trust, Product Quality.

1. Introduction

People have begun to exercise to improve their immune systems in response to the COVID-19 epidemic. According to public statistics, China's sports nutrition industry market size increased at a compound annual growth rate of 26.2% between 2018 and 2022, indicating a high market demand. Despite the growth of the sports nutrition industry, CPT has faced challenges, such as a declining gross profit margin. Since its establishment in China, CPT has dedicated itself to providing sports nutrition, healthy nutrition foods, and scientific and intelligent sports fitness solutions to competitive athletes, the general fitness and health population, military personnel, and other stakeholders. In March 2020, CPT's flagship shop on T-mall used promotional language like "nationally patented weight loss and fat-burning formula with 88 invention patents" in the product description and detail pages.

However, the Beijing Changping District Market Supervision Administration imposed an administrative sanction on CPT for failing to specify the patent number and type. In September of the same year, the Beijing Changping District Market Supervision Administration issued a notice of correction to CPT. CPT produced a product on behalf of another company, but the label stated "no sucrose added" without providing an exact quantity of sucrose. The incidents incited public doubt regarding the brand reputation of CPT. From 2018 to 2021, CPT achieved a gross profit margin of 42.93%, 46.28%, 56.48%, and 42.28%, respectively. Sports nutrition food, which accounts for approximately 70% of total revenue, showed significant fluctuations in gross profit margins, with figures of 53.88%, 41.61%, and 45.12% in 2019, 2020, and 2021, respectively.

Previous research has been conducted on CPT, which refers to sports nutrition food, and has produced significant findings. Pan Dexin's study, titled "Research on Marketing Strategy of Sports Nutrition Brand Products of CPT Corporation," employs the diamond positioning model theory and survey data analysis methods to investigate marketing strategic concerns such as insufficient recognition of consumer groups and appropriate product placement in respective markets [1]. The author conducted a study on the utilization of sports nutrition food across various consumer groups, focusing on Han Ling's "Research Status of Sports Nutrition Food." The study involved a thorough classification of sports nutrition foods [2].

While there have been many studies conducted on CPT, or sports nutrition food, there is a lack of research on how CPT's perception among the public affects its brand image and profitability. Thus, this article seeks to address certain gaps in this area by honing in on the precise factors that have contributed to brand losses. It also explores the question of how CPT can improve its brand image and boost consumer purchase intention, especially after experiencing losses for specific reasons. This article primarily examines the impact of certain events on brand image, the extent of this influence, and the factors influencing consumers' purchase intentions. This study is crucial as it can forecast potential factors that could lead to brand losses and determine the extent of the impact on the target audience by analyzing comparable case studies. By utilizing this approach, individuals can proactively mitigate potential risks, implement preventive measures, or rectify any issues that may arise.

To ascertain the study topic and address the knowledge gap, this paper will initially provide comprehensive information about CPT. This article aims to examine and evaluate a scenario where public opinion negatively impacted the brand image of CPT, leading to a decrease in customer purchase intention. It will identify the main elements that contributed to CPT's financial losses and provide relevant recommendations.

2. Case Description on CPT

CPT, a Chinese-based firm founded in 2001, is a revolutionary sports technology company that combines sports nutrition, research and development of good nutritional foods, and digital sports technology services. CPT is dedicated to offering sports nutrition, good nutritional food, and scientific and intelligent sports fitness solutions to competitive athletes, the public, and military people. CPT initially focused on athletes at the national and provincial levels, offering individualized nutritional goods and solutions to its consumers. Since the Sydney Olympics in 2000, CPT has served four Chinese Olympic delegations, assisted the State General Administration of Sports in competing in the 2004 Athens Olympics, contributed to the Olympic food supply, and aided Chinese athletes in their success in the 2008 Beijing Games. By supporting professional teams, CPT has established the groundwork for serving the broader sports population. CPT participated in the Beijing Olympics as a supplier for the first time and was honored by the Beijing Organizing Committee for the Olympic Games, earning the title of "Excellent Supplier to the Olympics." While CPT continued to provide quality products and services to professional competitive athletes, it gradually expanded into the mass market, extending its services to schools, fitness clubs, marathon events, and other channels to provide sports nutrition products for primary and secondary school students taking physical fitness tests, fitness enthusiasts, and marathon runners. In 2010, CPT introduced a new brand, VI, and entered the mass health and nutrition industry. In 2011, CPT was named a "Key High-Tech Enterprise of the National Torch Plan" and recognized as a "Well-known Trademark in China" by the State Administration for Industry and Commerce, cementing its position as an industry benchmark. In 2018, CPT installed a fully automated, integrated food bar production line.

CPT has undoubtedly achieved various triumphs and outcomes over its evolution. However, from 2019 to 2021, CPT's income fell owing to excessive pyramid marketing. CPT's marketing included phrases like "first," "sole," "only," and "pioneering," which piqued the interest of the Beijing Stock Exchange, which inquired about the link between these items and CPT's primary business as well as their true worth. CPT answered that its expressions were insufficiently stringent and made changes, but it continued to fall into the unfavorable public perception created by excessive pyramid marketing, and its gross profit margin has been decreasing year after year. Between 2018 and 2021, CPT's gross profit margins were 58.28%, 56.48%, 44.24%, and 42.93%, respectively. Sports nutrition food, which contributed to approximately 70% of CPT's sales, had gross profit margins of 53.88%, 41.61%, and 45.12% between 2019 and 2021, respectively. Furthermore, the gross profit margin of healthy nutritional food fell from 64.9% in 2019 to 39.37% in 2021, while the gross profit margin of digital

sports technology services fell from 66.24% to 59.17%, and the gross profit margin of the company's entrusted processing business fell from 46.95% to 16.13%.

3. Analysis on Lululemon's Expanding the Male's Market

3.1. Reason on Product Quality

The perception of a brand's image and the level of quality of its products are important factors that influence consumers' choices when making purchases. Rosanti and others demonstrated that a positive brand image and high-quality products can lead to higher purchase decisions [3]. As demonstrated by article of Rodoula through analysis using data models, it is confirmed that product quality plays a dominant role in purchase intention [4]. If any problems or consequences arise from either of these factors, consumers will experience a loss of confidence in the brand and company, which will subsequently influence their purchasing choices.

Hapsoro and Hafidh conducted a study examining the influence of brand image and product quality on purchasing choices, with brand trust serving as the mediating factor [5]. The researchers employed non-probability sampling approaches and the literacy formula method to validate the sample size [5]. The data analysis was performed using statistical techniques that incorporated independent factors, dependent variables, and intervening variables [5]. Hapsoro and Hafidh discovered that both brand image and product quality had a favorable and substantial influence on buying decisions [5]. Lin Liqing conducted a study using a questionnaire that they created themselves [6]. The questionnaire consisted of seven variables and 32 questions [6]. The study's goal was to investigate the factors that influence loyalty to mobile phone usage [6]. She determined that there is a positive relationship between brand image and product quality and that these elements have an impact on brand loyalty, which is the focus of the research [6]. Li Dan conducted a study on marketing techniques for e-commerce companies, in which she examined the attributes of e-commerce in the market and discussed the correlation between product quality and brand image [7]. Li Dan posits that the quality of a product has a significant influence on the perception of a brand, the satisfaction of users, and the overall reputation of the company [7]. To improve the perception of a brand, the overall satisfaction of users, and the standing of a brand, it is imperative to effectively oversee and regulate the quality of products [7].

Within the scope of this article, instances of pyramid marketing by CPT have caused consumers to question the brand's reputation and the quality of its products, leading to a decline in trust and therefore influencing consumers' purchasing choices.

3.2. Reason on Brand Trust

During the CPT pyramid selling event, the use of hyperbolic language raised concerns about the product's efficacy and dependability, suggesting that it may not be as effective and dependable as represented. As a result, customer confidence in CPT products experienced a major fall, leading to a loss in CPT's reputation.

Mohammad and Hossein conducted a study on the correlation between brand image and brand trust. They discovered that the components of brand image that have the most impact on consumer brand trust for international sports brands are "service," "variety," "quality," and "atmosphere" [8]. Improving product quality over time can have a beneficial effect on the brand's reputation among customers [8]. Guo Hui conducted research that examined how the image of online celebrity women's apparel brands affects the purchasing intentions of female college students. The study utilized relevant theories and surveys to analyze the mechanism of this impact [9]. The scope of her research encompassed the correlation between the image of online celebrity women's clothing brands and the purchasing intentions of female college students, as well as the correlation between the image of online celebrity women's clothing brands and brand trust [9]. Additionally, her research explored the mediating role of brand trust and the moderating role of perceived quality [9].

Brand trust is crucial for a brand and has a significant influence on its brand image when it is compromised.

4. Suggestions

4.1. Suggestion on Product Quality

As it has been provided so many times that product quality has a significant impact on brand image. This paper suggests that CPT should improve their technology skill on producing higher quality product.

Safe and high-quality goods with improved nutritional value are essential for influencing brand perception in the food and health business. Enhancing the scientific research and technology skills inside CPT Company is of utmost significance. Continuous technological innovation enables advancements in product design, production methods, and material choices, hence enhancing product quality and effectiveness. By using sophisticated production technology and procedures, CPT can improve manufacturing accuracy and consistency, resulting in lower failure rates and improved overall product quality. Therefore, it is essential for CPT to give priority to strengthening its research and development teams and promoting a culture of technical expertise and creativity among its employees. By continuously improving and optimizing the design and production processes, CPT may achieve significant enhancements in the quality and effectiveness of the product.

Based on study conducted by Li Ming and other similar studies, improving research and technology skills greatly improves the quality of products [10]. This study highlights the need of investing more in research and development, as well as building skilled technical teams. These actions lead to better manufacturing processes and higher production efficiency, ultimately improving the overall quality of goods [10]. Hence, amalgamating the concepts presented in these scholarly publications substantiates the assertion that enhancing research and technology results in tangible enhancements in product quality and efficacy, hence benefiting enterprises' brand reputation.

4.2. Reason on Brand Image

Based on the study of the second reason, it is recommended that CPT should actively engage with its target customer base to build consumer trust and brand loyalty, therefore improving its brand image. By engaging in several encounters with the target client group, CPT may acquire more profound insights into their requirements and preferences. These encounters may be fostered not just via conventional market research methodologies but also through outlets like social media and consumer feedback mechanisms. This comprehension may aid the firm in more effectively adapting its products and services to match customer expectations, therefore bolstering consumer confidence in the brand.

Moreover, regular engagements can cultivate more profound emotional bonds between the brand and consumers. Studies suggest that emotional attachment plays a crucial role in fostering client loyalty. Through active engagement, the brand may develop a more intimate connection with consumers, promoting a sense of identity and inclusion. An emotional bond between consumers and a brand may foster trust, hence increasing their likelihood of selecting the brand's products and services.

Furthermore, frequent engagements can help foster the development of brand evangelists. Consumers who form a robust sense of identification and emotional attachment with a brand frequently take on an active role in promoting the brand. Consumers have the ability to express their positive experiences with the company on social media platforms and suggest its products and services to their acquaintances, thereby increasing the brand's exposure and drawing in additional prospective consumers.

Ultimately, by engaging in regular encounters with its intended client demographic, CPT may bolster consumer confidence and cultivate brand loyalty, thereby enhancing its overall brand reputation. These encounters not only offer vital insights into the wants and preferences of customers

but also establish emotional ties and nurture brand champions, establishing a strong basis for the brand's long-term growth and success.

5. Conclusion

This article focuses on the good growth prospects of sectors associated with sports brands. Nevertheless, CPT has witnessed a fall in market earnings because of excessive advertising of its products, with the most substantial decline in gross profit margin coming from 2019 to 2021. The essay begins by examining the event involving CPT and highlights two elements that have led to a decrease in CPT's profits: the influence of brand trust and product quality.

The study examines the CPT case and examines pertinent research about the correlation between product quality, brand image, and brand trust. The research findings may be used as a reference for examining comparable instances in which product quality results in a decrease in brand image and brand trust. Additionally, they can provide a theoretical foundation for implementing appropriate responses or corrective actions. The article confirms the connection between product quality, brand image, and brand trust by referring to relevant research. However, it is important to mention that most of the findings made in the article on the link between these three criteria are mostly focused on the instance of CPT. There might still be discrepancies and aspects that require additional scrutiny.

References

- [1] Pan Dexin. Research on Marketing Strategy of CPT's Sports Nutrition Brand Products[D]. Tianjin University, 2022.
- [2] Han Ling. Current Research Status of Sports Nutrition Foods [J]. Journal of Food Safety & Quality, 2020, 11 (21): 7771 - 7776.
- [3] Rosanti, N., Karta Negara Salam, & Panus. The Effects of Brand Image and Product Quality on Purchase Decisions. Quantitative Economics and Management Studies, 2021, 2 (6), 365 - 375.
- [4] Tsiotsou, R. The role of perceived product quality and overall satisfaction on purchase intentions. International Journal of Consumer Studies, 2005, 30 (2), 207 – 217.
- [5] Bayu Bagas Hapsoro, Wildan Ainul Hafidh. The Influence of Product of Product Quality, Brand Image on Purchase Intention. Management Analysis Journal.
- [6] Lin Liqing. Empirical Analysis of Factors Influencing Consumer Loyalty to Mobile Phone Brands. Market Modernization 2008, (14), 123 - 124.
- [7] Li Dan. Research on Marketing Strategies for E-commerce Enterprises from the Perspective of Product Quality. (eds.) Proceedings of the 6th International Conference on Smart Education and AI Development 2023 (Volume 3) (pp.514 - 516).
- [8] Deheshti, M., Adabi Firouzjah, J., & Alimohammadi, H. The relationship between Brand Image and Brand Trust in Sporting Goods Consumers. Annals of Applied Sport Science, 2016, 4 (3), 27 – 34.
- [9] Guo Hui. Research on the Impact of Internet Celebrity Female Clothing Brand Image on Female College Students' Purchase Intentions [D]. Lanzhou University of Finance and Economics, 2023.
- [10] Li Ming. Research on the influence of enterprise scientific research and technology ability on product quality. Science, Technology and Economy, 2018 (34), 92 - 94.