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RAFAEL GONÇALVES DE CARVALHO

Cultural differences and its effects over the marketing strategy of football clubs: case studies of FC Bayern Munich (Germany) and C.R. Flamengo (Brazil)

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Master's dissertation presented to the program of post-graduation in Business and Administration of Instituto Coppead de Administração, Universidade Federal do Rio de Janeiro, as part of the mandatory requirements in order to obtain the title of Master in Business and Administration (M.Sc.).

Mentor: Prof. Luis Antônio da Rocha Dib, Ph.D.

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First and foremost it is necessary to highlight what the conclusion of this Master means to my life and career. Until 2012 I was a young layer, in one of the biggest firms of Brazil and with a promising future ahead. But something was missing. I was not passionate about what I was doing. After a lot of thinking and support from those who matter the most to me, I decided to change. To pursue my passion, this is sport. I am naturally a creative and business oriented person, becoming sports marketing the perfect fit for me. However sure about what I wanted to do I was not sure how get ready for it. Then, COPPEAD MBA was presented to me. A full-time MBA was not on my plans, as well as stay out of the market for a couple years, take a few step backs on my career and personal development, giving up of wage and much more. At the end, this was the best I could have ever done. In over 2 years of COPPEAD I learned more than on the previous 10 of my career. Professors, courses and classmates are amazing, in a level that I am still constantly impressed. I became a better professional, a better student, a better business leader and a better human being. Several challenges came along the way until this dissertation, which I loved to do. Thanks to COPPEAD family and those who supported me on this journey. Now I am passionate about what I do and how I do it. Although, I am not satisfied and probably will never be. My ambitions are very high and not one day goes by without setting new goals and doing something to become better. I believe there are things in life that you cannot fake, you cannot purchase, create or invent. You have it or you don’t. I truly believe that I do have what it takes to achieve my goals: ambition, courage, leadership and a nonstop willing to learn. And on top of all, I do have a star, and this somehow will never change because I must have done something right. Especially on the last couple of years I made certain decisions that took me to this moment - some bad choices, but also a few good ones. I don’t believe in luck or coincidences, I believe in hard work, competence and opportunities. My quest is just beginning.

"No matter whom you are, no matter what social position in life you have, from the highest to the lowest. Always have as target lots of strength, lots of determination. And always do everything with a lot of love and faith, that one day you will get there. Somehow you will get there."

Ayrton Senna

ABSTRACT

Carvalho, Rafael Gonçalves de. *Cultural differences and its effects over the marketing strategy of football clubs: case studies of FC Bayern Munich (Germany) and C.R. Flamengo (Brazil)*. 2015. 310 p. Dissertation (Master in Business and Administration) – Universidade Federal do Rio de Janeiro – Instituto COPPEAD de Administração, Rio de Janeiro, 2015. Mentor, Luis Antônio da Rocha Dib, Ph.D.

The present dissertation purpose is to analyze the marketing strategy adopted by the football clubs in Brazil, compare it to best practices and understand how cultural aspects interfere in business and marketing. Brazil and Germany are nations where football is not only the number one sport, but also true passions. While German football is considered as the best success case, the challenge in Brazil is to understand where football stands and why it struggles so hard in transforming such passion into a profitable and sustainable business. Almost the entire populations either are a declared fan or follow football in those countries. In Brazil, regardless of the potential, it turns out not to be a profitable business for the main actors of this industry: the clubs. The reality of German football is presented as an example of sustainable business for clubs. The enforcement of better practices of management and marketing in this industry is seen as a game changer for the upkeep of Brazilian clubs. It is necessary, however, to take the cultural differences in consideration and develop an approach based on the adaptation of the strategies successfully developed in Germany so that Brazilian clubs can perform better, on and outside of the pitch. Brazilian football industry is full of cultural traits that restrain the development of the business. Basic management concepts are not followed and those who attempt to break the mold find many difficulties along the way. Even the relations with the main stakeholders are shaped not by business interest, but through cultural relation characteristics. This dissertation addresses traditional strategy and management concepts, together with sports marketing and the football industry to analyze the practices in Germany and Brazil, and how the cultural aspects in those two nations affect the overall marketing strategy of football clubs. It is presented that regardless of the strong differences between the societies, industry and actors, there are several opportunities for the exchange of good practices and improvement in performance. The cases analyzed revealed some similarities and several differences, for which a closer look at the other's practices and results, simultaneously to an adaptation for the local culture, can generate enormous benefit. It is revealed that for Brazilian clubs the biggest challenge is to step away from cultural characteristic rooted on the society and on the institutions and make move towards a business oriented administration. There is no reason a Brazilian club have to do worst job internally than a club from somewhere else, even if the structure it's against you. Is a process of change that has to start from within and is clear that is possible to have a professional successful football club in Brazil.

Key words: Marketing Strategy; Cultural Differences; Sports Marketing; Marketing Football Clubs; Brazilian Football Industry; Cultural Adaptation; Multiple Case Study; C.R. Flamengo; FC Bayern Munich.

RESUMO

Carvalho, Rafael Gonçalves de. *Diferenças culturais e seus efeitos sobre a estratégia de marketing de clubes de futebol: estudos de caso do FC Bayern de Munique (Alemanha) e do C.R. do Flamengo (Brasil).* 2015. 310 f. Dissertação (Mestrado em Administração) – Universidade Federal do Rio de Janeiro – Instituto COPPEAD de Administração, Rio de Janeiro, 2015. Orientador, Luis Antônio da Rocha Dib, Ph.D.

A presente dissertação propõe-se a analisar a estratégia de marketing adotada por clubes de futebol no Brasil, compará-las às melhores práticas do mercado e entender como aspectos culturais interferem nos negócios e no marketing. Brasil e Alemanha são nações onde o futebol além de ser o esporte número um, também é uma verdadeira paixão. Enquanto o futebol alemão é considerado como o maior caso de sucesso do mundo, no Brasil o desafio é entender o atual cenário e os motivos pelos quais existem enormes dificuldades para transformar esta paixão em um negócio lucrativo e sustentável. Em ambos países praticamente o total da população ou é fã declarado ou acompanha futebol. No Brasil, a despeito do potencial, a indústria é deficitária para seus maiores atores: os clubes de futebol. A realidade do futebol alemão é apresentada como exemplo de negócio sustentável para os clubes. O profissionalismo, com a aplicação de melhores práticas gerenciais e de marketing nesta indústria, é visto como uma ferramenta necessária para a mudança de realidade e até mesmo para a sobrevivência dos clubes brasileiros. É preciso, contudo, levar em consideração as diferenças culturais existentes. Somente então será possível desenvolver uma ação baseada na adaptação de estratégias bem sucedidas na Alemanha, que auxilie os clubes brasileiros a obter melhor rendimento dentro e fora do campo. A indústria do futebol brasileiro está repleta de traços culturais que impedem o desenvolvimento do negócio. Os princípios mais básicos de administração corporativa não são seguidos, e aqueles que tentam alterar o status quo encontram muitas dificuldades no caminho. Inclusive a relação junto aos principais interlocutores dos times é baseada em características culturais de cada relacionamento específico, e não em por interesses comerciais. Esta dissertação trata conceitos tradicionais de estratégia e administração, em conjunto com marketing esportivo e a indústria do futebol para propiciar uma análise das práticas no Brasil e na Alemanha, e como os aspectos culturais nestas duas nações afeta a estratégia geral de marketing dos times de futebol. É visto que não obstante as fortes diferenças culturais entre as duas sociedades, indústrias e atores, existem diversas oportunidades para o intercâmbio de boas práticas e melhorias em desempenho. Os casos analisados revelam algumas similaridades e muitas diferenças, sobre as quais um olhar criterioso sobre ações e resultados, simultaneamente a uma adaptação a cultura local, é capaz de gerar enormes benefícios. O maior desafio é se afastar dos traços culturais enraizados na sociedade e nas instituições e avançar em direção a uma administração cada vez mais profissional. Inexiste razão para um clube brasileiro, no que tange a organização interna, ter performance inferior a outros de quaisquer localidade, mesmo que a estrutura jogue contra. É um processo de mudança que deve iniciar de dentro dos clubes, restando claro que é possível existir um clube de futebol no Brasil profissional e de sucesso.

Palavras-chaves: Estratégia de Marketing; Diferenças Culturais; Marketing Esportivo; Indústria do Futebol Brasileiro; Adaptação Cultural; Estudo de Casos Múltiplos; C.R. do Flamengo; FC Bayern de Munique.

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LIST OF ABREVIATIONS

ABRAL	Brazilian Merchandising Licensing Association
BDO	BDO RCS - Independent Advisors
CBF	Confederação Brasileira de Futebol (Brazilian Football Confederation)
DFB	Deutscher Fußball-Bund e.V. (German Football Federation)
DFL	Deutsche Fußball Liga GmbH (German Footabll League)
FGV	Fundação Getulio Vargas (Getulio Vargas Foudation)
GDP	Gross Domestic Product
GNI	Gross National Income
HWWI	Hamburg Institute of International Economics
IBBA	Itaú BBA - Investment Bank
KPMG	KPMG Independent Advisors
NBA	National Basketball Association
NFL	National Football League

Contents

1. INTRODUCTION

1.1 ORIGIN AND RELEVANCE OF THIS STUDY

Brazil is a nation where football is much more than the official national sport. This centennial game is considered to be a religion that goes beyond generations and is frequently the reason for unforgettable celebrations and/or unforeseen disgrace.

Having in mind the importance of football in people’s lives, the challenge is to understand where Brazilian clubs are standing, and why they struggle so hard in development of a marketing strategy capable of transforming such passion into a profitable and sustainable business.

The 2014 FIFA World Cup Brazil was the second time the country hosted such an event. It was a moment of pure national pride for many, and protest for some who complained about how much investment and attention this event received.

It was considered an opportunity to show the Brazilian talent to the world. That Brazil is the nation of football, the only to win five times the world champion and therefore the best of all.

However, the afternoon of July 8th, 2014, made history as the date which Brazil suffered its worst defeat ever, even worse than the world cup decisive match at Maracanã Stadium, Rio de Janeiro, in 1950. This time, in Belo Horizonte, Brazil was defeated by Germany in an incredible match that ended with a score of 7 x 1 and the endless memory of “*Gol da Alemanha*” in everyone’s mind.

That was not only a matter of sport or just a game. The reality, which this dissertation endeavor much efforts to show, is that this result is consequence of the advantage of German football. Its industry; that is much more developed than the Brazilian’s, and includes clubs, league, players and structure.

This study begun before this fatidic match for Brazilian football lovers, but it increased the relevance and the accuracy of the choice for Germany as the opposite pole to Brazil, and as the example to be followed in the football industry, observing the necessary adaptations to accommodate Brazilian culture aspects.

In spite of recent adversity, Brazilians are still passionate about football. On top of the emotional aspects, this has business and economic relevance. Fans are instant consumers, and moreover, loyal customers.

Research from advisory company Pluri (2013a) shows an approximate total of 158,3 Million declared football club fans in Brazil, with an estimated annual income of R$ 1,716 Billion. Accordingly to football fan network, Futebol Melhor (2015), 916,7 thousand fans are members of clubs' membership programs, who in general contribute monthly to their beloved team.

Regardless of its potential, Brazilian football turns out not to be a profitable business for the main player of this industry: the football clubs. Partners, federations, public institutions and governments, players' managers among others agents of football, make considerable profits while clubs are generally in deficit year after year, facing high debts and failing inside and outside the pitch.

In other traditional football markets this scenario is different. The reality of German football is presented as an example of sustainable business for clubs, which shall be looked up to even in spite of the differences in nations' cultures.

The amount of business football industry is direct or indirect related to, is relevant. Therefore the enforcement of better practices of management and marketing in this industry will be a game changer for the upkeep Brazilian clubs.

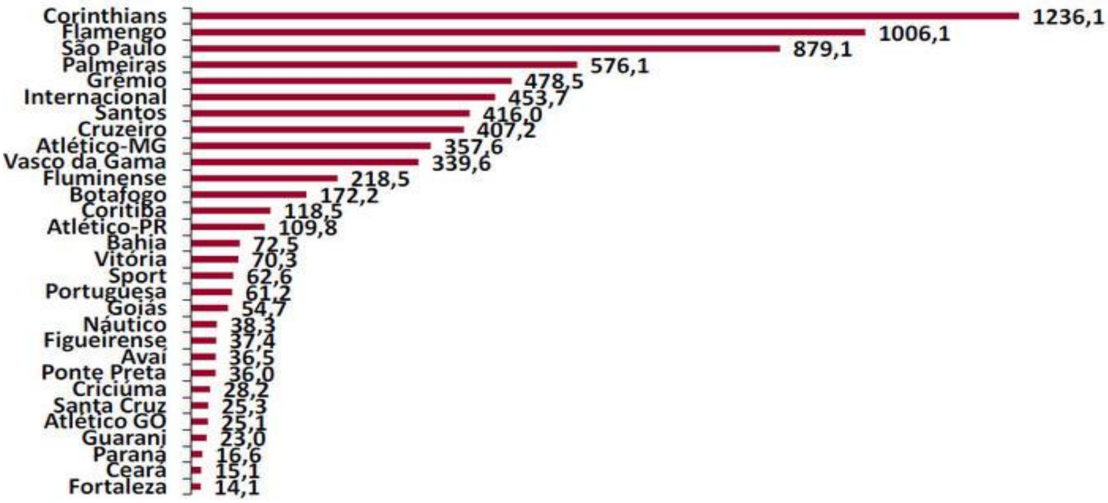
Business consultant Ferreira (2013) states that from the Brazilian football GDP "7% are from the clubs, and 93% for the structure around it"; and "all the quotas of TV announcements, of R$ 180 Million each, are dully filled and no company that sponsors it wants to be out of the business."

A study conducted by investment bank IBBA (2014) shows increase of revenues in the past years, 2011 (28%) and 2012 (31%), based mainly on the new contracts for television broadcast, ticket revenue and the players' economic rights transactions.

Sports journalist Coelho (2013a) affirms that the recent renewal of the TV rights agreement represented an increase of near 60% of clubs income, and that their brands are indeed extremely valuable despite the apparent lack of strategy.

As published by advisory company BDO (2014), the annual ranking of Brazilian football clubs' brand shows the potential of it, especially if well and strategically managed.

Graph 1: 2014 Brazilian football clubs' brand value ranking (R$ Millions)



Source: BDO (2014).

BDO (2014) acknowledges that "Brazilian football market has evolved in business, reaching the highest income of its history propelled by the new TV quotas revenue". For BDO (2014) is also well known that "revenues with sponsorship and publicity haven't followed this growth."

The journalist and blogger Gonçalves (2014) states:

> Unlike companies that need to endlessly search for new costumers from its competitors, football clubs have loyal fans. The big challenge for the brands is to be able to convert these millions of fans into active and motivated consumers.

Revenues do exist. Football is a product that drives the attention of sponsors and the public, but currently Brazil counts on a structure that just does not work (IBBA, 2014).

The semi-final of 2014 FIFA World Cup Brazil shall be seen as more than football. The comparison between the Bundesliga (German national football league) and the Brasileirão (Brazilian football league) shows the existing difference among the two.

Pluri (2012) about the 20th most relevant football national leagues in terms of attendance in 2012:

> Brazil appears only on 13th position on the ranking, averaging 14,9 thousand fans per game on 2011, resulting in an average of 44% of stadium occupancy. In total, 5,7 Million fans went to stadiums in the last Brasileirão. If we consider the first half

> of 2012 edition, which average was lower than 12 thousand, we would have dropped to the 17^{th} position.
>
> Germany has the top attendance football championship of the world. In the season 2011/2012 the 306 Bundesliga matches had a total attendance of 13,8 Million of fans, averaging 45,1 thousands per game, with average stadium occupancy rate of 93%.

The two nations have considerable cultural differences, however both are considered passionate about football. The most relevant issue for Brazil is that Germany is ahead on football interest conversion into business by more than only 7 to 1.

This study analyzes how cultural aspects can interfere on marketing strategies and industry structure, what kind of similar practices can be applied due to the love for the sport and the clubs, and the dimensions of national culture which should be focus on to enhance engagement and therefore consumption of football.

Bill Shankly former coach of British football club Liverpool FC said in 1981: “Some people believe football is a matter of life and death, I am very disappointed with that attitude. I can assure you it is much, much more important than that” (LIVERPOOL FC, 2009).

1.2 PURPOSE OF THE RESEARCH

The main purpose is to analyze the marketing strategy adopted by the football clubs in Brazil, compare it to Europe, and understand how cultural differences affect industry structure, institutions, business and clubs' marketing strategy.

Moreover it attempted to develop a practical approach with practices based on the adaptation of the strategies successfully developed in Germany that would enable Brazilian clubs to better perform.

A multiple case studies analysis was conducted comparing topics of football marketing strategies that are considered important for managers of clubs and specialists. The relevance of football as a business was reinforced to show the current potential for profitability that clubs in Brazil aren't taking advantage of.

In general, football clubs are and always will be the reason why fans go to stadiums. They are more than sport institutions, they are very valuable brands. And their fans, who consist of the vast majority of the country`s population, a large base of loyal consumers.

Therefore, the sketch of a suitable and practical approach on how a marketing strategy can help clubs achieve a more profitable position in this costumer-fan relationship, and in the entire business/industry of football, was prepared. It addresses the management characteristic and practices executed in Germany and in Brazil, how the cultural distance between those two nations might affect the overall industry structure and marketing strategy of football clubs, and also how they should be adapted to fit in others' culture.

In this sense, the present work focuses its efforts to answer the following questions:

a) What are the main cultural differences between Germany and Brazil?
b) How cultural differences between nations, Germany and Brazil, are able to interfere in business strategies and practices? And specifically regarding football clubs?
c) How a marketing strategy should be planned for a Brazilian football club, taking into considerations the particularities of Brazil and also the proven successful practices in Germany?

1.3 RELEVANCE OF THE THEME

Brazil considers itself as the nation of football (Portal2014, 2015). However, data of Pluri (2013a), points out Brazil in 2013 as the world's 7th in total revenue in football, 8th in player`s market value, 18th in stadium attendance and 31st in stadium occupancy. Those rankings do not match the title of football nation.

Pluri (2013a) estimates that football in Brazil is responsible for business up to R$ 36 Billion, which represents approximately 2% of the total Brazilian GDP. Not only the percentage could be higher; taking into consideration the identification of the population with the sport, but also that the share allocated to the clubs. As exposed earlier they only get 7% of it while the structure surrounding 93% (Pluri, 2013a).

In July of 2014, after the end of the 2013/2014 football European season, updated average of public and attendance of national championships around the world was presented, and the results are exposed on Table 1.

Table 1: Football stadium attendance and occupancy world ranking 2014

Attendance and Occupancy Ranking			Country	League	avg. Attendance	% variation	avg. Attendance	avg. Attendance
2014	2013	2012			2014/2013		2013/2012	2012/2011
1	1	1	Germany	1. Bundeslia	43,173	1%	42,646	45,083
2	2	2	England	Premier League	36,589	2%	35,921	34,604
3	3	3	Spain	Primeira División	26,867	-6%	28,616	28,400
4	5	5	Italy	Seria A	23,365	1%	23,053	21,921
5	4	4	Mexico	Liga MX Apertura	22,939	-5%	24,245	25,343
6	8	7	France	Ligue 1	20,693	8%	19,191	18,863
7	6	9	Argentina	Inicial / Final	20,599	0%	20,571	18,216
8	7	6	Netherlands	Eredivise	19,289	-2%	19,737	19,458
9	9	8	U.S.A.	MLS	17,743	-1%	18,845	18,700
10	10	11	China	Super League	18,571	-1%	18,74	17,675
11	12	12	Germany	2. Bundesliga	17,491	1%	17,721	17,212
12	13	13	Japan	J. League 1	17,160	4%	16,434	16,572
13	11	10	England	Championship	16,438	-7%	17,660	17,899
14	16	15	Turkey	Süper Lig	15,014	16%	12,984	14,058
15	17	14	Brazil	Brasileirao A	14,951	15%	12,971	14,897
16	15	22	Australia	A-League	14,294	10%	12,990	10,144
17	20	19	Belgium	Jupiler Pro League	11,836	6%	11,153	11,726
18	14	17	Russia	Premier Liga	11,797	10%	13,096	12,936
19	18	20	Ukraine	Premier Liga	10,930	-13%	12,547	11,309
20	19	18	Switzerland	Raiffeisen	10,772	-10%	12,002	12,253
21	21	16	Scotland	Premier League	10,228	2%	10,022	13,865
22	23	21	Portugal	Primeira Lida	10,217	4%	9,803	10,957
23	25	23	Iran	Pro League	9,007	0%	8,988	8,813
24	26	25	Poland	Ekstraklasa	8,227	-2%	8,442	8,849
25	31	29	Denmark	Superligaen	7,671	14%	6,747	7,103

Source: Pluri (2014a).

The table presented reinforces that Brazil has become a secondary market in regards to football. The country with the highest number of World Cup titles is inside the stadiums behind many others with much less tradition and identification with football. Such as China, Japan, Turkey, USA and Australia (Pluri ranking of 2013), second division leagues such as the German and English ones, and Latin countries with weaker economy (i.e. Argentina and Mexico).

One reason pointed by specialists is that the audience of Brazilian football is migrating from stadiums to the living room couch, since even for the clubs the importance of the TV can be bigger than the fans. IBBA (2014) shows Brazilian Football as one of the most dependent of revenues from the TV rights contract: “income from TV rights represents 40% to 50% of the total income of Brazilian Clubs. Internationally clubs have a better division. In Europe, TV represents only 30%.”

For example of the unbalance between stadium and television, the income of Brazilian football clubs with matchday represents only 11% of its total, while European clubs in average make of this source 26%, and Manchester United (England) reaches 39% (CADERNOS FGV PROJETOS).

In summary, is feasible to recognize that the football industry is relevant in Brazil and has the potential to be much more. Especially if considered the affection of the population with the sport, the increase in brand value of the clubs, the recent investments and new stadiums for the 2014 FIFA World Cup Brazil, and the well succeed practices in marketing developed and applied in other football markets.

1.4 ORGANIZATION OF THIS STUDY

This dissertation is organized in six chapters, as explained hereafter:

In this first chapter is presented an introduction including the relevance of the theme, the purpose of the study, as well as the structure being placed. Chapter two will show cultural dimension studies, focused on the distinctions between Brazilian and German cultures and societies.

Thereafter some of the most relevant models of strategy will be brought to allow a better understanding of industry and strategies to be developed and executed. In addition, topics from sports marketing and consumer behavior will also be analyzed to wrap the most significant aspects that can interfere in a marketing strategy for the football business.

Chapter three, following the literature review, presents the methodology chosen for the investigation and to conduct this research, together with the already introduced questions of research, which are the goal to be scored within this project.

The next chapter, number four, addresses the football industry. It approaches the uttermost important topics according to specialists - such as revenues segments, fans, sponsor, relationship among clubs, and more -, in order to better understand some challenges that are specific of this industry. Following a comparison of the football industry in Germany and Brazil is presented.

Further, on chapter five, the multiple case analyzes is conducted base on topics of football clubs' marketing strategy. The analysis results of data available in public resources and information collected from qualitative and in-depth interviews with specialist in sports marketing and/or football management.

Finally, chapter six concludes this work by presenting the conclusions achieved, a summary of the study, the perceived roots of Brazilian football industry issues, and an exemplification of strategy adaptation based on foreign practices.

The research questions are answered providing closure to this work, together with its limitations, theoretical and managerial contributions, and indications for further studies. Thereafter, bibliographic references, attachments, and other additional information can also be found.

2. LITERATURE REVIEW

The literature research was focused in three main areas: studies of cultural differences, strategy and sports marketing.

Cultural differences studies provided a better understanding about how different societies deal in varied ways in regards to the same phenomena, and how the unawareness of these differences may lead to disastrous business practices around the globe, or non-profitable and non-sustainable models.

In this sense, German and Brazilian cultures were analyzed and compared in order to develop ground-base for the future marketing strategy comparison.

These comparison and analysis were done taking into consideration the thoughts expressed in the traditional literature of strategy, including but not limited to positioning, industry, strategy development and execution, among other topics that helped understand how clubs, as corporations, should strategically place their brand, services and products.

Additionally, sports marketing literature was reviewed as an important element to analyze the relationship between clubs and its stakeholders.

2.1 NATIONS CULTURAL DIFFERENCES

For this topic two major works from the literature were chosen to express different views of cross-national relations and cultural differences among countries, societies, and ultimately cultures.

One based on cultural dimensions studies, the Cultures and Organizations – Software of the Mind, from Geert Hofstede. A result of several studies since the early 1980s, from its first edition in 1991, until the latest in 2010. The other focused on the study of cultural systems, When Cultures Collide – Leading Across Cultures, from Richard D. Lewis, 2006 edition.

Additional and relevant works in the literature for cross-cultural study are also available from other authors. However the ones chosen are considered to represent methods of systems and dimensions studies in congruent ways, and to be academically and managerially relevant.

For the purposes of the present dissertation, the analyzes showed are of extreme importance and are a suited to demonstrate the existence of clear differences between cultures and countries, in particular Germany and Brazil.

However, it is also acknowledged that limitations exist in to the extent that there will be less or no direct confrontation of the ideas expressed.

For Hofstede, Hofstede and Minkov (2010) the world is full of confrontations between people, groups and nations; who think, feel and act differently, but at the same time are exposed to common problems.

Understanding the differences in the ways leaders and followers think, feel, and act is a condition to bring worldwide solutions that work. Since one of the reasons why so many solutions do not work or cannot be implemented is that differences in thinking among parties have been ignored (HOFSTEDE; HOFSTEDE; MINKOV, 2010).

Lewis (2006) who has taken into consideration in the conceptualization and writing of his work influence of authors like Geert Hofstede, understands that people of different cultures share basic concepts but view them from different angles and perspectives. This leads them to behave in a manner which can be considered irrational or even in direct contradiction of what others hold as sacred.

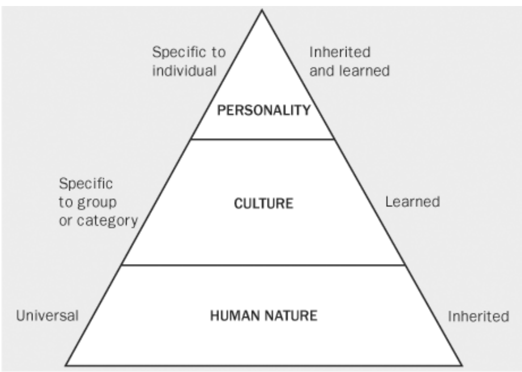
In this sense, Hofstede, Hofstede and Minkov (2010) say that although the variety in people`s minds is enormous, there is a structure in this variety that can serve as basis for mutual understanding. Whereas every person carries within itself patterns of thinking, feeling, and potential acting that were learned throughout life, especially early childhood.

Lewis (2006, page 17) brings the definition of Geert Hofstede for culture which it is "the collective programming of the mind that distinguishes the members of one category of people from another." For the first, the key expression in this definition is collective programming, a process to which everyone has been subjected since birth, and the national or regional culture imposes itself on the individual`s behavior.

Whenever people from one culture consider themselves normal, then the corollary is that they consider everybody else abnormal. Lewis (2006) says that people make assumptions based on this subjective view and, even worse, assumptions about other people's assumptions. While there may be truth in these judgments and assumptions of assumptions, the danger involved in making them is only too obvious.

Following and as per the table below, Hofstede, Hofstede and Minkov (2010) present important concepts: culture, always a collective phenomenon shared and learned with people who lived within the same social environment; human nature, derived from one`s gene; and personality, which is the individual unique and personal set of mental programs, partially inherited and partially learned, by the influence of culture and personal experiences.

Figure 1: The three levels of uniqueness in mental programming



Source: Hofstede, Hofstede and Minkov (2010).

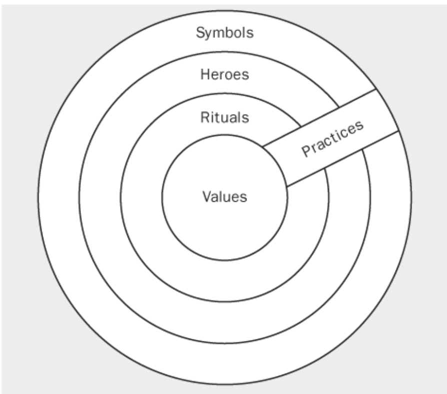
For Lewis (2006) comparisons of national cultures often begin by highlighting differences in social behavior. The various manners and mannerisms usually cause amusement, and a sense of normality by looking at others habits seem as eccentric.

As per Hofstede, Hofstede and Minkov (2010) all of what is visible to the outside observer have been grouped as practices, while the cultural meaning is not and is preserved only for those inside the culture.

In this sense, the author says that the core of the culture is formed by the values, which are broader tendencies over others. Values are mostly acquired early in ones lives, and implemented latter on.

Hofstede, Hofstede and Minkov (2010) say that cultural differences can be expressed in several ways. From the most superficial to the deepest the representations can be as symbols, heroes, rituals, and values – as per Figure 2.

Figure 2: Manifestations of culture at different levels of depth



Source: Hofstede, Hofstede and Minkov (2010).

Hofstede, Hofstede and Minkov (2010) say that the historical expansion of human societies has changed the nature of relatedness in a way that many people feel related to others whom they share a symbolic group membership and not necessarily a genetic one.

People are capable to fight and die for their own country or football team (HOFSTEDE; HOFSTEDE; MINKOV, 2010). Throughout social media people across the world can establish meaningful relationships without ever meeting face-to-face.

Hofstede, Hofstede and Minkov (2010) affirm that during the life course each individual has to find its place in many moral circles and it is necessary to carry several layers of mental programming within itself for each different level of culture, which are not always in harmony (e.g. national, language, gender, generation, social class, profession, etc.).

Nowadays is common to see equal habits from very different cultures, which would be impossible in the past; like the young American and the Turkish drinking Coca-Cola. On the sphere of practice change can be fast (HOFSTEDE; HOFSTEDE; MINKOV, 2010).

While in the sphere of values such fundamental meanings about life and others, the young Turkish differs from the young American as much as old ones did, being no evidence that values of present-day generations from different countries are converging.

For Lewis (2006) cultural diversity is not a phenomenon which will suddenly disappear. Therefore, the own richness of it can yield incalculable benefit in terms of wider and more profitable policies and activities.

Lewis (2006) believes that by focusing on the cultural roots of national behavior in society and business it is possible to foresee and calculate with some accuracy the reactions of others.

2.1.1 CULTURAL DIMENSIONS

2.1.1.1 National culture differences

Hofstede, Hofstede and Minkov (2010) understand the invention of nations as political units into which the entire world is divided and to one that every human being is supposed to belong. This is a recent phenomenon in human history.

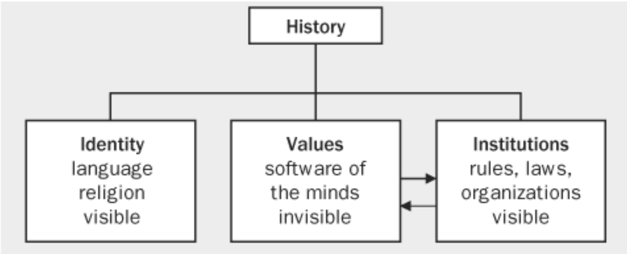
In this sense, nations should not be equated to societies, which are historically, organically developed forms of social organization. Hofstede, Hofstede and Minkov (2010) go further and say that the concept of a common culture applies to societies not to nations. However nations do not attain the degree of internal homogeneity; they still are the source of a considerable amount of common mental programming of their citizens

The authors say that countries and regions differ in more than their cultures, presenting three other differences: identity, values, and institutions. Representation of it can be found in Figure 3.

The first is not a core part of national cultures, since is shaped by practices and not necessarily in values, it can then shift during life and even to be several accordingly to the context the person is inserted.

Values are implicit and belong to the invisible software of the minds. And the last, the institutions, it has an impact on the countries as they compromise the rules, laws, leisure, business and life in general.

Figure 3: Sources of differences between countries and groups



Source: Hofstede, Hofstede and Minkov (2010).

As stated per Hofstede, Hofstede and Minkov (2010), some would consider institutions as the true reasons for differences in thinking, feeling and acting among countries. Countries' values are strongly related to the structure and function of its institutions, and much less to differences in identity.

In this sense is not possible to change the way people in a country think, feel and act, by simply importing foreign institutions as it was done in parts of Eastern Europe. Each country has to struggle throughout its own type of reforms, adapted to the software of its people`s minds (HOFSTEDE; HOFSTEDE; MINKOV, 2010.

Hofstede, Hofstede and Minkov (2010) say that management and leadership cannot be isolated from other parts of society. Whereas managers and leaders, as well as the people they work with, are part of national societies, and in order to understand their behavior, it is necessary to understand their societies.

2.1.1.2 Cultural differences

Geert Hofstede in his very first work of multicultural relation created the framework of dimensions, which has acquired the status of normal science of the years, the paradigm for its field.

Accordingly to Hofstede, Hofstede and Minkov (2010) and reinforced by social anthropology, all societies, modern or traditional, face the same basic problems; only the answers differ.

The conclusion was that the following issues are common basic problems worldwide, with consequences for societies, groups and individuals: relation to authority; conception of self-in particular; relationship between individual and society; individual concept of masculinity and femininity; and ways of dealing with conflicts and uncertainty, including the control of aggression and the expression of feelings.

Based on that, Hofstede, Hofstede and Minkov (2010) were able to identify on empirical data the four most important pillars for the dimensions of cultures, whereas a dimension is an aspect of a culture that can be measured relative to other cultures.

The initial four dimension model of Geert Hofstede includes: power distance (small to large); collectivism versus individualism; femininity versus masculinity; and uncertainty avoidance (from weak to strong). Although terms might not be new, they form a model of differences among national countries where each is characterized by a score on each dimension.

As per Hofstede, Hofstede and Minkov (2010) the logic of societies is not the same as the logic of individuals, and the grouping of the different aspects of a dimension is always based on statistical relationships – trends for phenomena's to occur in combination.

After the framework of dimensions was established, studies conducted by colleagues of Geert Hofstede showed a fifth dimension, which combined values opposing an orientation towards the future to an orientation to the past and present. Hofstede labeled it long-term versus short-term orientation ("LTO") and adopted it as a fifth universal dimension.

Relationship between measurable phenomena in the world can be complex, and the dimensions of national cultures described are meant to improve understanding by reducing complexity only, not eliminating it (HOFSTEDE; HOFSTEDE; MINKOV, 2010).

Finally, Hofstede, Hofstede and Minkov (2010) say that national and organizational/corporate cultures are very different phenomena and cannot even be measured with the same questions of research, although one might be influenced by the other. Corporate culture is a soft, holistic concept with, however, presumed hard consequences.

An organization is a social system with a different nature than a nation. Organization`s members usually did not grow up in it, on the contrary, they had a certain influence on it. It is considered as more appropriate and effective, if necessary, for an organization to modify itself in order to fulfill the need of its consumers, than the other way around. Additionally, organizations are conducted by persons, inside a culture, of a society and therefore tend to carry cultural traces of the society into the corporate life.

2.1.1.3 Power distance dimension

Hofstede, Hofstede and Minkov (2010) believe that societies, especially using nations as parameter, can be distinguished by the way they tend to deal with inequalities.

Being the power distance dimension a reflection of the range of answers found in the various countries to the basic question of how to handle with the fact that people are unequal and has to do with the emotional distance that separates leaders and led.

The ranking of each nation in this dimension can be found in the following Table 2.

Table 2: Power distance index (PDI)

RANK	AMERICA C/S	EUROPE S/SE	EUROPE N/NW ANGLO WORLD	EUROPE C/E EX-SOVIET	MUSLIM WORLD M.E & AFRICA	ASIA EAST ASIA SE	INDEX
1–2						Malaysia	104
1–2				Slovakia			104
3–4	Guatemala						95
3–4	Panama						95
5						Philippines	94
6				Russia			93
7				Romania			90
8				Serbia			86
9	Suriname						85
10–11	Mexico						81
10–11	Venezuela						81
12–14					Arab ctrs		80
12–14						Bangladesh	80
12–14						China	80
15–16	Ecuador						78
15–16						Indonesia	78
17–18						India	77
17–18					Africa W		77
19						Singapore	74
20				Croatia			73
21				Slovenia			71
22–25				Bulgaria			70
22–25					Morocco		70
22–25			Switzerland Fr				70
22–25						Vietnam	70
26	Brazil						69
27–29		France					68
27–29						Hong Kong	68
27–29				Poland			68
30–31			Belgium Fr				67
30–31	Colombia						67
32–33	El Salvador						66
32–33		Turkey					66
34–36					Africa E		64
34–36	Peru						64
34–36						Thailand	64
37–38	Chile						63
37–38		Portugal					63
39–40			Belgium Nl				61
39–40	Uruguay						61
41–42		Greece					60
41–42						S Korea	60
43–44					Iran		58
43–44						Taiwan	58
45–46				Czech Rep.			57
45–46		Spain					57
47		Malta					56
48					Pakistan		55
49–50			Canada Quebec				54
49–50						Japan	54
51		Italy					50
52–53	Argentina						49
52–53					S Africa (wte)		49
54	Trinidad						47
55				Hungary			46
56	Jamaica						45
57				Latvia			44
58				Lithuania			42
59–61				Estonia			40
59–61			Luxembourg				40
59–61			United States				40
62			Canada total				39
63			Netherlands				38
64			Australia				38
65–67	Costa Rica						35
65–67			Germany				35
65–67			Great Britain				35
68			Finland				33
69–70			Norway				31
69–70			Sweden				31
71			Ireland				28
72			Switzerland Ge				26
73			New Zealand				22
74			Denmark				18
75					Israel		13
76			Austria				11

Source: Hofstede, Hofstede and Minkov (2010).

Hofstede, Hofstede and Minkov (2010) understand that the power of distance index informs about dependence relationship in a country. It was found that in countries on which employees are not seen as very afraid, and bosses as not often autocratic or paternalistic, employees express a preference for a consultative style of decision making: a boss who usually consults subordinates before reaching a decision.

Power distance is seemed to the extent to which the less powerful members expect and accept that power is distributed unequally. In this sense, Hofstede, Hofstede and Minkov (2010) show that often is forgotten what they call “subordinateship”: authority only survives where it is matched by obedience.

The authors see a reasonable assumption that early state-hood experiences help to develop the political and social mind set, regardless of the new and more evident claim for independence in several areas of the globe.

Therefore, differences among countries will not necessarily change and there is no evidence of a convergence of countries toward smaller differences in power distance. One can even get support in predictions to assume it will increase (HOFSTEDE; HOFSTEDE; MINKOV, 2010).

2.1.1.3.1 Power distance dimension main differences

As per Hofstede, Hofstede and Minkov (2010) most countries are in between the two extreme areas.

Important to highlight, as per Hofstede, Hofstede and Minkov (2010) there is no research evidence of a systematic difference in effectiveness between organizations in large-power-distance versus small-power-distance countries, being important for managers to utilize the strengths of each local culture.

In societies where power distance is large, authority tends to be traditional or even rooted in religion. There is an unspoken consensus that there should be an order of inequality in which everybody has its place. Such order satisfies people’s need for dependence and gives a sense of security both to the ones power and to those under it (HOFSTEDE; HOFSTEDE; MINKOV, 2010).

Authority in small-power-distance societies is based on practical considerations rather than on tradition. Politics and religion are separated, and the power is subject to laws and judgment, being inequality consider undesirable and therefore minimized by political means.

It is possible to recognize aspects of the extremes in many nations. Some countries had dictatorial system of government in a recent past and also political ideas travel together with persons and institutions. Often small-power-distance countries try to export their institutional arrangements in the context of development cooperation (HOFSTEDE; HOFSTEDE; MINKOV, 2010).

For Hofstede, Hofstede and Minkov (2010) the differences among countries in dimensions such as power distance help understanding contrasts in thinking, feeling and behaving by the leaders and those led, and the theories produced or adopted in these countries.

It stills an unanswered question as to what extent an education system can contribute to a changing society. The authors question if the school is able to create values that were not there yet, or would it unwittingly only be able to reinforce what already exists in a given society.

The authors understand that exportation of ideas to people in other countries without considering the context of values in which these ideas were developed can be observed in politics, education, and, in particular, management and organization.

2.1.1.4 Individualism versus collectivism dimension

The second dimension of Hofstede, Hofstede and Minkov (2010), the individualism index (IDV), is defined by the two poles: individualism, whereas culture behavior pertains to a societies in which the ties between individuals are loose and everyone is expected to look after itself and its family; and collectivism, societies in which people from birth onwards are integrated into strong, cohesive in-groups.

The authors believe that, in general, individualist cultures encourage an independent self, while collectivist cultures an interdependent self. The individualist characteristic does not represent group aversion, since whenever relationships are not prescribed by the culture; the conscious decision to get together becomes even more important.

For Hofstede, Hofstede and Minkov (2010) the vast majority of world's societies live in the so called collectivist societies, where the group prevails over the interest of the individual - without any political meaning to the expression, but only to the power of the group.

Table 3: Individualism index (IDV)

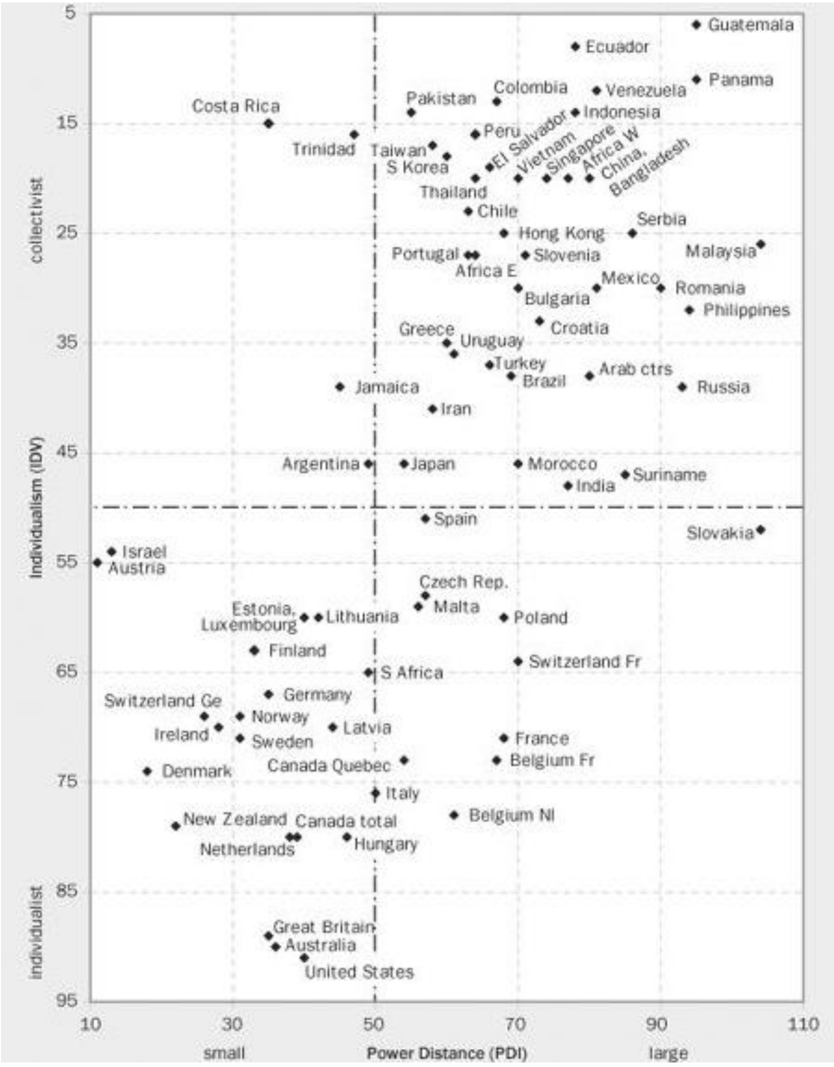
RANK	AMERICA C/S	EUROPE S/SE	EUROPE N/NW ANGLO WORLD	EUROPE C/E EX-SOVIET	MUSLIM WORLD M.E & AFRICA	ASIA EAST ASIA SE	INDEX
1			United States				91
2			Australia				90
3			Great Britain				89
4–6			Canada total				80
4–6				Hungary			80
4–6			Netherlands				80
7			New Zealand				79
8			Belgium Nl				78
9		Italy					76
10			Denmark				74
11			Canada Quebec				73
12			Belgium Fr				72
13–14		France					71
13–14			Sweden				71
15–16			Ireland				70
15–16				Latvia			70
17–18			Norway				69
17–18			Switzerland Ge				69
19			Germany				67
20					S Africa (wte)		65
21			Switzerland Fr				64
22			Finland				63
23–26				Estonia			60
23–26				Lithuania			60
23–26			Luxembourg				60
23–26				Poland			60
27		Malta					59
28				Czech Rep.			58
29			Austria				55
30					Israel		54
31				Slovakia			52
32		Spain					51
33						India	48
34	Suriname						47
35–37	Argentina						46
35–37						Japan	46
35–37					Morocco		46
38					Iran		41
39–40	Jamaica						39
39–40				Russia			39
41–42					Arab ctrs		38
41–42	Brazil						38
43		Turkey					37
44	Uruguay						36
45		Greece					35
46				Croatia			33
47					Philippines		32
48–50				Bulgaria			30
48–50	Mexico						30
48–50				Romania			30
51–53					Africa E		27
51–53		Portugal					27
51–53				Slovenia			27
54						Malaysia	26
55–56						Hong Kong	25
55–56				Serbia			25
57	Chile						23
58–63						Bangladesh	20
58–63						China	20
58–63						Singapore	20
58–63						Thailand	20
58–63						Vietnam	20
58–63					Africa W		20
64	El Salvador						19
65						S Korea	18
66						Taiwan	17
67–68	Peru						16
67–68	Trinidad						16
69	Costa Rica						15
70–71						Indonesia	14
70–71					Pakistan		14
72	Colombia						13
73	Venezuela						12
74	Panama						11
75	Ecuador						8
76	Guatemala						6

Source: Hofstede, Hofstede and Minkov (2010).

The results of Hofstede, Hofstede and Minkov's (2010) studies presented on Table 3 show nearly all wealthy countries in high scores of IDV while poor ones scores low. This correlation is confirmed (see Attachment 1 for the 2010 GNI per capita for the countries listed on Hofstede, Hofstede and Minkov `s work).

In this sense the authors bring the concept that secular-rational (individualism) versus traditional authority (collectivism) is associated with small versus large power distance, respectively. And the correlation between power distance and individualism is that both are associated with a third factor: national wealth. This can be observed on Graph 2.

Graph 2: Power distance versus Individualism



Source: Hofstede, Hofstede and Minkov (2010).

2.1.1.4.1 Individualism versus collectivism dimension main differences

Hofstede, Hofstede and Minkov (2010) state that the origin and importance of this dimension is connected to the family environment. The harmony of the family social environment is a key aspect and that extends to other spheres.

Collectivist societies usually have ways of creating family-like ties, even with persons who are not biological relatives but who are socially integrated into one's in-group. As it happens in Latin America very often and is of great importance to many businesses.

In management, for Hofstede, Hofstede and Minkov (2010), it goes from managing the individual, possible to be moved around with incentives, bonus and link to performance; to the management of groups, where it should have an emotional integration with collective motivational tools. Almost exclusively, management techniques have been developed in individualist countries and they are based on cultural assumptions that may not hold in collectivist cultures.

In regards to customer relation, in individualist societies the norm is to treat everyone equally, which as per Hofstede, Hofstede and Minkov (2010) is called universalism. At collectives societies treat customers differently is not considered unethical, whereas this is actually encouraged because of the in-group concept, which is called particularism - businesses therefore need a personal relationship of trust before it starts.

In regards to the relation towards the State, observers often only see the different political systems and are not aware of the different mind-sets of the population that led to and maintain these different systems – as on PDI dimension.

As one can assume, Hofstede, Hofstede and Minkov (2010) found that the weaker the individualism in the citizen's mental software greater is the chance of a dominating role of the State in the economic system.

Studies brought by Hofstede, Hofstede and Minkov (2010) concluded that the individualist ideal is related to freedom, the collectivist to equality, and this difference has significant impact in economic theories.

Theories that are basically formulated in individualist countries are unlikely to apply in societies where group interest prevails. In this sense, Hofstede, Hofstede and Minkov (2010) understand that as globalization grows the urge for an alternative economic model increases.

2.1.1.5 Masculinity versus femininity dimension

This dimension of Hofstede, Hofstede and Minkov (2010) framework is described as the average physical, biological and social differences between the genders. The differences in mental programming among societies related to this dimension are social and emotional.

In this sense, Hofstede, Hofstede and Minkov (2010) define a society called as masculine when emotional gender roles are clearly distinct, where men are supposed to be assertive, competitive, tough, and focused on material success, whereas women are supposed to be more modest, caring, nurture, tender, and concerned with the quality of life.

A society is defined as feminine when emotional genders are overlapping, both men and women are supposed to be modest, tender, and concerned with the quality of life.

The results of the scores in this masculinity-femininity dimension (MAS) presented on Table 4, unlikely individualism, for example, is unrelated to country`s economic development – there are wealthy and poor countries relevant represented in both genders.

Table 4: Masculinity index

RANK	AMERICA C/S	EUROPE S/SE	EUROPE N/NW ANGLO WORLD	EUROPE C/E EX-SOVIET	MUSLIM WORLD M.E & AFRICA	ASIA EAST ASIA SE	INDEX
1				Slovakia			110
2						Japan	95
3				Hungary			88
4			Austria				79
5	Venezuela						73
6			Switzerland Ge				72
7		Italy					70
8	Mexico						69
9–10			Ireland				68
9–10	Jamaica						68
11–13						China	66
11–13			Germany				66
11–13			Great Britain				66
14–16	Colombia						64
14–16						Philippines	64
14–16				Poland			64
17–18					S Africa (wte)		63
17–18	Ecuador						63
19			United States				62
20			Australia				61
21			Belgium Fr				60
22–24			New Zealand				58
22–24			Switzerland Fr				58
22–24	Trinidad						58
25–27				Czech Rep.			57
25–27		Greece					57
25–27						Hong Kong	57
28–29	Argentina						56
28–29						India	56
30						Bangladesh	55
31–32					Arab ctrs		53
31–32					Morocco		53
33			Canada total				52
34–36			Luxembourg				50
34–36						Malaysia	50
34–36					Pakistan		50
37	Brazil						49
38						Singapore	48
39–40					Israel		47
39–40		Malta					47
41–42						Indonesia	46
41–42					Africa W		46
43–45			Canada Quebec				45
43–45						Taiwan	45
43–45		Turkey					45
46	Panama						44
47–50			Belgium Nl				43
47–50		France					43
47–50					Iran		43
47–50				Serbia			43
51–53	Peru						42
51–53				Romania			42
51–53		Spain					42
54					Africa E		41
55–58				Bulgaria			40
55–58				Croatia			40
55–58	El Salvador						40
55–58						Vietnam	40
59						S Korea	39
60	Uruguay						38
61–62	Guatemala						37
61–62	Suriname						37
63				Russia			36
64						Thailand	34
65		Portugal					31
66				Estonia			30
67	Chile						28
68			Finland				26
69	Costa Rica						21
70–71				Lithuania			19
70–71				Slovenia			19
72			Denmark				16
73			Netherlands				14
74				Latvia			9
75			Norway				8
76			Sweden				5

Source: Hofstede, Hofstede and Minkov (2010).

Despite some common characteristics in the definition of the dimensions, masculinity and individualism are different things, as the dimension IDV and MAS are independent. Accordingly to Hofstede, Hofstede and Minkov (2010) the differences between them are that

IDV is about independence from in-groups versus dependence on it; and MAS is about ego versus relationship with others, regardless of group ties.

Additionally, the relation between PDI and MAS was also subject of study by Hofstede, Hofstede and Minkov (2010). The smaller the power distance more masculine a society is, and the opposite is also confirmed.

Analyzing the results of this compilation of dimensions, it is clear that one reinforces the other, and accordingly to Hofstede, Hofstede and Minkov (2010) the roles stated in societies are validated by this perception of relationship among pears, superiors, institutions and organizations.

Hofstede, Hofstede and Minkov (2010) believe that the difference between genders will decrease. When people grow older - and the tendency is of birth rates to decrease and live expectancy increase -, they tend to become more social and less ego oriented, therefore with a lower MAS. The authors understand that in terms of values, older persons are more suitable as people managers and younger persons as technical ones.

2.1.1.6 Masculinity versus femininity dimension main differences

Organizations in masculine societies stress results and try to reward achievement on basis of equity, which means everyone according to performance. Organizations in feminine societies are more likely to reward people based on equality, which means everyone according to need (HOFSTEDE; HOFSTEDE; MINKOV, 2010).

For several matters, including necessity, accordingly to Hofstede, Hofstede and Minkov (2010) the future is likely to slowly move in the feminine direction. Women place in the working force increases, technology and information allows the automatization of standardized function, there is more need for more human positions, with creativity and personal touch, and the average age of societies also increases.

Nevertheless, for the poorer part of the world as long as a country remains poor it is unlikely to shift toward feminine values, as preference and prediction for males and their average higher natural strength will prevail. The direction of causality between male surpluses and cultural masculinity could go both ways, and they may reinforce each other (HOFSTEDE; HOFSTEDE; MINKOV, 2010).

2.1.1.7 Uncertainty avoidance

Accordingly to Hofstede, Hofstede and Minkov (2010) two nations can be very similar in many aspects: roots, language, population, wealth, and more. However, they might still differ in their tolerance of the ambiguous and the unpredictable.

The fourth dimension of Hofstede, Hofstede and Minkov`s (2010) framework is the uncertainty avoidance, which importance rely on the fact that ways of handling uncertainty is part of any human institution and in any country. Humanity has always tried at least to reduce it, having used religion, laws and regulations, technology and more.

Modern societies do not differ essentially from traditional ones in this respect. The essence of uncertainty is that it is a subjective experience, a feeling, which may also be shared with other members of the society (HOFSTEDE; HOFSTEDE; MINKOV, 2010).

Hofstede, Hofstede and Minkov (2010) define uncertainty avoidance (UAI) as the extent to which members of a culture feel threatened by ambiguous or unknown situations. This feeling is, among other manifestations, expressed through nervous, stress and need for predictability: a need for written and unwritten rules.

It is transferred and reinforced through the same basic institutions as the other dimensions, such as family, school, work and the state. The non-rational roots of these feelings are reflects of an entire societal behavior that might not be comprehensible to others.

Table 5: Uncertainty avoidance index

RANK	AMERICA C/S	EUROPE S/SE	EUROPE N/NW ANGLO WORLD	EUROPE C/E EX-SOVIET	MUSLIM WORLD M.E & AFRICA	ASIA EAST ASIA SE	INDEX
1		Greece					112
2		Portugal					104
3	Guatemala						101
4	Uruguay						100
5			Belgium Nl				97
6		Malta					96
7				Russia			95
8	El Salvador						94
9–10			Belgium Fr				93
9–10				Poland			93
11–13						Japan	92
11–13				Serbia			92
11–13	Suriname						92
14				Romania			90
15				Slovenia			88
16	Peru						87
17–22	Argentina						86
17–22	Chile						86
17–22	Costa Rica						86
17–22		France					86
17–22	Panama						86
17–22		Spain					86
23–25				Bulgaria			85
23–25						S Korea	85
23–25		Turkey					85
26–27				Hungary			82
26–27	Mexico						82
28					Israel		81
29–30	Colombia						80
29–30				Croatia			80
31–32	Brazil						76
31–32	Venezuela						76
33		Italy					75
34				Czech Rep.			74
35–38			Austria				70
35–38			Luxembourg				70
35–38					Pakistan		70
35–38			Switzerland Fr				70
39						Taiwan	69
40–41					Arab ctrs		68
40–41					Morocco		68
42	Ecuador						67
43–44			Germany				65
43–44				Lithuania			65
45						Thailand	64
46				Latvia			63
47–49						Bangladesh	60
47–49			Canada Quebec				60
47–49				Estonia			60
50–51			Finland				59
50–51					Iran		59
52			Switzerland Ge				56
53	Trinidad						55
54					Africa W		54
55			Netherlands				53
56					Africa E		52
57–58			Australia				51
57–58				Slovakia			51
59			Norway				50
60–61			New Zealand				49
60–61					S Africa (wte)		49
62–62			Canada total				48
62–63						Indonesia	48
64			United States				46
65						Philippines	44
66						India	40
67						Malaysia	36
68–69			Great Britain				35
68–69			Ireland				35
70–71						China	30
70–71						Vietnam	30
72–73						Hong Kong	29
72–73			Sweden				29
74			Denmark				23
75	Jamaica						13
76						Singapore	8

Source: Hofstede, Hofstede and Minkov (2010).

As Table 5 shows, this dimension is completely different from the others as there is a new grouping of countries. Even within geographic and political regions there are large differences. Countries otherwise similar, such as Great Britain and Germany, present herein a relevant gap that confirms the existence of cultural differences between them (HOFSTEDE; HOFSTEDE; MINKOV, 2010).

Despite the apparent similarity in meaning, Hofstede, Hofstede and Minkov (2010) clarify that uncertainty avoidance should not be confused with risk avoidance. A parallel can be created with fear and anxiety. Fear and risk are in related to something concrete; while anxiety and uncertainty are related to diffuse feelings.

Risk has a probability behind the likelihood of some event to happen. Uncertainty has no probability, it is a situation on which anything can happen and whenever it is expressed as risk, it ceases to be a source of anxiety.

Some cultures are more anxious than the others, and this affects life, culture, and business of societies in different levels. In weak uncertainty-avoidance countries anxiety levels are relatively low, and opposing to it on anxious cultures the UAI is higher (HOFSTEDE; HOFSTEDE; MINKOV, 2010).

Uncertainty avoidance leads to efforts to reduce ambiguity, and not risk. For Hofstede, Hofstede and Minkov (2010), people in high UAI cultures look for structures in their organizations, institutions, and relationships that makes events clearly interpretable and predictable. The author also says that this pursuit is so strong that they are often even ready to risky behaviors in order to reduce ambiguities.

2.1.1.8 Avoidance of uncertainty main differences

Accordingly to Hofstede, Hofstede and Minkov (2010) there is a strong relation between MAS and UAI dimensions. Lower uncertainty avoidance means willingness to run unfamiliar risks, and high MAS reflects the importance of visible results - both component of entrepreneurial activity in the American tradition.

On the other hand, safety and/or security are likely to prevail over the needs of others where uncertainty avoidance is strong, as well as human relationships where feminine culture is predominant. In the market place personal network, even via celebrity endorsement, is seen as mandatory for trusted information in high UAI.

In higher UAI societies a general absence of trust is presented, which creates a need for rules, laws and command to decrease ambiguities and uncertainties. It clearly has a strong emotional background, and can ultimately lead to rules and behaviors that are purely ritual, inconsistent, or even dysfunctional.

People in lower UAI cultures think rules should be created only if there is absolute necessity. According to Hofstede, Hofstede and Minkov (2010) the rules that do exist are better followed.

Hofstede, Hofstede and Minkov (2010) state that in countries with low UAI a feeling that if laws do not work they should be changed prevails. While in countries with high UAI laws can fulfill a need for security even if they are not followed.

Finally, strategic planning is more appraised in lower UAI, while in high UAI countries the concern is more related to daily operations. No structure has proven better effectiveness at all times, is just a matter of perception and success depends on several other factors (HOFSTEDE; HOFSTEDE; MINKOV, 2010).

2.1.1.9 Long-term orientation

The long-term orientation stands for the fostering of virtues oriented towards future rewards, in particular perseverance and thrift. In the opposite pole, short-term orientation stands for fostering virtues related to the past and present, especially respect for tradition and fulfilling of social obligations.

Nations ranking in regards to this fifth dimension can be found on Table 6 as follows.

Table 6: Long-term orientation index

RANK	AMERICA C/S	EUROPE S/SE	EUROPE N/NW ANGLO WORLD	EUROPE C/E EX-SOVIET	MUSLIM WORLD M.E & AFRICA	ASIA EAST ASIA SE	INDEX
1						S Korea	100
2						Taiwan	93
3						Japan	88
4						China	87
5				Ukraine			86
6			Germany				83
7-9				Estonia			82
7-9			Belgium				82
7-9				Lithuania			82
10-11				Russia			81
10-11				Belarus			81
12			Germany E				78
13				Slovakia			77
14				Montenegro			75
15			Switzerland				74
16						Singapore	72
17				Moldova			71
18-19				Czech Rep.			70
18-19				Bosnia			70
20-21				Bulgaria			69
20-21				Latvia			69
22			Netherlands				67
23				Kyrgyzstan			66
24			Luxembourg				64
25		France					63
26-27						Indonesia	62
26-27				Macedonia			62
28-32				Albania			61
28-32		Italy					61
28-32				Armenia			61
28-32						Hong Kong*	61
28-32				Azerbaijan			61
33			Austria				60
34-35				Croatia			58
34-35				Hungary			58
36						Vietnam	57
37			Sweden				53
38-39				Serbia			52
38-39				Romania			52
40-41			Great Britain				51
40-41						India	51
42						Pakistan	50
43				Slovenia			49
44		Spain					48
45-46						Bangladesh	47
45-46		Malta					47
47		Turkey					46
48		Greece					45
49	Brazil						44
50						Malaysia*	41
51-54			Finland				38
51-54				Georgia			38
51-54				Poland			38
51-54					Israel		38
55-56			Canada				36
55-56					Saudi Arabia		36
57-58			Denmark				35
57-58			Norway				35
59-60					Tanzania		34
59-60					S Africa		34
61			New Zealand				33
62						Thailand*	32
63	Chile						31
64					Zambia*		30
65-66		Portugal					28
65-66			Iceland				28
67-68					Burkina Faso*		27
67-68						Philippines	27
69-71	Uruguay						26
69-71					Algeria		26
69-71			United States				26
72-73	Peru						25
72-73					Iraq		25
74-76			Ireland				24
74-76	Mexico						24
74-76					Uganda		24
77			Australia				21
78-80	Argentina						20
78-80					Mali*		20
78-80	El Salvador						20
81					Rwanda*		18
82-83					Jordan		16
82-83	Venezuela						16
84					Zimbabwe		15
85-86					Morocco		14
85-86					Iran		14
87-90	Colombia						13
87-90	Dominican Rep.						13
87-90					Nigeria		13
87-90	Trinidad*						13
91					Egypt		7
92					Ghana*		4
93	Puerto Rico						0

Source: Hofstede, Hofstede and Minkov (2010).

Hofstede, Hofstede and Minkov (2010) point out that for high LTO cultures what works is more important than why it works, and excellence is implied to the capacity to solve problems in a practical way.

Studies have shown the relation between LTO and propensity to save, and also in the shape of consuming and purchasing goods. High LTO countries invest in real estate, and low ones in mutual funds (HOFSTEDE; HOFSTEDE; MINKOV, 2010).

In summary, there are many reasons for differences and also for the consequences as the beliefs are deeply rooted. Nevertheless, responsible thinking about the long term cannot avoid the conclusion that in a finite world any growth has its limits, either in business, population or economy (HOFSTEDE; HOFSTEDE; MINKOV, 2010).

2.1.2 CULTURAL SYSTEMS

Lewis (2006) believes that by focusing on the cultural roots of national behavior it is possible to foresee and calculate with decent level of accuracy how people will act and react in society and business.

Determining national characteristics is a treading minefield of inaccurate assessment and surprising exceptions. With the objective of making meaningful comparisons between different cultures, Lewis (2006) has made certain generalizations regarding national characteristics. The author suggests the classification of world's cultures in three rough categories.

First the linear-actives: those who plan, schedule, organize, pursue action chains and do one thing at a time (Germans and Swiss are in this group).

Secondly the multi-actives: those lively, loquacious peoples who do many things at once, planning their priorities not according to a time schedule but according to the relative thrill or importance that each appointment brings with it (Italians, Latin Americans and Arabs are members of this group).

And finally the reactives: those cultures that prioritize courtesy and respect, listening quietly and calmly to their interlocutors and reacting carefully to the other side's proposals (Chinese, Japanese and Finns are in this group).

Lewis (2006) called this classification of Linear-active, Multi-active and Reactive as LMR system. The author acknowledges that while most individuals think basically linear, multi-active or reactive, will inevitably exists those who are hybrid. This occurs because at any place or time a person is always subjected to a contextual influence involving the background of study, profession and own personality preferences (LEWIS, 2006).

2.1.2.1 Categorizing cultures – LMR system

Lewis (2006) states that the several hundred national and regional cultures of the world can be roughly classified into: task-oriented and highly organized planners (linear-active); people-oriented, loquacious and interrelation focused (multi-active); and introverted, respect oriented listeners (reactive).

For several decades cross-culturalists have tried to reduce the number of different cultures by grouping them. Using geographic divisions (north, south, east and west), according to their religion (Muslim, Christian, Hindu) or ethnic/racial origin (Caucasian, Asian, African, Polynesian, Indian, Eskimo, Arab). However, such nomenclatures contain many inconsistencies (LEWIS, 2006).

In this sense, Lewis (2006) presented the LMR categorization system, with a suggested ranking on the linear/multi-active scale.

Table 7: Linear-active / Multi-active ranking

1. Germans, Swiss
2. Americans (WASPs)*
3. Scandinavians, Austrians
4. British, Canadians, New Zealanders
5. Australians, South Africans
6. Japanese
7. Dutch, Belgians
8. American subcultures (e.g., Jewish, Italian, Polish)
9. French, Belgians (Walloons)
10. Czechs, Slovenians, Croats, Hungarians
11. Northern Italians (Milan, Turin, Genoa)
12. Chileans
13. Russians, other Slavs
14. Portuguese
15. Polynesians
16. Spanish, Southern Italians, Mediterranean peoples
17. Indians, Pakistanis, etc.
18. Latin Americans, Arabs, Africans

*White Anglo-Saxon Protestants

Source: Lewis (2006).

For Lewis (2006) when people from a linear-active culture work together with people from a multi-active culture irritation results on both sides unless one party adapts to the other - and they rarely do. Nevertheless, a study in a venture between linear and multi-active cultures showed that after some initial quarreling each side learned something from the other.

Multi-active culture admitted that adherence to schedules, production deadlines and budgets enabled them to clarify their goals and check performances and efficiency. And the linear-active culture found that a more flexible attitude allowed them to modify the timetable in reaction to unexpected developments in the market, to spot deficiencies in the planning that had not been evident earlier and to make vital last-minute adjustments.

Following the LMR system, the third cultural category of Lewis (2006) is the reactive culture. Reactives are most present in Asia, and the Westerner should always bear in mind that the actual content of the response delivered by a person from a reactive culture represents only a small part of the significance surrounding the event.

Table 8: Reactive-culture scale

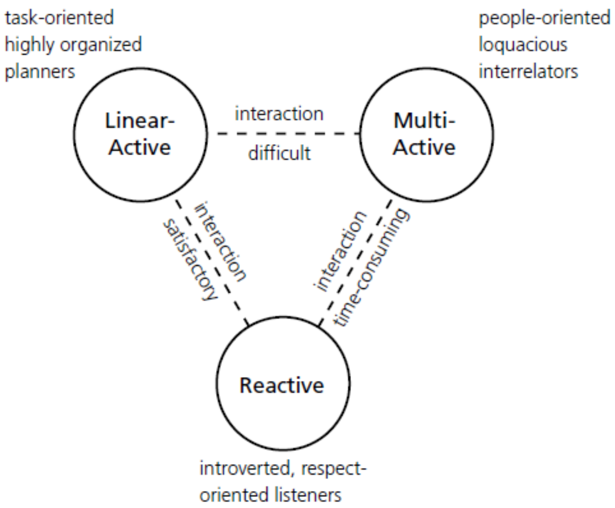
1. Japan	**Strongly Reactive**
2. China	
3. Taiwan	
4. Singapore, Hong Kong*	
5. Finland*	
6. Korea	
7. Turkey†	
8. Vietnam, Cambodia, Laos†	
9. Malaysia, Indonesia†	
10. Pacific Islands (Fiji, Tonga, etc.)†	
11. Sweden*	**Occasionally Reactive**
12. Britain*	

*Linear-active tendencies when reacting
†Multi-active tendencies when reacting

Source: Lewis (2006).

For Lewis (2006) there are natural underlying similarities between members belonging to the same cultural category. And when members of different ones begin to interact, there are more differences than commonalities present, which lead to difficulties.

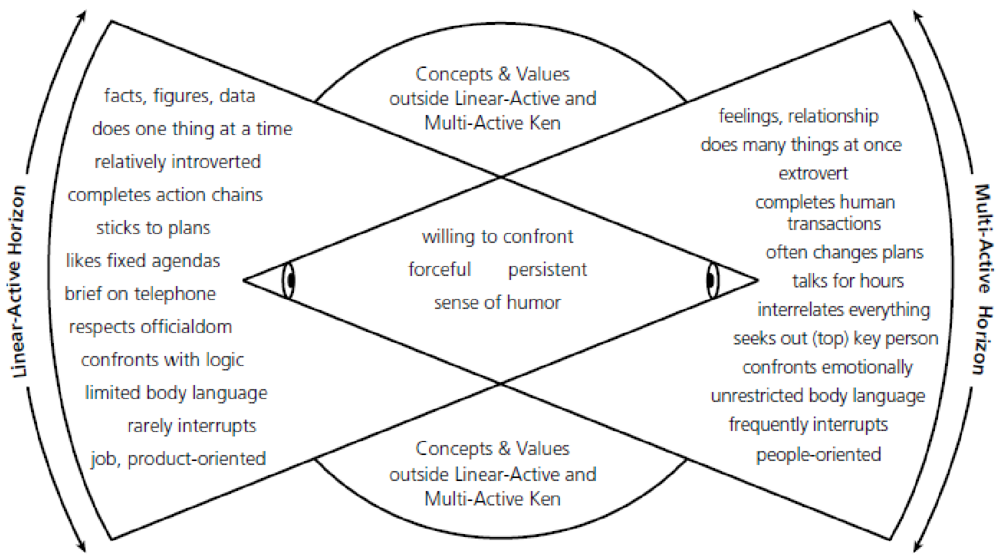
Figure 4: Levels of difficulty in LMR interactions



Source: Lewis (2006).

As per Lewis (2006) commonalities exist between all cultural types, but tend to be thin on the ground between linear-actives and multi-actives, while reactive fit better with the other two since they react rather than initiate.

Figure 5: Linear-active / Multi-active horizon



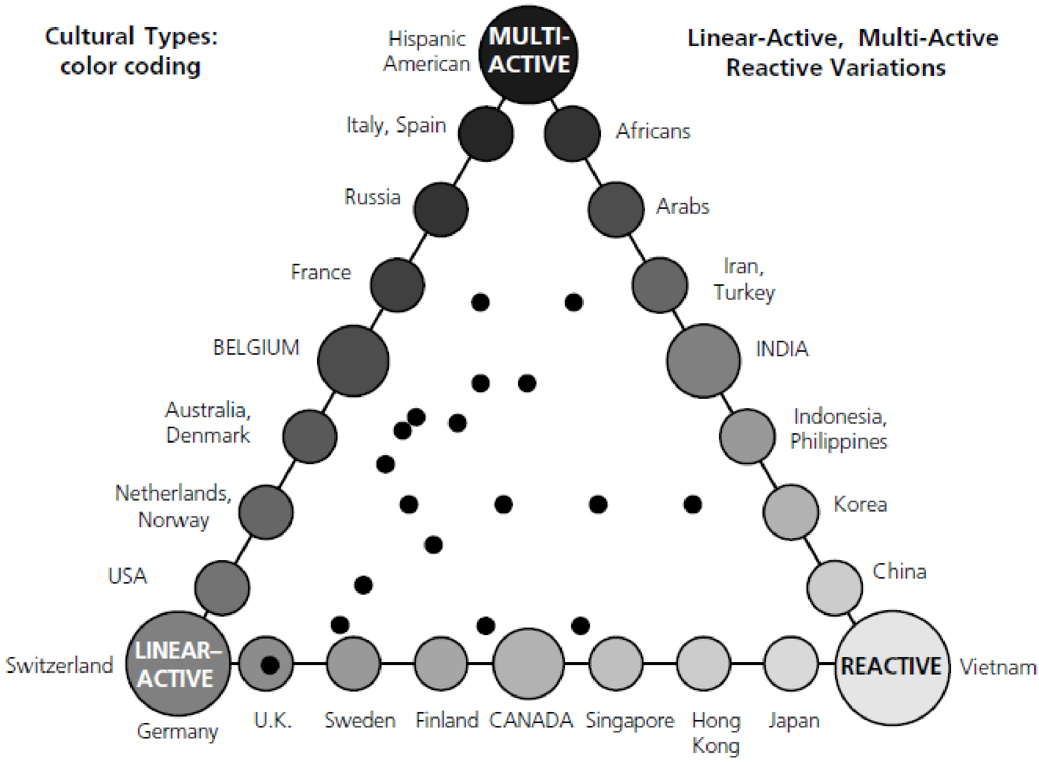
Source: Lewis (2006).

Lewis (2006) presents that of the total number of world's customers 600 million are linear-active customers, three and a half billion multi-active and just under two billion reactive. In this sense the author suggests that product-oriented cultures, such as British and

Germans, should realize that products make their own way only in linear-active societies and that relationships pave the way for goods penetration in multi-active cultures.

Based on decades-long observation and thousands of assessments of cultural profiles Lewis (2006) presents a diagrammatic disposition of linear-active, multi-active and reactive variations among major cultures.

Figure 6: Cultural type's model



Source: Lewis (2006).

For Lewis (2006) as well as the personal or psychological traits of a society, the context within each person is inserted, including its age, profession and field of study, infers in ones' categorization. The globalization, especially in business, is appointed by Lewis (2006) as one major force behind the phenomenon of blending cultures categories.

2.1.2.2 Communication orientation

Connected with the LMR system Lewis (2006) brings how cultures deal with information and communication, grouping them in: dialogue-oriented; data-oriented; and listening-oriented. Interaction among different people involves not only methods of communication but also the process of gathering information.

Dialogue-orientated cultures see events and business possibilities in a specific context. Most information comes from their personal information network, including gossiping in their circle of friends, business acquaintances and extensive family connections (Lewis, 2006).

On the opposite pole are the data-oriented cultures. Where several research is done to produce even more information, being the official and traditional channels considered as the appropriate ones.

Table 9: Dialogue-oriented / Data-oriented cultures

Dialogue

1. Latin Americans
2. Italians, Spanish, Portuguese, French, Mediterranean peoples
3. Arabs, Africans
4. Indians, Pakistanis
5. Chileans
6. Hungarians, Romanians
7. Slavs
8. American sub-cultures
9. Chinese, Japanese, Koreans
10. British, Australians, Benelux
11. Scandinavians
12. North Americans (U.S. and Canada), New Zealanders, South Africans
13. Germans, Swiss, Finns

Data

Source: Lewis (2006).

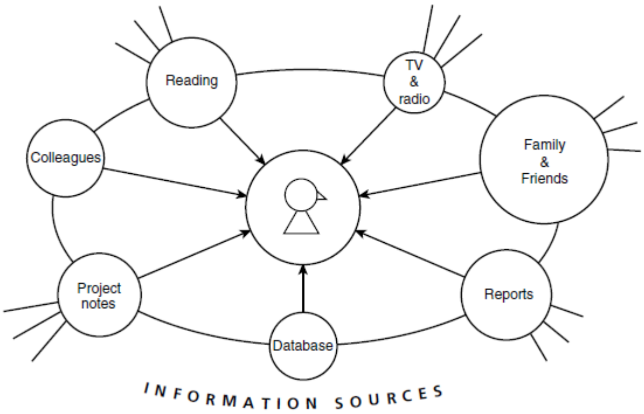
Lewis (2006) states that there is a strong correlation between dialogue-oriented and multi-active people. Multi-active people intend do ten things at once, and therefore is in continuous contact with humans, obtaining from these people an enormous amount of information - far more than linear-active would gather by spending a large part of the day in a private office, door closed, looking at the computer screen.

Moreover, Lewis (2006) says and shares the perspective from the multi-actives. For the author is not possible to forecast the order of a conversation and discussions, where one item could make another meaningless.

In this sense, dialogue-oriented people wish to use their personal relations to solve the problems from the human angle and once this is mentally achieved, then appointments, schedules, agendas and even meetings become superfluous.

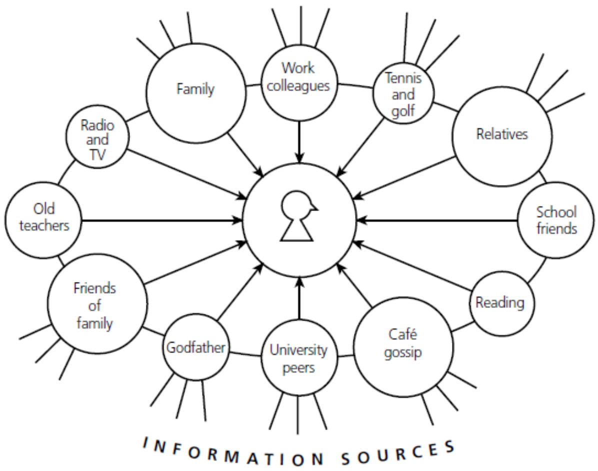
For Lewis (2006) data-oriented cultures will have to expand and intensify their intelligence-gathering networks in the future if they are willing to compete with information-hot dialogue-cultures.

Figure 7: Information sources data-oriented cultures



Source: Lewis (2006).

Figure 8: Information sources dialogue-oriented cultures

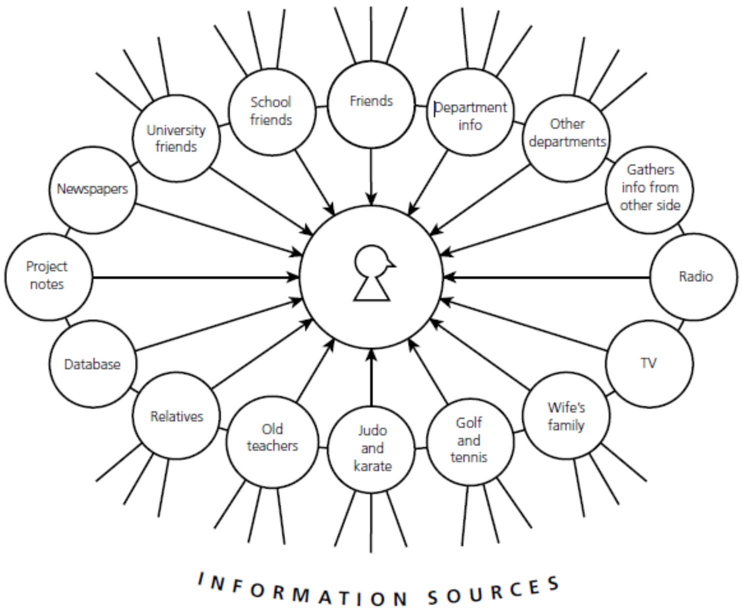


Source: Lewis (2006).

Lewis (2006) says that a combination between data and dialogue oriented systems would probably lead to good results, but there are no clear examples of this having happened consistently in international business communities.

As in the LMR system, there is a third group in the communication framework: the listening cultures. Reactives in nature, combine deference to database and print information with a natural tendency to listen well and enter into sympathetic dialogue (LEWIS, 2006).

Figure 9: Information sources listening cultures

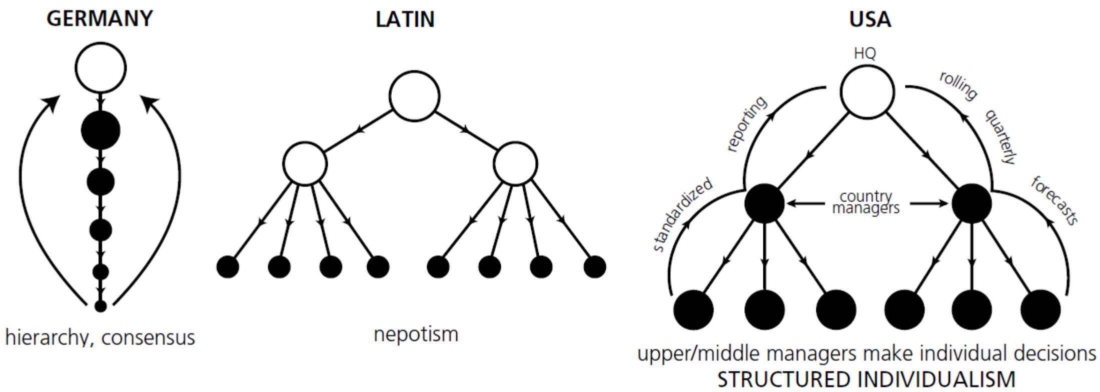


Source: Lewis (2006).

2.1.2.3 Cultural difference in management and leadership

Leadership is a very important tool for every organization in any level and anywhere, but may significantly differ from country to country. From autocratic to democratic, collective or individual, merit-based or ascribed, desired or imposed among others (LEWIS, 2006).

Figure 10: Leadership styles



Source: Adapted by the Author from Lewis (2006).

For Lewis (2006) the way each cultural group structure its business and organizations usually reflects in a considerable degree the manner in which itself is organized.

Organizations are usually shaped by its leaders. Regardless if the leadership is despotic, individual or collective, in general it can be split in two ways: network based or task oriented (LEWIS, 2006).

For Lewis (2006) in the upcoming years versatility will be key and no business model will last longer. It will be fundamental to win or ensure survival: quick thinking, shifting strategies, taking risks, and more. For the author none of them is particularly easy for companies and organizations used to sealing success through traditional procedures or established reputation.

It is clear that relationships are more important to multi-active and reactive cultures. And in this sense, Lewis (2006) presents what sees as a big mistake from businesspeople (particularly Americans, Germans, Scandinavians and British).

First, the linear-active assumes almost automatically that an excellent product sells itself, that it paves the way for a successful relationship; and secondly that the idea or policy, backed by incontestable facts and figures, must inevitably be accepted.

For Lewis (2006) both assumptions are wrong. While it might be perfect for other linear-active cultures, others may prefer to build a relationship prior to the product, and even make the deal with the worst one due to the relation emplaced.

Lewis (2006) affirms that motivation of customers or one's own staff has to take place in the context of personal relationships.

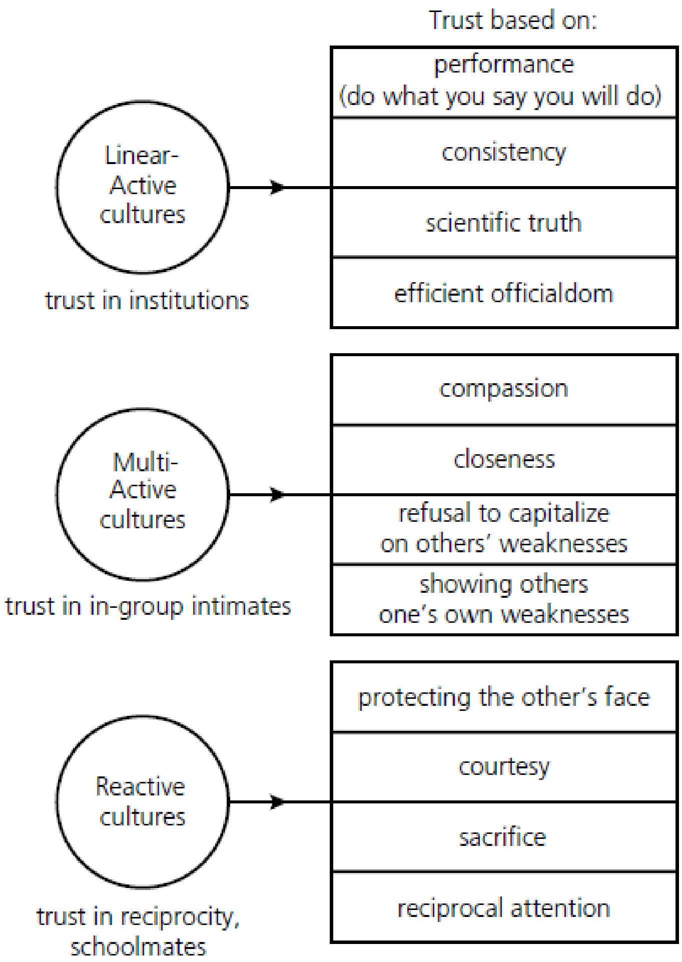
In order to set create strong relations, Lewis (2006) sees as crucial to: set clear, transparent aims and goals; prepare clear instructions; communicate them effectively; insist on an information-sharing policy; provide practical, user-friendly tools; set up time-efficient processes; recognize contributions; and work toward transparency.

Lewis (2006) says that the sense of trust between individuals is also seen in the relation with institutions and organizations. In linear-active cultures those are normally efficient, trust is fairly impersonal, and people usually do what they are supposed to.

On the other hand, this type of trust is considered a scarce commodity among multi-actives, whereas truth is more flexible, the wheels of bureaucracy turn slowly and their faith in institutions is much less.

In this sense, once achieved a trusted relationship among partners in multi-active societies it can be so strong that even surfaces the trust of linear-active cultures. In reactive cultures, trust is gained through respectful behavior.

Graph 3: Trust Variance in Different Cultural Categories



Source: Lewis (2006).

2.1.3 CULTURAL COMPARISION – GERMANY AND BRAZIL

For the purposes established and the research questions of this work, this section will focus in a comparison between what was mainly presented specifically in relation to German and Brazilian cultures, and in respect to the groups they were inserted into accordingly to the studies presented.

2.1.3.1 Dimensions comparison

Hofstede, Hofstede and Minkov (2010) work presents a framework with five cultural dimensions that explain most of the important differences between countries and societies. A clear view of where each society stands is of major importance for international business, economic practices, management and marketing.

As stated by Hofstede, Hofstede and Minkov (2010), most of marketing and economic theories were constructed in the United States and Great Britain, and therefore need to be adapted in order to be successful implemented in different cultures. Impose strategies, even the best ones, in cultures that are just not ready to receive them, is worthless and has good chances to get rejected.

In this sense, and in accordance to the purpose of the present work, a comparison between Germany and Brazil is done based on Hofstede, Hofstede and Minkov (2010) dimensions.

Table 10: Hofstede, Hofstede and Minkov `s cultural dimensions comparison between Germany and Brazil

	Germany		Brazil	
Dimension	Score (0-100)	Position (1-76)	Score (0-100)	Position (1-76)
Power Distance	35	66	70	26
Individualism	67	19	38	42
Masculinity	66	12	49	37
Uncertainty Avoidance	65	43	76	31
Long-term orientation*	83	6	44	49

*Long-term orientation ranking had 96 countries.

Source: Elaborated by the Author.

Germany

Short power distance – Individualist – Masculine – High uncertainty avoidance – Long-term oriented

Accordingly to Hofstede, Hofstede and Minkov `s work, Germany is considered a culture where there is little power distance perception. It is preferred a consultative style of decision making process, with leaders and subordinates working together. There is limited dependence of subordinates on bosses, with interdependence among positions, and there is little, or at least less, emotion involved in the relationships.

German culture is an individualist one. Individual interest prevails over the group, which is not predetermined; they are formed based on common characteristics and interests of each person.

Ties between individuals are loose; everyone is expected to look after itself and its family. An independent self is encouraged. Everyone should be treated equally, in a universalism pattern, where there is little particular/personalized handling.

Germany is definitely a country where the masculine culture prevails, with focus on assertive behaviors, competitiveness and toughness. Roles are clear between genders. Man are supposed to be assertive, tough, and focused on material success, whereas women to be more modest, tender, and concerned with the quality of life. What matters the most is to be good, efficient and fast.

There is mild uncertainty avoidance; they look forward to concrete and practical process. The need for assertiveness gives the impression of rudeness and impatience. Germans avoid the unknown and are not delight with surprises along the way. Things should work as planned.

Finally, German culture is long-term oriented. Success is attributed to effort, perseverance is strongly appreciated, there is a pragmatic behavior and a great appeal for knowledge and education.

Brazil

Large power distance – Collectivist – Feminine - High uncertainty avoidance – Short-term oriented

Brazil is a country with a culture where inequality exists and people nurture it. There is a clear imbalance in society with great power distance. A paternalistic way of dealing with issues is presented as consequence and characteristic of this large distance to power.

In general people are constrained to take risk and decisions. It is preferred a top-to-bottom decision process. The less powerful members, either in institutions and organizations expect and accept that power is distributed unequally.

There is considerable dependence and counterdependence. Brazilian culture is a collective one, where the group is really important and there is a mutual dependence between members in practical and psychological ways. There is strong and cohesive relation especially between family members, being harmony considered as crucial. Moreover, it is usual to create family-like ties with persons who are not biological related, even in the work place.

There is much consideration for information gathered via personal network. Even in business, particularism is really important and many deals and negotiations need a personal relationship of trust before it starts.

Feminine culture prevails in Brazil. Emotional genders overlap, and both men and women are supposed to be modest, tender, and concerned with the quality of life. It’s a culture that worships dialogue and consensus - whenever possible. Brazil is more tolerant than other cultures to many things, including law-breaking, and is considered to be an easygoing culture.

Brazilians avoid uncertainty are quite loquacious and expressionists, reflecting anxiety and emotions among other characteristics. In order to consume and believe in information it is appreciated to have a known source embracing it.

To avoid uncertainty, society is guided and shaped by many rules, laws and regulations. However they are not always respected by the people itself, what makes a challenge to enforce them in several cases.

Finally, in terms of long-term orientation, Brazilian culture is slightly short-term oriented, focused on the results of daily operations and not a strong culture of savings.

2.1.3.2 LMR system comparison

Lewis (2006) LRM system is a direct model to group cultural behaviors accordingly to the way they people feel, think and act. By doing so, the author believes that it is possible to predict how people will behave in certain situations, especially in business.

Close connected to it, how individuals communicate and search for information was presented. Differences occur when informing and being informed of something, and therefore it creates a considerable gap between the parties.

Management systems were also identified and correlated to each category of the LRM system. It was showed that hierarchy structures inside a culture are usually replicated in all institutions and organizations.

In this sense and consonant to the objectives of this project, a comparison between Germany and Brazil was done on the aspects mentioned herein:

Table 11: Lewis`s cultural aspects comparison between Germany and Brazil

	Germany	Brazil
LMR Category	Linear-active	Multi-active
Cultural Group	Task-oriented	People-oriented
Linear-active / Multi-active ranking (1 - 17)	1	17
Communication	Data-oriented	Dialogue-oriented
Management	Hierarchy, consensus	Nepotism
Trust	Institutions	In-group intimates

Source: Elaborated by the Author.

Germany

Linear-active - task oriented - data-oriented - hierarchy management - trust in institutions

Lewis (2006) defines German culture as with a business monochromic attitude toward the use of time. It is the classic linear-active: highly organized plans, schedule, pursue of action chains, do one thing at a time and are task-oriented.

Germans usually do the expected rather than the opposite, and honesty is appreciated even to criticize opponents or colleagues. As per Lewis (2006) Germans are fair and straightforward negotiators, despite the tendency to be blunt and disagree openly rather than going for politeness or diplomacy.

In this sense, it is appropriate to recall Lewis (2006) statement that the five traditional biggest economies are reluctant on learning about others, and that product-oriented cultures, such as Germans, should realize that even the best products may need a well based personal relation in order to be sold.

Germans are pointed out per Lewis (2006) as the ones trying harder to adapt, considering that most companies are traditional, slow-moving entities, encumbered by manuals, systems and hierarchical paths.

The horizontal communication is very little, due to the German vertical system (Lewis, 2006). Germans are pure data-oriented, whereas information to be trusted in general needs to come from superiors or official channels.

Finally, Germans are traditionally motivated by achievements rather than words of incentive, and the right to privacy, both at home and in one's office, is paramount. Eccentricity, ostentation, unpunctuality and disobedience are frowned upon (LEWIS, 2006).

In order to summarize the most important values for German culture the following should be observed:

Table 12: German culture values

Values

fair	*Ordnung*
honest	frank, direct (truth before tact)
conformist	logical
time-dominated	private
tendency to complicate	serious
organized; good planners	law-abiding
strong sense of duty	faithful
requiring context	intense
soul-searching	serious

Source: Lewis (2006).

Table 13: German culture concepts

Key values	Fair, honest, logical, intense, serious, private, frank and direct (truth before act)
Space	Working life and private life are usually kept strictly separate.
Time	Most punctual of all peoples. "Arriving late" mean a delay of only 2 or 3 minutes. They value their leisure and will not welcome attempts to cut it with work.
Communication	Frank, open, direct and often loud. Truth before diplomacy. Arguments are logical, weighty and thought out well.
Listening habits	Listen well because they are disciplined and always willing to learn more.

Source: Adapted by the Author from Lewis (2006).

Brazil

Multi-active - people-oriented - dialogue oriented - paternalistic management - trust in the in-group

Lewis (2006) sees Brazil in a different perspective in comparison to most South American countries due to its colonization by the Portuguese and absence of war conflicts in history.

This brings a more gentle touch to its citizens in all levels, including business relations, which are in general conduced with relative more harmony and the deal is reached throughout dialogue instead of dispute.

For Lewis (2006) these characteristics enable the nation to make tolerance and exploitation compatible. The author sees Brazilians as futuristic in their outlook, although traditional in respect to family and social customs.

Brazilians are lively, loquacious, and at least try to do many things at once. The schedule is done accordingly to importance, possibility, or by whom the appointment is with. Brazilians are people-oriented, caring and are willing to get human contact and proximity.

Dialogue is appreciated in all contexts. In business the most trusted information comes from their personal network. Nevertheless, it advisable to be aware that ethics, commitments, among other topics, are from a very dubious field in Brazil capable of many different outcomes.

As cause and also consequence of that, trust in institutions is considered a scarce commodity, and as truth can change, bureaucracy increases and the general disbelief also grow (LEWIS, 2006).

In this sense, a summary of the most relevant aspects of Brazilian culture found as per Lewis (2006):

Table 14: Brazilian culture values

Values

loquacious, exuberant	optimistic
emotional, theatrical	flexible
future-oriented	hospitable
group-oriented	avoid unpleasantness
impatient	cheerful
enjoy being Brazilian	relaxed time
compassionate	break rules
friendly, tolerant	easy racial relations
love music, dancing	imaginative
grandiose, exaggerating	unruly
patriotic	

Source: Lewis (2006).

Table 15: Brazilian culture concepts

Key values	Optimistic, flexible, break rules, imaginative, unruly
Space	Tactile, hugging and very extroverted. Quite happy working close to each other.
Time	Business appointments rarely begin as schedule. Generosity with their time. Tendency to focus on the process rather than the product.
Communication	Loquacious and verbose to the extreme (what is saying comes from the heart). Long speeches as a sign of trust building.
Listening habits	Erratic, with interruptions and the presentation of new individual ideas. Aim to for form a in depth impression of the person. Attention span relatively short.

Source: Adapted by the Author from Lewis (2006).

2.2 STRATEGY

There are many ways to view and define strategy. But, regardless of how good a strategy has been developed, planned, or even executed perfectly for many years, this does not mean that it is likely to be suitable to a different company, culture, society and customers, for which habits, expectations and needs will also almost certainly be different.

With this mind set, some of the most relevant literature of strategy and management were selected to present an overview of the concepts and tools understood as crucial for any organization, in any industry and with strong possibilities to be successful if implemented, both for the corporation and the consumer, if the cultural specificities are observed.

2.2.1 Core concepts of strategy

Accordingly to Henderson (1989), for millions of years natural competition involved no strategy. By chance and the laws of probability, competitors found the combination of resources that best matched their different characteristics. This was not strategy but Darwinian natural selection.

However, things have changed and nowadays any institution should have a clear vision of what it stands for, why, for whom, where, when and for how long. Collins and Porras (1996) say that company`s practices and strategies should change continually; but its core ideology should not. Being the core ideology what defines a company`s timeless character, something to be discovered looking inside the company, and not something that can be invented, much less faked.

For Porter (1996) strategy is the creation of a unique and valuable position involving different set of activities; it requires to make trade-offs in competing – to choose what not to do; and involves creating ‘fit’ among company`s activities.

Strategy is a deliberate search for a plan of action that will develop a business`s competitive advantage and compound it (HENDERSON, 1989).

A strategy needs to be consistent and coherent in all levels and throughout time. The core ideology shall transcend product or market life cycles, technological breakthroughs, management fads and individual leaders (COLLINS; PORRAS, 1996).

For Johnson, Christensen, and Kagermann (2008) success starts not by thinking about business models, it starts with thinking about the opportunity to satisfy a real customer who needs a job done. It has to deliver a value to the customer.

Kim and Mauborgne (2007) alert that there is a tendency of corporate strategy to focus on winning against rivals, whereas industry structural conditions are given and firms forced to compete within. This is called structuralist view, or environmental determinism, in which there is no creation of needs that customers did not expect they would have. This represents more competition for the same things and persons, without breakthrough.

According to this view, companies and managers are largely at the mercy of economic forces greater than themselves. Opposed to it, exists a worldview in which market boundaries and industries can be reconstructed by the actions and beliefs of industry players: the reconstructionist view (KIM; MAUBORGNE, 2007).

Porter (1996, p.17) summarizes in a generic but opportune way the ideas and concepts of strategy presented herein:

> Strategy is creating fit among a company`s activities. The success of a strategy depends on doing many things well – not just a few – and integrate them. If there is no fit among activities, there is no distinctive strategy and little sustainability. Management reverts to the simpler task of overseeing independent functions, and operational effectiveness determines an organization`s relative performance.

2.2.1.1 Trade-offs

Every choice represents that other options and opportunities are no longer available. It is just not possible to have or do everything, and therefore decisions have to be taken. They need to be clear, well supported and convicted, but most importantly: it has to be done.

In this sense, trade-offs are point out as necessary and a major part of strategy. For Porter (1996) there are three main reasons. First to avoid inconsistencies in image or reputation; the delivery of one value to a customer, and different ones for other can create a gap of expectation, and also the promotion of values that are not compatible at the same time.

The second reason is that different positions demand different product configurations, equipment, employee behavior, skills and management system. An attempt to replicate methods, without or with poorly managed trade-offs can represent extra and useless costs, as well as time and effort worthless spent.

The third reason is the existence of limits on internal coordination and control. Companies that try to be all things to all customers risk confusion at many levels. Even in the trenches, as employees attempt to make day-to-day operating decisions without a clear framework (PORTER, 1996).

Positioning trade-offs are pervasive in competition and essential to strategy. They create the need for choice and purposefully limit what a company offers. In general, value is destroyed if an activity is over or under designed for its use (PORTER, 1996).

Projecting a new way of thinking strategy and the trade-offs, Kim and Mauborgne (2007) reject the fundamental tenet of conventional strategy: that a trade-off exists between value and cost. Whereas companies can either create greater value for customers at a higher cost or create reasonable value at a lower cost.

But when it comes to creating new markets, accordingly to the reconstructionist view, evidence shows that successful companies can pursue differentiation and low cost simultaneously (KIM; MAUBORGNE, 2007).

The comparison of the traditional and structuralist view, with the new way of thinking strategy of Kim and Mauborgne (2007) and the reconstructionist view, can be exemplified by the comparison between red and blue ocean, as per the following:

Table 16: Red ocean versus blue ocean strategy

Red ocean strategy	Blue ocean strategy
Compete in existing market space.	Create uncontested market space.
Beat the competition.	Make the competition irrelevant.
Exploit existing demand.	Create and capture new demand.
Make the value/cost trade-off.	Break the value/cost trade-off.
Align the whole system of a company's activities with its strategic choice of differentiation *or* low cost.	Align the whole system of a company's activities in pursuit of differentiation *and* low cost.

Source: Kim and Mauborgne (2007).

Finally, and in relative opposing direction to what the blue ocean and the reconstructionist view presents, Porter (1996) says that the absence of trade-offs is a dangerous half-truth that managers must unlearn.

2.2.1.2 Fit among activities

Fit drives both competitive advantage and sustainability (PORTER, 1996). The choice of positioning has to determine how different activities are related. In order for it to become a strategy is required the combination, the fit, of those activities.

One activity can have a lower cost because the way another one is performed. Customers value can be enhanced by the way other company`s activity is designed. This is how strategic fit creates competitive advantage and superior profitability (PORTER, 1996).

As per Kim and Mauborgne (2007) buyer value comes from the utility and price a company offers, which can only be achieved when the whole system of a company's utility, price, and cost activities are properly aligned.

Although the importance of fit has been present for a long time in management, it is said to be gradually replaced in the top management agenda. Rather than seeing the company as a whole, managers have turned to "core" competencies, "critical" resources, and "key" success factors. In fact, fit is a far more central component of competitive advantage than most realize (PORTER, 1996).

Accordingly to Porter (1996), there are three types of fit, however not mutually exclusive. First is the consistency between each activity (function) and the overall strategy. If this is in place, easier and more feasible is to communicate the strategy both internally, to employees in all levels, and externally, to existing and potential customers.

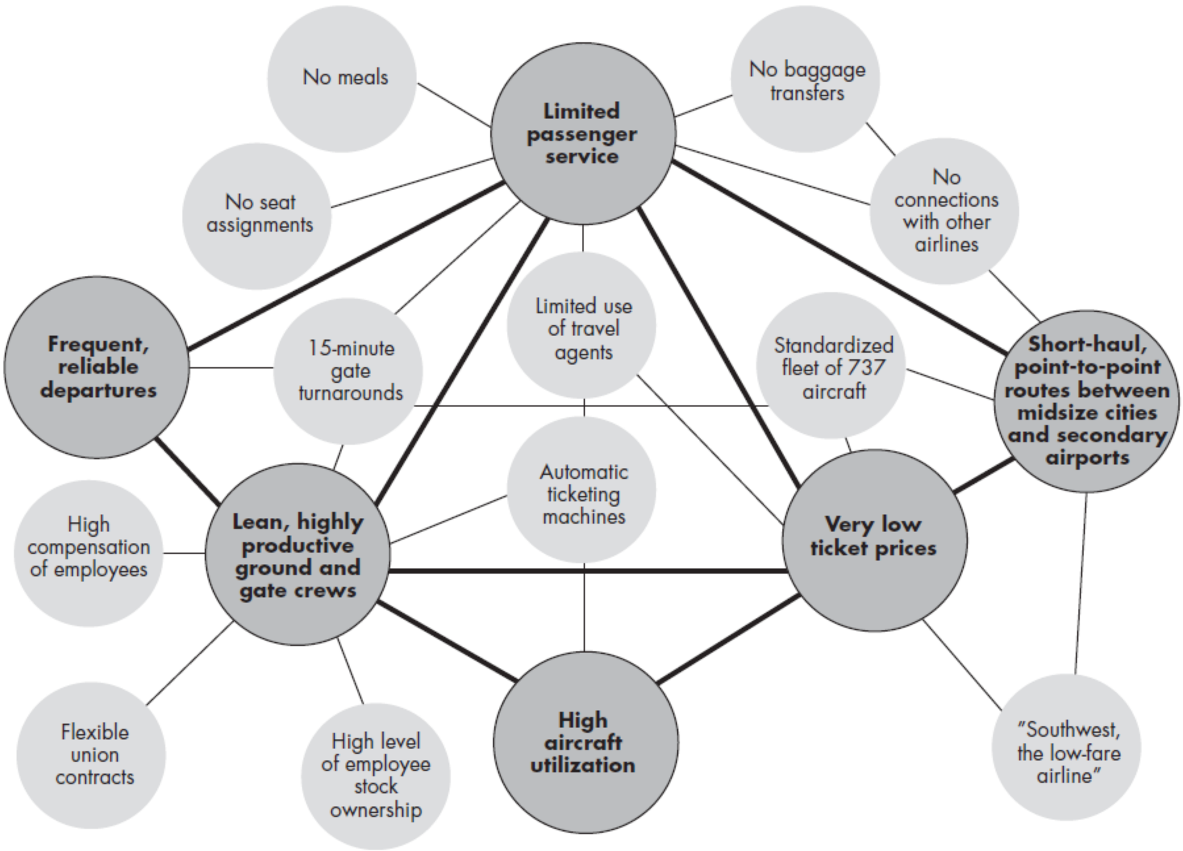
The second type of fit is combination of activities that reinforce each other. And the third, a step further from previous, the effort optimization: coordination and information exchange to eliminate redundancy and minimize wasted effort (PORTER, 1996).

For Porter (1996) strategic fit is fundamental to competitive advantage but also to the sustainability of that advantage. Positions built on systems of activities are far more sustainable than those built on individual activities.

Activity system is the interrelation between activities developed by the company that are able to reinforce each other in a unique, distinct and sustainable advantage.

Porter (1996) brings the case of Southwest Airline to exemplify that. A low budget airplane company in the United States, very successful in its business model, which competitors consistently try to copy without success for a long period of time.

Figure 11: Southwest Airline`s Activity System



Source: Porter (1996).

Observing the figure above is possible to understand how the core activities of the company`s strategy, in bold, are supplemented, supported, consequence for, and reason of, the other ones.

2.2.1.3 Threats to company`s strategy

Porter (1996) says that commonly threats to strategy are seen to emanate from outside a company because of changes in technology or the behavior of competitors. The author explains that however external changes can be a problem; the greater threat to the strategy often comes from within.

Referring to the early 90`s, Porter (1996) asserts that managers have been over increasing pressure to deliver tangible, measurable performance improvements, and presents the comparison between what has been placed and what would be the ideal.

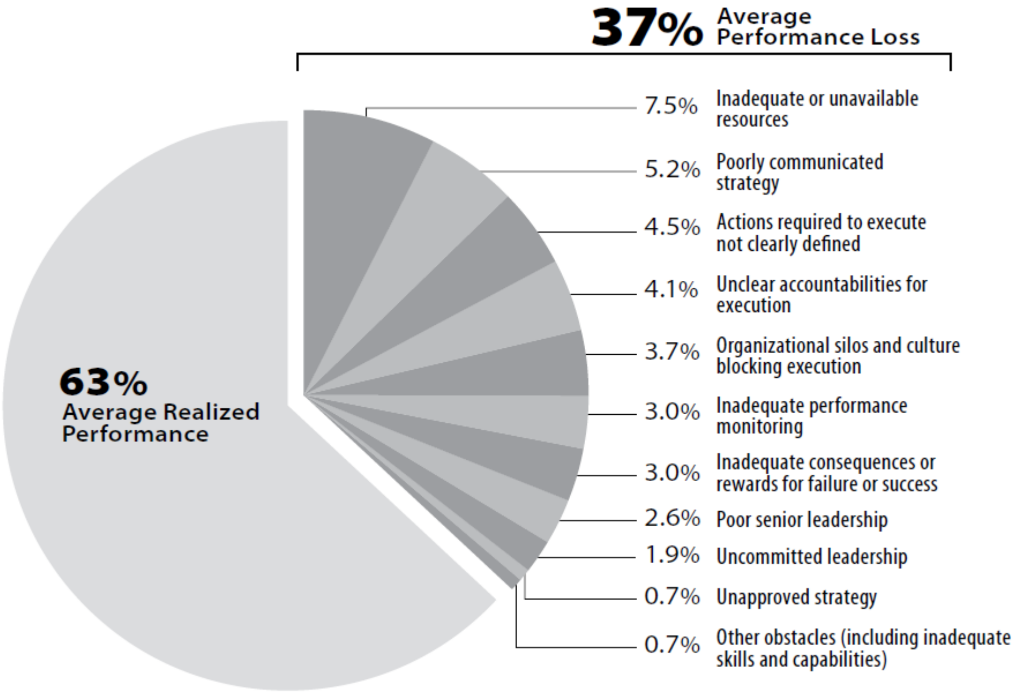
Table 17: Alternative views of strategy

The Implicit Strategy Model of the Past Decade	Sustainable Competitive Advantage
• One ideal competitive position in the industry	• Unique competitive position for the company
• Benchmarking of all activities and achieving best practice	• Activities tailored to strategy
• Aggressive outsourcing and part-nering to gain efficiencies	• Clear trade-offs and choices vis-à-vis competitors
• Advantages rest on a few key suc-cess factors, critical resources, core competencies	• Competitive advantage arises from fit across activities
• Flexibility and rapid responses to all competitive and market changes	• Sustainability comes from the ac-tivity system, not the parts
	• Operational effectiveness a given

Source: Porter (1996).

A work conducted by Mankins and Steele (2005) showed that executives competing in very different markets, segments and locations, share many concerns about planning and execution. Virtually all of them struggle to produce the performance forecasted in their long-range plans.

Graph 4: Where the performance goes



Source: Mankins and Steele (2005).

It was discovered that companies rarely track performance against long-term plans. As result, top managers can't easily know whether the projections that underlie their capital-investment and portfolio-strategy decisions are in any way predictive of actual performance.

The strategy-to-performance gap fosters a culture of underperformance. First, unrealistic plans create the expectation throughout the organization that plans simply will not be fulfilled. Then, as the expectation becomes experience, it becomes the norm that performance commitments won't be kept. So commitments cease to be binding promises with real consequences (MANKINS; STEELE, 2005).

Additionally, another threat to strategy that comes from within is the absence of real and effective leadership. Leaders were, are and will always be essential. Moreover strong ones, willing to make choices, trade-offs in the organization against all the opposing forces at work (PORTER, 1996).

For Porter (1996) the leader must provide the discipline to decide which industry changes and customer needs the company will respond to, while avoiding organizational distractions and maintaining the company`s distinctiveness. One of the leader`s jobs is to teach others in the organization about strategy and to say no.

2.2.2 STRATEGIC POSITIONING AND COMPETITION

2.2.2.1 Strategic positioning

Porter (1996) affirms that positioning, once the heart of strategy, is being rejected as considered too static for today`s dynamic markets. It is being replaced by efforts on operational effectiveness, which can be a dangerous half-truth that leads to destructive competition.

Johnson, Christensen and Kagermann (2008) say that not rare companies try to create the new and often neglecting to focus on one job. They dilute their efforts by attempting to do lots of things. And in doing lots of things, they do nothing really well.

Positioning definition needs to be well planned and strategically done. For Porter (1996) there are distinctive but not mutually exclusive and not rare overlapping sources for setting a strategic positioning.

It can be variety-based positioning, where the variety of products/services is more important than customer segments. Or also, needs-based positioning, where the focus is to serve most or all the needs of a particular group of customers - close connected to the traditional thoughts about customer segmentation. And additionally, related to needs accessibility, where needs might be similar, but the access-based positioning requires diverse set of activities to reach customers in different geography conditions, scale, and other matters.

Independently of the source – variety, needs, access, a combination of all or some of them -, finding a position require a specific and proper set of activities (PORTER, 1996).

Variety and accessibility positioning have no relation to customer’s differences, but needs differences. Strategic positioning sets the trade-offs rules that define how individual activities will be configured and integrated, generating strategy in terms of activity systems.

By tailoring organization to strategy it is feasible to achieve main and subsidiary activities, while at the same time promote sustainability.

Continuity reinforces company`s identity and frequent shifts in positioning are costly. Companies would need to reconfigure individual activities and realign entire systems (PORTER, 1996).

2.2.2.2 Strategic competition

Strategic competition is not new and its elements have been recognized and used ever since humans combined intelligence, imagination, accumulated resources and coordinated behavior to wage war (HENDERSON, 1989).

Regardless if you are an oil company, or a football club, is necessary to have together with operational effectiveness a strategy for superior performance (PORTER, 2008).

Henderson (1989) infers the Gause`s Principle of Competitive Exclusion: no two species that make their living in the identical same way can coexist. Competition existed long before strategy, it began with life itself.

During the quest for superior performance and competitive strengths, companies may attempt to develop its core competences. It defines organization’s capabilities, what is particularly good at, should be aligned with the core ideology and often rooted in it (COLLINS; PORRAS, 1996).

These distinctive aspects in an organization strategy are extremely relevant. A competitor that truly has an advantage can give potential customers more for their money and still have a larger margin between its costs and its selling price (HENDERSON, 1989).

For Henderson (1989), the basic elements of strategic competition are: ability to understand competitive behavior as a system in which competitors, customers, money, people, and resources continually interact; ability to predict how a given strategic move will rebalance the competitive equilibrium; have resources that can be permanently committed to new uses even though the benefits will differ; ability to predict risk and return with enough accuracy and confidence to justify commitments; and willingness to act.

Nevertheless, not rare even the basic elements mentioned aren’t taken into consideration. Porter (1996) says that many companies succumb to the temptation to chase easier ways of growth; throughout the addition of hot features, products and services without screening or adapting them to the strategy.

Operational effectiveness and strategy need to converge, not to be in conflict. The operational agenda, place for constant change and flexibility, involves continue improvement everywhere there are no trade-offs. A failure to do so creates vulnerability even for companies with good strategy (PORTER, 1996).

The strategic agenda is nuclear. Is the place for definition of unique position, making clear trade-offs, and tightening fit (PORTER, 1996). As per Porter (1996), competitive strategy is about being different, deliberately chose a set of activities to deliver a unique mix of value.

To generate a precise customer value proposition is necessary to think about the four most common barriers keeping people from getting particular jobs done: insufficient wealth, access, skill, or time (JOHNSON; CHRISTENSEN; KAGERMANN, 2008).

For Johnson, Christensen and Kagermann (2008) companies will almost always need to integrate their key resources and processes. Focusing first on the value proposition, and then in the profit formula. Those needs to interrelate with the previous, and by doing so, they almost always create enduring competitive advantage.

Finally, inserted on every strategy, model or framework, there are people. A clear and well-articulated ideology needs to be well place to attract to the company people whose personal values are compatible with the company’s core values. Conversely, it repels those whose personal values are incompatible. Success therefore lies in building the strengths of the organization (COLLINS; PORRAS, 1996).

2.2.2.3 Summary of Strategy

Strategy is the creation of a unique and valuable position involving different set of activities, a deliberate search for a plan of action that will develop business`s competitive advantage and compound it.

In the previous sections some of the most relevant concepts of strategy were presented. Those are common to most industries and business, and can be specific related to the cases further analyzed herein.

Table 18: Strategy analyzes key concepts summary

Concept	Definition	Example	Purpose
Core Ideology	What defines a company`s timeless character	A principle the company would never neglect even if this means short term poor results	To promote a strategy that is consistent and coherent in all levels, and throughout time
Core Purpose	Reason of being what you are, and where you want to get	Nike: To experience the emotion of competition, winning, and crushing competitors	Promulgate company's values and building a robust corporate culture
Market Structuralist view (red ocean)	Winning against rivals, whereas industry structural conditions are a given and firms are forced to compete within	Traditional circus competing for customer throughout price war	Traditional competition, gain of market share
Market Reconstructionist view (blue ocean)	Worldview in which market boundaries and industries can be reconstructed by the actions and beliefs of industry players	Cirque de Soleil	Create a new and unexpected market, providing greater value to customers with both product enhancement and cost benefits
Trade-offs	To choose what not to do	adidas leaving the NBA sponsorship deal to focus on grass-roots investments	Creates the need for purposefully limit what the company offers, since value is destroyed with over and underdesigned products and services
Fit	Positioning activities in a way that they are consistent to the overall strategy, each one reinforces the other and promote effort optimization	Southwest Airline activity system	Promote competitive advantage, since a system built on activity one is far more sustainable than those built on individual ones
Threats to company strategy	Activities, or absence of activities, that result in poor performance and strategy-to-performance gap, and can emanate from outside or inside the company	Poor strategy communication; disruptive technology change from competitors; organizational silos; inadequate performance monitoring; and etc.	Being aware of the most common threats to strategy enable managers to work on avoiding them and developing sustainable competitive advantage

Strategic positioning	Definition of the variety of services/products to be offered, the group of customers to be served, considering the accessibility of what is being offered, and for whom	Subway: healthy fast-food sandwich to the ordinary consumer of urban locations at reasonable price	Strategic positioning sets the trade-offs rules that define how individual activities will be configured and integrated, generating strategy in terms of activity systems
Core competence	What the company is particularly good at, and should be aligned with company's core ideology and are often rooted in it	Volvo: the car company with the most reliable and safety vehicles in the world	Enable companies to establish strategic competition
Strategic competition	Understand competitive behavior as a system in which competitors, customers, money, people, and resources continually interact; predict strategic moves and risk with accuracy, always combined with willingness to act	Apple: constant investment in P&D and marketing, together with new technologies and product launches	Competition advantage, able to give potential customers more for their money and still have a larger margin between its costs and its selling price

Source: Elaborated by the Author.

2.3 INDUSTRY

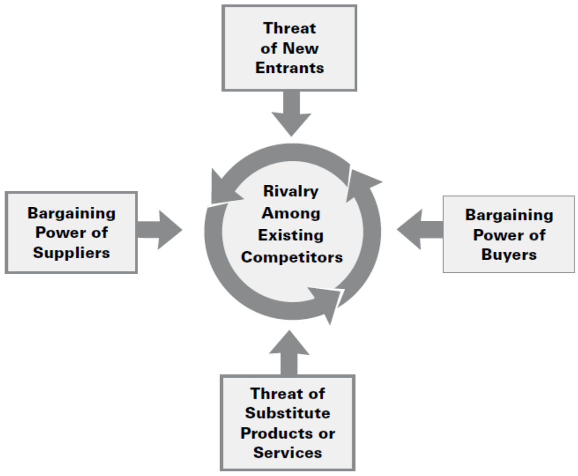
Business are a complex system of agents that are able to interfere in different ways and ranges in the industry they belong. Success and profits require an analysis wider than the traditional practices and challenge of historical competitors.

For Kim and Mauborgne (2007) the industries in existence today - the known market space -, has its boundaries defined and accepted, the competitive rules of the game are well understood and companies try to outperform their rivals in order to grab a greater share of the existing demand.

As per Henderson (1989), classic economic theories of business competition are simplistic and sterile. It postulates rational, self-interested behavior on a frame that is in reference to perfect competition, which is a theoretical abstraction that never existed and never could exist.

Porter (2008) states that competition for profits goes beyond established industry rivals. It is necessary to additionally include: customers, suppliers, potential entrants, and substitute products. With those elements, the five forces framework of Porter was established.

Figure 12: The Five forces that shape industry competition



Source: Porter (2008).

The extended rivalry that results from the five forces framework defines industry's structure and shapes the nature of competitive interaction within it. Regardless of the obvious differences industries have from one another on the surface, the underlying drivers of profitability and sustainability are the same (PORTER, 2008). A strategy for sustainable competitive advantage cannot neglect the insights that this framework is able to provide.

2.3.1 RELEVANT PLAYERS

The forces present in the framework of Porter (2008) are not exhaustive and many other factors should be consider (e.g. Government relation), although most can be somehow related to one of the forces.

Competitive forces reveal the drivers of industry competition, and a company strategist who understands that it extends well beyond existing rivals will detect wider competitive threats and be better equipped to address them. Additionally it enables to distinguish short term effects from long term ones, and develop well based and constructed analyses – the so called strategy.

2.3.1.1 New entrants

The first force to be analyzed is the 'threat of new entrants'. New entrants bring new capacity and a desire to gain market share that puts pressure on prices, costs, and the rate of investments necessary to compete (PORTER, 2008).

For Henderson (1989) market share is a meaningless number unless a company defines the market in terms of the boundaries separating it from its rivals. If the force of new entrants is strong, rivalry will exist and even become a real threat for market share and profits. What determines if the threat is strong or not is directly related to the barriers to entry in the market (PORTER, 2008).

In this sense and in accordance to Porter (2008), entry barriers are advantages that incumbents have relative to new entrants, as described on Table 19 below.

Table 19: Seven major sources of market seniority

1	Supply-side economies of scale	Firms that produce at larger volumes enjoy lower costs per unit, together with technology efficiency and better terms from suppliers
2	Demand-side benefits of scale	Network effect, the more customers a company already have, more will be willing to have as well
3	Customer switching costs	Fixed costs that buyers face by change of suppliers, the larger the harder for an entrant to gain customers
4	Capital requirements	Large financial resources in order to compete
5	Incumbency advantages independent of size	Cost or quality advantages not available to potential rivals
6	Unequal access to distribution channels	Limited wholesale or retail channels, or existing competitors that have a tied relation
7	Restrictive government policy	Government policy can hinder or aid new entry directly as well as amplify (or nullify) the other entry barriers

Source: Adapted by the Author from Porter (2008).

Regardless of being a newcomer or the industry leader, a closer look at this force is necessary because industry shifts may give opportunity for a rising competitor (PORTER, 2008).

2.3.1.2 Suppliers

Companies, in spite of their size or importance, at some point and at some level will have to rely on their suppliers either for services or raw-material. And this can be a relevant factor to shape the conditions of market competition.

This second player, second force of the framework, have its strength related to how depended a company is from its supplier and how strong the agent is in that industry.

If the same supplier is the responsible for providing raw-material or any kind of essential part of the production process for many or all companies, it will have leverage over the industry and charge for that (PORTER, 2008).

Porter (2008) states that, in general, companies depend on a wide range of different supplier groups, and a supplier individually or in group is powerful if: it is more concentrated than the industry it sells to; does not depend heavily on the industry for its revenues; industry participants face high supplier switching costs; and if there is no substitute for what its provided.

Johnson, Christensen and Kagermann (2008) present a list of suppliers from a company, which includes, but is not limited to, people, technology, products, facilities, equipment, channels and brand. Those are considered key elements for a successful business model that is able to deliver value proposition to the targeted customer.

2.3.1.3 Customers and consumers

Porter (2008) says that powerful customers are those who can capture more value by forcing down prices, demanding better quality or more service (thereby driving up costs), and generally playing industry participants off against one another - all at the expense of industry profitability.

Competition tends to get stronger and tougher. As per Kim and Mauborgne (2007) there is little evidence of any increase in demand - at least in the developed markets where recent United Nations statistics even point to declining populations. As result, at more and more industries supply is overtaking demand, leading to the commoditization of products and services, stoked price wars and shrunk profit margins.

Porter (2008) states that, there are distinct groups of customers that differ in bargain power. The most relevant aspects that provide negotiation leverage to a customer group are: few buyers, or each one purchases in volumes that are large relative to the size of a single vendor; the fact industry’s products are standardized or undifferentiated; and when buyers can credibly threaten to integrate backward and produce the industry’s product themselves if vendors are too profitable.

In addition to that, relevant aspect in the relation between industry and customers is if and how price sensitive the buyer group is.

For Porter (2008) a buyer group is price sensitive if: the product it purchases from the industry represents a significant fraction of its cost structure or procurement budget; earns low profits, is strapped for cash, or is otherwise under pressure to trim its purchasing costs; and the quality of buyers’ products or services is little affected by the industry’s product - where quality is very much affected by the industry’s product, buyers are generally less price sensitive.

Accordingly to recent studies, major American brands in a variety of product and service categories have become more and more alike. And as brands become more similar, people increasingly base purchase choices on price (KIM; MAUBORGNE, 2007).

From the characteristics presented herein, most can be applied equally to final consumers and to business-to-business customers. Like industrial customers, consumers tend to be more price sensitive if they are purchasing products that are undifferentiated, expensive relative to their incomes and of a sort where product performance has limited consequences - the major difference with consumers is that their needs can be more intangible and harder to quantify (PORTER, 2008).

Additionally, not to be neglected the participation of intermediate customers, or customers who purchase the product but are not the end user (such as assemblers or distribution channels). They can be analyzed in the same way as other buyers, with one important surplus: intermediate customers gain significant bargaining power when they can influence the purchasing decisions of customers downstream (PORTER, 2008).

2.3.1.4 Everything else that can replace you

The fourth force of the framework, 'threat of substitute products or services', is similar to the first one. It has the unexpected as an element for those that are not aware that at any point in time something can happen that will affect businesses.

This is likely to happen when a substitute performs the same or a similar function as an industry’s product by different means (PORTER, 2008). In fact, it should be highlighted that substitutes can be either a competitor or a new product that replaces the current one.

In this sense, Porter (2008) says that substitutes are always present, but they are easy to overlook because they may appear to be very different from the industry`s traditional product.

If the company, or even the industry as a whole, does not distance itself from substitutes throughout product performance, marketing, or other means; it will suffer in terms of profitability and often growth potential.

2.3.1.5 Competitors

This fifth and last force of Porter's (2008) framework is the traditional and classic competition, with rivalry and battle for market share and profit within an industry.

In general Porter (2008) understands that high rivalry limits the profitability of an industry. The degree to which rivalry drives down an industry's profit potential depends first on the intensity with which companies compete and, secondly, on the basis which they compete.

When an aggressive competitor launches a successful strategy all the other businesses with which it competes must respond with equal foresight and dedication of resources (HENDERSON, 1989). This may represent more costs and the inflation of market investments.

For Kim and Mauborgne (2007) the best way to drive profitable growth is to stop competing in overcrowded industries. Companies are trying to outperform rivals to grab bigger slices of existing demand, and as the space gets increasingly crowded, profit and growth prospects shrink.

About intense and even potential destructive competition, Porter (2008) presents factors that can make the intensity of rivalry even greater: when competitors are numerous or roughly equal in size and power; industry growth is slow, which precipitates fights for market share; exit barriers are high, what keep companies in the market even whit low earnings or negative returns; and when rivals are highly committed to the business and have aspirations for leadership, where even clashes of personality and ego have sometimes exaggerated rivalry to the detriment of profitability.

There are several levels and fields of competition, but the easier and perhaps most common is price competitions.

For Porter (2008) services such as hotel accommodations (also airplane and football stadiums seats) are perishable in the sense that unused capacity can never be recovered, implying that there are some business where price competition should not be based on the competitors alone or mostly, but in the very nature of the product or service itself.

Despite of destructively competing or ignoring it, competitors can also help industry and business to improve.

Competition on dimensions other than price, such as product features, support services, delivery time or brand image for instance, are less likely to erode profitability because it improves customer value and can support higher prices (PORTER, 2008).

2.3.2 BUSINESS MODEL

While great business models can reshape industries and drive spectacular growth, many company's managers don't even understand their existing model well enough (JOHNSON CHRISTENSEN; KAGERMANN, 2008).

Table 20: Successful business model components

Customer value proposition	Helps customers perform a specific "job" that alternative offerings don't address
Profit formula	Generates value for your company through factors such as revenue model, cost structure, margins, and inventory turnover
Key resources	People, technology, products, facilities, equipment, and brand required to deliver the value proposition to your targeted customers
Key processes	Necessary processes (training, manufacturing, service) to leverage those resources

Source: Adapted by the Author from Johnson, Christensen & Kagermann (2008).

For Henderson (1989) the elements of a business model must be interlocked, creating and delivering value; and unless a business has a unique advantage over its rivals, it has no reason to exist.

Johnson, Christensen and Kagermann (2008) say that the most important is to get the customer value proposition (CVP) right. A successful company is the one that has found a way to create value for customers, a way to help customers get an important job done - by "job" a fundamental problem in a given situation that needs a solution.

Customer value is essential, but there is no efficient business model without profitability. Often is to think that the terms 'profit formulas' and 'business models' are interchangeable.

Instead, how to make profit is only one piece of the model, being therefore most useful to start by setting the price required to deliver the CVP and then work backwards from there to determine the variable costs and gross margins (JOHNSON; CHRISTENSEN; KAGERMANN, 2008).

The CVP and the profit formula define value for the customer and the company, respectively; key resources and key processes describe how that value will be delivered to both the customer and the company (JOHNSON; CHRISTENSEN; KAGERMANN, 2008).

2.3.3 NEW STRATEGY AND MODEL NEEDED

Cultural characteristics help to explain why is not easy to change. Many are afraid of it because of deeply rooted aspects of its own behavior, but it also occurs that it is not always easy to recognize that is time to make a change.

This happens because performance bottlenecks are frequently invisible to top management. The processes most companies use to develop plans, allocate resources, and track performance make it difficult for them to discern whether the strategy-to-performance gap stems from poor planning, poor execution, both, or neither (MANKINS; STEELE, 2005).

That is a major problem. Johnson, Christensen and Kagermann (2008) show that there are moments and scenarios that request or even demand changes, and therefore, those should be closed followed and expected.

Table 21: Strategic circumstances that require business model change

Disruptive innovation for new existing demand	The opportunity to address through disruptive innovation the needs of large groups of potential customers who are shut out of a market entirely because existing solutions are too expensive or complicated for them
Technology	The opportunity to capitalize on a brand new technology by wrapping a new business model around it or the opportunity to leverage a tested technology by bringing it to a whole new market
Repressive demand	The opportunity to bring a job-to-be done focus where one does not yet exist, whereas a jobs focus allows companies to redefine industry profitability
Operational underperformance	The need to fend off low-end disrupters
Competition	The need to respond to a shifting basis of competition

Source: Adapted by the Author from Johnson, Christensen and Kagermann (2008).

Regardless of the industry many managers can fall into what Porter (1996) named the growth trap. Which is the desire to grow, among all the other influences, and is considered the most perverse effect on strategy since trade-offs and limits appears to constrain it.

Therefore it is important that growth helps and reinforces company`s strategy. One approach is to look for extensions of the strategy that leverage the existing activity system by offering features or services that rivals would find impossible or costly to match on a stand-alone basis (PORTER, 1996).

Mankins and Steele (2005) state that so few companies routinely monitor actual versus planned performance, that this may help explain why many seem to pour good money after bad - continuing to fund losing strategies rather than searching for new and better options.

However, to admit the necessity to start over just as a new entrant would is challenging for companies. At issue a far more common phenomenon: the established company achieving mediocre returns and lacking a clear strategy (PORTER, 1996).

Creating a new model for a business does not mean the current model is threatened or should be changed. A new model often reinforces and complements the core business (JOHNSON; CHRISTENSEN; KAGERMANN, 2008).

Gadiesh and Gilbert (2001) show that it's worth revisiting the strategy and principles when there are shifts in economics bases and market opportunities. Moreover, sometimes the greatest value of revisiting the strategy is reconfirming what is already being done.

It is clear, however, that many businesses are running with underperformance results. Many factors contribute for that, leading to the ultimate necessity to adapt, change or even start over.

A 2005 survey by the Economist Intelligence Unit reported that over 50% of executives believe business model innovation will become even more important for success than product or service innovation; and a 2008 IBM survey of corporate CEOs revealed that nearly all of them reported the need to adapt their business models, and more than two thirds said that extensive changes were required (JOHNSON; CHRISTENSEN; KAGERMANN, 2008).

2.3.4 Summary of Industry analyzes

Within the previous sections an analysis of Porter's five forces framework was presented alongside with relevant strategy, business model and industry literature review.

In this sense, the following table was developed to provide a clear organization of the main topics addressed, exemplify actions that could be enforced and introduce the following theme: strategy execution.

Table 22: Summary of key aspects of strategy and industry literature review

Topic	Definition	Example	Importance	How to deal?
New Entrants	A competitor not previously present in the industry, which desires to gain market share from the existing actors	Apple in the mobile phone market	New competitors put pressure on prices, costs and rates necessary to compete	Increase entry barriers into the market
Suppliers	Agents that provide the resources the company needs in order to execute their business	Sports Gear manufacturer and its relations to the factories that sew the clothes, and fabric industries	No matter how great a company is, it will always depend on its suppliers at some level	Secure a wide range of trustable suppliers and ensure there are substitutive for what is offered
Customers	Those who buy, consume and/or use the product being offered	Football fans	Unsatisfied customers may abandon the company, and if the company depends heavily in a small amount of them, prices can be forced down	Provide a product with distinctiveness and secure that it delivers a job done and greater value to the consumer
Substitutes	Unexpected element in the market, performing the same or similar functions by different means	Mobile phones cameras in re to digital cameras	Substitutes can replace the traditional technology forever and in a considerable fast way if the change is disruptive	Not to overlook potential threats and distance itself from it by actions such as product performance and marketing
Competitors	Traditional rivals in the market	adidas and Nike in the sporting goods industry	Competition can be destructive by many reasons, including price competition, but if well managed, it can enhance product value	Increase competition in dimensions such as features, support service, brand image, and others that create more customer value
Business model	Company´s plan to run its operations, generate revenue, and obtain profit from it	Every company has a business model, regardless of its size, formality or complexity	The elements of a successful business model (customer value proposition, profit formula, key resources and key process) are fundamental to create a unique advantage for the company over its rivals	A successful company is the one that has found a way to create value for customers, a way to help customers solve a fundamental problem in a given situation that needs a solution, and obtain profit afterwards
New strategy and model needed	Opportunities to address large groups of new consumers through disruptive innovation or capitalize on new technologies; focus on new markets; and respond to shift on competition basis	adidas: with poor market share in the North America decided to drop the NBA sponsorship and focus on grass-root initiatives	Review of strategy and model through appropriate performance tracking is fundamental to stop loses, even reinforce what has been done	Routinely monitor actual versus planned performance

Source: Elaborated by the Author.

2.4 STRATEGY EXECUTION

Strategies can be created from scratch, reinvented or adapted. However it is only good and effective if execution is successfully placed.

Efforts to improve performance lead most organizations to go straight for structural measures, because moving lines around the organizational chart seems the most obvious solution and changes are visible and concrete. Such step generally reap some short-term efficiency quickly, but it address only the symptoms of dysfunction, not its root causes (NEILSON; MARTIN; POWERS, 2008).

Several years later companies usually end up in the same place they started. Structural change can and should be part of the path to improved execution, but it’s best to think of it as the capstone, not the cornerstone, of any organizational transformation.

Actions having to do with decision rights and information are far more important - about twice as effective - than improvements made by execution and structural changes (NEILSON; MARTIN; POWERS, 2008).

2.4.1 Successful execution

A brilliant strategy may put you on the competitive map, but only solid execution keeps you there and unfortunately most companies struggle with implementation (NEILSON; MARTIN; POWERS, 2008).

For Neilson, Martin and Powers (2008) most companies’ strategies deliver only 63% of their promised financial value. The reason is that leaders press for better execution when they really needed a sounder strategy, or they craft a new strategy when execution is the true weak spot. The reality of many businesses is that managers don't know where they are failing.

In this sense, one of the key elements to enhance the possibility of a successful strategy execution can be pointed out as to reduce the likelihood of performance shortfalls (MANKINS & STEELE, 2005).

Mankins and Steele (2005) present rules for it. Whereas even when strategy struggles, those will enable managers to recognize where the fault lies faster and act accordingly.

Table 23: Rules to reduce performance shortfalls probability

1: Keep it simple, make it concrete	At most companies, strategy is a highly abstract concept, often confused with vision or aspiration, hard to communicate and translated into action. Without a clear sense of where the company is headed and why, lower levels in the organization cannot put in place executable plans. In short, the link between strategy and performance can't be drawn because the strategy itself is not sufficiently concrete.
2: Debate assumptions, not forecasts	Business unit's strategic plan is little more than a negotiated settlement, and planning, therefore, is largely a political process. Separating the process of building assumptions from that of preparing financial projections helps to ground the business unit-corporate center dialogue in economic reality.
3: Use a rigorous framework, speak a common language	The specific framework a company uses to ground its strategic plans isn't all that important, what is critical is that the framework establish a common language for the dialogue between the corporate center and the units - one that the strategy, marketing, and finance teams all understand and use.
4: Discuss resource deployments early	Allows more realistic forecasts and executable plans to be created, while it can additionally improve the quality of the strategic plan, also add to its execution discussions about market trends and drivers.
5: Clearly identify priorities	Not all tactics are equally important and leading companies make these priorities explicit so that each executive has a clear sense of where to direct efforts - Lewis Campbell, Textron's CEO, summarizes the company's approach this way: "Everyone needs to know: 'If I have only one hour to work, here's what I'm going to focus on.' Our goal deployment process makes each individual's accountabilities and priorities clear."
6: Continuously monitor performance	High-performing companies continuously monitor their resource deployment patterns and their results against plan, using continuous feedback to reset planning assumptions and reallocate resources.
7: Reward and develop execution capabilities	Selection and development of management is an essential ingredient for success, being equally important to make sure that talented hires are rewarded for superior execution.

Source: Adapted by the Author from Mankins and Steele (2005).

Connected to the aforesaid, researches by Neilson, Martin and Powers (2008) show that execution exemplars focus their efforts on two levels: clarifying decision rights –

specification of who “owns” each decision and must provide input; and ensuring information flows where it’s needed - such as promoting managers laterally so they build networks needed for the cross-unit collaboration so critical to strategy.

Most of the companies simultaneously face four situations that make it crucial for success to have a clear strategic principle embodied in the entire organization: decentralization, rapid growth, technological change, and institutional turmoil. Many of the best and most conspicuous examples of strategic principles come from companies that were founded on them. Companies such as: eBay, Dell, Vanguard, Southwest Airlines, and Wal-Mart (“Low prices, every day”) (GADIESH; GILBERT, 2001).

Communication has a direct relation to reinforce company's strategic principle. While it might seem to be a mission statement by another name, it actually helps employees understand a company’s direction. They are two different tools that communicate different things

Table 24: Mission statement x Strategic principle

Mission Statement	**Strategic Principle**
Company`s Culture	Company`s Strategy
Aspiration: gives people something to strive for	Action oriented: enables people to do something now
Meant to inspire frontline workers	Meant to enable them to act quickly giving explicit guidance to make strategically consistent choices

Source: Adapted by the Author from Gadiesh and Gilbert (2001).

Rather than focus on improving their planning and execution processes separately to close the gap, successful strategy execution companies work on both sides of the equation, raising standards for both planning and execution simultaneously and creating clear links between them (MANKINS; STEELE, 2005).

Table 25: The 17 fundamental traits of organizational effectiveness

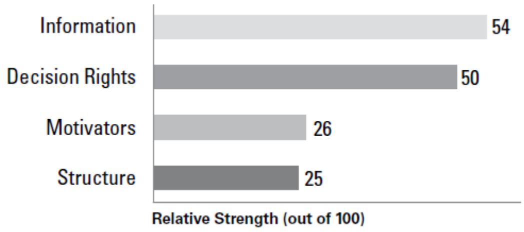
RANK	ORGANIZATION TRAIT	STRENGTH INDEX (OUT OF 100)
1	Everyone has a good idea of the decisions and actions for which he or she is responsible.	81
2	Important information about the competitive environment gets to headquarters quickly.	68
3	Once made, decisions are rarely second-guessed.	58
4	Information flows freely across organizational boundaries.	58
5	Field and line employees usually have the information they need to understand the bottom-line impact of their day-to-day choices.	55
6	Line managers have access to the metrics they need to measure the key drivers of their business.	48
7	Managers up the line get involved in operating decisions.	32
8	Conflicting messages are rarely sent to the market.	32
9	The individual performance-appraisal process differentiates among high, adequate, and low performers.	32
10	The ability to deliver on performance commitments strongly influences career advancement and compensation.	32
11	It is more accurate to describe the culture of this organization as "persuade and cajole" than "command and control."	29
12	The primary role of corporate staff here is to support the business units rather than to audit them.	29
13	Promotions can be lateral moves (from one position to another on the same level in the hierarchy).	29
14	Fast-track employees here can expect promotions more frequently than every three years.	23
15	On average, middle managers here have five or more direct reports.	19
16	If the firm has a bad year, but a particular division has a good year, the division head would still get a bonus.	13
17	Besides pay, many other things motivate individuals to do a good job.	10

BUILDING BLOCKS Decision Rights Information Motivators Structure

Source: Neilson, Martin and Powers (2008).

As Table 25 above shows, the fundamentals of good execution start with clarifying decision rights and making sure information flows where it needs to go. If you get that right, the correct structure and motivators often become obvious (NEILSON; MARTIN; POWERS, 2008).

Graph 5: What matters most to strategy execution



Source: Neilson, Martin and Powers (2008).

2.4.2 Decision rights

Every success, every mishap, every opportunity seized or missed stems from a decision someone made, or failed to make. Yet in many firms decisions routinely stall inside the organization - hurting the entire company's performance (ROGERS; BLENKO, 2005).

Accordingly to Gadiesh and Gilbert (2001) it`s well known the benefits of pushing decision making process from the CEO's office out to the far reaches of an organization. Such as: fleeting business opportunities can be seized quickly; products and services better reflect subtle shifts in customers' preferences; and empowered workers are motivated to innovate and take risks.

Employees at three out of every five companies rated their organization as 'weak' at execution; that is, when asked if they agreed with the statement 'important strategic and operational decisions are quickly translated into action', the majority answered 'no' (NEILSON; MARTIN; POWERS, 2008).

For Roger and Blenko (2005) is simple, when companies clarify decision roles they make the right choices - swiftly and effectively. In this sense, they created the RAPID decision model, whereas for every strategic decision roles and responsibilities have to be assigned.

Table 26: RAPID decision model

PEOPLE WHO...	ARE RESPONSIBLE FOR...
Recommend	• Making a proposal on a key decision, gathering input, and providing data and analysis to make a sensible choice in a timely fashion • Consulting with input providers—hearing and incorporating their views, and winning their buy-in
Agree	• Negotiating a modified proposal with the recommender if they have concerns about the original proposal • Escalating unresolved issues to the decider if the "A" and "R" can't resolve differences • If necessary, exercising veto power over the recommendation
Perform	• Executing a decision once it's made • Seeing that the decision is implemented promptly and effectively
Input	• Providing relevant facts to the recommender that shed light on the proposal's feasibility and practical implications
Decide	• Serving as the single point of accountability • Bringing the decision to closure by resolving any impasse in the decision-making process • Committing the organization to implementing the decision

Source: Roger and Blenko (2005).

Unclear decision rights not only paralyze decision making process but also hold back information flow, divorce performance from rewards and prompt workarounds that subvert formal reporting lines.

But while the value of such an approach is clear, particularly in a volatile business environment, there is also a built-in risk: an organization in which everyone is a decision maker has the potential to spin out of control (GADIESH; GILBERT, 2001). It's challenging to achieve both decentralized decision making and coherent strategic action.

Nevertheless, to block information results in poor decisions, limit career development, and reinforce structural silos (NEILSON; MARTIN; POWERS, 2008).

Many of the most important cross-functional decisions are by their very nature the most difficult ones to orchestrate and that can string out the process leading to sparring in between fiefdoms and costly indecision (ROGER; BLENKO, 2005).

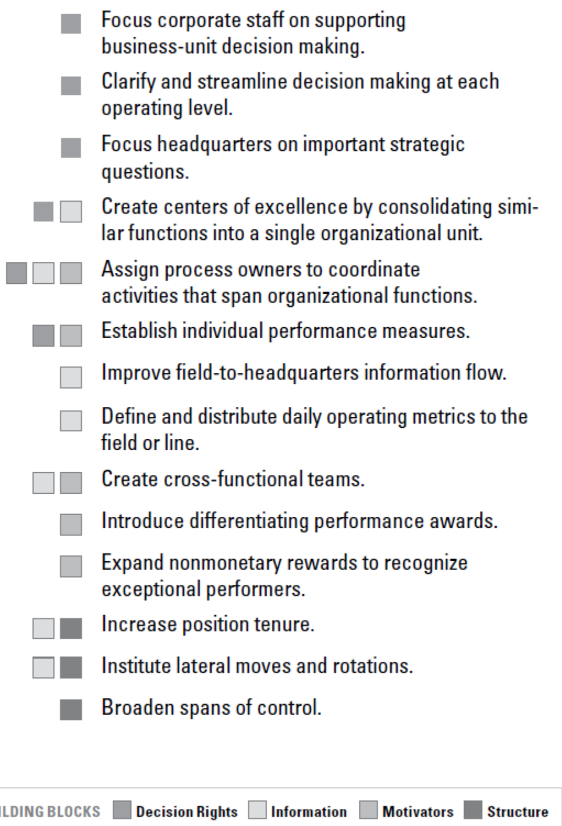
Despite of it, and since each organization is different, Neilson, Martin and Powers (2008) say that the first step is to identify the sources of the problem.

Rogers and Blenko (2005) alert for the common pitfalls that occur in assigning decision roles and present some elements for a concrete action plan: ensure that only one person has the decision; reduce the necessity of acknowledgments, too many people with veto power can paralyze the company; and avoid assigning too many people to provide input, because in those cases at least some of them aren't making meaningful contributions.

In this sense, Neilson, Martin and Powers (2008) state that once executives understand their company's areas of weakness they can take any number of actions. Unfortunately, without clear information on how and why performance is falling short it is virtually impossible for top management to take the appropriate corrective actions (MANKINS; STEELE, 2005).

Neilson, Martin and Powers (2008) suggest a map of steps to improve company's ability to execute strategy.

Table 27: Mapping improvements to the building blocks: some sample tactics



Source: Neilson, Martin and Powers (2008).

Consensus is a worthy goal, but as a decision making standard it can be an obstacle to action or a recipe for lowest-common-denominator compromise. A more practical objective is to get everyone involved to buy in to the decision (ROGER; BLENKO, 2005).

Execution is a notorious and perennial challenge. Even at the companies that are the best at it - called “resilient organizations” - just two-thirds of employees agree that important strategic and operational decisions are quickly translated into action (NEILSON; MARTIN; POWERS, 2008).

Even in those companies there is ambiguity over who is accountable for which decisions. As a result, the entire decision-making process can stall, usually at one of these four bottlenecks: global versus local, center versus business unit, function versus function, and inside versus outside partners (ROGER; BLENKO, 2005).

Gadiesh and Gilbert (2001) present the 80-100% rule: better off with a strategy that is 80% right and 100% implemented than one that is 100% right but doesn’t drive consistent action throughout the company.

On the same logic, Roger and Blenko (2005) state that a good decision executed quickly beats a brilliant decision implemented slowly or poorly. For Roger and Blenko (2005) the defining characteristic of high-performing organizations is their ability to make good decisions and to make them happen quickly.

Table 28: Principles of successful execution

Principles of successful execution	**How to do it**
Some decisions matter more than others	Just as important are the critical operating decisions that drive the business day to day and are vital to effective execution.
Action is the goal	Good decision making doesn't end with a decision; it ends with implementation. The objective shouldn't be consensus, which often becomes an obstacle to action, but buy in.
Ambiguity is the enemy	Defining who has responsibility to make decisions, who has input, and who is charged with putting them into action.
Speed and adaptability are crucial	A company that makes good decisions quickly has a higher metabolism, which allows it to act on opportunities and overcome obstacles.
Decision roles trump the organizational chart	To involve the right people at the right level in the right part of the organization at the right time.
A well-aligned organization reinforces roles	Reinforce the right approach to decision making through measures and incentives, information flows, and culture.
Practicing beats preaching	Get involved the people who will live with the new decision roles in designing them.

Source: Adapted by the Author from Roger and Blenko (2005).

2.5 SPORST MARKETING

When dealing with sports it is necessary to be aware at all times, regardless of culture, nation, costumes, class, religion, and any other particular characteristics, that at the end passion and the intangible will play an important role. Sport has several almost religious qualities, such as the ceremonies, asceticism, sacred territories and symbols, which make it a unique and special industry.

Mason (1999) states that there are several factors that potentially distinguish professional sports from other businesses, including stadium lease arrangements, monopolistic bargaining for broadcasting rights, territorial rights in predetermined geographic markets and the capital depreciation of players' contracts.

However, the most notable aspect of this distinct relation is its consumers. Whereas while there are clearly aesthetic pleasures in watching a sport performance, the real intensity comes from identifying with an individual or team as they compete for victory (MASON, 1999).

In this sense, although entrepreneurs have being selling sports for centuries, rational systems to commercialize it are relatively new and as humans see sport as an special experience, or as with a special place in their lives, the approach should be in a different way than is done with cars, cookies or tax advisory (MULLIN; HARDY; SUTTON, 2004).

This intangible sport factor, the duality consumer/fan, is the phenomenon that has helped make sport a vehicle for the promotion of corporate interests (MASON, 1999).

Sports marketing consists of all the activities designed to satisfy the necessities and wishes of sports consumers through the process of exchange. It has developed two main axes: product marketing and sports services directly to sports consumers; and the marketing of others products and services throughout the use of sports promotion (MULLIN; HARDY; SUTTON, 2004).

Despite being special, sports are in fact inserted in the entertainment industry and therefore competing with movies, theaters, amusement parks, museums, video games, among others.

Research of Mullin, Hardy and Sutton (2004), in reference of the consumption of United States society show that Americans have expanded their consumption of entertainment, being sports just a part of it and that there is a huge competition for the discretionary revenues, inside and outside the sport market.

Table 29: Sports and entertainment events, share of consumption (U$ Billions)

Product or service	1970	1980	1985	1990	1994
% of entertainment of total personal expenditures	U$ 93,8 Bi 4,3%	U$ 159,7 Bi 5,3%	U$ 215 Bi 6,1%	U$ 291,8 7,1%	U$ 369,9 Bi 8,3%
Tickets as % of total entertainment expenses	U$ 3,7 Bi 3,9 %	U$ 4,5 Bi 2,8%	U$ 4,8 Bi 2,2%	U$ 4,8 Bi 1,6%	U$ 4,9 Bi 1,3%
Leisure of participants (i.e. bowling) expenses as % of total entertainment expenses	U$ 7,7 Bi 8,2 %	U$ 15,3 Bi 9,5%	U$ 20,0 Bi 9,3%	U$ 24,9 Bi 8,5%	U$ 32,9 Bi 8,8%
Video, audio, and computers expenses as % of total entertainment expenses	U$ 6,2 Bi 6,6 %	U$ 12,7 Bi 7,9%	U$ 24,7 Bi 11,4%	U$ 47,9 Bi 16,4%	U$ 89,0 Bi 24,0%

Source: Adapted by the Author from Mullin, Hardy and Sutton (2004).

Historically in the sports industry the market has been guilty for not focusing in consumer needs, which can also be represented by the marketing myopia.

Table 30: Marketing myopia common symptoms

Wrong focus	Focus on production and sales of services and goods, instead of identification and satisfaction of customers and markets necessities and needs.
Winning mistake	The belief that winning absolve all the sins, the “winning is the best marketing” anomaly.
Confusions between promotions and marketing	Confusion between promotions and marketing. Promotions – include advertising and special events – is only a part of a marketing mix or strategy. Good promotions must be part of an integrated strategy that know the necessities and needs of the consumers.
Time orientation	Mistaken focus on short-term investments, such as sponsorships, instead of long term ones in research and relationship marketing.

Source: Adapted by the Author from Mullin, Hardy and Sutton (2004).

Studies comparing sports to the other players in the entertainment business suggest that sports consumers are selective and inconsistent. Therefore clubs and organization need to be extremely consistent in order to position the desired image on the target consumer group. However, strategic positioning is particularly hard on the sport industry since images are public and far out from the control of clubs` marketing teams (MULLIN; HARDY; SUTTON, 2004).

This is particularly interesting because the broader competition is extended to television audiences, whereas consumers may opt to choose between professional sports or other programs originated from diverse locations.

In turn, these viewing preferences would affect the revenues generated by networks which bid for the right to televise league games (MASON, 1999).

Sports are facing an increasingly moral and ethical dilemma in regards to sponsorship relations. The growth and increase of the range and impact of sponsorships made sports organizations extremely dependent of them, to be profitable or even to guarantee the management of facilities and keep their financial balance (MULLIN; HARDY; SUTTON, 2004). In certain cases this dependency lead to interference on the decision making process of the organization, which is considered to be unfavorable.

2.5.1 Sports Marketing Management

The essence of strategy is diffused from locker rooms to administrative sports offices, whereas the strategy means to establish long term goals and the development of a plan to achieve them, which requires a continuous analysis of the market and the organization (MULLIN; HARDY; SUTTON, 2004).

In this sense, Drucker (1994) brings the 'Theory of the Business', whereas doing the right thing is not enough if it doesn`t fit the reality the company is built on. Every company has its theory of business, which is comprised by three central parts of assumptions: about the environment of the organization, society and its structure, the market, the customer, and technology; about the specific mission of the organization; and about the core competencies needed to accomplish the organization`s mission.

Mullin, Hardy, Sutton (2004) say that once the organization is right about its mission and goals it’s time for marketing managers to develop a plan in general (strategically) and specific level (tactical), being necessary to take a closer look to the data available at the marketing information system to identify the target group(s) of consumers the organization is aiming for.

Table 31: Typical marketing information system segmentation

Demographic information	Age, sex, income, educational level, profession, etc
Geomarket information	Residential location, zip code;
Psychological information	Life-style factors such as activities, interests and opinions;
Frequency of product use	Activity frequency or attendance of amount spend
Benefits of the product	Predicates or benefits of the product that are consider as the most important for the consumers, e their perception in regards to the main benefits of the product and its competitors.

Source: Adapted by the Author from Mullin, Hardy and Sutton (2004).

This reinforces the necessity of customer relationship management in order to be aware of the needs that have to be fulfilled in sports marketing. In close and direct relation with the fans, sponsorships play a big role for the club and the consumer that can be influenced and benefited from those commercial partnerships.

As per Mullin, Hardy and Sutton (2004) sponsorship can be defined as the acquisition of rights of affiliation or association directly to a product or event with the purpose of obtaining benefits related to this relationship. And such rights might include sales, media, naming rights, hospitality and more.

However, many sponsorships appear to be entered into without any clear, formal objectives in mind, and as little was known about sponsorship, the objectives set are often inappropriate or deficient (OTKER, 1988).

Advertising and sponsorship differ in many aspects, including objectives and evaluation techniques. Sponsorship has unique characteristics which demand recognition and understanding before it can be purposefully integrated into the marketing function (FARRELLY; QUESTER; BURTON, 1997).

Sponsorship activities should present themselves more integrated than other promotional activities and contain a series of elements from the marketing mix. While most activities can be realized individually, sponsorship needs commonly two or more elements of the marketing mix to provide association, value, exposition, and ultimately opportunity for the sponsor to realize their marketing objectives (MULLIN; HARDY; SUTTON, 2004).

Multinational companies figured that is really hard to communicate to its different target groups, within their target market, in so many different countries and languages. In this sense, sponsorship and licensing of sports products offer an unique way to overcome those barriers.

One of the reasons events such as the Olympic Games and the football World Cup, among others, receive such a huge amount of sponsoring for varied industries (MULLIN; HARDY; SUTTON, 2004).

Studies conducted by Farrelly, Quester and Burton (1997) shows that strategic fit of the proposed sponsorship program with the brand or corporate image when closing a sponsorship deal was the most important criterion, followed by access to specific target media or event audience.

Companies that establish a relation with a sport institution or event automatically share the credibility of it while are able to communicate its message for a consumer who has the tendency to be more relaxed and therefore more receptive (MULLIN; HARDY; SUTTON, 2004).

One of the biggest overall sponsors of professional sports, the broadcasting channels, play a big role in several levels. Broadcasting is an alternative model for fan consumption of sport, and television coverage has undoubtedly enhanced and reinforced fan identification by creating a more personal relationship between the fan and the athlete, through player interviews, profiles and close-up camera angles (MASON, 1999).

Broadcasting importance is so great that how this investment is split between the league participants is decisive for its success. Revenue balance is a topic of much relevance and discussion. Whereas when sport organizations are characterized as maximizing winning probabilities revenue sharing is able to improve competitive balance.

Studies conducted by Feess and Stahler (2002) show that aggregate quality of the league, and therefore the product, will depend upon the aggregate number of talents and on competitive balance.

However, when profitability starts to be more relevant, as the fact leading clubs in Europe have already gone public would suggest, it reverses the logic of competitive imbalance, and equal revenue sharing does not represent anymore increase in competitiveness and consequently interest by the public and attraction to sponsors (FEESS; STAHLER, 2002).

2.5.2 Consumer of Sports Goods

The sports' fan is the support of the sport and what underpins the sports industry. This market segment of committed sports fan has been the most established and perhaps the most taken-for-granted revenue source for professional sports leagues (MASON, 1999).

Table 32: Consumers and the sport product

Consumer product	Direct revenues	Market parameters	Indirect revenues/ benefits	League product purchased	Ancillary purchased
Fans	Attendance (incl. gate, parking, concessions)	R, T, S, SI, E	Provide market for media, TV	Uncertainty of game outcomes, team/player/ league identification	Affiliation with favourite team/league BIRG
	Licensing	G, L, M,	League, team exposure		
Host cities	Favourable leases Guaranteed revenues	R, T, S, SI	Tax breaks, tax exempt land, new publicly-funded facilities	Status as "Big League City", economic impact of team in community	BIRG
Media	Network TV	N, L, E			
	Local TV	R, T			
	Pay-per-view	R, N, C, E	Exposure, publicity	Programming options	Affiliation with league Uncertainty of game outcomes
	Cable	R, N, C, E			
	Radio	R, N, C, E			
Corporations	Sponsorship	G, N, R, C, S, SI, U	Exposure, publicity, cross-promotion, synergies with corporations	Affiliation with image of league or team	
	Ownership (i.e. expansion fees)	R, S, C, U			
	Advertising	G, N, R, C, S, SI, U			
	Gate	R, T, S, SI, U	Corporate affiliation	Venue for conducting business operations, rewards for employees/ business contacts	

Notes:
Market scope: R = Regional, N = National, G = Global
Level of Decision-making: T = Team or franchise level, L = League or association level, C = Combination of team/league
Industry: S = Sport specific, SI =Professional sport industry, E = Entertainment industry, M = Merchandise/apparel, U = Unspecified

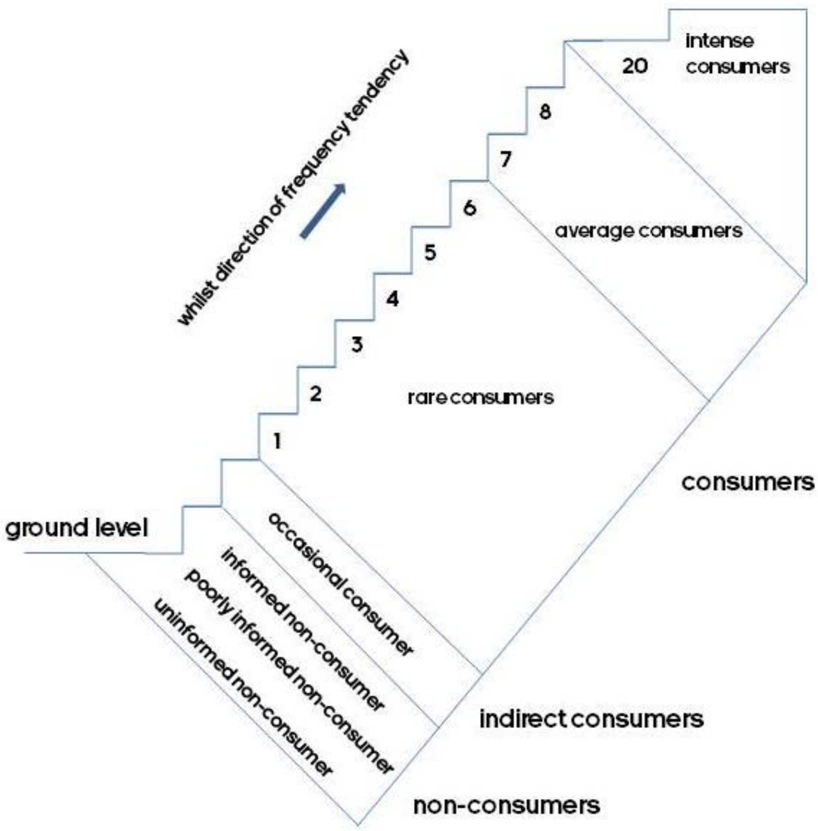
Source: Mason (1999).

Accordingly to Mason (1999) it is feasible to conclude that there are many kinds of sports consumers in different levels of engagement and relation to the sport, from the ordinary fans until the corporations that support and cooperate with it.

In this sense, sponsors are therefore considered as a special segment of sport consumers, which objectives include not only entertainment but also the exposition of their brand (MULLIN; HARDY; SUTTON, 2004).

Referring to the sports fans Mullin, Hardy and Sutton (2004) bring the concept of the stairway of consumption, which represents the move of consumers to higher levels of engagement with sports as practitioners and/or fans.

Figure 13: Consumers and the sport product



Source: Adapted by the Author from Mullin, Hardy and Sutton (2004).

For Mullin, Hardy and Sutton (2004) there is a clear intention of fans to rise up the stairs. Studies show that fans who attend to three games in one year are likely to have the intention to go on five to six on the next season. Therefore, the key is to create marketing plans – with a mix of elements and strategies – that is able to fulfill the needs of several consumer groups and raise them up the stairs.

Mason (1999) in this sense brings the idea of focusing in things other than the game itself. Game related amenities and stadium factors which may help to retain the fan into the sport while the competition in the entertainment industry keeps rising.

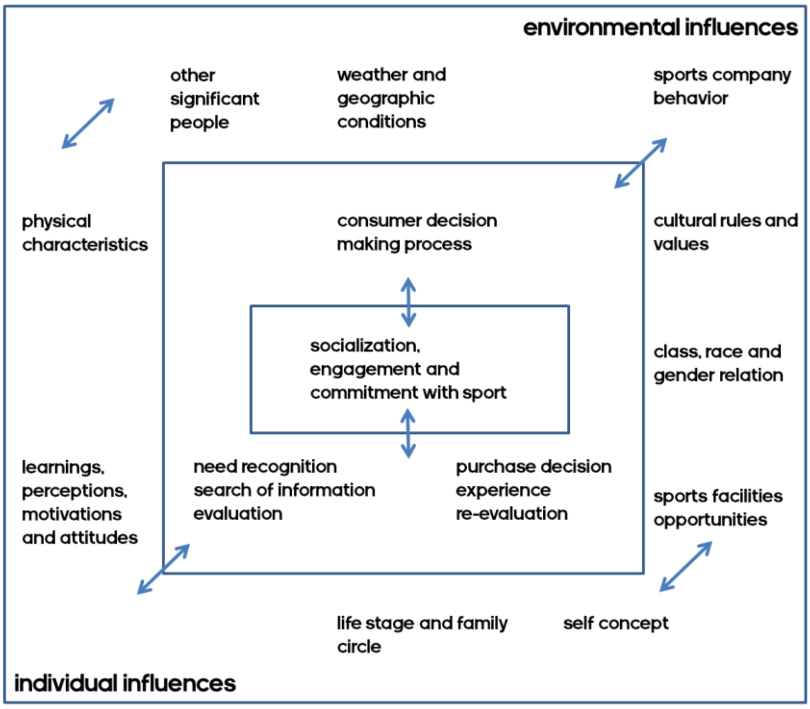
Sports can be consumed in several different ways. To play is only one and it can be split in what is real and virtual (video games). To watch can also be divided into live or on television. Foremost, people are even consuming sport when they buy equipment that they will never use.

Letscher (1994) understands that the consumer of sports goods might change rapidly and constantly, being therefore important to distinguish a solid trend from a short term fad.

Analyzing if: the new event fits other basic tendencies of the life-style or the world of the consumer; the benefits associated to the new event are varied, immediately and important; the product or service can be personalized or modified to satisfy individual needs; is it a trend itself or is solely a manifest from a broader trend; the new event was adopted by consumers considered trend-setter, who drive the change; or if the new event is supported by changes in areas not related or unexpected.

In this sense, Mullin, Hardy and Sutton (2004) state that is possible to split the factors that influence consumer behavior as environmental and individual. The figure below describes the interaction that determines the most important results for consumer behavior, which are socialization, engagement and commitment.

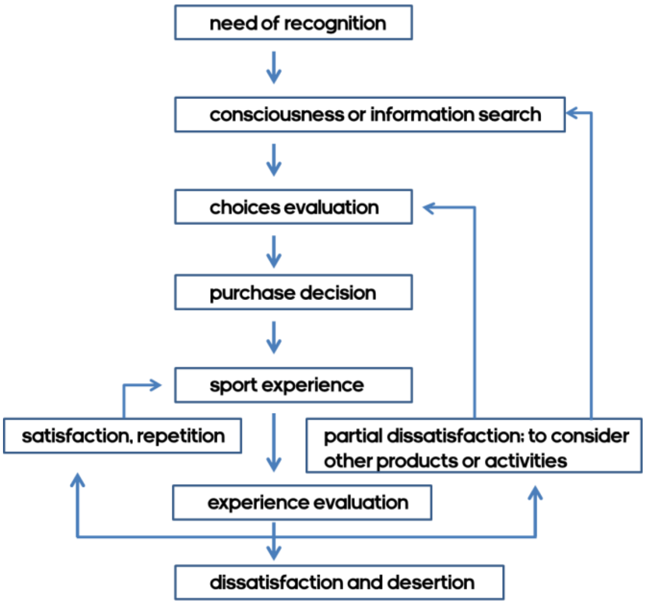
Figure 14: Sport consumer behavior



Source: Adapted by the Author from Mullin, Hardy and Sutton (2004).

The decision made by a consumer is consequence of a process of all that is known, the feelings and behaviors involved (both from the individual itself and from the environment), which results in the increase (or decrease) of the engagement and commitment with the sport (MULLIN; HARDY; SUTTON, 2004).

Figure 15: Decision process for sports engagement



Source: Adapted by the Author from Mullin, Hardy and Sutton (2004).

Finally, while it might appear a truism that the fan is who determines the fate of the leagues as a whole; it is undeniable that the interests of this group have been overlooked in recent years. Leagues attempt to seek out new revenue sources from corporations, paid television, luxury seating and more, all of that make it more expensive for the average spectator to continue to support his or her club or league (MASON, 1999).

2.5.3 Sports Products

Sports product can be described as any group or combination of qualities, process and capacities (goods, services and/or ideas) of which a buyer hopes to get the desired satisfaction (MULLIN; HARDY; SUTTON, 2004).

Mason (1999) presents that within the context of sports marketing product can be considered the entertainment of competition, including the uncertainty present on it, a product/service associated with the excitement of the event, or both.

Uncertainty, which is the unpredictability of the result of sports should not be considered a synonym for intangible. As per Mullin, Hardy and Sutton (2004), sports products are of intangible nature, ephemeral, living and subjective. Whereas even tangible elements, as the apparel that apparently would have little significance outside the game or event can represent a life-style who people like to take out to the streets and other spaces of their lives.

Like other forms of entertainment sports offer utopia, a world where everything is simple, dramatic, exciting and euphoria is always a possibility. However sport entertains, it can also frustrate, annoy and depress. Uncertainty gives unpredictable joy and the characteristic of intensity (MASON, 1999).

Intensity can be higher by association to specific teams or its competitors, through local, regional, national or emotional identifications. And even by gambling on the unknown outcome of the game.

Sports are a perishable good, no marketing professional can sell a ticket for a match which is over; and inconsistency and unpredictability might be attractive for the sport, but a challenge to the sports marketing (MULLIN; HARDY; SUTTON, 2004).

Sports marketing don’t have control of the essential product, the result of the game, and therefore should focus on the experiences. Creating and promoting benefits in all levels, investing on supplementary products, which are simply a component of the product that reinforces the value (and price of it) of the event experience and at the same time are components (i.e. mascots) that can become an extension of the event and also generate sales (MULLIN; HARDY; SUTTON, 2004).

Practitioners and or fans rarely consume a game or event isolated. The sport experience includes the atmosphere of the place, the equipment, the accessories, the music, concession stands service, festivities pre and post event, among others. All are elements that extend the product over the dispute, for practitioners and fans, and in some cases the dispute is almost unnecessary (MULLIN; HARDY; SUTTON, 2004).

With the increase of ticket prices on sports venues, concession, transport and parking, the traditional sport event became less-accessible to the majority of the potential consumers. Fan fests and other experiences outside the original game place as sport experiences extension can reinforce the presence of the club next to the fans creating different ways of interaction (MULLIN; HARDY; SUTTON, 2004).

Mason (1999) says that corporations provide revenues for the right to be affiliated with an organization and its product. Thus is possible to increase revenues through the sales of on-site signage, advertising and team related sponsorships, as well as the licensed products, whereas they are not produced by the leagues or teams but by independent companies under a contract with the sport entity.

A great part of what is called sport experience is intangible, and the capacity to buy, expose or dress a product that tries to capture or revolve this sport experience is a fascinating possibility for active sports followers (MULLIN; HARDY; SUTTON, 2004).

For Mullin, Hardy and Sutton (2004) the universal appeal of sports is an advantage upon all other industries. It additionally becomes more important as domestic markets tend to shrink for licenser and licensees, whom need to look for international markets.

Mason (1999) states that is paramount for sports marketing to recognize the purchasers of the sports product and there distinctive groups: fans; television and media; communities that construct facilities and support local clubs; and corporations that interact with the leagues and teams.

Each of these groups is interested in the sport product for very different reasons. Problems arise when each party seeks out marketing opportunities that conflict with those established by the other parties (MASON, 1999).

Sports leagues, corporate partners and the networks that televise the events should, and can, work together to ensure that while their independent needs are met, sport continues to maintain its prominence in people's lives throughout the world (MASON, 1999).

2.5.4 Sports marketing wrap up

Sports marketing consist on activities designed in a way to satisfy the necessity and wishes of customers. In the previous section relevant aspects of sports marketing, related to the goals of this dissertation, were approached. And following is presented a summary of those topics and concepts.

Table 33: Sports Marketing summary

Concept	Definition
Sports Marketing	Activities designed to satisfy the necessities and wishes of sports consumers, through the process of exchange, with two main targets: product marketing and sports services directly to sports consumers; and the marketing of others products and services through the use of sports promotion.
Sports Intangibility	The duality consumer/fan is unique. Humans see sport as a special experience, or as with a special place in their lives, and therefore the approach should be in a different way than other areas even in the entertainment industry. Uncertainty is essential to maintaining interest in the main sport product – the competition.
Marketing Myopia	Common mistakes in placing a sport marketing strategy: (i) focus on production and sales of services and goods, instead of identification and satisfaction of customers and markets necessities and needs; (ii) belief that winning absolve all the sins, the “winning is the best marketing” anomaly; (iii) confusion between promotions and marketing - promotions should be only a part of a marketing mix or strategy; and (iv) mistakenly focus on short-term investments, such as punctual sponsorships, instead of long term ones in research and relationship marketing.
'Theory of the Business'	Business theory applied to all companies, whereas doing the right thing is not enough if it doesn`t fit the reality the company is built on.
Sponsorship	Acquisition of rights of affiliation or association directly to a product or event with the purpose of obtaining benefits related to this relationship. The practices and activities should be integrated and contain a series of elements from the marketing mix, to provide association, value, exposition, and ultimately opportunity for the sponsor to realize their marketing objectives.

Revenue Sharing	Competitive balance enhance product overall interest and value; and revenue sharing increases competiveness only if all participants are characterized as targeted to maximizing winning probabilities.
Sports Goods Consumers	There are different types of consumers and of levels, in regards to nature and engagement - however, none should be neglected. They are mostly defined as: fans; television and other media; communities; corporations that interact with the leagues and teams. The key is to create marketing plans – with a mix of elements and strategies – that is able to fulfill the needs of several consumer groups and enhance engagement.
Overlook of fan interest	By outsourcing new revenue segments, such as deal with corporations, paid television, hospitality and luxury seating, football clubs end up making it more expensive for the average spectator to continue to support his or her club or league.
Sports Product	Generally sports product can be described as any group or combination of qualities, process and capacities (goods, services and/or ideas) of which a buyer hopes to get the desired satisfaction.
Intangible Nature of Sports Product	Sports product are of intangible nature, ephemeral, living and subjective, and even tangible elements, as the apparel, that apparently would have little significance outside the game or event, can also represent a life-style who people like to take out to the streets and other spaces of their lives.
Sports Marketing Product focus	Sports marketing don't have control of the essential product, the result of the game, and therefore should focus on the experiences, creating and promoting benefits in all levels. And additionally on supplementary products, which are simply a component of the product that reinforces the value (and price of it) of the event experience, and at the same time, components that can become an extension of the event and also generate sales.
Different Resources	Clubs seeks to expand their channel of resources by creating sales of on-site signage, advertising, team related sponsorships, as well as the licensed products.

Source: Elaborated by the Author.

3. METHODOLOGY

This section presents the methodology chosen for this work. Herein are described once more the questions of research that guided, oriented and were approached by the present study. Additionally, analyses of the method are done, as well as the reason for its use and the way data was collected.

The method is the multiple cases analyses. This method allowed comparison in depth between two different realities in the football industry, Brazilian and German. The literature review of cultural differences, strategy, sports marketing and football industry (presented hereafter) were studied in order to develop the base ground theory for the further steps conduced in this project, the research process, which was based on Yin (2005).

Cases were carefully selected to provide the opportunity to compare similar relevant and historical background within the different cultures, and show the contrasts in regards to the other. Each case was considered as an individual one, with a summary of its conclusions.

Finally, a theory check was done based on the findings, with the development of potential implications and a closing report that includes cross-case comparison analyzes (YIN, 2005).

Four cases are presented herein, whereas one for each country was deeper developed and the other two done as basis for further comparisons. This broader analysis reveals that problems and solutions are not exclusively determinate by a segment of football clubs in a given culture.

From Brazil were chosen two clubs that are considered as traditional ones, extremely relevant in the sports business, with national and international coverage, and despite of that are in delicate financial situation for many years.

In contrast and addition to the Brazilian teams, a pair of clubs from Germany was selected. The German national football league ("Bundesliga") is considered by specialized literature and sport professionals as an example of organization. As presented, it has the top ranking in respect to attendance, stadium occupancy, revenues, and more. Additionally, on top of all, Germany national team is the current football World champion.

The goal is to compare the cases based on the marketing strategy points explained latter herein. Within that, develop a comparison of their marketing strategy, analyze how cultural differences interfere on it, and finally if it is possible – and how - to adapt the German succeeded practices in Brazil.

The football clubs selected to be the main cases were C.R. Flamengo (Brazil) and FC Bayern Munich (Germany). For the secondary ones: Fluminense F.C. (Brazil) and FC Nurnberg (Germany). Clubs were selected taking into consideration their role in the football industry of the respective country and industry, as well as the convenience, availability of data and the possibility of interviews with relevant executives of the organizations.

Following, is presented the list of topics from the marketing strategy of those clubs that will be mainly focused in this work. The list was done base on key points of the literature review, opinions from professional sport managers, companies and clubs. It is considered to cover all major aspects of a football club marketing strategy, in terms of brand and revenue, in the short and long term:

1. Membership programs
2. Ticket price policy
3. Stadium management
4. Brand exposition
5. Fan relationship
6. Sponsors
7. TV rights agreements
8. Official products and stores

As earlier introduced, the research questions based on the literature review, industry analyzes and case comparisons are:

a) What are the main cultural differences between Germany and Brazil?
b) How cultural differences between nations, Germany and Brazil, are able to interfere in business strategies and practices? And in specifically in regards to football clubs?
c) How a marketing strategy should be planned for a Brazilian football club, taking into considerations the particularities of Brazil and also the proven successful practices in Germany?

3.1 RESEARCH METHOD

This research does not have the purpose to develop any statistic relevant result; neither analyzes quantitatively opinions, samples and data of the topics addressed herein. The objective is to observe and understand how cultural differences interfere and are important to business and strategy. In this sense, and in the context of the football industry in Brazil, plan how Brazilian clubs can benefit from successful practices of marketing strategies applied by German clubs.

Within qualitative methods, was selected to this present work the case method, taking into consideration Yin`s (2005) three variables: type of research question, level of researcher control of variables and time period for the conduction of the study.

In this sense, questions are explanatory and in a reality context. There is no predetermine result of the interviews as the professionals participating on it are working daily within the football industry and have different opinions about the topic, meaning the researcher has no control.

This study took place with a limited number of organizations involved, and within a modest time frame for it, being the case method the appropriate choice for such, as per Creswell (1994).

The case analysis was in the multiple mode with more than one point/entity of study. As per Cesar (2005) this method allows and stimulates the comparison between organizations from the same industry.

According to Ventura (2007) case method analyses is also indicated for individual studies, as this one, since it allows deep understanding of the phenomena that are undertaken by several factors and variables, and there is no rules to observe them.

Moreover, Ventura (2007) states the importance of case method flexibility in hypothesis development. In the particular case, marketing strategies successfully executed in Germany are possible to be replicated, or at least inspirational for marketing strategies in Brazil, if cultural differences are taken into consideration at the time of their development and execution.

3.2 DATA RESERACH AND ANALYSIS

When discussing the necessity of research in sports marketing, Mullin, Hardy and Sutton (2004) affirm the subsistent necessity to invest in well planned research, which should include qualitative methods (i.e. in-depth interviews).

Among the sources considered by the literature for this kind of work the most relevant are written documents and interviews. Accordingly to Yin (2005), by written documents it should be considered books, films, pictures, videos, and also websites, annual reports, corporate balances; for quantitative and quality value.

Interviews play an important role in this work. For Yin (2005) those should be directed to collect data and information, with possibilities to be done in several modes, such as structured interviews – previous and strict formulated questionnaires; semi-structured – open ended questions in an informal conversation; focus group – brainstorm between members; and panel questions – repetition of question to the same group to observe an evolution over time.

In accordance to the availability of interviewee's time, occupation and the subject to be discussed, semi-structured interviews were conducted among respectable professionals of the field, and direct or indirectly related to the institutions analyzed in the cases described. The structured used to conduct the interviews, based on the literature review and on the data about the industry can be found in form of Attachment 2.

Secondary data was obtained throughout institutional websites, newspapers, blogs, magazines, advisory company reports, among other sources of information and data of the football industry. The challenge is to find trustable resources of information, since clubs are not always obliged to provide audited balances and reports.

In this sense, a large amount of public researches from the specialized media and international institutions that work and study the industry were used. The goal was to describe the scenario as closer as possible to the reality, increasing the confrontation of information sources and therefore interests.

In regards to primary data, as previously explained, they were obtained throughout semi-structured interviews with actors of the industry, with open topics and questions formulated based on the questions of research and the variables observed in the literature review.

Table 34: Interviews

Institution	Name	Nationality	Position
C.R. Flamengo	Bruno Spindel	Brazilian	C.R. Flamengo Marketing Director
C.R. Flamengo	Luca Lupino	Italian	C.R. Flamengo Global Asset Manager at adidas
act.³ - exclusive partner of adidas Group	Ben Ingenfeld	German	Director of adidas sports marketing agency (Germany and Brazil)

Source: Elaborated by the Author.

The interviews were selected based on the position, nationality and experience of each of the participants. The combination of different background and nationalities was of great importance in order to cover all aspects being discussed herein. The amount and content of the interviews were considered satisfactory for the purposes of this dissertation.

Each interview last approximately one hour and a half and the participants were free to address their opinions at all times.

Together with the responses given by the professionals interviewed herein, the fact that the Author is also an actor in the sports marketing industry played an important role in this work.

Important to highlight that for this analyze, and to avoid bias conclusions, whenever possible, a triangular confrontation of data was done between the various source of information, in both primary and secondary order.

The specific data about the clubs, including the opinion of the experts interviewed herein, is presented whenever appropriate in the next chapter, including the case analyzes, for a better contextualization of the phenomena and confrontation of information.

Additionally, it is acknowledged that the study contain its limitations in regards to data collection, including but not limited to, the jurisdictional nature of football clubs, the politics involved in it, the interests of the persons, entities and interviewees, among others, which may lead to the impossibility of all information to be dully proved as accurate.

It is important to highlight that national cultural aspects are a relevant factor that shape industries business and strategies of marketing, but however are not the only variable that influences it. Organizational culture itself is a topic that demands specific dedicated work, for example.

The historical moment, the economic situation of each nation and the range of locations where data was collected also shall not be neglected. This work demonstrates that national cultural characteristics have a general interference at all aspects of a society, but nevertheless it cannot be considered the only aspect.

4. FOOTBALL INDUSTRY ANALYSIS

This section presents researches and data from independent advisory companies, banks, newspapers, blogs and more to provide a better and clearer frame of the sport business. Focus is on where Brazilian clubs and football are standing in regards to the world and its closer stakeholders (fans, sponsor, federations, partners, other clubs, etc.).

Important to notice that official data from football clubs are often not available or cannot be totally trusted. Therefore, information provided by third parties is extensively used for a better contextualization.

For this work there is not a defined or strict timeframe of analyzes and data, being more important to observe tendencies and the process than the numbers itself.

Additionally, since the industry is changing on a daily basis, where every club has its own calendar and way to disclose information, it is not possible to make a pattern cut while embracing the industry aspects this work proposes to.

In parallel, whenever appropriate, correlation with the literature is presented in order to clarify how the academy can assist on the development of this business/passion of cultures and people around the globe.

Football clubs in Brazil have great importance in psychological and practical levels in peoples' and country's life; however, when it comes to business relevance they are more a burden to society than a big actor in the industry.

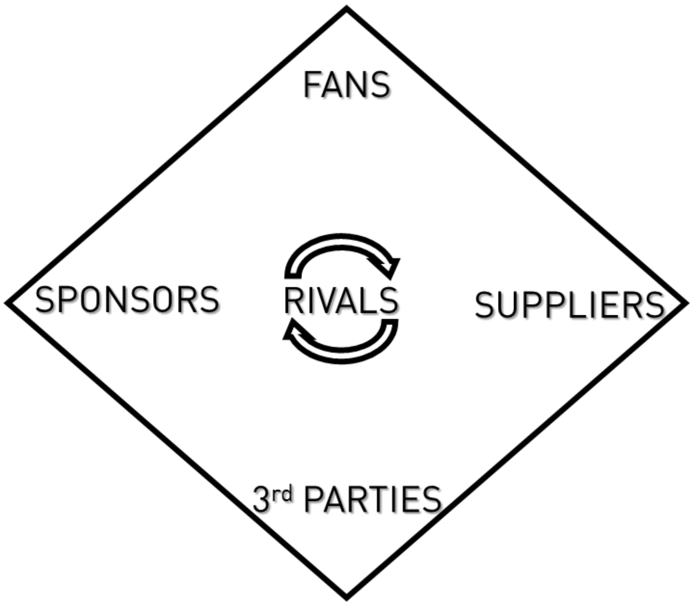
In a meeting held by the Brazilian President with sports journalists before the 2014 FIFA World Cup Brazil it was said by the executive country leader Rousseff (2014): "Winning or losing the World Cup, we have to adequate football into this new era."

The moment and the circumstances seem to be very appropriate for this turnaround in the Brazilian football, especially because on the playing level Brazil has already been defeated in a remarkable way.

This chapter analyzes the Brazilian football industry taking in consideration its importance for the country, the new ideas and international models that can be adapted and make football more than a passion, but a profitable business as well.

Inspired on the five forces framework of Porter (1996), herein it will be designed the five forces framework of the football industry.

Figure 16: Football Five Forces Framework



Source: Elaborated by the Author.

The forces presented herein are a representation of the main stakeholders of a football club. And how those relations are managed will interfere directly on the result of the club, managerially and performance wise.

4.1 FOOTBALL MANGEMENT

For Ingenfeld while in Europe and Germany football has become super professional, and clubs are lead like modern companies with less and less non-professional managers, in Brazil clubs are often run by committees with questionable competences whereas is necessary to find solutions within discussions with people that are not qualified, in the business perspective, to even join the discussion. So the whole thing is not there yet to answer to modern problems (INGENFELD).

Accordingly to Lupino, on the beginning of the 90's Germany faced several problems. The biggest change was in 2006 when the country hosted the World Cup. With new stadiums, entertainment possibilities other than football and more, everything started to change. There were more interest for players to stay in the country, with better players the television could pay more and sponsors were more interested to have their names closer to the teams, both on the stadiums and on broadcasting.

Therefore in Brazil it cannot be the move of only one club. There should be a group of clubs realizing that it is not working for all, and to go the next level they should take international examples, such as England and Germany, and learn (LUPINO).

The necessity to transform football in Brazil into a business that is profitable, sustainable for the club and also able to provide jobs for the population and pay taxes to the Government made this topic a State issue. Accordingly to Barsetti (2014) debts only regarding state tributaries taxes of football clubs are up to R$ 2,7 Billions.

Graph 6: State taxes debt

Source: Adapted by the Author from BDO (2013).

From the 24 clubs part of the study four managed to reduce their debts from 2012 to 2013: C.R. Flamengo (5%), Corinthians (3%), São Paulo (3%) and Sport Recife (21%) (SPORTV, 2014).

Pluri (2011) estimates that the total income of the 40 clubs with highest revenues in Brazil, which represent 80% of the total and approximately R$ 2,5 Billions, are responsible for 0,06 % of Brazil GDP; 3,7% of Brazilian Sport GDP; and 6,9% of Brazilian football GDP. Clubs generate for themselves less than 10% of the football industry in Brazil.

In general, at European football the amount of investments follows the professionalism that organizations are established. The importance of clubs and the football industry in European countries are much higher than in Brazil, despite economic or cultural differences.

Table 35: Relevance of clubs revenue and countries GDP

	club	$	total revenue	revenue/gdp
1	Real Madrid	€	519	0,0505%
2	Barcelona	€	483	0,0470%
3	Galatasaray	€	157	0,0263%
4	Manchester Utd	€	424	0,0227%
5	Fenerbahçe	€	126	0,0212%
6	Paris St Germain	€	399	0,0195%
7	Juventus	€	272	0,0174%
8	Manchester City	€	316	0,0169%
9	Milan	€	264	0,0168%
10	Chelsea	€	303	0,0163%
11	Bayern Munich	€	431	0,0159%
12	Arsenal	€	284	0,0152%
13	Liverpool	€	241	0,0129%
14	Atlético de Madrid	€	120	0,0117%
15	Internazionale	€	169	0,0108%
16	Borussia Dortmund	€	256	0,0095%
17	Tottenham Hotspur	€	172	0,0092%
18	AS Roma	€	124	0,0079%
19	São Paulo	R$	363	0,0075%
20	Schalke 04	€	198	0,0073%
21	Corinthians	R$	316	0,0065%
22	Flamengo	R$	273	0,0056%
23	Hamburgo SV	€	135	0,0050%
24	Inter	R$	236	0,0049%
25	Atlético-MG	R$	220	0,0045%

Source: Adapted by the Author from IBBA (2014).

Table 36: Revenue increase in order to achieve European average

	general		excluding spanish clubs	
	753		614	
São Paulo	390	107%	251	69%
Corinthians	437	138%	298	94%
Flamengo	480	176%	341	125%
Inter	517	219%	378	160%
Atlético MG	533	242%	394	179%

R$ MM

Source: Adapted by the Author from IBBA (2014).

It is important to avoid the temptation to believe that there is a possibility to compete with European clubs in a consistence way. There is no comparison and the reality of Brazil is still of a third world country (IBBA, 2014). To understand what has been done elsewhere and attempt to adapt emerges as the best option to start closing the gap.

Accordingly to Ingenfeld there is also a lot of money involved in Brazilian football. In Germany, he sees that the turnover have reach impressive numbers, even in smaller clubs, where is also present the idea that the club is a brand, that you have to invest, protect, watch everything you do and say in public, that every action will have a reaction, etc.

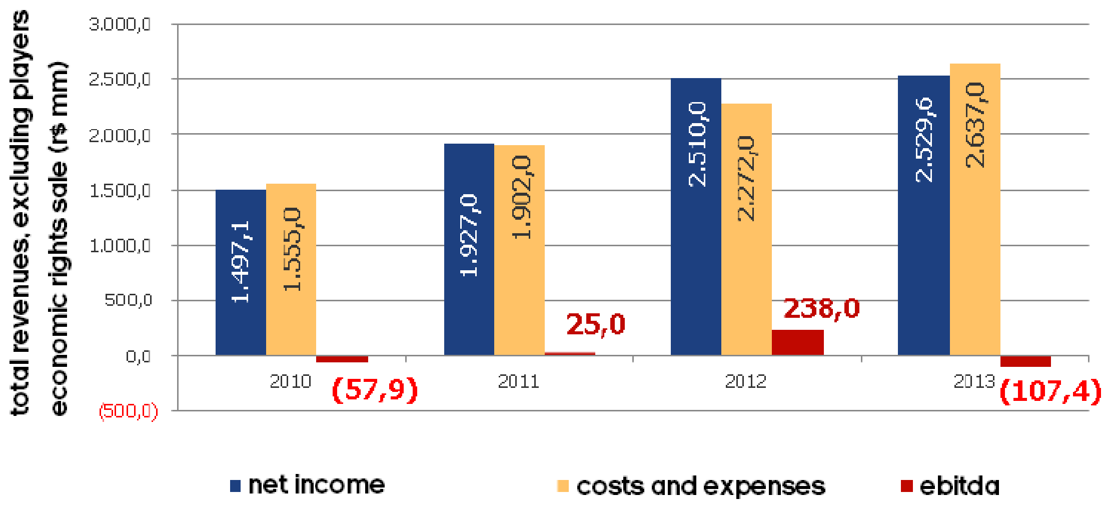
Additionally, Ingenfeld says that this professional orientation goes to really amateur level leagues, where they have medical and nutritional teams, but also marketing and merchandising manager positions occupied by people that have studied to do so.

Football has been managed throughout the years non-professionally at many levels and for many reasons in Brazil. Clubs used their political influence and their associative nature to neglected taxes, did not pay employees and players, and in general spend more than they were allowed to.

Usually costs and expenses continue to increase and are not always accompanied by raise in revenues. In football revenue growth can represent a dangerous half-true because intangible plays a big hole and not always revenues from ticketing, players transaction and more are likely to be replicated in the future (MASON, 1999).

In sum, for example in 2013, considering only the recurrent revenues – excluding players' rights transactions -, costs and expenses were 4% higher than these earnings, which means there was a gap of resources somewhere (IBBA, 2014).

Graph 7: Recurrent income comparison with costs and expenses



Source: Adapted by the Author from IBBA (2014).

Accordingly to IBBA (2014) the biggest concern is that costs and expenses usually stay for quite some years, but revenues such as ticketing, punctual sponsor and players' rights transactions are not guaranteed – reinforcing Mason`s (1999).

For IBBA (2014) a vicious cycle is created: with unbalanced squad, teams do not perform well, sponsors don't invest, fans do not attend to stadium, sale of players' rights gets harder and money absence a reality.

Many are the reasons appointed for this dreadful vicious cycle, including specifically the structure of Brazilian football and its calendar.

The maintenance of this throughout the years despite the proved failure can be explained by the culture of paternalistic management presented by Lewis (2006); and high uncertainty avoidance combined with large power distance, as stated by Hofstede, Hofstede and Minkov (2010).

For IBBA (2014), regional championships played in all states of Brazil on the first months of the calendar, including clubs from several different divisions which are also considered professional, is a crucial mistake. The national championship should be the priority and the state championships would turn into amateur leagues, as it is in Germany, Netherlands and England (IBBA, 2014).

Table 37: Football structure comparison, Brazil and Germany

Brasil		Germany	
684 teams		33.644 teams	
80 divisions		2.344 divisions	
League	#teams	League	#teams
First League (*Série A*)	20	First League (*Bundesliga)*	18
Second League (*Série B*)	20	Second League (*2. Bundesliga*)	18
Third League (*Série C*)	20	Third League (*3. Liga*)	20
Fourth League (*Série D*)	41	Semi-professional Regional Leagues (5)	92
Regional Leagues (25 with 3 divisions, 1 with 4 division	583	Local amateur league (2.336)	2196

professional leagues
semi-professioanl leagues
amateur leagues

Source: Adapted by the Author from IBBA (2014).

In this sense, Pluri (2014b) presents the fact that if it is considered the average of Brazilian football, excluding state championships (average of Brazilian football 4.721 fans;

excluding state championships, 8.512), the comparison between 2012 and 2013 seasons would represent a growth of 74%, including not only continental tournaments, but also 1st, 2nd, 3rd, and 4th division of National league, what evidences the lack of interest on state tournaments.

Among other consequences of this structure, Brazil have less talent players in the country, most of them leaving Brazil earlier than ever, what turns the national league weaker and Brazilian football, and the business itself as consequence, less attractive (IBBA, 2014).

Accordingly to Globoesporte.com (2014a) the German national team, football world champions in 2014, had 16 from a total of 23 players of the squad playing in their local national championship, Brazil had 4.

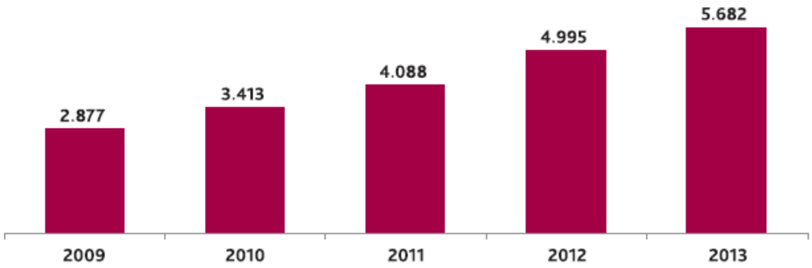
IBBA (2014) understands that the responsibility for this scenario should be split between the entire structure, including football club managers, country economic situation, fans demands and behavior, and also athletes.

In regards to the structure of Brazilian football, former player and current sport manager Araújo (2014) believes that only a total restructuring process is able to turn Brazilian football into a profitable sustainable business:

> Bom Senso F.C. (independent players association), Romário (former player and currently Brazilian Senator), clubs and CBF, everyone needs to get together and walk towards a great change. We need to change the vision of the whole. Brazil is world`s 7th economy, football is our great passion, but even with all this potential the corporate world and the football itself still sees the sport as for non-profit organization, without profit intentions. This limits the entrance of any kind of investment. The vision has to be commercial, reaching out for profits. The football system has to be different.

This chain of problems throughout the years results in many negative consequences, including but not limited to enormous debts. BDO (2014) using the concept of net debt (liabilities minus net worth, discounted by available assets) presents the debt evolution of the football clubs in Brazil.

Graph 8: Net debt evolution of Brazilian football clubs (R$ Billions)



Source: BDO (2014).

In the last five years clubs have moved from a total debt of R$ 2.88 Billion in 2009 to R$ 5.68 Billion in 2013, an evolution of 98% or R$ 2.8 Billion. A relevant share of this total amount is due to neglecting state taxes over many years, and despite of that, there is a lot of pressure in the National Congress for a law that would exempt clubs from paying it, or equalize it in very smooth conditions (GLOBOESPORTE, 2014b).

Regardless of this political procedure Araújo (2014) states that: "To equationate the debts won`t fixes the problem. If the system isn`t changed and generates wealth, they will owe once again. In order for the league to be strong, clubs have to be strong, and without that it is impossible".

Debts are dangerous and able to generate even more harm to the clubs as those in that situation loose independency. The control of the club is an argument often used to be against the transformation of clubs into corporations. Araújo (2014) understands that the control of football clubs is already out of their hands because of the critical financial situation and the amount of creditors that they have in every sphere of activity:

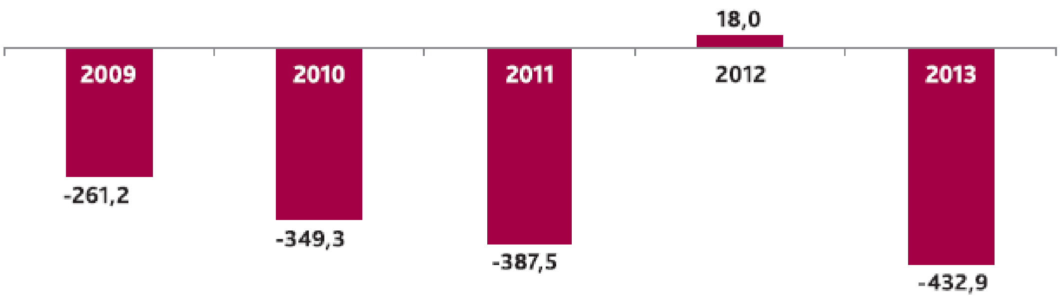
> Clubs are already pawned. (…) We need to create a system for someone to invest, but whoever injects € 200 Million will demand command and control, and will have managers to take care of the investment. That`s how it works.

Herein the cultural bias of large power distance and collectiveness of Hofstede, Hofstede and Minkov (2010) helps explain why Brazilian football struggles to become what many others are, a true corporate business. Araújo (2014) arguments that:

> Today no Brazilian club members' assembly would accept an investment like this (in reference to what is done in Europe). For political reasons, fear or by being insecure. Honestly, C.R. Flamengo is already sold (to the creditors of its debt). And all clubs are more or less on the same situation. If someone owned it, it would fight harder not to lose its own patrimony. It is necessary to find where the money is and put it into football. Gross revenue of R$300 Million is too little to solve our problems.

This perspective is backed up by studies of BDO (2014), whereas (excluding 2012 result which was an anomaly due to numerous and relevant player rights transactions) the increase in costs and expenses of football does not follow the growth pattern of the industry.

Graph 9: Historical surpluses/ deficits for 24 clubs in Brazil (R$ Millions)



Source: BDO (2014).

The contested structure represents an accumulated deficit of R$ 1,4 Billion on the last 5 years only. As cause and consequence of that, is increasing consistently the lack of interest of the public to go to stadium and follow closely their team throughout the season.

Nothing diminishes a product value more than not being consumed (PLURI, 2014b). And empty stadiums are the biggest representation of the absence of interest by fans.

In 2000 amid an on-pitch crisis, Germany's football federation instituted transformational decrees. Most notably the 50% +1 rule, which opened the possibility for German clubs to receive corporate private investments but at the same time requires clubs to be majority owned by fans - with the exception of those with a 20-year relationship with a private company; and strict conditions for the establishment of obligatory youth academies (FONTEVECCHIA, 2014).

Fontevecchia (2014) understands that the 50% +1 rule was great to foster financial stability by eliminating foreign ownership and the runaway spending one has seen in clubs like Chelsea and Manchester City, resulting in the development of own philosophy and strong local partnerships.

In 2007 Vfb Stuttgart won the German football championship, and it was the last time a club registered as an association under German law achieved this feat (KAUFMANN, 2014).

Vöpel (2014), economist of the HWWI, states that German clubs are following a global trend in professional football: "The number of associations operating like traditional sports club is in decline. They are changing their legal status to become more competitive and tap news sources of financing."

Vöpel (2014) points out that accepting outside capital always entails the risk of unwarranted meddling in club affairs. Managers became unable to make decisions without the consent of the biggest financier, and moreover, even minority shareholders can exert "huge influence."

Current development in professional German football indicates that traditional club structures and their legal underpinnings will come under increasing pressure as German Bundesliga football has become a billion-euro game (VÖPEL, 2014).

4.2 FANS

As Mason (1999) and Mullin, Hardy and Sutton (2004) presented, fans are the reason why sport exist, and the pillar that sustain this great industry. However, football clubs in Brazil are somehow managing to loose of defuse the identity created throughout their centenary history, which fans relate, affiliate, and are part of.

This stakeholder is the first one from the football five forces framework to be analyzed. Many state that fans are the biggest asset of any club, however, this relation has several aspects that have to be considered in order for fans to be a valuable assets and clubs able to exploit such value.

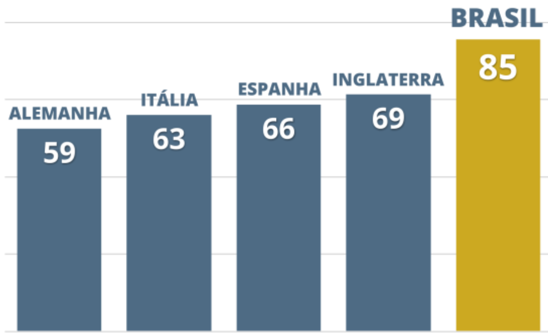
Journalist Mansur (2013) expressed his concern and the necessity for attention to the fans using as example the ticket pricing policy being applied by some of the biggest football clubs of Brazil. Following the same principle alerted by Mason (1999), those ordinary fans which represent a huge part of their fan base, that helped over the years the construction of the club history and identity, are now about to be excluded from the stadiums:

> On the core of a football club there is the construction of a label, titles, victories, great players, and an identity, which for mass clubs such as C.R. Flamengo, Atlétigo-MG, Corinthians, is built as a club who dialogues with the people, with the lower classes of the population, and offers sometimes a breath of hope for this people daily-life just by allowing them to be on the stadium. They have this social role. And suddenly, as is the case for C.R. Flamengo, this people don't have room anymore. No one has the right to break with this history, this identity, from one moment to the other, by decree!

The reality of the clubs might be changing, much as consequence of the new era of the sport industry. Players wage have increased, the dispute for the best ones as well - especially considering the international market -, stadium management is now a relevant cost, and several other investments forced clubs to explore new revenues channels, and/or increase the volume on the existing ones.

Another aspect for the lack of attractiveness of Brazilian football is the relevance and importance given for each event/match. The number of football matches for elite clubs in Brazil, which is higher in comparison to the biggest football centers, makes each individual match less appealing and interesting for fans. And also, no brand wants to be exposed in empty stadiums and/or at worthless disputes.

Graph 10: Number of possible matches in 2015 for elite clubs



Source: Bom Senso F.C. (2014).

Not only the interest on the product is less because differentiation becomes smaller, as earlier highlighted by Kim and Mauborgne (2007), the ratio between the ticket price and the average income of the population is the worst possible for the football fan in Brazil.

Table 38: Comparison of football ticket prices between Brazil national league and other markets

country	average ticket price (lowest) r$	average ticket price (lowest) us$	country individual average income (us$)	max number of tickets with the individual avg. income	avg. attendance last championship
Brasil	51,74	22,62	11.208	**495**	14.951
Espanha	112,89	49,36	29.118	**590**	26.867
Inglaterra	116,27	50,84	39.351	**774**	36.589
Portugal	52,15	22,80	21.029	**922**	10.217
Argentina	27,96	12,22	11.573	**947**	18.216
Turquia	25,61	11,20	10.946	**978**	15.014
México	24,51	10,72	10.307	**962**	22.939
Itália	72,40	31,66	34.619	**1.094**	23.365
Japão	78,80	34,46	38.492	**1.117**	17.160
Holanda	82,83	36,22	47.617	**1.315**	19.289
França	57,98	25,35	41.421	**1.634**	20.693
Alemanha	60,10	26,28	45.085	**1.716**	43.173
EUA	62,51	27,33	53.143	**1.944**	18.743

Source: Pluri (2014c).

In regards to ticket for final and decisive matches the rationality is out of the equation (IBBA, 2014), whereas the analysis herein is placed on averages. As per statistics, final matches could be considered outliers. Paiva (2013), economist and football blogger, affirms:

> It is important to have in mind that the concept of price elasticity of demand is not static, and may present differences accordingly to the price vector or the performance of the club. On final stages of very important tournaments (such as *Libertadores da América*) is even possible to verify demand with characteristics of perfect inelasticity – when, at any price level, the quantity sold does not vary or the variation is irrelevant.

However, as an example of a different reality, the Bundesliga with practically sold out tickets at all matches even have to limit the number of season tickets, giving more fans a chance to watch the games live.

Despite having all the games shown live on television, Bundesliga fans still attend games in droves, because the affordable prices and availability of home tickets translates to more fans and popularity (SULAHIAN, 2014).

Seifert (2010), Bundesliga chief executive, says that the success of the Bundesliga is because of the "core value" of the supporter coming first at its clubs. This is why tickets are kept so cheap, the clubs don't ask for more money and it is not in the clubs' culture to raise prices. They are very fan orientated and understand is not possible from one day to another triple prices.

Figure 17: Top 5 European Leagues comparison

Source: Deloitte (2014a).

With low ticket prices, highly attended matches and social media success, the Bundesliga is deemed the most profitable league in European soccer (SULAHIAN, 2014).

Back to Brazilian reality one can conclude that Brazilian fans are price sensitive, but on special occasions their passion is stronger than economic barriers.

Table 39: Summary of 2013 ticket prices policy:

International average ticket price: R$ 54.16	Twice as much of the national average, indication that the fan will pay more to watch higher quality and importance games.
State championship average ticket price: R$ 19.67	Expensive for competitions with 2.500 low quality matches and small importance.
Ticket prices	Prices have increased 31.5% in 2013, against inflation rate of 5.8% for the same period. On 10 year accumulated the increase was of 344%, against inflation of 87.4%.
Fan stadium expenses	Average price for the lowest ticket of matches from the 20 most important clubs of Brazil was R$ 45.01, while the average total cost per person to go to stadium was R$ 86.41 (including transportation, food and beverage, etc.)

Source: Adapted by the Author from Pluri (2014c).

Commenting about practices that could ensure attendance at lower prices for the entire season, such as season tickets, Lupino states that mainly this does not work because there is no guarantee where the match will be played since most don't have stadiums.

What happen is that clubs and federation together should plan in advance rules that would allow them to develop practices such as this one. Until all that is not organized, than is complicated. The structure restrains such actions (LUPINO).

Sport marketing can play a big role in fan stadium expenses, since as presented by Mullin, Hardy and Sutton (2004) and confirmed by Pluri (2014c), whereas the complementary products are essential for the increase of revenues. In this regard, Belo (2013) states that Brazilian clubs completely neglect the potential to generate revenues with its fans.

Table 40: Total income of bigger Brazilian football fan bases

ranking		club	estimated fan base income		avg. monthly fan income	fans estimation		% of fans base concentrated on the 12 states with higher gdp
2013	2012		month (r$ billions)	annual (r$ billions)		% population	in millions	
1	2	FLAMENGO	26,3	315,8	863	15%	30,5	62%
2	1	CORINTHIANS	25,9	310,4	986	13%	26,2	80%
3	3	SÃO PAULO	16,5	197,8	975	8%	16,9	76%
4	4	PALMEIRAS	12,1	144,8	941	6%	12,8	73%
5	5	VASCO	7,9	94,9	865	5%	9,1	64%
6	6	GRÊMIO	7,3	88,2	1.048	3%	7,0	88%
7	7	INTERNACIONAL	6,3	75,7	1.041	3%	6,1	87%
8	9	SANTOS	5,9	70,9	1.073	3%	5,5	88%
9	8	CRUZEIRO	5,9	70,8	860	3%	6,9	91%
10	10	ATLÉTICO-MG	4,1	49,0	855	2%	4,8	91%
11	11	FLUMINENSE	3,0	36,0	1.034	1%	2,9	85%
12	12	BOTAFOGO	3,0	35,6	1.020	1%	2,9	83%
13	13	BAHIA	1,5	18,5	607	1%	2,5	94%
14	14	SPORT	1,5	17,5	634	1%	2,3	94%
15	15	VITÓRIA	1,3	15,6	611	1%	2,1	94%
16	16	ATLÉTICO-PR	1,2	14,6	986	1%	1,2	92%
17	17	CORITIBA	1,1	13,0	975	1%	1,1	91%
18	18	SANTA CRUZ	0,9	11,0	641	1%	1,4	94%
19	19	CEARÁ	0,6	7,2	552	1%	1,1	93%
20	20	NÁUTICO	0,6	6,6	624	0%	0,9	96%
21	21	AVAÍ	0,5	6,5	1.097	0%	0,5	96%
22	22	FORTALEZA	0,5	6,4	584	0%	0,9	96%
23	23	GOIÁS	0,5	6,3	622	0%	0,8	93%
24	24	FIGUEIRENSE	0,5	5,6	1.097	0%	0,4	96%
25	25	VILA NOVA	0,4	4,4	624	0%	0,6	96%
26	26	PARANÁ	0,3	3,8	994	0%	0,3	96%
-	-	others	7,4	89,0	714	5%	10,4	43%
-	-	do not support a club	35,3	424,0	827	21%	42,7	66%
TOTAL			178,3	2.139,9	887	100%	201,0	-

Source: Adapted by the Author from Pluri (2013a).

Belo (2013) analyzes how poorly this potential is managed even for the ones that do it better than the rest in Brazil. Considering only revenue with tickets and licensed products, Corinthians' earnings is between R$ 50 Million and R$ 60 Million per year (BELO, 2013).

This means that the top team in fan revenue exploitation has less than 0.03% of their fan base total. If they were able to reach 0.3% they would have revenues, with tickets and licensed products alone, of more than R$ 0.5 Billion.

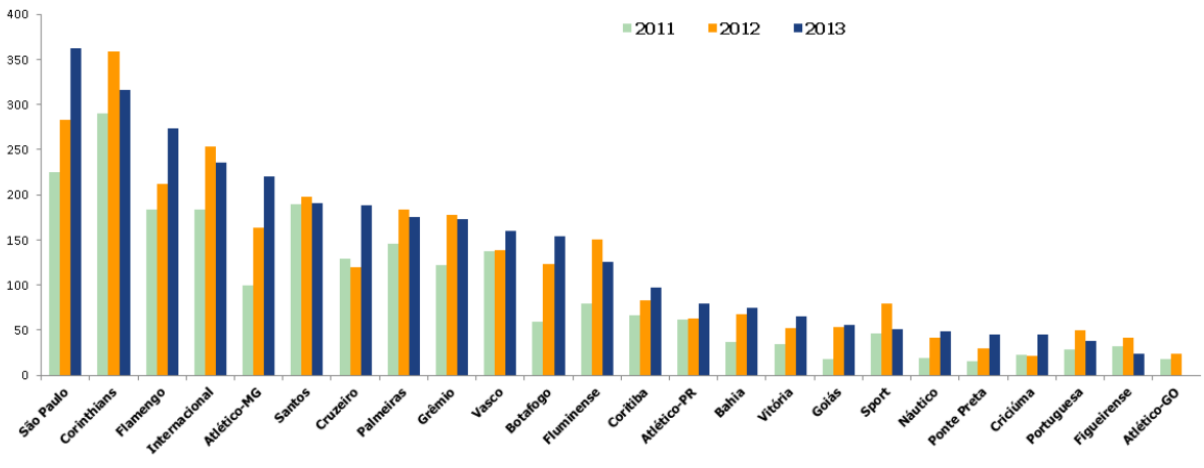
The consumption potential of Brazilian football fans is relevant. Studies show a total volume of income by fans of R$ 142 Billion per month and R$ 1.7 Trillion per year, whereas the top 12 fan base represents monthly an income of R$ 124 Billion and 87% of the total.

About the same data, Ferreira (2013) affirms: "Clubs only scratch the surface of the fan base revenue resource potential."

4.3 REVENUES

The revenues of Brazilian football clubs increased in the last years, mainly due the renewal of TV rights agreements. However, as the comparison with other leagues show, not only the total amount needs to increase, but also how the different sources are represented in the total amount, and moreover how this is managed.

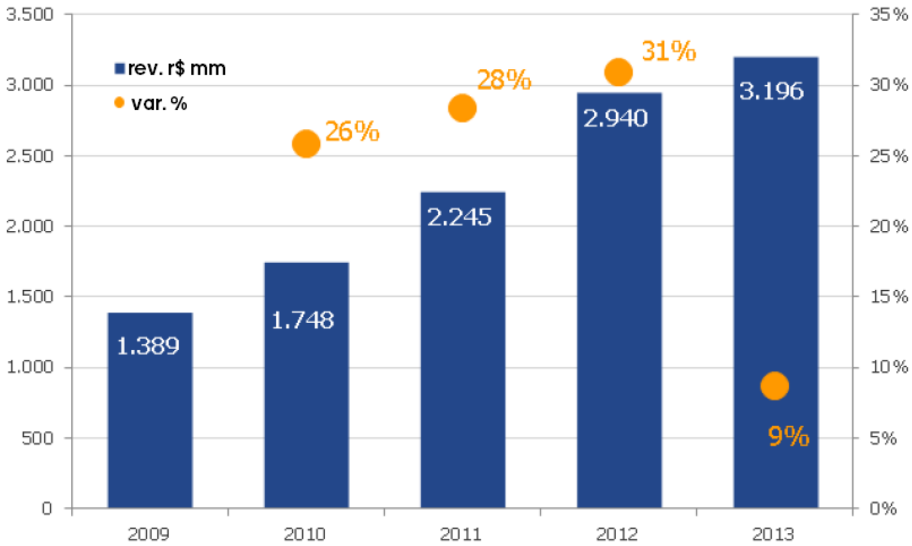
Graph 11: Total gross revenue evolution per club



Source: IBBA (2014).

Although it is clear that the total is increased, data from 2013 shows that this growth has slowed down.

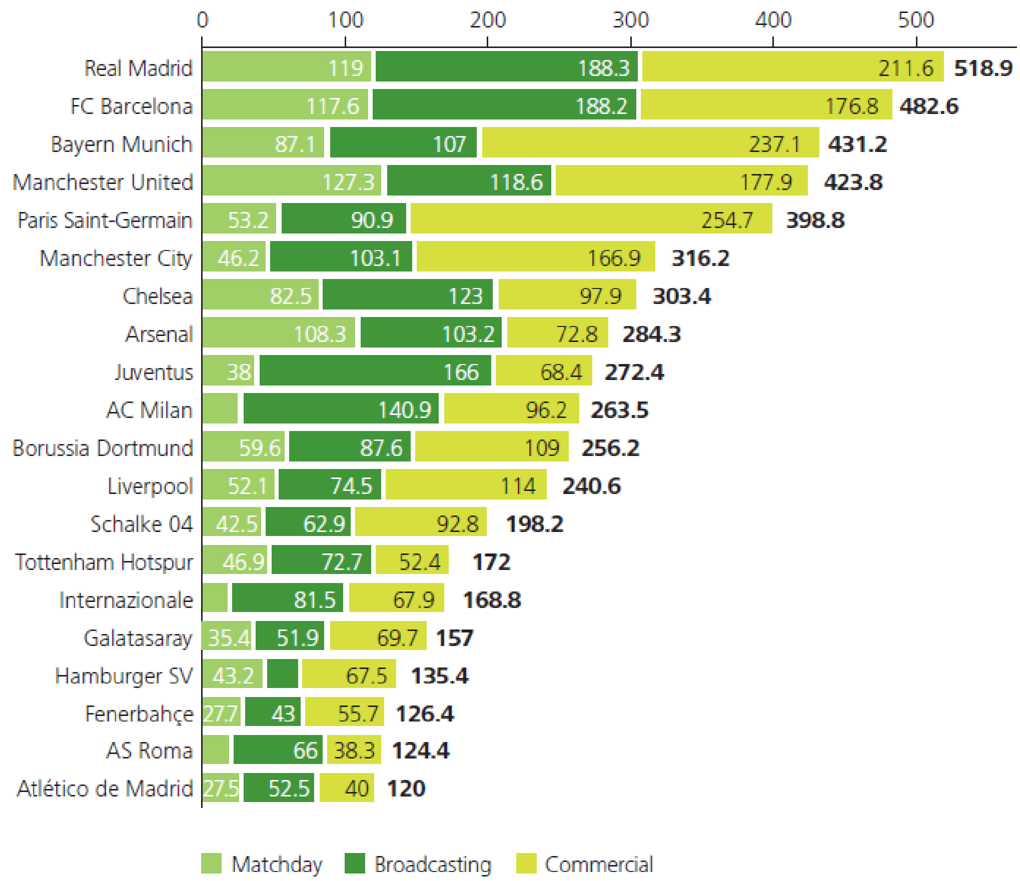
Graph 12: Total gross revenue evolution



Source: Adapted by the Author from IBBA (2014).

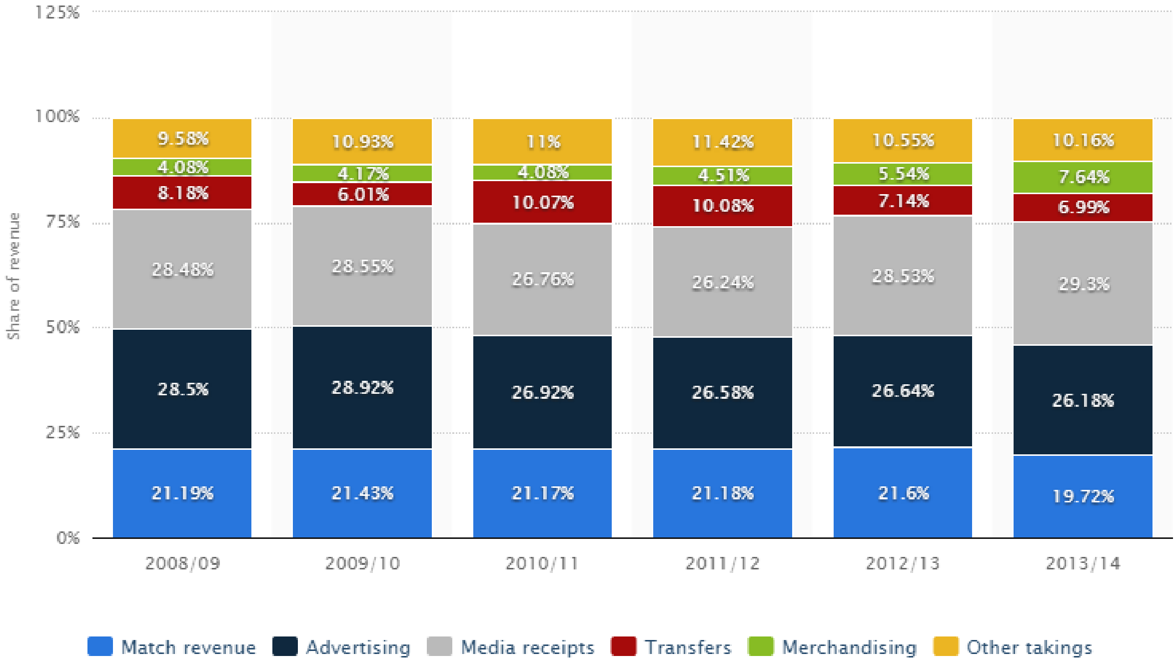
IBBA (2014) highlights the fact that Brazilian football is one of the most dependent of revenues from the TV rights contracts, whereas income from this segment represents 40% to 50% of the total. Internationally clubs have a more balanced division - in Europe TV represents 30%. TV rights/broadcasting is extremely relevant in Europe as well, but is not the biggest pillar of many clubs.

Graph 13: Deloitte Money League ranking revenue sharing (2012/2013 season)



Source: Deloitte (2014).

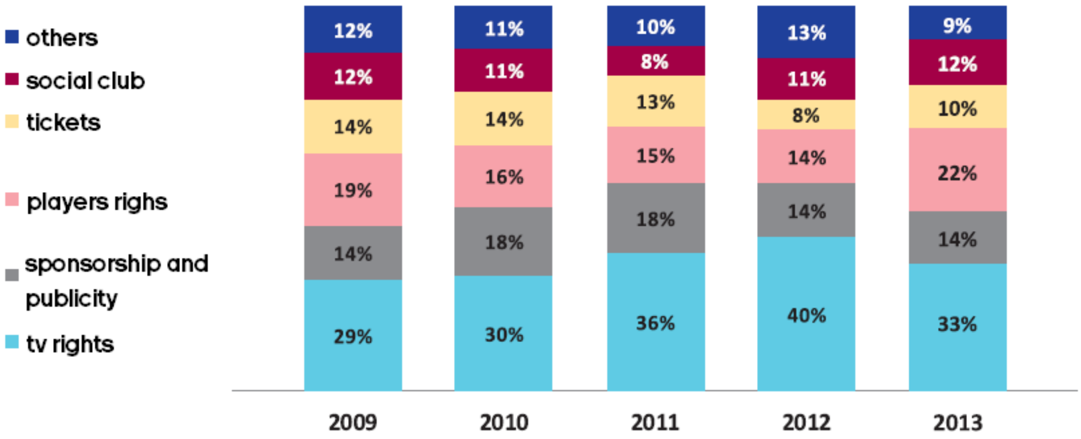
Graph 14: German football revenue sharing evolution



Source: Statista (2015).

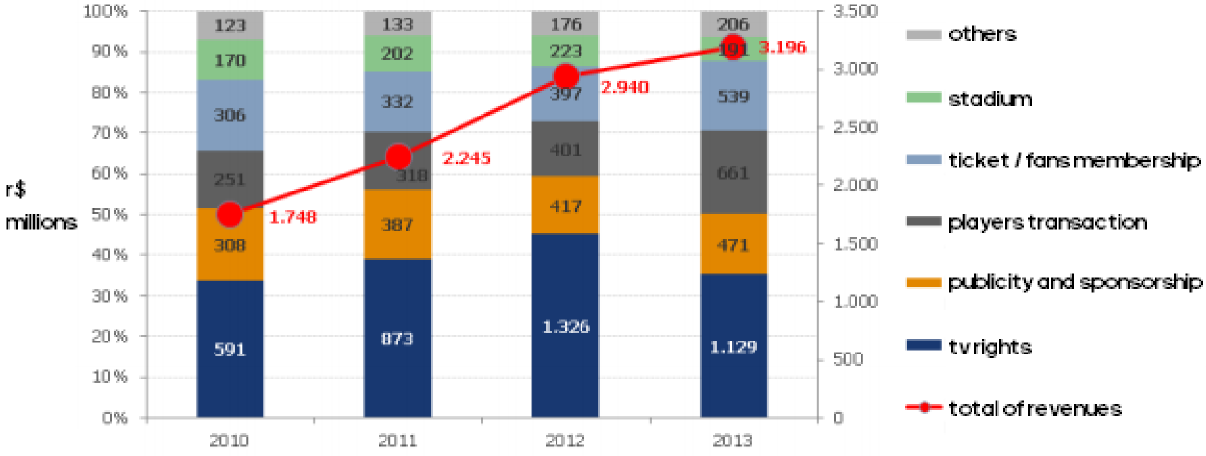
In Brazilian football the opposite is true. As per BDO (2014), TV rights is the main source of revenues for clubs, tickets have limited relevance, and with few projects or new activations revenues publicity don't show any growth. The difference in strategy is clear and also its effects.

Graph 15: Share revenue source relevance for 24 top clubs in Brazil



Source: Adapted by the Author from BDO (2014).

Graph 16: Revenue breakdown by origin



Source: Adapted by the Author from IBBA (2014).

Belo (2013) states that revenues are concentrated in the TV rights share. This represents managerial loss of independence since they have to agree in adapting their schedule to the TV agenda. As result there are matches starting at 10pm on weekdays, which may collaborate to push fans away from stadiums, decreasing stadium revenues and the excitement of the events.

There is great relevance of the TV revenues in Brazil and the tendency is to increase. The decrease of the total amount of the TV rights from 2012 to 2013 in the last graph presented is explained by an anticipation of quotas done by clubs such as Corinthians and São Paulo (IBBA, 2014).

The overall growth is consistent after the renegotiation on 2011, (in 2010 clubs collectively negotiate TV rights contracts, and thereafter, they started do it independently – although all signed with Rede Globo). The total amount went from R$ 591 Million in 2010 to R$ 1,3 Billion in 2012, more than twice as before.

Table 41: Brazilian TV revenue accumulated (R$ Millions)

	2010	2011	2012	2013	Acum.
Corinthians	55	113	154	103	424
Flamengo	44	94	105	111	354
São Paulo	49	67	112	72	301
Palmeiras	45	47	74	76	242
Internacional	46	51	89	54	240
Atlético-MG	30	40	88	71	229
Santos	32	60	89	44	225
Vasco	34	66	57	66	223
Grêmio	27	47	70	55	200
Cruzeiro	29	55	52	60	197
Fluminense	27	29	53	58	167
Botafogo	25	22	47	46	140
Coritiba	16	29	28	32	105
Vitória	16	9	34	35	94
Goiás	13	8	37	31	89
Atlético-PR	13	12	31	31	88
Bahia	6	15	29	35	85
Criciúma	5	15	14	31	65
Náutico	4	5	25	30	63
Portuguesa	8	11	19	20	57
Ponte Preta	5	7	18	19	49
Figueirense	1	9	17	4	31

R$ MM

Source: IBBA (2014).

If on television football has increased its value and earnings, the same cannot be applied to its main stage. Approximately 80% of all football matches in Brazil represent operational financial losses (PLURI, 2014d).

For Lupino what is happening in Brazil is similar to what has occurred in Italy, where is also not working. Clubs get the money from TV rights and are satisfied with that, they believe that they will survive, do their championship, etc. There is not a vision to grow, to have a business that is actually sustainable.

In regards to sustainability and revenues in professional sports, Feess and Stähler (2002) have showed that unbalanced revenue sharing can lead to less competitiveness of the tournament and consequently less attraction. Brazilian football is moving towards that direction.

Table 42: Brazilian TV revenue comparison (R$ Millions)

clubs	2013	% of total tv revenue	in re to flamengo	in re to corinthia ns	in re to the average
Flamengo	110,9	9,8%	-	8,4	61,8
Corinthians	102,5	9,1%	-8,4	-	53,4
Palmeiras	76,3	6,8%	-34,6	-26,2	27,2
São Paulo	72,3	6,4%	-38,6	-30,2	23,2
Atlético-MG	71,3	6,3%	-39,6	-31,2	22,2
Vasco	66,1	5,9%	-44,8	-36,4	17,0
Cruzeiro	60,1	5,3%	-50,8	-42,4	11,0
Fluminense	57,5	5,1%	-53,4	-45,0	8,4
Grêmio	55,4	4,9%	-55,5	-47,1	6,3
Internacional	54,2	4,8%	-56,7	-48,3	5,1
Botafogo	46,2	4,1%	-64,7	-56,3	-2,9
Sport	45,3	4,0%	-65,6	-57,2	-3,8
Santos	43,5	3,9%	-67,4	-59,0	-5,6
Bahia	35,1	3,1%	-75,8	-67,4	-14,0
Vitória	35	3,1%	-75,9	-67,5	-14,1
Coritiba	32,2	2,9%	-78,7	-70,3	-16,9
Criciúma	31,3	2,8%	-79,6	-71,2	-17,8
Atlético-PR	31,2	2,8%	-79,7	-71,3	-17,9
Goiás	30,6	2,7%	-80,3	-71,9	-18,5
Náutico	29,5	2,6%	-81,4	-73,0	-19,6
Portuguesa	19,7	1,7%	-91,2	-82,8	-29,4
Ponte Preta	19	1,7%	-91,9	-83,5	-30,1
Figueirense	3,8	0,3%	-107,1	-98,7	-45,3

Source: Adapted by the Author from IBBA (2014).

The table above comparing clubs and their TV rights revenue shows a huge difference between C.R. Flamengo, Corinthians and the rest. For example, the distance to the 3rd (Palmeiras) in the aggregate of five years will represent R$ 2,3 Million per month, and if the comparison is extended to the 10th (Internacional), the monthly advantage would be of R$ 3,8 Million.

As reference, at the Bundesliga, world league leader in attendance for a couple of years, the difference between TV rights revenue of the number one (FC Bayern) and the 18th (Greuther Fürth) is only 2 times, while in Brazil the difference between the leader in revenue (C.R. Flamengo) and the second last one (Ponte Preta) was 5.8 times (IBBA, 2014).

Ingenfeld understands that the TV revenue sharing topic is the only one that represents some conflict between clubs and the DFL. While there is always the social approach, that everyone should get a share, there is also the question of who actually generated the revenue.

However, Ingenfeld adds that this works smoothly in Germany because the big clubs know that they have a responsibility over the league, the other clubs and the competition.

As per of Feess and Stähler (2002) the revenue sharing in order to achieve competitive balance, is not an easy task, especially if clubs are profit-maximizing oriented. In Brazil clubs are non-profit organization and winning oriented, and therefore to think of structuring Brazilian football more competitive and balanced represents necessarily a better and more equal distribution of TV rights revenues.

Again, the Bundesliga is considered a good example and reference (IBBA, 2014). The fact FC Bayern is dominant over the rest does not change the competitiveness of the tournament in terms of all the disputes it has.

Table 43: TV revenue comparison between countries

	Brazil	Argentina	Italy	England	Germany	Spain
	Individual negotiations between clubs and TV	Collective contracts paid by Federal Government	Since 2011 Contracts are colective	Colective Contracts	Colective Contracts	Individual negotiations between clubs and TV
Estimated value	R$ 1,1 Billion (€ 370MM)*	Ar$ 1 Billion (€ 100 MM)	€ 950 MM	€ 2,2 Billion	€ 700 MM	€ 950 MM
	Revenue Sharing					
	Quotas are individual with big differences	Clubs receive the same value: 5%	40% is equally divided	50% is equally divided	75% for division A	Barcelona and Real Madrid receive 43% of the total
	Approximately € 30 MM per year	Approximately € 5 per year	30% accordingly to the performance on the previous year	25% accordingly to the performance on the previous year	25% for division B	Athletic Madrid and Valencia follow them with € 50 MM per year
			30% accordingly to the total number of fans	25% accordingly to the number of matches broadcasted	The division takes into consideration the performance over the last 4 years	
				The difference between the maximum and minimum TV revenue is 65%	After a ranking is done the distribution is fixed between each club	
					For example, on season 2012/2013 club ranked number 1 received € 76.000 more than nr. 2, which received € 760.000 more than nr.3, and so on and so forth.	
					Therefore, the last one on the ranking, nr.18 receives exactly 50% of nr.1	

*this amount includes all tournaments clubs played in 2013, since there is no exclusively information for the Brazilian National Championship
Values for European (source: Deloitte) and Argentinian (source: website Trivela) Leagues refers to Season 2013/2014

Source: Adapted by the Author from IBBA (2014).

In Brazil, as introduced by Lupino and reinforced by Belo (2013), clubs are accommodated by TV rights quotas, and don`t invest as much in performance to bring their fans to see it live. Fans that also apparently prefer to watch football on TV, probably because of the hard access to most of the stadiums, lack of security, transport, excess of matches, ridiculous kick-off timings, among other reasons.

Accordingly to Deloitte (2015), in Europe broadcast revenue continues to be critical for overall financial success, as in aggregate the amount generated from matchday (primarily ticket sales) for 2013/2014 season has fallen to its lowest ever percentage; 20%.

Meanwhile, the percentage of revenue that the top clubs generate through the more indirect means of broadcast and commercial activities has reached an all time high. In total, the matchday revenue of the top 20 clubs in the world grew by 4% in 2013/14, compared with an overall revenue growth of 14% (DELOITTE, 2015).

This raises significant questions about the nature of ticket pricing and marketing of the matchday experience within the business models of the world's biggest clubs. With the continued pressure on the cost of living across Europe, matchday revenue is likely to be a significant strategic question for top clubs in the immediate future (DELOITTE, 2015).

While they continue to break new ground in attracting record-breaking deals with international commercial partners and broadcasters, for whom the live match crowd is a crucial part of the appeal, it may be that the growth of clubs' oldest revenue stream is reaching a plateau (DELOITTE, 2015).

However the amount involved differs much, the scenario is pretty much similar in Brazil. As all clubs need to increase their traditional revenues revisiting their marketing practices and at the same time search for other revenue segments.

In this sense, Daniel (2014) presents internalization as another initiative to make Brazilian football brands more valuable. For Daniel (2014) this still an incipient work and the 2014 FIFA World Cup Brazil was an opportunity wasted for such strategy:

> There was not a work of presenting national clubs to the international fans, despite of the intense movement, on worldwide media coverage and several clubs hosting National Teams in their training facilities. This was an opportunity to make them recognized out there.

Daniel (2014) highlights the fact that a relevant share of European clubs revenues come from emerging markets such as China, and that even Argentinean clubs are ahead of Brazilian in regards to internationalization, mentioning that Boca Juniors has its own store in New York.

Deloitte (2014b) states that at the start of the 2013/14 season, seven of the top 20 most profitable and wealthy clubs in the world had a Middle Eastern airline shirt sponsor; and that the growth in global interest in football shows no sign of slowing down and should be expected revenues for the top 20 clubs to increase as they find ways to further exploit the most lucrative emerging markets and technologies.

For Araújo (2014) more than strategies to increase clubs brand value have to be done in order to make the potential of this industry a reality:

> We must open the clubs for the wealth existent in Brazil or even for foreigners; Chelsea is owned by a Russian, Paris Saint Germain from Qatar, Manchester United from USA, Roma as well. The Italian wealth is behind AC Milan and Inernazionale, and Juventus, FIAT. Bayern has Mercedes Benz. And we are out of the market! We have to professionalize the vision! If a crazy millionaire wants to invest all he has in C.R. Flamengo, he can`t. While football is being dominated by business man (FIFA`s thid parties).

Finally, and as an introduction to next topic, sports manager Daniel (2014) states that in the actual conjecture of Brazilian football: “There is no relevant sponsorship deals lately, unless the ones did by State owned companies.”

4.4 SPONSORS

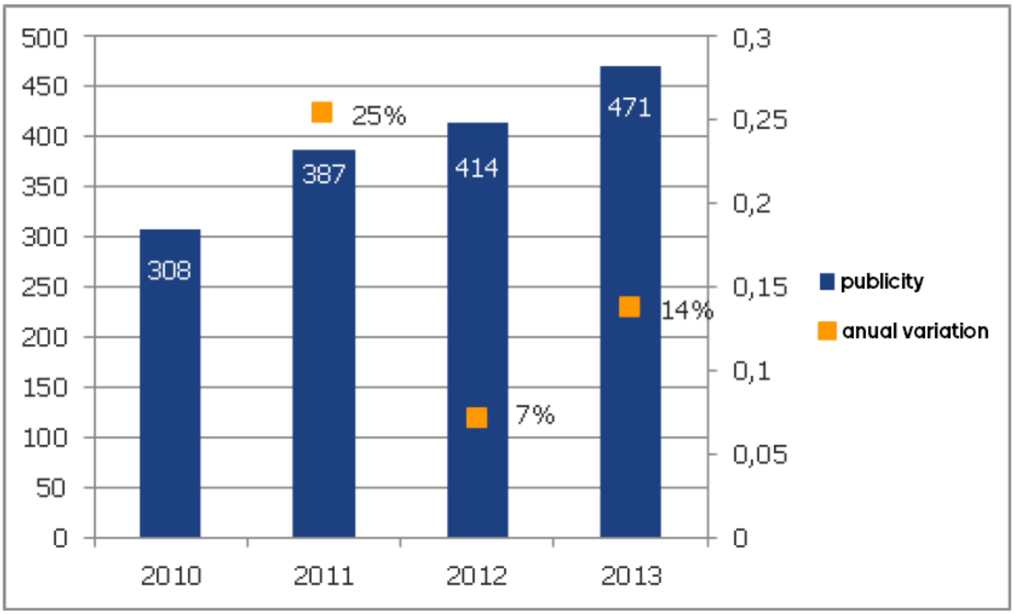
Sponsorship as per Meenaghan (1991): "an investment, in cash or in kind, in an activity, person or event (sponsored), in return for access to the exploitable commercial potential associated with that activity, person or event by the investor (sponsor)."

The second force of the football five forces framework, the sponsors, are as seen in the literature review a special kind of consumer. The value for this player in the industry needs to be increase in order to be interesting to associate its brand to the sport organization.

This association has to be, especially in the sport industry, more than just a relation between sponsors and sponsored, it needs to be a partnership (MULLIN; HARDY; SUTTON, 2004). Beting (2015) affirms that in Brazil clubs don`t have a clear culture of sport sponsorship, with a long term project to be presented to the brands willing to invest, which is also confirmed by Lupino.

Publicity is growing in importance in Brazil, but still further way from European clubs for example. This is presented as the best way to become more independent and more managerially efficient.

Graph 17: Brazilian Football publicity revenue increase (R$ Millions)



Source: Adapted by the Author from IBBA (2014).

The growth is clear; however it needs and has the possibility to be even bigger and more consistent. A study conducted by IBBA (2014) shows that publicity represents, in general, 33% of European clubs revenues and in Brazil this rate falls to 20%.

Football sells accordingly to IBBA (2014). However an environment where still present violence, with disorganized and discredited institutions, often related to corruption and of local competition, the interest of several sponsors is restrained.

As introduced by Daniel (2014) there is no relevant sponsor today willing to invest in Brazilian football other than public entities. IBBA (2014) presents a comparison of the main sponsor of the most relevant football teams of the country.

Table 44: Brazilian Football master sponsors comparison 2009 x 2014

	2009	2014
Atlético-PR	Philco	Caixa
Atlético-MG	-	BMG
Bahia	Fiat	OAS
Botafogo	Liquigás	Guaraviton
Corinthians	Batavo	Caixa
Coritiba	-	Caixa
Criciúma	Eliana	Dotz
Cruzeiro	-	BMG
Figueirense	Taschibra	Caixa
Flamengo	Olympikus	Caixa
Fluminense	Unimed	Unimed
Goiás	Neoquímica	-
Grêmio	Banrisul	Banrisul
Internacional	Banrisul	Banrisul
Náutico	Rapidão Cometa	-
Palmeiras	Samsung	-
Ponte Preta	-	Hitachi
Portuguesa	Banif	DL Tablets
Santos	STI	-
São Paulo	LG	STI
Sport	Cimento Nassau	-
Vasco	MRV	Caixa
Vitória	Insinuante	Caixa

Source: Adapted by the Author from IBBA (2014).

The comparison shows that from 2009 to 2014 only 2 clubs maintained their main sponsor and the number of sponsorless clubs moved from 4 to 5. Additionally, on 2014, year of the FIFA World Cup in Brazil, 7 clubs were sponsored by Caixa - a Federal owned bank; 2 by a State owned bank, Banrisul; and 2 from a private bank owned by a football affectionate. In summary, there were 18 main sponsors in 2009 and only 10 in 2014.

For Mattoso and Alves (2014) at the Brazilian National football league, clubs are only sponsored by state owned companies or because of love – given as examples Celso Barros, president of Unimed and fanatic Fluminense F.C. fan, Neville Proa, owner of Guaraviton and Botafogo fan, and Atlético-MG, whose fan base includes Ricardo Guimaraes, owner of BMG bank.

Those facts reinforce the studies of Otker (1988), whereas many sponsorship relations have no clear strategy, concrete goal or knowledge about sponsorship, all of which results in deficient results and management of the partnership from the company perspective.

The lack of business reasons for many sponsorship deals can be enhanced by the short-term orientation of the clubs, or the other way around - reflecting cultural aspects of the Brazilian culture presented by Hofstede, Hofstede and Minkov (2010).

This disinterest of sponsor is pointed as one of the consequences also from the inexpressive average attendance in Brazilian football stadiums (PLURI, 2014b).

Empty stadiums have several other negative impacts besides the low revenue with tickets. Such as unfulfilling of commercial partners desires (affecting the value or marketing rights), decrease in audience from media partners, weakness of fan relation and even player performance on the pitch.

Naming rights can be pointed out as a good example of missed opportunities and how Brazilian football structures and parties can be an obstacle for sponsorship deals and business.

Sports journalist Stycer (2015) states that investments in sponsorship, so essential to the modernization of sports in Brazil, for more than 20 years are blocked by the communication channels who believe that having brands associated to team and venues is a form of disguise publicity.

This topic involve different interest, whereas TV broadcaster who has paid considerable amounts for the broadcasting rights has its own sponsors and do not want to expose the name of a brand that happens to also be of the sport team or facility (STYCER, 2015)

Deuringer (2014), Director of Global Brand Management at insurance company Allianz, says about naming rights of sports venues:

> Sport is an international language that brings people from all walks of life together, creating local and global communities based on shared passions and interests. Communities play an integral role for Allianz business, where we help people to progress in life. This is why Allianz is heavily involved in sports sponsorship around the world. There is a strong emotional aspect to being the naming rights partner of a sports stadium – for a non-tangible brand like Allianz, it quickly becomes the "home of the brand" and a place of corporate pride for our employees and partners. We are using naming rights to increase our performances in all areas of the sales funnel. In some markets like Australia we can increase brand awareness through naming rights. Emotionalising our Allianz brand is equally important and has a huge impact.

However, as presented by Stycer (2015), in Brazil this is not easy to be translated into communication at the biggest channel, the TV.

To illustrate it, a football friendly match of Palmeiras against Red Bull Brasil at Allianz Parque broadcasted by Sportv, Rede Globo affiliated. The energetic drink company team became RB-Brasil-SP; its logo was changed; and the stadium named after the insurance company due to one of the few naming rights contracts in Brazil, modified to Arena Palmeiras.

Figure 18: Sportv Red Bull Brazil logo modification

Source: Stycer (2015).

Pluri (2013b) states that the reality of the new and/or refurbished sport facilities in Brazil might be an opportunity for new revenues.

The comparison made between Brazil existing naming rights contracts and the potential of clubs from the English Premier League, taking into consideration factors such as actual contracts, club exposition, existing commercial agreements, value of sponsorship agreements, etc., shows how this can be beneficial for clubs if well managed (and if stadiums are owned by the clubs, which is not the case in many Brazilian stadiums).

Table 45: Naming rights contract values

Club/Stadium	Nation	Annual Contract value (R$ MM)
Manchester City	England	69,27
Manchester United	England	64,33
Arsenal	England	25,65
Liverpool	England	23,03
Tottenham Hotspur	England	21,89
Chelsea	England	20,71
Palmeiras (Allianz Parque)	Brazil	15,01
Everton	England	11,32
Sport Recife and Náutico (Arena Itaipava Nordeste)	Brazil	9,994
Bahia (Arena Itaipava Fonte Nova)	Brazil	9,994
Newcastle United	England	7,6
Aston Villa	England	5,78

Source: Adapted by the Author from Pluri (2013b).

Corinthians and Botafogo for a couple of years try to negotiate sponsors to pay for the naming rights of stadiums they own or control, both constructed with revenues in part or totally from the State, directly or indirectly.

However, those have already being named by the population as ‘Itaquerão’ and ‘Engenhão’, respectively, and are likely to remain forever being called as so. About this Deuringer (2014) affirms:

> When we decide on a naming rights partnership it is important for us to be part of the development stage of the stadium. We don’t want to brand landmark stadiums and make them ours. That’s also why we decided against a huge football stadium in England. Instead we supported the project of the Saracens stadium, Allianz Park. If an existing venue is renewed not only in terms of the name, but also in terms of architecture and infrastructure and the overall customer experience, this can be of interest as well.

FC Bayern has paid its stadium, the Allianz Arena, 16 years in advance (FC BAYERN, 2014a). Revenues for it were considerably generated with the stadium, including the naming rights contracts with the insurance company and an average attendance over 70 thousand fans per match.

Karl-Heiny Rummenigge (2014a), football manager of Bayern Munich, about it says:

> We have financed our stadium completely by private means. (…) In 2005 we borrowed exactly €346 Million in a 25-year plan, which was meant to last until 2030. Now we have paid the stadium off after only nine and a half years. I'm very proud of that. (…) It's no secret that we made over half a Billion Euros in revenue in the 2013/14 season. (…) Revenue generated by the Allianz Arena will be invested in the quality of the team in future.

The importance of owning a stadium is great for football clubs, and as per Deloitte (2014b), the decrease of Italian clubs profitability/wealthy, together with its relevance in European, and consequently world football scenario, has to do with stadium ownership. Italian clubs, with the exception of Juventus, are struggling to grow because not owning their own stadium makes it hard for them to invest and to generate the matchday and commercial revenue of their European peers - despite the lesser relative direct importance of matchday revenue noted earlier (DELOITTE, 2015).

As mentioned by Mason (1999), another revenue segment where teams are able to significantly increase revenues is through the sales of related sponsorships amenities such as licensed products. Largely developed in Europe, in Brazil, licensed products are increasing its relevance among top clubs revenues, and the reason for it is the fact franchise store models are raising.

There is a high oppressed demand for casual, lower-price team products for the daily life. This system not only provides this offer but it helps to fight against piracy in other areas of Brazil. It is easier to replicate elsewhere and there are official, authentic products within lower prices (CAPELO, 2012).

As examples, Corinthians in accordance to its financial prospect had its revenues within licensed products increased from R$ 300 Thousand to R$ 14 Million from 2007 to 2011 (Capelo, 2012), and C.R. Flamengo, that in the beginning of 2013 had no revenues from official stores, has now expectations with this new model is to reach R$ 4 Million in 2015 (BAPTISTA, 2014a).

Notwithstanding, the numbers present earlier herein by Pluri (2013a) in regards to revenue income of the fan base of Brazilian football clubs and the conclusions driven from it by Belo (2013) evidence that this potential has also not being well exploited by the clubs.

4.5 FOOTBALL SUPPLIERS AND THIRD PARTIES

Any industry has several stakeholders. Football has theirs and some with really particular relations. One that has a major importance, in the success or failure of the entire industry does not go on the pitch and does not have fans.

They are the organizations that make the league and the championships; as stated by Mullin, Hardy and Sutton (2004), they are the ones responsible for the organization of the sport product. In reference to the football five forces framework they are considered the suppliers.

In Brazil those are presented and represented by the Confederação Brasileira de Futebol (CBF), the regional federations and its extensions (referees, anti-doping, etc.), together with the companies who administrate some of the most important stadiums of the country, including all the complementary services they impose.

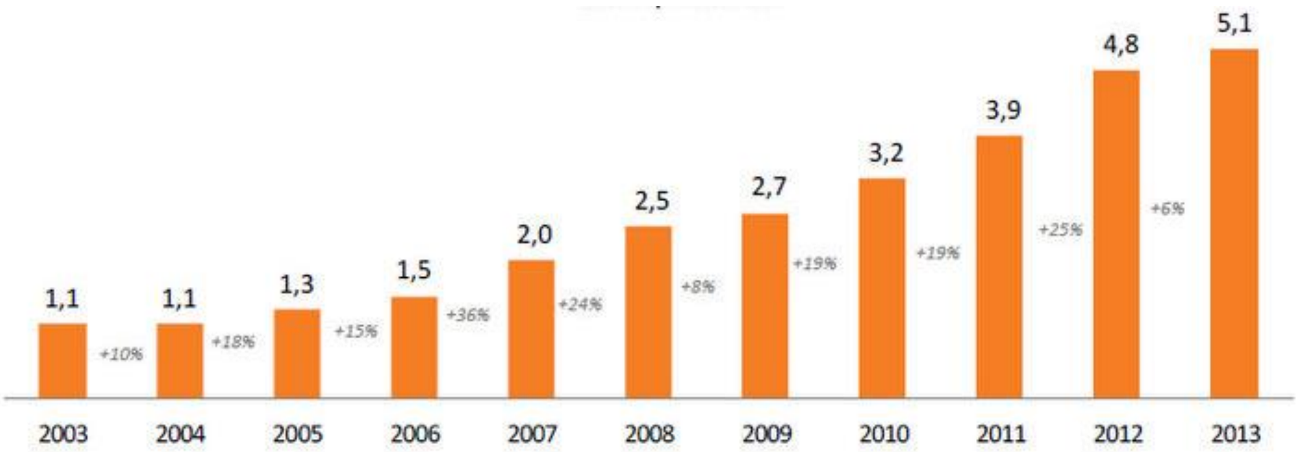
Brazilian football clubs do not have the conscience that without them there is no football industry. The federations and surrounding entities, considered as suppliers in Porter's (1996) and the presented football industry framework, should be working for the clubs, and not the other way around as it is now.

A relation where federations work for the clubs and the development of a better football structure around it can be drawn from Ingenfeld's statement:

> In the beginning of the century German football was not doing well, and not developing new talents. Therefore Germany did a lot of changes on how they approach the rules of the football structure. The 50% +1 rule, but also in regards to the youth. The federations, together with the clubs, created an amazing structure, in numbers and quality of football schools. Everywhere there is a network of scouts looking for talents. I would say it is impossible for a 9 or 10 years old German that have talent way above average not to be seem, no matter what little village he lives in. All clubs have a good school education together with the football development. The DFL is managed by people with a club history, with almost zero conflict with clubs, and is consider to really represent clubs' and German football best interest.

In Brazil clubs are in serious and growing debt, CBF had in 2014 a record income of R$ 452 Million, an increment of 310% since 2003, and R$ 383 Million of profit since 2007 (SOMOGGI, 2014a).

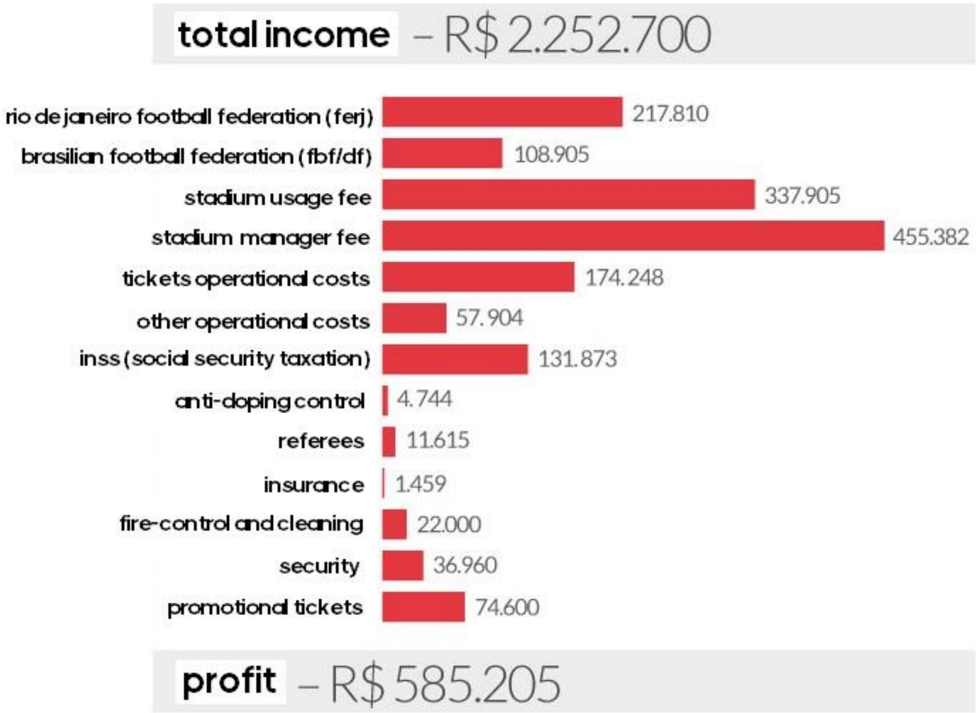
Graph 18: Debt evolution of Brazil`s top 20 clubs (R$ Billions)



Source: Somoggi (2014a).

This unbalanced relation goes beyond federations. A look at the breakdown of costs and revenues of a match from the Brazilian 2014 National Championship, Botafogo against Fluminense F.C., August 17th, at the National Stadium in Brasília Mané Garrincha, shows that.

Graph 19: How expenses consume 74% of R$ 2,253 million in revenue



Source: ESPN (2014a).

Aside to fees paid to federations, taxes, security, and more, there is also the fact that many clubs in Brazil do not own the stadiums they use, and therefore are subjected to several charges and do not earn revenues from stadium operations such as publicity boards, concession stands, parking, and etc.

In the example above, only stadium rental (R$ 337,905.00), and management fee (R$ 455,382.00), the costs paid directly to the stadium manager, accounts for over R$ 200,000.00 more than the profit of the club hosting this match.

Lupino reinforces that unfortunately relations with third parties has lots of politics involved, in a way that is one against the other and not an approach that would benefit all. Together with the conflict with the federations, most of the time the rivalry of the pitch, is brought into the management area.

This interferes on a possible cooperation to find a better path to all, and lead perhaps to a better organized league, with more revenues, with the chance to keep the best players in Brazil - the current lack of starts does not help the league at all. With the market Brazil has, the potential of the country and the money that it still has, this could be very different (LUPINO, 2015).

Araújo (2014) also expresses his opinion about this:

> Clubs have to take the leading role! Because without them there is no championship, no national team, there is no nothing. Championship without CBF, exist, without regional federations, exists, but without clubs, no. The great actors are the clubs. They cannot be so weakened.

Clubs in Brazil are also dependent of investor and business executives that not only lend capital, but also buy contractual rights of players. They are present in the football five forces framework as the third parties, in correspondence to FIFA (2014) definition, since those agents or companies are neither clubs nor players.

In order to protect the integrity of the game and the players, FIFA (2014) Executive Committee took the decision of general principle, that third-party ownership of players' economic rights (TPO) shall be banned, after a transactional period.

Fernandez (2014) brings the information that a study conducted by KPMG shows that Brazilian clubs are dependent of such third parties investments, whereas 80% of the players have their economic rights shared between clubs and third parties.

In this sense, Araújo (2014) summarizes the relation between many Brazilian football actors, where the industry stands, and how other examples can enlighten a better future in this saying:

> In Germany, national centers were created for a long term project. There is a part of the project that is common to all. Here (Brazil), everyone only stands to defend its own interest. It is necessary a common move, in which people converge towards a direction that would benefit all the parties. The CBF (former CBD) is 100 years old. How can it be modern if they work the same way it was a century ago? What is missing in this engine? A group of football executives, whit knowledge of football management and football, that wake up and go to sleep thinking about the development of it. The CBF is much more organizer and controller than promoter of the championship. I don't believe that Marin (former President of CBF) and Del Nero (President of CBF) don't want something that is better for them, for the clubs and for the Brazilian football. The Premier League is the biggest example of professional success. Of course, because of our peculiarities, it is not possible to simply insert it here. But there is a lot that can be used as example. We must generate ideas and wealth. Our structure is to still. This is the time to change.

4.6 COMPETITION

Competition in football is much broader than the pitch disputes or among rivals. Referring to the framework of Porter (1996) it is important to acknowledge that by competitors players' rivals, substitutes and new entrants are part of it in football industry. In the football frameworks they are represented as the rivals, independently if are the traditional ones, new entrants or substitutes.

In the reality of Brazilian football the appearance of a new club might sound impossible. However, centenary clubs are indeed disappearing, and as per Trivela (2012) the rise of new teams together with the fall of traditional ones is an undeniable fact. As examples, Audax, owned by Abílio Diniz - one of the richest mans in Brazil -, and Red Bull Brasil FC, conducted by the energy drink company, are often used.

If emerging football clubs can be harmful, the entrance of different sports other than football in the Brazilian culture is also an aspect to catch attention and revenues from fans and sponsors.

As an insight on this topic, ESPN Brasil TV channel, announced on August, 19th, 2014 the extension of its contract for transmission of the American Football National League, the NFL, until 2017. The deal allows the Brazilian channel to broadcast up to 6 live games per week on TV and also on demand (ESPN, 2014b). It is not hard to imagine that at least part of the spectators consuming American Football could be in fact consuming more Brazilian football.

In addition, more and more often the audience and the interest, especially among the youth, is divided between their home team - as consequence of their family heritage -, and the international teams and idols they see on TV or videogames.

In this sense, Gonçalves (2013) brings a study about the relation between Brazilian football fans and clubs from outside of Brazil:

Table 46: Brazilian football fans affection for international clubs

club	july 2010	july 2013	evolution
no affection for international clubs	58,7%	45,9%	-12,8%
BARCELONA	13,3%	24,9%	11,6%
REAL MADRID	6,1%	11,8%	5,7%
MILAN	8,7%	3,7%	-5,0%
CHELSEA	1,6%	2,7%	1,1%
MANCHESTER UNITED	3,3%	2,5%	-0,8%
BAYERN DE MUNIQUE	0,2%	2,0%	1,8%
BOCA JUNIORS	0,4%	1,4%	1,0%
PSG	0,0%	1,1%	1,1%
JUVENTUS	0,3%	0,5%	0,2%
INTERNAZIONALE	5,0%	0,5%	-4,5%
others	2,4%	2,8%	

Source: Adapted by the Author from Gonçalves (2013).

Table 47: Brazilian football fans affection for international clubs by age

no affection

age	answer: no affection for any club
16 to 24 years	39,7%
25 to 34 years	45,2%
35 to 44 years	48,5%
45 to 54 years	50,6%
55 years or more	51,4%

july 2013
45,9%

Source: Adapted by the Author from Gonçalves (2013).

The data shows a tendency of young generations to connect with foreign clubs. As affection levels increases, a reality where consumers prefer to purchase a jersey or licensed product from a foreign club instead the local one it supports, or to watch a foreign league instead of the local one, seems like a path already established.

Ingenfeld understands that for German football perspective threats in competition would come from European teams that receive enormous investments, and from one day to other are able to invest heavily on players, marketing, and etc. However, also perceives that if well managed, the advantages of the organic growth of traditional clubs - broader fan base, better brand and image, etc. - are likely to sustain.

Together with the threat of new entrants to the sport of football itself, clubs also need to be aware that the industry is much broader than football, or even sport. As stated by Mason (1999), football and the sport as a whole are part of the entertainment industry.

Opposing to it, Ingenfeld states that there is no threat to German football besides the emerging European clubs: "is not so easy to see a different threat because football in Germany is so unique, like in Brazil, it is so much more present than any other entertainment. There is no substitute for football in Germany".

Nevertheless, club managers have to realize that is not enough to have a great fan base if they do not consume and generate revenues for the club. Therefore, at football too companies need to deliver greater value to its customers (i.e. going to the stadium having a higher value than watch a match on TV of an international team).

In addition to it, Lupino infers that would be awesome to not compete within the entertainment industry, but this is not the case. So as in any other market the key to compete is to improve the quality of your product or service. If a guy has R$ 50.00 to go to the movies, clubs have to figure why they are losing this guy, and this can be seen more as an opportunity than a threat.

For Araújo (2014) the situation is critical:

> We need to create a new structure in order to get in the market. We are out of it. Working well we have conditions to do as the NBA. How much is for Neymar to stay? For the size of the business he is able to generate, nothing. If, at least, we made the local championship strong, would be no need to compete with Europe. The NBA does not compete with anyone and is a success all over the world. Because is a product of really high quality. The Brazilian Championship is not broadcasted in any place of the world. It is not even possible to watch it on the internet. Because is a product that is not even recognized in the market. The matches are not interesting, they play in 70 meters, is not even possible for the TV to properly frame it. It seems to have a discouragement, a conformism. It seems to have a mentality of 'that's how it is and how I am going to do it and live'. At last, it is called 'Brasileirão'. A name that cannot be international, no foreign understand or is able to pronounce it. It does not sell internationally.

The only way Brazilian clubs have to compete is to fight back and enhance its unique values, its local strengths and provide quality high value service for its fans, while at the same time expanding its brand exposition throughout the globe - following the customer value proposition concept of Johnson, Christensen, and Kagermann (2008).

Finally, as an example that the current structure in Brazil is not adequate and recapping that football clubs are part of the industry of entertainment, a data that shall be considered: the total number of fans attending to matches of all 27 state championships in Brazil, in the year of 2013, was lower that the audience of the movie "Despicable Me 2" in Brazilian movie theaters in the same period (PLURI, 2014e).

4.7 RELATIONSHIP INSIDE AND AMONG CLUBS

Something particular about the football industry is the fact that managers are also fans, and as fans they tend to be passionate about their club, which is not advisable for a company manager and a decision maker. As Porter (1996) says, commonly the threats to the company and to its strategy that at first would be from outside, are greater and often come from within.

As a central part of the fifth force of the football industry framework, rivals competition has one basic principle that differ this competition. In the football industry the majority of consumers are fans, and by being a football fan they are loyal and won`t excluding extreme exceptions ever change team.

In this sense, rival football clubs should see competition in a different perspective than usual. Competition can, instead of being nocive for profits and growth can be beneficial for all involved. As per Porter (2008), competition on dimensions other than price - on product features, support services, delivery time, or brand image - can improve the product value perception.

Lupino states that is really hard for Brazilian football clubs to grow while the current political structure is in place, inside and between the clubs. For him, decision making process where people that do not work on the business, don't understand the business, are fans, have the right to give inputs and make decisions, ends up paralyzing the clubs. Basically everything has to change in terms of structure, internally and externally (LUPINO).

As introduced by Araújo (2014) the English Premier League shall be highlighted. As stated by journalist Leggett (2014), the English Premier League remains the one with the highest income in world football, with calculated revenues for the 20 Premier League clubs to have growth by 28% over the 2013 season to U$ 5.4 Billion.

Accordingly to the Premier League (2014) and their by-laws, the Premier League is a private company wholly owned by its 20 club members who make up the League, where each individual club is independent and a shareholder at the Premier League.

They act working within the rules of football, as defined by the Premier League, The FA, UEFA and FIFA, as well being subject to British and European law. Consultation is at the heart of the Premier League and shareholder's meetings are the ultimate decision-making forum for Premier League policy and are held at regular intervals during the course of the season.

The presented structure of the English league is hard to be replicated in Brazil for several cultural aspects of Brazilian society, such as the large power distance, short-term orientation and high uncertainty avoidance dimensions of Hofstede, Hofstede and Minkov (2010); and the paternalistic management of Lewis (2006).

For IBBA (2014) there will never be a sustainable change – and highlights this never – if all clubs are not aligned in the quest for solutions, to implement them effectively, organized and with complete unit.

One of the greatest obstacles for the so claimed change is the non-professional management of many institutions. In this sense of professionalism club orientation, IBBA (2014) suggests corporate practices that clubs should adopt to help them financially and administratively.

Table 48: Corporate practices applied to football clubs

Open budget to the public	Open your accountability to associates and fans presenting what is the perspective with revenues, costs and investments will provide all with a more appropriate expectation in relation to the teams achievements and will reduce the pressure on players and coaches.
Expenses limitation	There should be applied a limitation of expenses in salaries and signings. This would guarantee that current expenses would be paid and extraordinary revenues would be used for future investments or payment of past debts.
Performance reward	Payments should be added to victories on the pitch, stimulating players' commitment to great performance. This is usual in football but should represent a bigger part of the deal. This would allow the adoption of the expenses limitation for example.
Proximity with the good client	Clubs need to consider the regular fan, as the good client and activate ways to make him attend matches inside stadiums and spend more. At the same time, they need to push away the fans from the "organized fan base". Those are seen as a problem since are usually connected to violence. Actions such as membership programs, anticipate sales of tickets, and more help this movement, but it needs to improve and assist the move from "organized fans" into regular ones.
Strategic plan	Clubs should think their structure with long term vision. On and of the pitch this 3-4 year planning should allow professionals to work more focus and committed with the sustainability of the project.

Source: Adapted by the Author from IBBA (2014).

IBBA (2014) acknowledges that the best practices don’t stop there and are not always easy to be applied on the football industry, but, insists that is fundamental that football managers think about restructuring it if they want to have a sustainable product in the long term.

Trevisan (2013) understands that the problem resides on the origin. Whereas statutory constitution of the clubs that says they are social, and therefore, managed by non-professionals, lead to most cases where managers are passionate fans. And if there is no wage, they have to sustain themselves in another activity not being able to dedicate their entire time for the club.

In sum, Ferreira (2013) states that: “The structure is made to be inefficient. While English clubs are corporations since the end of the 19th century, here experiences of this nature are rare.”

4.8 INDUSTRIES SIDE BY SIDE

Based on what was exposed in this chapter a summary with some of the most relevant topics for comparison between Brazilian and German football industry is presented as follows.

Table 49: Football industry summary comparison

Relevant topics	Brazil	Germany
National Relevance of the football clubs (% of country GDP)	Top 40 clubs	Top 4 clubs
	0,06%	0,04%
Football Structure	684 teams	33.644 teams
	80 divisions	2.344 divisions
Football Clubs Nature	Sports association - non-profit organizations	Possibility to choose to become corporations (tendency)
Average stadium attendance (2013/2014)	14.951 fans at Brasileirão	43.173 fans (Bundesliga)
		17.491 fans (2. Bundesliga)
Number of possible matches 2015	85	59
Average ticket price (lowest) - US$	$ 22,62	$ 26,28
Year individual average income (US$)	$ 11.208,00	$ 45.085,00
Revenue sharing 2013/2014 (%)		
TV rights/Media	33%	29,30%
Matchday	10%	19,72%
Sponsors	14%	26,18%
Transfers	22%	6,99%
Others	9%	10,16%
Merchandising	(incl. in sponsorship)	7,64%
Social Club	12%	-
TV revenue deal (2013/2014)	Negotiated individually by clubs.	Collective contracts and split according to performance in past years
Total amount (in avg.)	€ 370 Milliom	€ 700 Million

Source: Elaborated by the Author.

5. CASES

The world is full of cultural differences among societies. Based on the map of Brazilian football industry, together with the key principles of strategy and sports marketing, it is possible to realize that clubs in Brazil are, in general, not following even the basic steps to maintain sustainability within their business because of many reasons that include deeply rooted cultural aspects.

The cases selected intent to demonstrate how cultural characteristics can influence a management and marketing strategy for many decades, and thereafter present an alternative approach to make a sustainable future for the institutions in Brazil.

Brazilian clubs used herein do not represent the rule for all clubs, for positive and negative aspects, and the same applies for the German ones. The goal is to delineate what has been done, what are their plans for the present and the future, and based on the strategy emplaced and planned, attempt to project the implementation of successful marketing practices of Germany in Brazil, considering the cultural aspects of each society.

The cases, in accordance to the method selected, were done based on the same structures, providing an individual report, that was shaped by the theory studied with implications of it, and finally was prepared a cross case analyzes as indicated by Yin (2005).

5.1 MARKETING STRATEGY COMPARISION POINTS

The focal point of comparison will be the marketing strategy of the clubs. Despite the enormous cultural differences between Germany and Brazil there are also similarities between the institutions, the industry and their target group when it comes to football.

As the literature shows, sports business and sports fans are a special kind in each segment. Clubs can certainly be compared in many topics of their management and marketing strategy because most of the elements are or should be the same. However, the gap between results is huge, as well as the way they are structured to be.

The belief is that taking the German structure as example, implementing it taking in account the particularities of Brazilian society and citizens, is also possible to reach the consumers, the fans of football from Brazil, in a positive way, and generate a sustainable strategy and business model for the clubs.

Therefore, and as stated earlier, the marketing strategy points of direct comparison are: membership programs; ticket price policy; stadium management; brand exposition; fan relationship; sponsors; TV rights agreements; and official products and stores.

The clubs selected in Brazil, C.R. Flamengo and Fluminense F.C. are relevant actors in the local football industry and their structure and strategy of marketing unique in its own way.

The clubs used as benchmark for this comparison, FC Bayer Munich and FC Nurnberg were selected to represent the different poles of German football, and therefore refute arguments that something is only possible because of one`s power.

FC Bayern Munich is ranked number three in overall revenue as per Deloitte (2015), and considered one of the best teams in the world in many aspects. On the other hand FC Nurnberg, a small club from the south of Germany that year after year fight to not get relegated to lower divisions.

Within this frame and the interviews of specialists involved directed or indirectly within the daily work of these institutions, the goal was to answer the research questions of this work.

5.2 C.R. FLAMENGO

5.2.1 Historical background

Accordingly to C.R. Flamengo (2015a), Clube de Regatas do Flamengo, was first found in November 15^{th}, 1895, the official anniversary of the club and Brazil Republic proclamation.

At the time C.R. Flamengo was found rowing was the biggest sport, but a couple of years later lost space to football. In 1911, at Fluminense F.C., some players were unhappy and were willing to change team or even give up of football.

Since some of the football players of Fluminense F.C. used to row for C.R. Flamengo, they decided to found a football team for C.R. Flamengo. The idea was well received and on November 8^{th} of 1911 the C.R. Flamengo football department was created.

Since 1914 C.R. Flamengo has collected a lot of sympathy from fans all over Brazil, especially because of the radio and television systems that were established in Rio since early ages and the intensive coverage in the 1980’s, decade of great success for the club.

The largest fan base of Brazil was established via fan identification with the club, its colors, the titles and its idols, such as Zico, Dida, Júnior, Leandro, Raul, Petkovic, Romário, Adriano, Júlio César, among others.

Table 50: C.R. Flamengo most relevant football titles over the years

International	**#**	**Date**
World Championship	1	1981
America`s Libertadores Cup	1	1981
Mercosul Cup	1	1999
Others	29	From 1952 to 1994
National	**#**	**Date**
Brazilian Championship	6	1980, 1982, 1983, 1987, 1992, 2009
Brazilian Cup	3	1990, 2006, 2013
Others	5	From 1956 to 2001
State	**#**	**Date**
Rio de Janeiro State Championship	33	From 1914 until 2014
Guanabara Cup	20	From 1970 until 2014
Rio Cup	9	From 1978 until 2011
Others	13	From 1920 to 2005

Source: Adapted by the Author from C.R. Flamengo (2015a).

5.2.2 Relevant data

Based on the studies presented herein the following table was prepared to summarize where C.R. Flamengo stands. Most information used was based on the end of 2013 season, when this work started.

Additionally, as Attachment 3 there is a compilation of information from all home-matches of C.R. Flamengo in the 2014 Brazilian National Championship based on the official website from CBF (2015).

Table 51: C.R. Flamengo data summary

Brand (2014)					
Value			Rank		
R$ 1.006.100.000,00			2		
Fan Base (2013)					
Total		Population	avg. monthly fan income	monthly fan base income	annual fan base income
30.500.000,00		15%	R$ 863	R$ 26.300.000.000	R$ 315.800.000.000
TV revenue (R$ Millions)					
2010	211	2012	2013	2014	2015
44	94	105	111	115	124
Stadium (2013)					
Total attendance	Rank total	Avg. Per game	Rank avg.	World rank	% of occupation
736.587	5	23.385	4	111	55%
Total Revenue	Ranking total	Avg. Per game	Rank avg.	Av. Ticket per fan	Ranking ticket
R$ 43.979.718	1	R$ 1.256.563	2	R$ 59,17	2
Debts (2013)					
Total			State tax debt		
R$ 759.400.000			R$ 386.400.000		

Source: Elaborated by the Author.

More recent and new information haven been develop in the course of this project, and it will be present as well, with the note that they are not final or can be considered as accurate because no third party has stated it as to be trusted, and/or consist of predictions and projections.

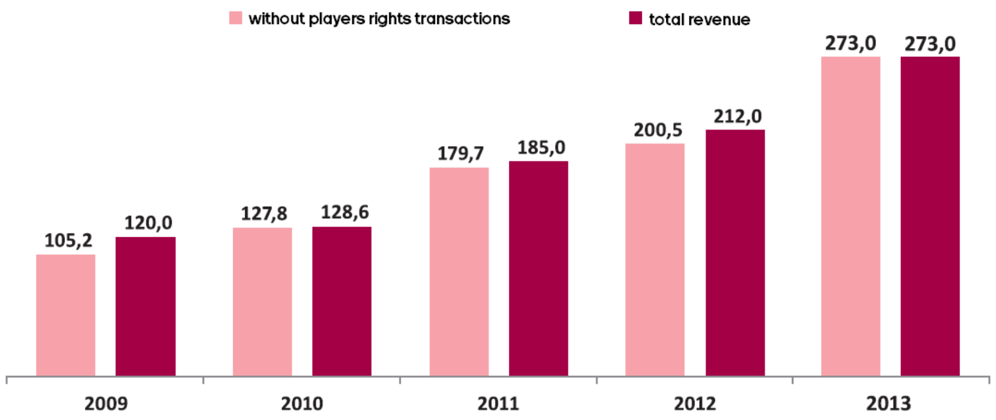
Table 52: C.R. Flamengo football revenue breakdown

Gross football revenue (incl. licenseed products)	2012	Share (%)	2013	Share (%)	2014	Share (%)
TV rights	R$ 114.085.630,00	60,09%	R$ 110.919.144,00	46,25%	R$ 115.076.620,00	36,83%
Matchday ticket	R$ 9.451.558,00	4,98%	R$ 48.298.369,00	20,14%	R$ 40.082.649,00	12,83%
Sponsors	R$ 34.435.770,00	18,14%	R$ 53.320.289,00	22,23%	R$ 79.946.240,00	25,59%
Players Rights	R$ 11.478.690,00	6,05%	R$ 0,00	0,00%	R$ 19.736.480,00	6,32%
Fan Membership Program	R$ 0,00	0,00%	R$ 16.546.693,00	6,90%	R$ 30.375.263,00	9,72%
Lotery	R$ 2.222.184,00	1,17%	R$ 2.192.080,00	0,91%	R$ 3.551.465,00	1,14%
Performance rewards	R$ 700.000,00	0,37%	R$ 5.188.000,00	2,16%	R$ 5.880.574,00	1,88%
Licenseed products	R$ 11.990.623,00	6,32%	R$ 11.503.567,00	4,80%	R$ 13.999.550,00	4,48%
Others	R$ 5.504.556,00	2,90%	R$ 2.294.747,00	0,96%	R$ 3.800.455,00	1,22%
Total	R$ 189.869.011,00	100%	R$ 250.262.889,00	100%	R$ 312.449.296,00	100%

Source: Elaborated by the Author from C.R. Flamengo (2015b).

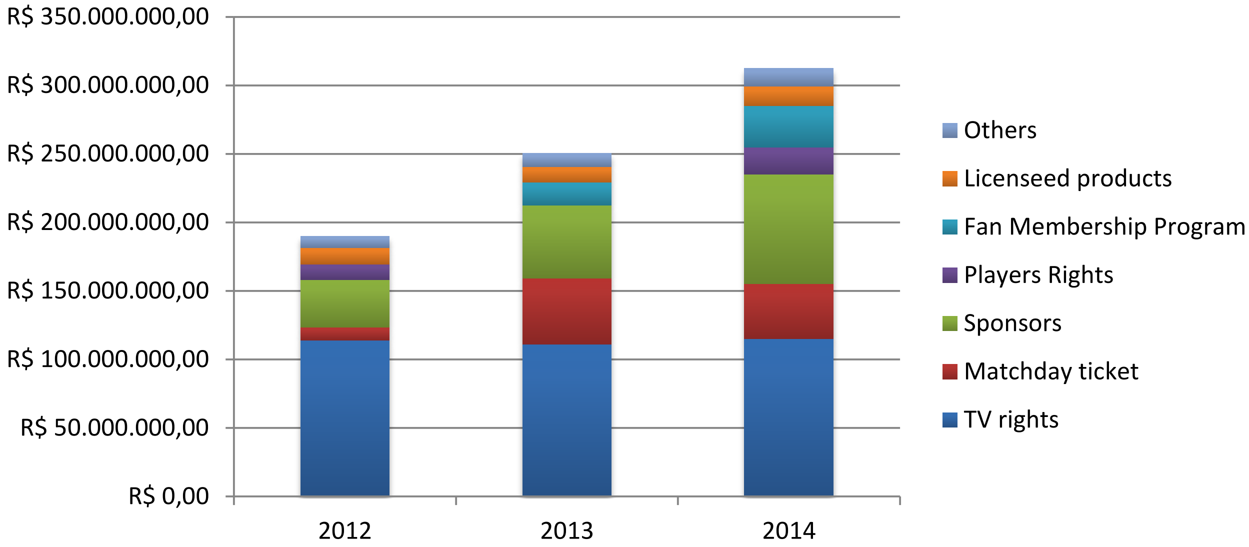
C.R. Flamengo has moved towards the increase of the total amount in revenues, and also managed to became less dependent from TV, however it still represents over 35% of its revenues.

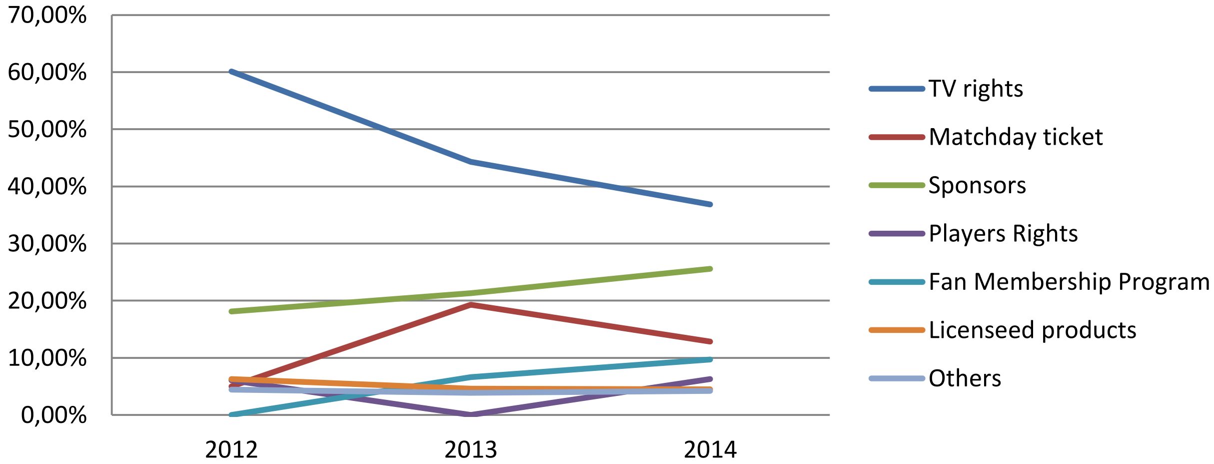
Graph 20: C.R. Flamengo's historical football revenue (R$ MM)



Source: BDO (2014).

Graph 21: C.R. Flamengo's football revenue share evolution



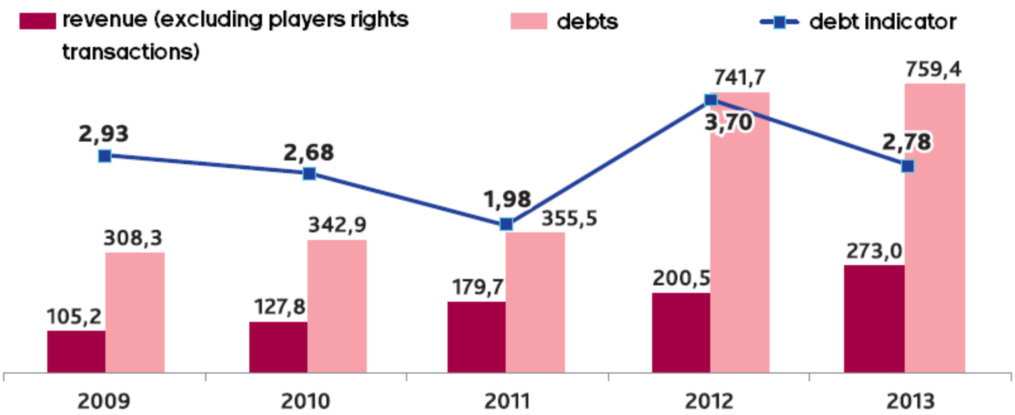


Source: Elaborated by the Author from C.R. Flamengo (2015b).

C.R. Flamengo is working on increasing their revenues and also the balance between resources shares. Efforts are also being done to pay old debts the club has.

From 2012 to 2013 C.R. Flamengo reduced its debts in 5% (SPORTV, 2014); and BDO (2014) shows a decrease in C.R. Flamengo debt indicator, which results from the division of the total debt by the total revenue (excluding players rights transactions), and represent the number of years of revenue the debts would consume.

Graph 22: C.R. Flamengo's debt indicator (values in R$ Millions)



Source: Adapted by the Author from BDO (2014).

C.R. Flamengo is going on the opposite direction of most clubs of Brazilian football by preaching and acting financially responsibly (C.R. FLAMENGO, 2014a).

C.R. Flamengo (2014a) states that the debt of the club has been reduced from R$ 750 Million to under R$ 600 Million in two years of work. C.R. Flamengo constrained R$ 750 Million in debts because always spent more than earns, and followed the traditional logic of popular football management, which is to used future revenues to pay present obligations (TOSTES, 2014).

Spindel states that, however preferring not to affirm how it was before the current management team administration, he guarantees that now it is in place a mentality focused on result and meritocracy.

Most of the professionals come from outside the football business, with the willing to go over the football learning curve as fast as possible, while applying corporate best practices into the club, and always targeting to promote initiatives that would provide stable turnover and profitability in all areas of Flamengo (SPINDEL).

Accordingly to Tostes (2014), Flamengo vice-president of finance, not only the revenues are growing, but also the credibility of the club is regained, which allows long-term loans to keep payments on time. This is only possible with a strict cash flow police that the market recognizes (TOSTES, 2014).

In this sense Spindel is strict to infer:

> Our first job was to regain credibility in the relations with all our stakeholders. C.R. Flamengo did not have credibility because it did not fulfill with its obligations. With

> the Government, with sponsors, did not pay salary of players and did not obey judicial decisions. So the first thing was to put the house in order and regain confidence with all stakeholders. I believe that the fans have understood and value that. Because if you don´t behave accordingly at some point you will end up damaging the club brand. Fans are the biggest asset of the club, but also at some extent the club is an asset of the fans, reason for happiness and pride. So whenever they saw the value of the brand being demolished on the past, they felt it as well. Nowadays, even not investing much in football because of non-paid obligations that are due, the fans are proud of the regain of value and credibility of the C.R. Flamengo brand.

It is mandatory to make the payment regarding taxes to the Government and also deals with labor law litigations, to avoid unexpected legal restrain and pawn of revenues, and also be able to receive legal incentives from the State (TOSTES, 2014).

The actual policy installed in C.R. Flamengo is exactly the opposite of what has been done in the past. Accordingly to Tostes (2014) that is: the football professional management. He mentions that at the end of 2014 season C.R. Flamengo had surpluses of R$ 61 Million, and that this is going to be used to pay old obligations and not irrationally, passionately invested in players.

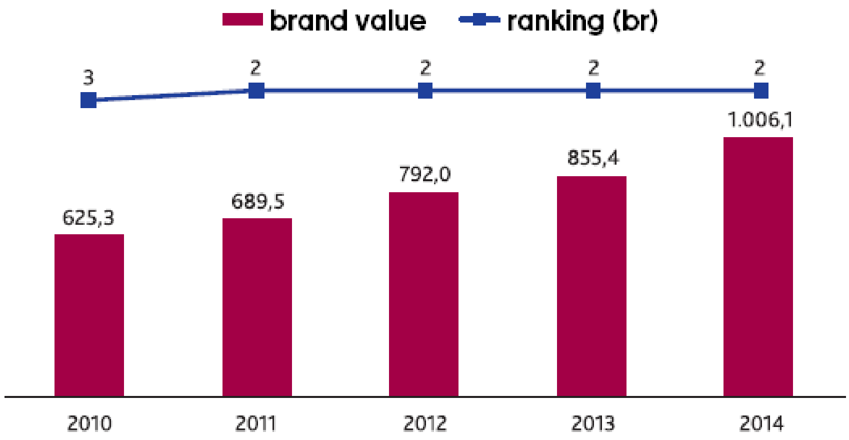
For Spindel this is the culture the current management is implementing in the club. For him in comparison to other industries, the biggest difference is that everything is reinvested into your main business activity, which is football.

In these first years of management, since the club has so many debts, the profits are being used, in most part, to pay this old passive. Once it reaches a level where the amount of debt is sustainable, there will be a discussion about where to invest, in order to generate more and new revenues, in a sustainable way.

The goal is to create a gap of revenue and performance between C.R. Flamengo and the other clubs of Brazil, and perhaps of the world. Not sure if it is going to be in 2, 5, 10 or 20 years, but the club will for sure create the conditions to have glorious decades such as the 80's (SPINDEL).

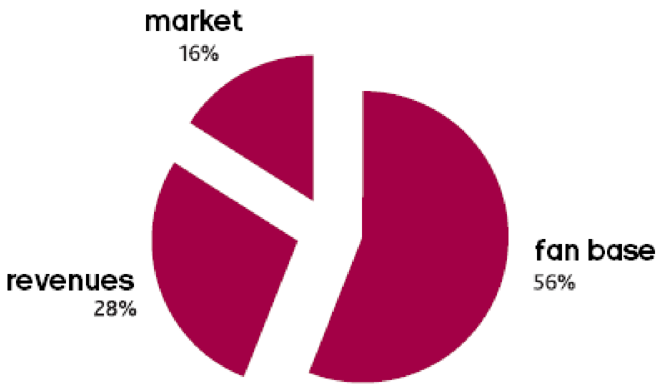
Tostes (2014) affirms that today with this policy the club has credibility in the market and is not only possible to discuss private loans and investments, but also the C.R. Flamengo brand is much more value than before.

Graph 23: C.R. Flamengo's brand value evolution



Source: Adapted by the Author from BDO (2014).

Graph 24: C.R. Flamengo's brand strengths



Source: Adapted by the Author from BDO (2014).

BDO (2014) understands that the exploitation of the more relevant variables of the club, its fan base, sponsors and local market, allowing it to generate higher future revenues, will depend on how club marketing department is able to enhance profits with the social and economic characteristics of the fans and their location.

Lupino states that today's situation of C.R. Flamengo is sustainable, but there is a limit. C.R. Flamengo has significantly growth in the last couple of years, also because of the poor job done previously. Once this limit is achieved, they will have to look for other sources and those are the ones where the all organizations, the association of clubs have to work together.

Lupino says that:

> They are doing a tremendous job, but this is a job of emergency. There is still this day to day work, and is not one to make C.R. Flamengo very different in 10 years. They are still working under emergency, and when you do this, it is hard to plan in the long term. Always working in the short term. Probably, and I hope to be here to see it, when the emergency is over, than the real challenge will appear. That is to plan a way to grow productively. C.R. Flamengo is one of the most organized clubs in Brazil nowadays; however, comparing to a European club, there is still a lot of things to be done.

For Spindel several of C.R. Flamengo problems derived or are enhanced by the structure of Brazilian football. C.R. Flamengo's role and position among the industry in Brazil is clear: C.R. Flamengo is trying to bond with the other clubs in Brazil, and align the vision that conducing football in the most professional way possible is the best for the entire business.

The more professional are the players in the business, the bigger the amount to be shared, better the quality of the game, of the experience, etc., it is clear that the stronger is the industry, also will be C.R. Flamengo (SPINDEL).

Moreover, Spindel sees it as a process where Flamengo is ready to lead:

> We do not control the other agents of the industry, by that I mean other clubs, federations, etc., we do not have control. However, what we control, our attitudes, we can focused incessantly on generating always more revenue for the football department of Flamengo, to make the team more and more competitive. Either investing is structure, such as training camp and stadium, or investing in performance excellence, signing new players, professionals, investing on youth academies, etc. Once these processes succeed, and our beliefs are proved to be right, C.R. Flamengo will start to create a gap for the other clubs that the rest will have to reply our strategy. This can be applied to business, education, and basically anything: example is not the best way to educate, is the only one. In business example is the way for you to lead. We are giving this example, and since it starts to work, at the conversations with the other entities and clubs, they will be willing to learn with us and apply what we have done. Additionally, we are also always looking forward to learn from the good experiences and practices from other clubs, in Brazil and outside of the country.

5.2.3 Marketing Strategy

In this session detailed explanation of C.R. Flamengo strategy in some of the key aspects of its marketing mix is presented. The relevance of them were not pointed out by the club, but was construct based on the literature review, the data presented, and the opinion of the specialist who contributed to this work.

Accordingly to C.R. Flamengo marketing vice-president Baptista (2014a) one of the hardest things is to find balance between rationality and passion in the craziness of football.

Since 2012 C.R. Flamengo faces a great evolution in revenues, and on 2014 the marketing department had the best result in Brazil (BAPTISTA, 2014a).

Spindel comments that in 2012 the size of C.R. Flamengo's passive was unknown. It was uncertain if it would be possible to run the club on the next day. As per now, it is already known that the next day is going to be hard but C.R. Flamengo will make it through, and that at some point, 2016 and 2017, it will have cash reserve to invest. At this point in time C.R. Flamengo will then only have debt related to taxes, which are already negotiated to be paid in installments.

Baptista (2014a) explains that the strategy of the club is to get recurrent revenues able to generate consistent cash flow to the club and not only punctual contracts. For Baptista (2014a) when doing punctual deals 'market see that you are selling on retail, something that should be offered on wholesale', and this conceptual mistake is derived from the lack of credibility and reinforces it. When clubs struggle to find a master sponsor, search for secondary ones, and after all product ends up under-evaluated.

About the overarching strategy Spindel infers that:

> Today, we are able to look and plan the future, but we still execute all strategies with the mind set of generating the highest revenue possible and in the shortest time. All our investments and activities have to generate revenue in the short-term. We will always be performance focused. The only difference is that in a few years we will be able to look at projects with a long-term result expectation, also because we are aware that investment with high payback in short period of time are rare.

Lupino, however acknowledging that C.R. Flamengo is working hard to become a more organized entity, believes that there are some situations where they should have a closer look at the global market:

> For example, the relation with adidas. C.R. Flamengo considers a jersey to have enhanced value when they manage to sell all the sponsorship areas available. In Europe is different. A high value jersey is when with one sponsor, with a clean and beautiful jersey, that everyone will love, the club earns the most possible, and leave the jersey as a product that everyone will want. Here is like: 'we put as many things we can in order to generate the biggest revenue possible'. It is a very different way to work.

Membership program

Nação Rubro-Negra (2015), club's official fan membership program, entitles itself as the chance for each of the 40 million C.R. Flamengo`s fans to make the difference, whereas by participating they will help C.R. Flamengo built a strong and winning team.

The reason pointed out to become a member, as per Nação Rubro-Negra (2015), is to help C.R. Flamengo sign and maintain the best players in the team, since the biggest pleasure a fan can have is to see the ‘World`s most beloved team’ win.

Fans will also be entitle to benefits such as tickets discounts and priorities, exclusive promotions and access to the “*Movimento por um Futebol Melhor*”. *Movimento por um Futebol Melhor* consists of a network of membership programs of Brazilian clubs, which creates a more attractive platform for sponsors and partners.

Nação Rubro-Negra (2015) membership has 7 possibilities of plans, accordingly to which benefits and monthly fees vary.

Table 53: C.R. Flamengo’s membership program

Membership plans	+ Paixão	Paixão	+ Amor	Amor	+ Raça	Raça	Tradição
Monthly fee	R$ 199,99	R$ 159,90	R$ 129,90	R$ 99,90	R$ 69,90	R$ 39,90	R$ 29,90
Benefits							
Priority in ticketing purchase	1st Priority	2nd Priority	3rd Priority	4th Priority	5th Priority	6th Priority	7th Priority
Promotions and experiences (free tickets, idols meet, etc.)	1st Priority	2nd Priority	3rd Priority	4th Priority	5th Priority	6th Priority	
Right to purchase additional tickets (R$ 30,00 more per month per additional guest)	3 more	2 more	2 more	1 more	-	-	-
Communication of ticket sales opening and closing period	1st	2nd	3rd	-	-	-	-
Access to partners of "Movimento por um Futebol Melhor"	✔	✔	✔	✔	✔	✔	✔
Ticket discount	✔	✔	✔	✔	✔	✔	✔

Online ticket purchase option	✔	✔	✔	✔	✔	✔	✔
Birth certificate and ID of Rubro-Negro citizen for printing	✔	✔	✔	✔	✔	✔	✔
Support via e-mail	✔	✔	✔	✔	✔	✔	✔
Personalized Ticket-Card	✔	✔	✔	✔	✔	✔	✔

Source: Adapted by the Author from Nação Rubro-Negra (2015).

Baptista (2014b) states that until 2014 C.R. Flamengo could not sustain a fan membership program, and that Nação Rubro-Negra reached almost 60 thousand members at the end of that year. This represents the third biggest sponsor (revenue resource) of C.R. Flamengo, bringing into the club approximately R$ 30 Million per year (BAPTISTA, 2014b).

Accordingly to Baptista (2014b) at 2013 near the Brazilian Cup Final, C.R. Flamengo reached the total number of 65 thousand fans, the highest number ever for C.R. Flamengo.

Despite the mentioned increase, Futebol Melhor (2015) ranking shows C.R. Flamengo with 54.267 members, on the 7th position behind clubs with a much lower fan base, and with the lowest conversion rate of all.

Table 54: Fan membership ranking (C.R. Flamengo highlight)

Movimento por um Futebol Melhor				
Official membership program fan base				
# Participant clubs		60	Turnover	
Top 15 Ranking	Club	# official members*	approx. fan base**	% of conversion
1	Internacional	130.207	5.600.000	2,325%
2	Palmeiras	97.267	10.600.000	0,918%
3	Corinthians	81.199	27.300.000	0,297%
4	Grêmio	80.729	6.000.000	1,345%
5	Cruzeiro	67.845	6.200.000	1,094%
6	Santos	57.075	4.800.000	1,189%
7	**C.R. Flamengo**	**54.267**	**32.500.000**	**0,167%**
8	Sao Paulo	47.967	13.600.000	0,353%
9	Atlético - MG	39.234	7.000.000	0,560%
10	Bahia	24.021	3.400.000	0,707%
11	Fluminense F.C.	23.510	3.600.000	0,653%
12	Sport	18.685	2.400.000	0,779%
13	Vasco	15.634	7.200.000	0,217%
14	Chapecoense	11.258	n.a.	n.a.
15	Joinville	10.537	n.a.	n.a.

* Futebol Melhor (2015)
** from Lance (2014)

Source: Elaborated by the Author.

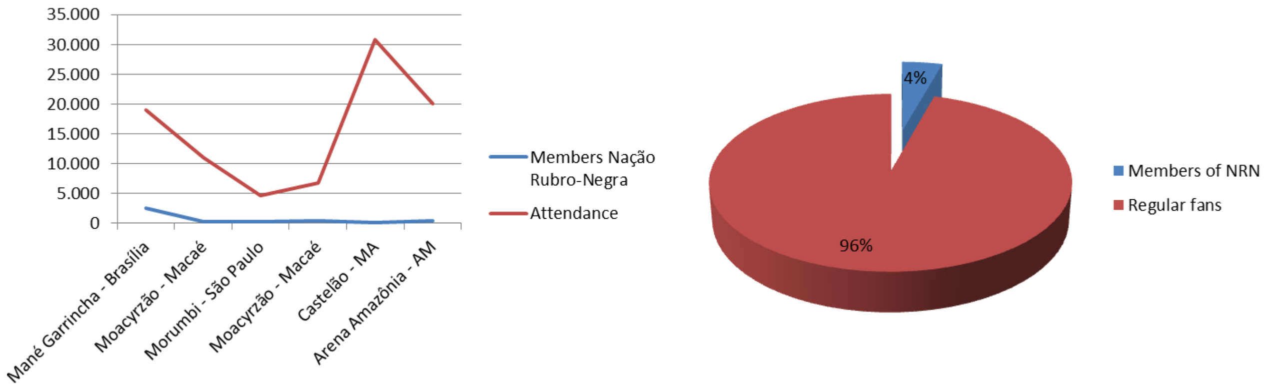
Spindel acknowledges that C.R. Flamengo is behind specially taking in consideration its potential. C.R. Flamengo has millions of fans and the leading fan-base in all income level classes. The potential to be explored is huge and can generate much more revenue to the club.

Additionally, Spindel states that:

> It`s a process of learning. In the world there is not only one membership-program model. We tried to do ours in the most flexible way possible - that is not limit it to stadium the club plays. 80% of C.R. Flamengo fan base is located outside of the state of Rio. It is a project in constant evolution based on fan experience, with the club and the team, on discount network, online and retail, ticket discount, priority and benefits, we are going to create a loyalty program, etc. We look to develop the project every day. Enhance the discount network, the quality of the experiences, of the team, of the structure, stadium experience, and the mechanism of registering, billing and distribute the membership program.

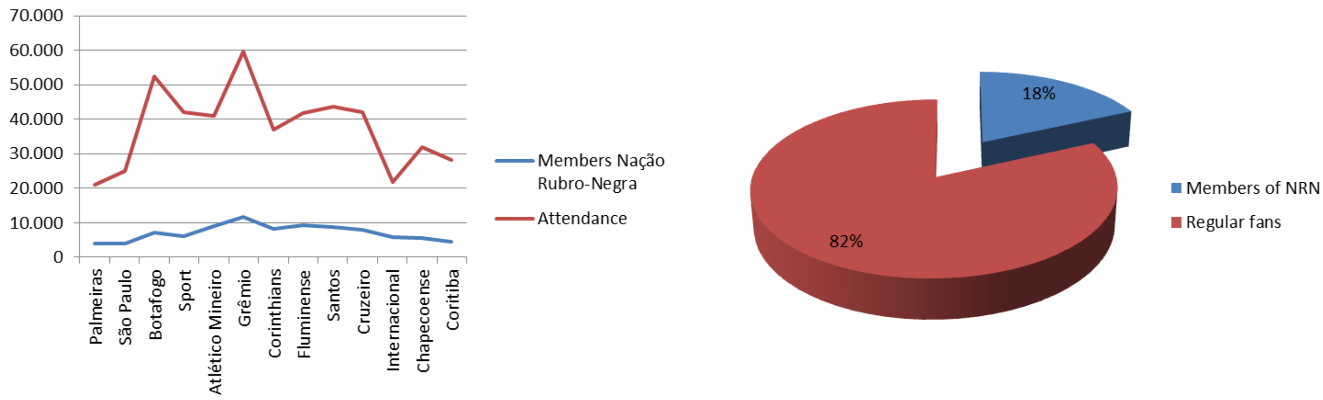
In regards to Nação Rubro-Negra members inside stadiums, data extracted from C.R. Flamengo 2014 Brazilian National Championship database (Attachment 3) shows that the difference between fan members in home matches in Rio, and outside of Rio de Janeiro city is impressive.

Graph 25: Nação Rubro-Negra's home matches not in Maracanã



Source: Elaborated by the Author.

Graph 26: Nação Rubro-Negra's home matches in Maracanã



Source: Elaborated by the Author.

Number of fans and more active participation in Rio is expected. However, on the Brazilian National Championship C.R. Flamengo hosted 6 matches out of Maracanã, or 31,58% of the matches, and fans that do not live in Rio de Janeiro represent 74% of the total C.R. Flamengo fan base (PLURI, 2013a).

Lupino mentions that the fan membership program was club's project of the future when adidas signed the sponsorship deal. This is what would help C.R. Flamengo to grow, whereas target of a good level were presented and for a couple of years (2012 and 2013) they grow a lot, and suddenly stopped.

Spindel does not believe there is one specific point that is holding back the program. That there are several small practices that together will develop a better program and enable it to continue to grow.

Additionally, Spindel believes that the evolution of the program is associated with the evolution of the team, and there is no way to be different. In his opinion the main product that C.R. Flamengo sells is the passion of the fans to the club, whereas researches have ben conduced showing that the return fans mainly want when becoming a member is a better and stronger team.

Therefore the challenge is to communicate and convince the regular fan to become a member prior to the team evolution. Invest for a long period on the development of the team and rebuild of the club. Waiting for it is hard. Nowadays C.R. Flamengo has the 9th payroll of football players and if it reaches 300 thousand members it would be by far the number one investment in football of Brazil (SPINDEL).

In this sense, Lupino realizes that Brazilian fans still do not understand that football has to change. That in order to win, planning, long term commitment and patience are needed. Fans do not understand that – ‘C.R. Flamengo is big and has to win’. For Lupino the main bottleneck of the program is its communication:

> What is missing, in my opinion, which I have already mentioned to C.R. Flamengo, is that they are getting it wrong somewhere, and I believe is communication. Communication has to be different, at the end sounds for the fan that this monthly fee is more or less ‘I need the money can you give it to me?’ The program is something that can really contribute for the fan and the club. But the communication needs to improve. The perception that is communicated is that we need the money, please deposit here. If you check the online communication: ‘If you want C.R. Flamengo stronger become a member’. I would communicate: become a member and you will get these several benefits. You will be closer to your passion that is C.R. Flamengo. And also the benefits, it can be the case that there are programs with lower benefits but the fan can actually perceive those benefits. The way they communicate is that ‘you are a fan, you need to help’. Is not like that. The fan is like the other consumers: I will pay and I would like to receive something concrete back. Cannot only be passion. Concrete benefits and communication in a way that is positive and translated the advantages to sign.

Ticket price policy

Intimately connected to the success of the membership program is the ticket price policy. The higher the price of individual tickets the better the discount conceived for the members.

Baptista (2014b) in regards to ticket price states that there are a lot of ‘guessing’ in this topic and that while everyone want to pay less for things, value has a different perception for each person.

Spindel adds that C.R. Flamengo truly believe if it does not price the tickets correctly, the profitability of it can go to somebody else, by illegal activities, such as of exchange dealers. As example uses the final of 2013 Brazilian Cup, whereas matchday ticket generated almost R$ 10 Million to C.R. Flamengo and there were still exchange dealers. If the price was not correct placed the gap of revenue that goes to this third party would be even higher. Spindel: “Is not better if this profit goes only to C.R. Flamengo?”

Inside this topic there are also several special aspects that have to be taken into consideration. In Maracanã, the stadium most used by C.R. Flamengo during the season there are a policy of gratuity by law. As stated by Maracanaonline (2013), gratuities are conceived to elders over 65 years old, youth under 12, handicap and their companions. In addition to that, Maracanã (2015) states the existence of perpetuate seats, along with the national law of half-price for students and those under 21 years old.

Spindel says that Rio de Janeiro State has a gratuity system like no other in the country, and that those that go for free in the stadium have to be considered. In some sense the person who pays its ticket is also paying for those who have not. And when you consider those the average attendance goes up and ticket price down considerably.

Nevertheless, this calculation of the club is not taken in consideration by most of the independent sources used in this dissertation. Therefore, when talking about average ticket prices it will be considered the total amount of revenue in regards to the paying fans, being gratuities excluded from this calculation. However, nonpaying fans are considered for the total of spectators and occupancy.

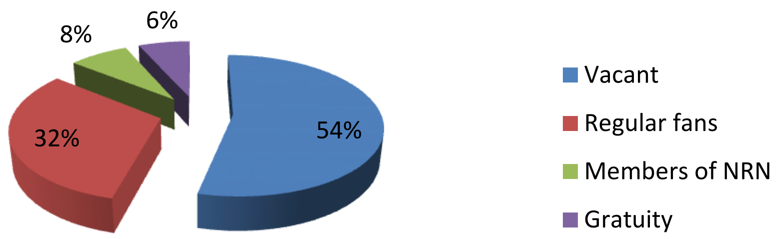
Table 55: Average attendance C.R. Flamengo’s home-matches 2014 Brazilian Championship breakdown

Stadium	Matches	Capacity	Spectators	Members of NRN	Avg. NRN	Gratuity	% of free tickets	Occupancy	Ticket Price	Variation from previous game (+ or -)	Variation from average (+ or -)
Brazil	19	66.165	30.519	5.062	16,59%	4.398	14%	46%	R$ 40,81	20%	23%
Maracanã	13	78.838	39.233	7.167	18,27%	6.028	15%	50%	R$ 44,89	19%	21%

Source: Elaborated by the Author.

The occupancy excluding gratuity falls to approximately 35%. The average of regular fans, not members of Nação Rubro-Negra, that goes to the stadium represent 69% of the total attendance but only 32% of the stadium capacity.

Graph 27: C.R. Flamengo's 2014 Brazilian National Championship stadium capacity occupancy sharing

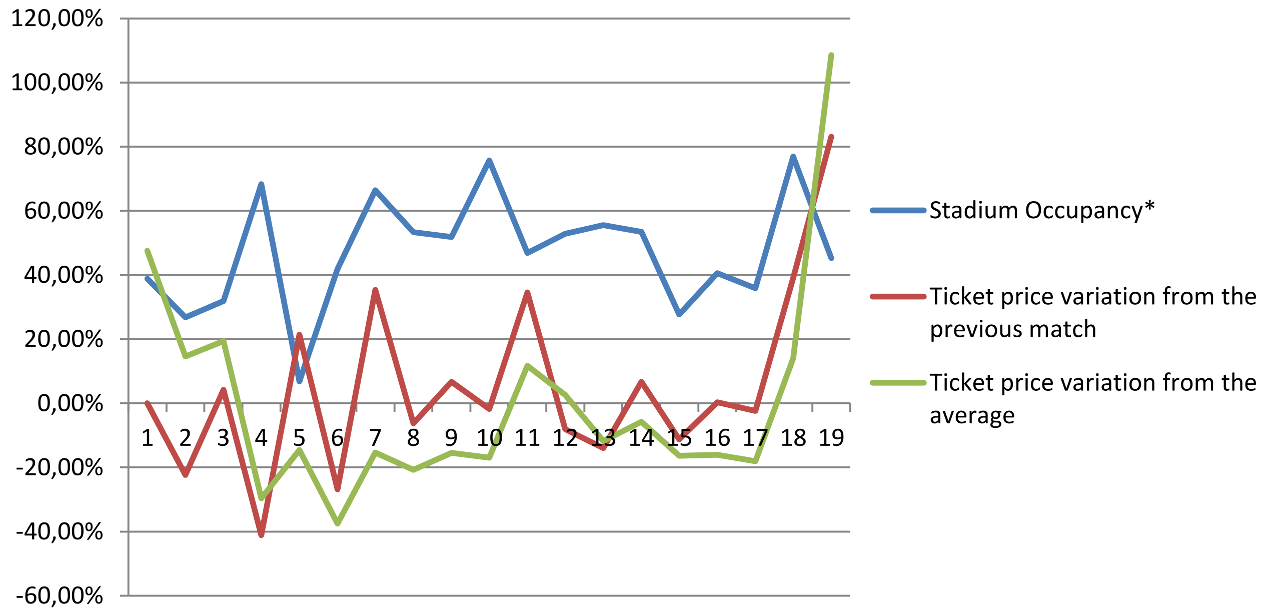


Source: Elaborated by the Author.

Spindel infers that the average stadium attendance of C.R. Flamengo have been increasing since the current administration took over (2012), and he believe this will continue to grow until it reaches much higher occupancy rates.

In this sense the ticket policy applied in the 2014 Brazilian Nation Championship is presented:

Graph 28: C.R. Flamengo's 2014 Brazilian National Championship ticket policy



*Occupancy considering gratuities

Source: Elaborated by the Author.

In this sense Spindel is clear:

> We are very pragmatic. Far from being sure about the optimum price of each event. We have created a historical data base of pricing, have conduced statistical studies whereas it shows that price is not the most relevant factor for fans to attend to stadiums. You have championship, opponent, round of the tournament, importance of the game, if the way the team plays has identification with the fans, if the team has idols that the fans identify with, day and time of the match, etc., therefore, there are several other factors different than ticket price that contribute for the fan to attend or not the game. That being said, we try within each individual event to price the tickets in a way to maximize the net revenue of the club for that specific game. However it might sound against the best interest of the fan, in fact this is on exactly fan best interest. C.R. Flamengo has 40 Million fans, playing at Maracanã the club is entitle to sell 55-60 thousand tickets, so a very small share of the fan base can go to the stadium and contribute with the team. C.R. Flamengo crowd is different; it plays along with the team. And the revenue generated with the matchday ticket is very important in order to build a stronger squad, which at the end is what the fans want. Therefore, the correct pricing of the event is on the best interest of the fan.

Lupino also believes that there is more than just the price. For him is a matter of math. Stadium costs are extremely high nowadays, as well as to maintain a competitive squad, etc. Therefore, if the experience on the stadium is satisfactory for the fan, the price enables the club to pay the costs to play, the tickets are not expensive.

In regards to practices such as season tickets Lupino states that the structure restrains such initiatives. However, considers that a study has to be done: “I don`t know if it would work in Brazil, in Europe does, but it is a process of education, it needs to start”.

About the same topic, Spindel says that this has been discussed:

> We have several doubts about it. We did not want to be hold at the same sort of mistake done with the membership program. Internacional for example has its fan membership program basically as a season ticket. C.R. Flamengo fan base is enormous, and the stadium is limited. In this sense, if we connect the membership to matchday we believe it would restrain the revenue potential of the membership program. We preferred to do a system where the fan can choose several levels of priority for matchday tickets, also considering that the resale of tickets is forbidden in Brazil – different to Europe where official and legal channels exist -, but however there is a huge illegal market action upon it. We decided that this system would allow whomever wants to have their priority to be at the stadium at basically any game, and those from lower levels would probably not be able to go to final matches, but for less demanding games he would have a decent seat at the stadium for a competitive and attractive price. That is our concept.

Finally, in regards to ticket pricing, is worth mention that C.R. Flamengo has the 2nd highest average ticket price, the 15th average monthly fan income and was the leader in ticket revenue in Brazil for the 2014 season (PLURI, 2014a).

Stadium Management

C.R. Flamengo does not own a stadium where the professional team can host matches. In its headquarters in Rio de Janeiro, Gávea, there is a stadium but only for youth teams matches. The project to build a modern arena there is still under development and there is no date to be started (ESPN, 2013).

In this sense, C.R. Flamengo hosts most of its matches in Maracanã but also in other venues of Brazil as presented herein. Because of that, not only C.R. Flamengo is not allowed to rent the stadium for shows, run malls, restaurants, museums, parking, concession stands, publicity, naming rights, among other activities that would certainly generates revenues for the club, it also has to pay stadium rental and operational fee.

Table 56: C.R. Flamengo's 2014 Brazilian National Championship stadium relation

Stadium	Total Capacity	Attendance	Gross Revenue	Stadium Fee	Operational Fee	% of revenue to Stadium	% of revenue to C.R. Flamengo
Mané Garrincha - Brasília	48,877	19,012	R$ 1,144,515.00	R$ 148,786.95	R$ 160,660.30	27.04%	33.34%
Maracanã - Rio de Janeiro	78,838	21,082	R$ 763,125.00	R$ 169,344.30	R$ 163,180.00	43.57%	29.29%
Maracanã - Rio de Janeiro	78,838	25,118	R$ 968,230.00	R$ 203,888.07	R$ 198,710.00	41.58%	31.17%
Moacyrzão - Macaé	16,000	10,924	R$ 275,990.00	R$ 0.00	R$ 3,000.00	1.09%	43.69%
Morumbi - São Paulo	67,052	4,577	R$ 157,555.00	R$ 22,057.70	R$ 121,210.53	90.93%	- 65.08%
Moacyrzão - Macaé	16,000	6,692	R$ 153,895.00	R$ 0.00	R$ 4,500.00	2.92%	28.40%
Maracanã - Rio de Janeiro	78,838	52,378	R$ 1,499,250.00	R$ 283,603.61	R$ 300,000.00	38.93%	34.10%
Maracanã - Rio de Janeiro	78,838	42,071	R$ 1,151,285.00	R$ 214,125.04	R$ 300,000.00	44.66%	29.97%
Maracanã - Rio de Janeiro	78,838	40,892	R$ 1,113,815.00	R$ 198,672.95	R$ 300,000.00	44.77%	28.74%
Maracanã - Rio de Janeiro	78,838	59,680	R$ 1,756,965.00	R$ 355,022.12	R$ 300,000.00	37%	40.69%
Maracanã - Rio de Janeiro	78,838	36,905	R$ 1,476,767.50	R$ 302,961.09	R$ 300,000.00	41%	36.52%
Maracanã - Rio de Janeiro	78,838	41,666	R$ 1,588,090.00	R$ 327,398.38	R$ 300,000.00	40%	43.68%

Maracanã - Rio de Janeiro	78,838	43,790	R$ 1,340,195.00	R$ 263,126.00	R$ 300,000.00	42%	33.86%
Maracanã - Rio de Janeiro	78,838	42,171	R$ 1,408,615.00	R$ 283,141.22	R$ 300,000.00	41%	40.69%
Maracanã - Rio de Janeiro	78,838	21,855	R$ 644,705.00	R$ 114,792.75	R$ 188,980.00	47%	21.32%
Maracanã - Rio de Janeiro	78,838	31,984	R$ 888,112.50	R$ 157,216.23	R$ 259,410.00	47%	25.20%
Maracanã - Rio de Janeiro	78,838	28,250	R$ 775,085.00	R$ 134,858.50	R$ 231,820.00	47%	23.17%
Castelão - MA	40,000	30,753	R$ 1,290,715.00	R$ 126,971.50	R$ 20,000.00	11%	56.72%
Arena Amazônia - AM	44,310	20,057	R$ 1,520,495.00	R$ 152,049.50	R$ 38,023.00	13%	52.57%

Source: Elaborated by the Author.

Only in 2014 the club has spent directly to stadium managers R$ 7,247,509.74 ; with a revenue for the club of R$ 7,192,441.37 ; and specifically in relation to Maracanã, Consórcio Maracanã S.A. (Maracanã stadium manager) earned R$ 6,450,250.26; and C.R. Flamengo, R$ 5,217,630.12.

C.R. Flamengo announced on January 23th a 3 years agreement with Consórcio Maracanã S.A., and accordingly to it from the net revenue will be a sharing between the parties, the higher the attendance the larger C.R. Flamengo's share, which could go from 50% to 72% (HUBER, 2014).

The decision to go for an agreement of only 3 years, considering that the stadium manager has a 35 years concession contract, was supported by all political parties in C.R. Flamengo because this new era after Maracanã refurbishment is considered a test phase (LANCENET, 2013).

Spindel says that C.R. Flamengo at the time of negotiations tried to get the best out of it, taking in consideration the predominant variables on it, bargain power and period of the contract. He believes that for the existing reality C.R. Flamengo got the best contract possible, also in accordance to club's managerial capabilities.

C.R. Flamengo's executives consider this period sufficient to plan revenues and sales within the stadium. Huber (2014) mentions that C.R. Flamengo would have a share of revenues related to the stadium other than tickets, but however no concrete evidence of this income was found in C.R. Flamengo’s financial demonstrations yet.

As per Spindel, C.R. Flamengo does have a commercial relation with Concessionária Maracanã S.A. on which participates in all revenues, such as publicity inside the stadium, concession, skyboxes, parking, etc., and it varies accordingly to the event.

> Sometimes has more, less, or don´t have. In addition, C.R. Flamengo has the fixed costs to use the stadium. And the overall negotiation of this package shows if the deal is good or not. Besides that C.R. Flamengo has to compare itself with the other clubs.

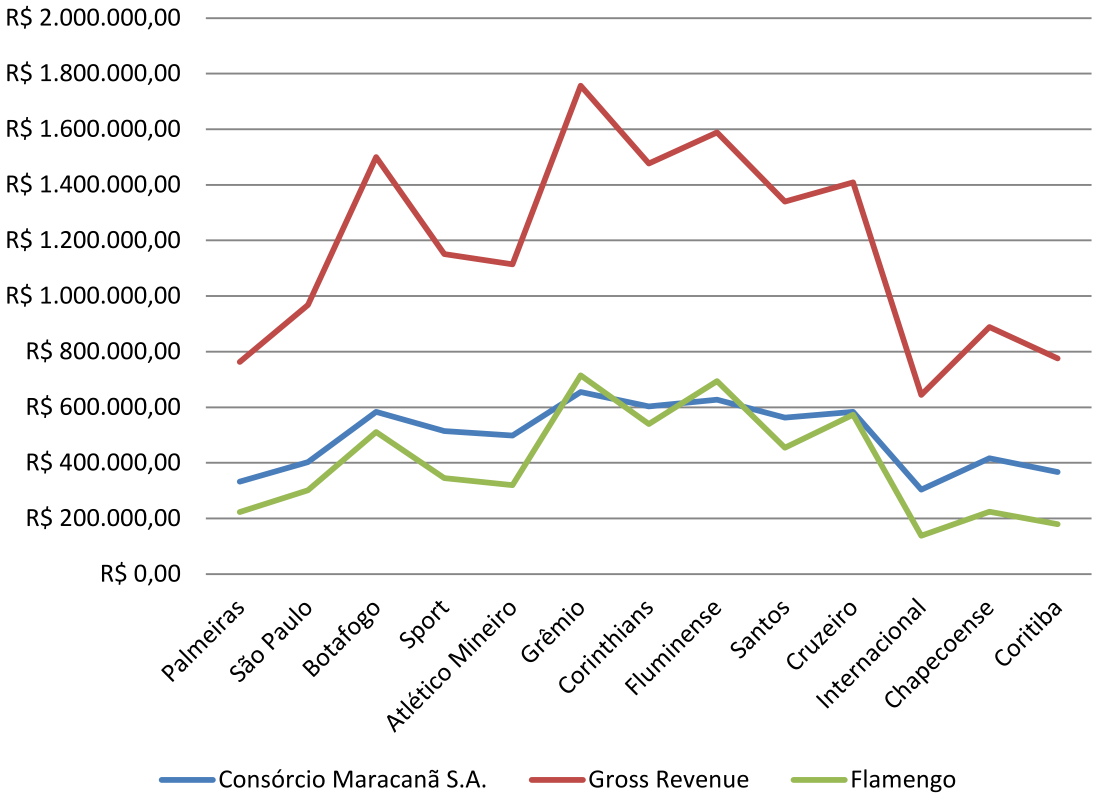
Despite of the ticket revenue sharing that can give C.R. Flamengo up to 72% of the net revenue with tickets, there is the operational fee Consórcio Maracanã S.A. charges C.R. Flamengo for.

As the numbers presented herein show, this is variable, but once the attendance is over 35 thousand fans, it reaches the fixed amount of R$ 300,000.00 per match. This amount is in addition to the stadium fee, which varies every game and is likely to represent the share of ticket net revenue of Consórcio Maracanã S.A.

Spindel understands that the total number of C.R. Flamengo attendance is not so low considering only national tournaments and all the spectators present.

The biggest challenge is to increasing this number - because the stadium the club host matches allows it -, and at the same time increase the margin that goes to C.R. Flamengo of each ticket, whereas C.R. Flamengo nowadays has approximately 40% of margin at Maracanã and Cruzeiro, for example, gets 70% at Mineirão (SPINDEL).

Graph 29: C.R. Flamengo 2014's Brazilian National Championship Maracanã Stadium football revenue sharing



Source: Elaborated by the Author.

In this sense, Spindel is assertive:

> We do not believe that this is the best contract for C.R. Flamengo in the long-term. We believe it could be much improved. In terms of efficiency of Maracanã, but also in terms of transposing this efficiency to C.R. Flamengo's earnings. At all areas of activity C.R. Flamengo is always searching for alternatives, which ultimately enhances its bargain power. C.R. Flamengo will always search for alternatives of better stadium conditions than it has today. Being it a different and better contract, the construction of a stadium, rental of other arenas. We are far from a stable and sustainable situation at Maracanã nowadays.

Lupino believes that despite the good relationship that C.R. Flamengo and Consórcio Maracanã S.A. might have the situation is really bad for the club. Mostly because the club cannot benefit from the stadium as much as they could, in the sense that, Maracanã should be the place for the finals and C.R. Flamengo needs a place of its own, or at least a different way of work.

Additionally, Lupino infers that:

> Probably C.R. Flamengo does not manage to put 60 thousand every week, because it will not do it anymore. In the past, it used to put even more, but how much was the

> ticket? Super cheap. Nowadays, with the costs C.R. Flamengo have to open the Stadium you cannot charge R$ 10.00. You have to make a sacrifice at one thing, presence of public in the stadium, to generate more revenue and have a sustainable business. If I were C.R. Flamengo, and I think that's what they are aiming for, I would have a stadium, smaller, and whenever you need, you go to Maracanã. That's what the market is telling you. If you have a solid 35 thousand that go, and some picks of demand, than you can work. In the last years in Europe what happens is that less people go to stadiums. Clubs are responding with a ticket price policy where your margin at everyone that goes gets bigger. The process is that several teams are getting smaller stadiums because it represents lower costs, and an automatically higher demand relation.

Finally in regards to the relationship between C.R. Flamengo and Consórcio Maracanã S.A. is important to highlight that in January of 2014, time of the announcement of the 3 years deal between the parties, C.R. Flamengo got a loan from the stadium manager up to R$ 27 Million (C.R. FLAMENGO, 2014a).

Brand Exposition

For Lupino C.R. Flamengo brand is the number one nationwide much because of the spontaneous coverage of the TV channels. The club does not have to do much to get exposition for its football department. But if the subject is one of the several other parts of the club, such as finances, structure improvements and projects, than it is necessary to communicate.

The brand is strong nationally, but rarely represented on international basis. C.R. Flamengo executive Vasconcellos (2013) stated that C.R. Flamengo would do its 2014 preseason in North America, Middle East or Asia, regardless of any other interest since the club could not lose this opportunity, both because of financial and international brand exposition interests.

Nevertheless, the preseason of C.R. Flamengo in 2013 and 2014 was done in its own training camp in Rio de Janeiro (LANCEPRESS!, 2013) and in 2015 in a resort located at Atibaia, state of São Paulo (MOTA; RAUPP, 2015).

In 2015, as per journalists Mota and Raupp (2015), C.R. Flamengo has evolved and managed to earn R$ 1.5 Million in the preseason, with limited costs in Atibaia and friendly matches against Ukrainian Shaktar Donetsk - which can be considered an international brand exposition -, São Paulo and Vasco.

Spindel explains C.R. Flamengo vision about a closer relation to international football:

> C.R. Flamengo searches to generate profit at every single activity it does. So when we consider friendly matches or preseason abroad, we reach the conclusion that we have four available dates. In Brazil, it is guaranteed that we can generate R$ 1 Million per date. How much can we earn abroad? Let's assume that abroad C.R. Flamengo would earn U$ 100,000.00 per date. In this sense, the conclusion is that we would be investing per match R$ 690,000.00 in brand awareness. C.R. Flamengo can make this investment now? The answer is no, it cannot. That is why we haven´t played abroad. However, we are always looking for opportunities to go to other countries and at the same time generate the revenues we would if stayed in Brazil. For us is also clear that in order to do that we need to have a sports performance that takes C.R. Flamengo to Libertadores often, to an eventual FIFA World Club Championship, that attracts the world elite clubs in playing friendly matches against C.R. Flamengo, either inside or outside of Brazil. And of course, we want to do preseason outside of the country.

Spindel adds that sponsors have been important to this new process of C.R. Flamengo brand exposition. Exemplifying it by adidas partnership with the club, that has promoted the brand internationally throughout activations such German national team second uniform inspired in C.R. Flamengo, the distribution, communication and retail channels worldwide with the brand and more.

In regards to spread its fan base and football culture, C.R. Flamengo has several embassies in many cities of Brazil and also around the globe. However, those are spontaneous movements created by fans that have the interest to get together to watch matches and talk about C.R. Flamengo (C.R. FLAMENGO, 2015c).

Additionally, Spindel states that C.R. Flamengo is working so broadcast rights of Brazilian football are sold outside the country. This would increase the potential of revenues, the exposition of clubs brands and sponsoring options. Rede Globo has the rights to broadcast the Brazilian championship internationally, but, for some unknown reason, they haven't managed yet to spread it massively (SPINDEL).

In regards to international accessibility and visibility of C.R. Flamengo brand, for the 2015 jersey main sponsor the club will have Brazilian local only brand, and the communication and retail tools of the club, including but not limited to official website, e-commerce and social media channels are Portuguese only and do not have the possibility for international purchasing.

Finally, for Lupino is easy to say that C.R. Flamengo has 40 Million fans. But all companies, even the TV, they study the purchasing power of its audience and target group. What is probably missing is an in-depth study to understand the real value of C.R. Flamengo fan base, and how to approach all these mass.

> My perception is that from this 40, the real target, the guy that can spend, go to stadium, buy adidas, a car from Jeep, probably is not higher than 7 million. So, between 7 and 40 there is a big gap. We have to find a way for those to become value, revenue, as well. If you manage to demonstrate that from those 40, 20 are target, than things change. If you approach a company with this amount of people as target, things become different.

Fan relationship

C.R. Flamengo has several communication tools with its fans, especially those registered in Nação Rubro-Negra. With the general public C.R. Flamengo has its facebook.com/FlamengoOficial with 9.777.005 followers, Instagram @C.R. Flamengo with 171 thousand followers, and Twitter account @C.R. Flamengo has 2.236.116 followers

Together with this social media, C.R. Flamengo presents videos and exclusive content throughout TV Fla, the name given to an YouTube channel with 50.417 subscribers, and on FlaTV, internet channel of C.R. Flamengo launched in 2008 that is not operating anymore (C.R. FLAMENGO, 2015).

In addition to the online relation with the fans, C.R. Flamengo marketing has worked focused in providing experiences and close relationship with members of Nação Rubro-Negra in order to enhance the value of the membership.

In this sense, they could have experiences such as the chance to visit the backstage of C.R. Flamengo matches, youth family members to enter the pitch with the players, meet the idols, join the presentation of new players, learn how to play football with former C.R. Flamengo players and more (NAÇÃO RUBRO-NEGRA, 2015).

Sponsors

Baptista (2014a) stated that only once the credibility was secured and established it was possible to celebrate long-term agreements with respectful companies. The idea was that all parties understood the process the club was going throughout, and that with partnerships all parties would benefit from it on the present and on the future. This would represent for the club granted recurrent revenues.

Lupino states that the fact current management has faced a really bad situation, but however is turning it around, have a clear division of where the money came and where it goes, promote transparency and etc., this entire conjuncture is well seem by the sponsors.

First, a 10 years agreement with adidas, than Peugeot, Tim, Ambev, Sky, Guaravita and Caixa, this last one as main sponsor - which C.R. Flamengo did not have since 2012 (Baptista, 2014b).

Accordingly to Baptista (2014c) C.R. Flamengo jersey is the most valuable in Brazil, which sponsors on it generate approximately R$ 85 Million per year, and before that, in 2012, this revenue was around R$ 2 Million per year in a simple retail approach. The plan for the future is to strength the existing partnerships, preserve what has been achieved and create a platform for consistent and sustainable growth for many years (BAPTISTA, 2014b).

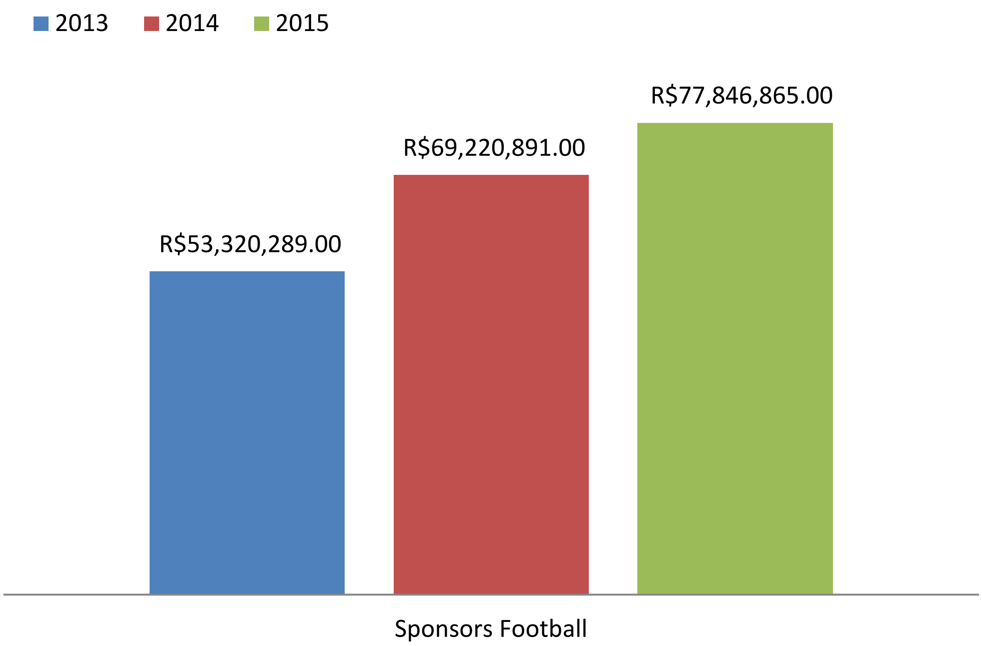
Table 57: C.R. Flamengo's sponsoring revenues evolution (2013-2015)

2013*			
R$ 53.320.289,00			
2014**			
Sponsors Football	Company	Scope	Investment
Master	Caixa Econômica Federal	Local	R$ 27.500.000,00
Jersey sleves	Guaravita	Local	R$ 6.000.000,00
Jersey upperback	Peugeot	Local	R$ 9.519.128,00
Jersey number	TIM	Global	R$ 183.280,00
Apparel Sponsorship	adidas	Global	R$ 13.447.500,00
Royalties	adidas	Global	R$ 8.606.400,00
Signing Bonus	adidas	Global	R$ -
General Sponsorship	AMBEV	Local	R$ 1.200.000,00
General Sponsorship	Herbalife	Global	R$ 1.600.000,00
General Sponsorship	PEPSICO (Gatorade)	Global	R$ 333.333,00
General Sponsorship	Ipiranga	Local	R$ 831.250,00
Total	R$ 69.220.891,00		
2015**			
Sponsors Football	Company	Scope	Investment
Master	Caixa Econômica Federal	Local	R$ 25.000.000,00
Jersey sleves	Guaravita	Local	R$ 9.000.000,00
Jersey upperback	Guaravita*	Local	R$ 11.100.000,00
Jersey number	TIM	Global	R$ -
Jersey lowerback	Jeep	Global	R$ 4.500.000,00
Apparel Sponsorship	adidas	Global	R$ 14.187.113,00
Royalties	adidas	Global	R$ 9.079.752,00
Signing Bonus	adidas	Global	R$ -
General Sponsorship	AMBEV	Local	R$ 3.000.000,00
General Sponsorship	Herbalife	Global	R$ 1.600.000,00
General Sponsorship	PEPSICO (Gatorade)	Global	R$ -
General Sponsorship	Ipiranga	Local	R$ 380.000,00
General Sponsorship	Lafarge	Global	R$ -
Total	R$ 77.846.865,00		

*C.R. Flamengo official financial balance has not disclosure the amount for each individual contract.
** Extracted from C.R. Flamengo Overall Budget provision for 2015

Source: Elaborated by the Author.

Graph 30: C.R. Flamengo's sponsoring revenues evolution (2013-2015)



Source: Elaborated by the Author.

As stated by Baptista (2014b) the club has its best interest in make deep commitments and long-terms partnerships, if possible. C.R. Flamengo marketing has evolved consistently over the past years and in 2015 the club will have multiplied by three the sponsor's revenue of 2012 (BAPTISTA, 2014c).

TV rights agreement

The broadcasting contracts are the bigger share of revenue for any football club in Brazil. In regards to C.R. Flamengo, the leader in TV rights revenue accordingly to Pluri (2014f), Baptista (2014b) says that in 2012 broadcasting revenues represented almost 65% of the total, and that in 2014 C.R. Flamengo has achieved a greater revenue, of almost R$ 300 Million, with the increase of other sources together with the decrease in the importance of the TV deal in the total.

Ultimately the lower the TV shares the better (BAPTISTA, 2014b). Baptista (2014b) states that would love to have R$ 200 Million on broadcasting revenues and this represent 10% of the total. However, acknowledges that there is a lot of work to be done still, and in absolute numbers TV rights is the biggest and most important source of revenues for C.R. Flamengo.

For the 2015 season, C.R. Flamengo (2015b) projects a record on the amount of revenues from broadcasting and at the same time it`s lower percentage in years. To be notice that the predictions for 2015 are not final, subject to changes, provided only by C.R. Flamengo, with no backup from impartial third parties and it takes in consideration no recurrent revenues (player rights) and also from other areas of the club.

Table 58: C.R. Flamengo's overall gross net revenue prediction

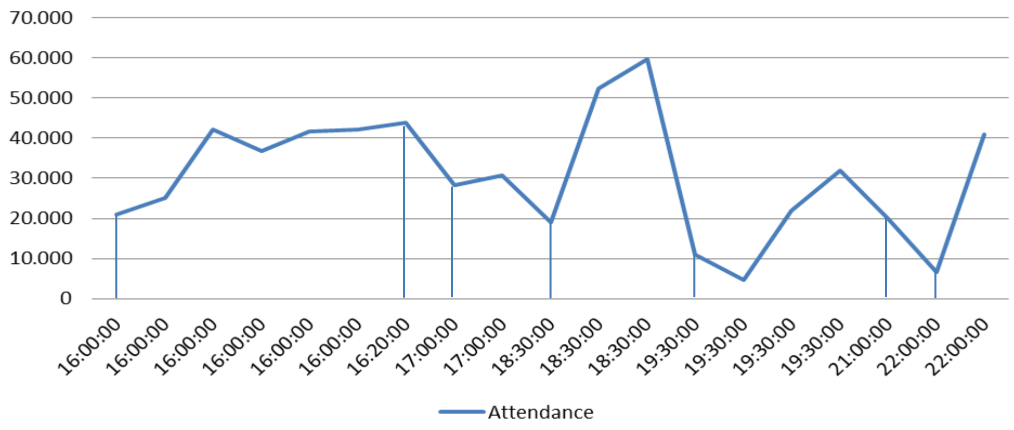
Revenue source	2014	% of the total	2015	% of the total	Share variation (%)	Difference (R$)	Increase/ Decrease (%)
Sponsors and Publicity	R$79,946,240.00	26.41%	R$ 92,700,599.00	26.47%	0.05%	R$ 12,754,359.00	13.76%
Legal Incentives	R$ 4,235,294.00	1.40%	R$ 29,222,084.00	8.34%	6.94%	R$24,986,790.00	85.51%
TV rights	R$ 115,076,620.00	38.02%	R$ 124,495,191.00	35.54%	-2.48%	R$ 9,418,571.00	7.57%
Ticktet and Stadium	R$40,082,649.00	13.24%	R$ 49,050,120.00	14.00%	0.76%	R$ 8,967,471.00	18.28%
Players rights transactions	R$19,736,480.00	6.52%	R$ 10,000,000.00	2.85%	-3.67%	-R$ 9,736,480.00	-97.36%
Nação Rubro-Negra	R$30,375,263.00	10.04%	R$ 36,979,200.00	10.56%	0.52%	R$ 6,603,937.00	17.86%
Others	R$13,232,794.00	4.37%	R$ 7,826,667.00	2.23%	-2.14%	-R$5,406,127.00	-69.07%
Total	R$302,685,340.00	-	R$ 350,273,861.00	-	-	R$ 47,588,521.00	13.59%

*In accordance to the overall financial budget plan for 2015 presented to the board.

Source: Elaborated by the Author from C.R. Flamengo (2015a).

Additionally, because of TV rights relevance in the overall finance of clubs, much is discussed about the time of the matches. In this sense, the graph below shows the relation between C.R. Flamengo match time and attendance, accordingly to the official database of CBF (2015).

Graph 31: Relation between C.R. Flamengo match-time and attendance



Source: Elaborated by the Author.

Important to highlight that C.R. Flamengo home matches are usually on weekends, with only three matches at the latest football schedule, 22:00 (the match at 21:00 was in Manaus, which has a different time-zone than Brasília), which makes this comparison less sensible to abrupt changes due to match-time.

For the upcoming future, as introduced earlier, Spindel (2015) understands that after 2018 C.R. Flamengo, the other clubs, and Rede Globo, have to focus on selling its broadcasting rights internationally:

> Brand internationalization is one of our goals. To have C.R. Flamengo matches broadcasted in several countries, licensed products available in many markets around the globe, fans part of the membership program in other continents, etc. However, we understand that this is a long-term process, and C.R. Flamengo and Brazilian football are decades behind Europe.

Official products and stores

Capelo (2013) promoted a study where until 2013 C.R. Flamengo had no royalties' revenue from any store that sells C.R. Flamengo products, most of them entitling themselves as official C.R. Flamengo stores.

Only in May of 2013 C.R. Flamengo forced stores that would like to be considered an official store of the club to sign a contract, pay an initial bonus amount and a monthly fee as royalties to the club (CAPELO, 2013).

The intention was that, by signing this contract the retailer would have preference in receiving and acquiring official products, while at the same tim whoever was out of the chain would automatically be considered as pirate (CAPELO, 2013).

As per C.R. Flamengo (2014b), the club now has one of the biggest and well succeed project of licensee stores in Brazil, whereas they have a modern and patronized layout totally aligned with international sport retail best practices, and working only with high quality official and licensed products, which contributes to reduce piracy.

Table 59: C.R. Flamengo's official licensed stores

Rio de Janeiro	
Store	# franchises
Flaboutique	8
Loja da Nação	1
FlaCopacabana	1
100% Rubro-Negro	2
Espaço Rubro-Negro	24
Nação Rubro-Negra	4
Urubu Rei	1
Amazonas	
Nação Rubro-Negra	2
Loja Oficial do C.R. Flamengo	1
Quiosque Oficial do C.R. Flamengo	1
Maranhão	
Nação Rubro-Negra	2
Brasília	
Mengomania	1
Nação Rubro-Negra	1
Espírito Santo	
Fla Sports	2
Minas Gerais	
Nação Rubro-Negra	1
Cuiabá	
Nação Rubro-Negra	1

Source: Elaborated by the Author.

The table above shows that C.R. Flamengo has 53 official licensed stores, in 7 states of Brazil. Forty-one of those are located in Rio de Janeiro, and one is the first football team store inside an Airport in Brazil (BAPTISTA, 2014c). However, and in connection to the brand exposition topic, is worth mentioning that there is no international C.R. Flamengo official store.

C.R. Flamengo has its official e-commerce website managed via a partnership with Centauro sport retailer (C.R. FLAMENGO, 2015d), and not the club by itself. The e-commerce as well as the C.R. Flamengo website doesn't have it foreign languages or delivery for countries other than Brazil, as earlier introduced.

Moving from stores to the licensed products, C.R. Flamengo (2013) presents a list of its several licensed partners and offered of C.R. Flamengo items. The range is impressive and includes items such as: jerseys, jackets, trunks, bikinis, baby and youth collection, general house items, office material, flags, banners, toys, furniture, party decoration items, food & beverages, among many others (C.R. FLAMENGO, 2013).

In addition to that C.R. Flamengo (2014c) presents some actions to fight against piracy, such as the implantation of official stamps to differentiate original products, campaigns with idols to motivate fans to buy official products, partnership with ABRAL (Brazilian Licensee Association) for surveillance, and has hired a law firm to confiscate retailers and products, as well as shut down fabric that produce items not recognized by the club.

About this topic, Accioly (2014), legal director of C.R. Flamengo, states:

> Those kinds of actions are essential for us, for the conservation of C.R. Flamengo`s brand value and the respect the club has for the companies officially licensed. The surveillance done against piracy will continue unceasingly, so we can, judicially, suspend all activities of establishment that maintain this illegal practice.

The goal is that “Nação Rubro-Negra” retail franchise brand reaches 300 stores until the end of 2017, stimulating the membership program with discounts in official stores and the sales of original and licensed items (BAPTISTA, 2015b).

5.2.4 C.R. Flamengo Case Summary Report

C.R. Flamengo has a centenary history with several moments of glory on the pitch and mostly unprofessional management outside of it. This generated enormous debt over the years and problems with most of its stakeholders.

The club is regaining credibility and respect from the market, including sponsors, partners, investors, and more. Nevertheless, much has to be done still since the current business model and strategy isn’t the most appropriate for the long run.

Following, a summary of the topics presented herein, with the perspective and observations from the Author of this dissertation.

Historical Background

C.R. Flamengo history contributed for most of its identification with fans around Brazil, creating and maintaining the largest fan base of the country. Therefore it should never be neglected or placed as secondary.

Much of the administrative failures occurred because of the Marketing Myopia presented by Mullin, Hardy and Sutton (2004), whereas winning absolve all the sins, and this also needs to be acknowledged and fixed for a long-term success.

Relevant Data

The explanations of Spindel and Lupino converge in the sense that from 2012 onwards the club has improved a lot, and the focus is to fix mistakes from the past to ensure a sustainable present. Therefore, and as introduced by the specialists, the challenge for the club is to be able to make the next step once it is ready to run as a long-term oriented business corporation.

C.R. Flamengo has developed in the last couple of years its very own culture, with strategic concept and core competence, which as per Collins and Porras (1996) are fundamental for superior performance and competitive strengths.

In spite of the great advance in several areas much still have to be done. And as many positive assumptions can be drawn from the data presented, it also calls attention that the biggest fan base in Brazil, with over 30 Million, entitled by many as the largest in the world, is only able to fill 55% of stadiums, ranking number 111th in the world, and not even lead this table in Brazil.

Accordingly to Pluri (2013a) 26% of C.R. Flamengo fans live in Rio, therefore approximately 8 Million of C.R. Flamengo`s fan could often go to the stadium. Following this rationality it would be necessary to fill up Maracanã stadium - which record of attendance for club matches after refurbishment is 68.857 spectators -, 0.86% of C.R. Flamengo fans that live in the State of Rio de Janeiro.

Clearly a marketing mix, including promotion, price, product and place (with accessibility, and more), that is not able to bring more than 1% of its target market to the main place of contact with the product/service is not well strategically placed.

Finally, it is natural that C.R. Flamengo deficiencies are exposed and leveraged by the inefficient, unprofessional and poor structure of Brazilian football. The statement of Spindel presenting clubs core competence and strategic principle is the most advisable way to deal within the current scenario and start to lead a process of change.

Marketing Strategy

As per Spindel and Baptista (2014a) C.R. Flamengo had to regain market confidence before anything else. And they were successful as Lupino, representing one of the most important sponsors and partners of C.R. Flamengo, was able to recognize.

The overall strategy; ‘generating the highest revenue possible and in the shortest time’, is not sustainable and the club acknowledges that. Because the number of opportunities for such initiatives is limited and it does not build a positive brand perception among its stakeholders.

The lack of attractiveness for the main product, football matches at the stadium, reflects how the offer does not match customer demand. As stated by Johnson, Christensen and Kagermann (2008), is mandatory to promote the adequate customer value proposition, creating value for the customers.

Being most useful to start by setting the price required to deliver the CVP and then work backwards from there to determine what the variable costs and gross margins must be. This is completely different than C.R. Flamengo's current strategy.

The quest for a product/service the fan appreciates it is even more important while the club and the team are under reconstruction, since there is no control of the essential product, the result of the game. As Mullin, Hardy and Sutton (2004) show the focus should be on the experiences, supplementary products, and other extensions that generate revenues and connection with the club.

Membership Program

Presented as one of the main pillars of C.R. Flamengo growth, the program has stopped its evolution in the last years. As mentioned by Lupino, if C.R. Flamengo wants to claim that it has a fan base with 40 Million people, they have to be able to capitalize and turn this into consumers.

C.R. Flamengo has the worst conversion rate of fans into members. And even considering only the fans living in Rio de Janeiro State, and therefore more likely to be able to attend to matches and enjoy all the benefits more often, the fans interested on paying monthly from R$ 29.90 to R$289.99 to their team represents approximately 0.64%.

In order to provide a better benefit to members, represented by the discount on high ticket prices, the club might be affecting negatively other 99.36% of the fan base in the State of Rio de Janeiro. And additionally, as the numbers suggests, members do not represent more than 20% of the stadium attendance.

The conclusion is that the program of benefits is not able to match the needs of the fans of Rio and also elsewhere of Brazil. As per Porter (1996), to over or under design an activity is commonly a way to destroy value of strategy, and this seems to be the case as the low adherences indicates.

Comparing Nação Rubro-Negra to the Brazilian leading clubs in the official members ranking and other practices around the world, is easy to recognize the two main factors for adherence. And it has nothing to do with supermarket discounts.

First: true matchday advantages, such as season tickets or game ticket packages. Actions of that nature are not possible for C.R. Flamengo since it does not have a stadium, but moreover because it is looking individually for the most profitable way each match, with a clear short-term orientation, as Hofstede, Hofstede and Minkov (2010) explains.

Second: active participation in club’s management life. For example, allow members to vote in club’s major political decisions; such as presidential elections. However that does not represent to interfere in the daily business of the club, which already have too many people involved.

This is another topic of greater resistance due to cultural aspects, such as the collectivist and paternalistic behavior presented by Hofstede, Hofstede and Minkov (2010).

Mankins and Steele (2005): keep it simple, make it concrete. By adding several features into the program the club neglects what the market tells and fans are really looking for.

As mentioned by Lupino, the perception of the program by the general public is different than it should be to generate the appropriate long-term engagement. The communication of the membership program is connected to the misplaced overall strategy mentioned earlier.

This approach, although might be coherent with the financial situation of the club, should not be part of the communication of a product/service for fans and consumers. To believe that their passion alone will drive contributions similar to donations, and not treat them as real costumers, that want something concrete back for their investments, is not, and are not likely to pay off any time soon.

Ticket price policy

As stated by Mullin, Hardy and Sutton (2004), sport is a perishable good, whereas is not possible to sell a ticket for a match which is already over. Therefore, at every two games C.R. Flamengo give away the chance to have one sold out match.

The membership program, together with the ticket price policy, the matchday experience and the product being offered is not working, especially for C.R. Flamengo's potential, since 54% of the stadium in average is available every game.

Spindel stated that C.R. Flamengo understands price as a variant of lower correlation to fan willingness to attend matches, it believes that not pricing tickets correctly can leverage illegal ticket exchange dealers, the matchday revenue have to cover club’s costs, which are extremely high, and present other reasonable explanations for the strategy current in place.

Those reasons for the pricing policy of C.R. Flamengo reveals deeper structural problems, such as: high number of match with low relevance of attraction, poor distribution and sales system, not owing a stadium and not ideal contractual conditions with Maracanã - just to name a few.

Additionally, another fact that does not contribute to a sustainable and fan interest approach is that C.R. Flamengo was the leader in ticket revenue. The club provided fans that have the 15th average monthly fan income with second highest average ticket (PLURI, 2014a). This result despite the miscorrelation is a dangerous half-truth.

Differently than the financial long-term policy, in regards to tickets, prices and conditions are defined day by day and game after game.

However the financial aspects might have improved it is still far from a truly sustainable and profitable strategy for the entire season, which allows the club to generate even more revenues from secondary matchday resources.

If credibility was gain by professional management, this lack of respect for the fan budget can risk everything that was built. This current or at least momentously strategy is on the direction of Mason's (1999) alert, which is that fan interest have been overlook as organizations search for more and new revenues.

The vision about marketing mix, and especially towards ticket prices, has to be more holistic, to really engage the fan with team throughout the entire season and not only in eventual decisive matches. The club needs to provide a product that matches the needs of its customers, its fans.

Therefore, understanding that several actions do not depend of C.R. Flamengo alone (e.g. total number of and relevance of matches), and/or cannot be fixed in the short term (e.g. build its own stadium), other practices successfully implemented elsewhere can generate sustainable revenues and enhance team identification.

As examples that can be pointed out are: (i) reasonably cheap season tickets for a certain area of the stadium; (ii) investments in hospitality packages and VIP areas at expensive but accessible prices focused on corporations; (iii) broader matchday experiences and fan activation; (iv) enhanced ticket sale process, distribution and access; (v) pre and post-game events; and (vi) official fan fests for fan bases outside of Rio.

Stadium Management

C.R. Flamengo profitability with stadium in hugely compromised, specially speaking about the deal with Consórcio Maracanã S.A. Regardless of the omitted parts of the contract, what is presented is that on match-days, in regards to ticket revenue even, at the end of the of it Consórcio Maracanã S.A. has almost always a larger share than C.R. Flamengo, the one responsible to bring all the attendance.

Spindel's explanation of the negotiations and his statement about the current scenario reveals that C.R. Flamengo is not satisfied with what it has and is constantly looking for alternatives. However, the loan C.R. Flamengo got from Consórcio S.A. in 2014 certainly limit or reduce club independency to fight for better conditions in regards to the stadium usage.

As stated by Lupino, the reality of world football has changed, and probably C.R. Flamengo will never manage to fill up Maracanã every week as they use too. C.R. Flamengo needs a place of its own, to benefit from the ticket revenue and all the possibilities of fan engagement, relationship and customer experience it allows the club to do.

Finally, the amount of discount and gratuities is definitely harmful for the club, its revenues and marketing strategy. More than marketing is necessary to fix it, being only political matters able to resolve this.

Brand exposition and Fan Relationship

C.R. Flamengo is certainly well recognized in terms of Brazil, however around the world is not well known by most football fans. C.R. Flamengo has no official store outside of Brazil, haven't done preseason or tours in foreign countries in several decades and the fan bases that do exist, have limited connection with the club, and no constant activation.

Spindel's statement about this topic is clear and precise. It shows that international brand exposition is on the strategy of the club, but that this is not the moment to invest on preseason or friendly's tournaments because the club does not have the possibility to do so.

Nevertheless, other simpler and easier practices could have been placed to turn C.R. Flamengo into a more global brand, such as its website in English and Spanish, together with a delivery possibility to anywhere in the world from its e-commerce.

Finally, as mentioned, more than 70% of C.R. Flamengo fans hardly have a chance to watch its team live, or even to interact with the club - which also reflects on the low adherence to Nação Rubro-Negra.

Therefore, and aligned to the event extension concept of Mullin, Hardy and Sutton (2004), activations with its official embassies around Brazil have to be promoted, bringing idols, the history of the club, product promotions, creation of official fan fests for match viewing, among other initiatives that bring and keep the fans closer to the team, to the brand and to its partners, which would also increase the possibility of local and regional partnerships for the club.

Sponsors

C.R. Flamengo desires to make deep commitments and long-terms partnerships (BAPTISTA, 2014a). Spindel stated that probably revenue from sponsor will surpasses TV broadcasting rights in 2015. That reveals that C.R. Flamengo is on the correct path and working on changing the short-term mentality at least in this topic.

In order for sponsors and partners to be more engaged and willing to invest in the club, C.R. Flamengo should have a constant approach of present its relationship as a true sponsorship relation, whereas more from the marketing mix is placed other than just advertising.

Currently C.R. Flamengo's sponsors are mostly local and regional companies, which reveal a lack of global interest in C.R. Flamengo's brand.

Sports sponsorship, as presented herein by Mullin, Hardy and Sutton (2004), is not only about brand exposition in the uniform or banners, it demands synergy between the brands, their activities and products.

In this point specifically the club has several ways to improve its value and sponsors to take advantage of C.R. Flamengo range. The experiences and activities being promoted are solely or mainly focused on the Nação Rubro-Negra program, which are for a very limited number of people or price oriented in product discounts.

TV rights agreement

C.R. Flamengo is working towards increasing the amount in TV rights revenue, but at the same time reducing its share from club's total revenue, which is perfectly correct in order to obtain financial and managerial independency.

Additionally, C.R. Flamengo is clearly one of the biggest beneficiaries of the current revenue distribution model between football clubs in Brazil. It is likely to take a couple of years to see the impact on pitch performance of the gap among the institutions, and even more for further changes on it.

In what concerns C.R. Flamengo, the strategy to make this source not it's most relevant and use it to expand its brand exposition, including international awareness, allowing the prospection and obtainment of new and better partnerships is extremely accurate.

Official products and stores

C.R. Flamengo is a club from all classes of the society, with a high oppressed demand for lower-price official team products. Not only the licensed products help to fulfill this need, but it also helps to fight against piracy.

The current model of C.R. Flamengo seems to be adequate to its current structure and capacity. Since retail is not part of club's core business, throughout the franchise model managed by third parties the club is able to deliver quality official licensed products to an existing demand, offer official team gear in several markets of Brazil, get its brand exposed across the country and generate revenues at all levels of the chain.

Conclusion

C.R. Flamengo has a long history, and great importance at all levels of Brazilian football industry. Much is being done and still has a lot more to be started in order to have a sustainable business running and providing not only revenues but titles for the club.

Spindel is convinced that C.R. Flamengo is on the right track:

> We are slowly structuring the club at all areas. It won't be a day where, ok, we have now the availability for investments. We are here creating a culture. With processes, people and structure that connects it. We are developing the processes, forming the people, and creating the culture we believe is appropriate to C.R. Flamengo. The challenge is to keep working to provide a structure for C.R. Flamengo that enables the club to generate more and more revenues.

Lupino agrees with it, but however also wants C.R. Flamengo to be bolder. He understands that C.R. Flamengo has a power, not only political, but also because of the fans, the brand, and etc., to lead a process of change, which can be simple: clubs have to understand that they have to cooperate with CBF, but also lead the process.

For Spindel the hardest aspect for C.R. Flamengo nowadays is that the club does not have the financial needs to invest in the short-term.

> There are several things that hold back C.R. Flamengo: it does not have a Stadium, or an adequate training camp, it has the 9th football payroll of Brazil, has to increase the network of benefits and discounts of the membership program, in regards to sponsorship C.R. Flamengo has to promote partnerships such as Manchester United does, that goes beyond the jersey - segmented by industry and region -, but at the same time, internally create the structure necessary to delivery all this demand, working to create the structure to deliver the needs and promoting demand in parallel.

Spindel believes that C.R. Flamengo has a clear strategic plan, and financially has reached a desired balance between its main resources:

> What we do in a micro perspective is to look for opportunities in all segments, and we work to deliver the best we can at each existing channel, and also to create new ones. Look for new sponsoring opportunities, improvements for the membership program and the matchday experience, better deals and new opportunities in regards to broadcasting revenues, and always observing what other clubs from Brazil, other countries and markets are doing, to focus our efforts in those activities to generate

> more revenues for the club. In general this goes by the observation of where there is a gap. At first it was clear; every major club has representative revenues from fan membership programs, while C.R. Flamengo does not even have a program. That was an easy one. C.R. Flamengo have low matchday revenue, where is the problem? The problem is at the pricing of the tickets and the sales and distribution channels. This we were able to attack quickly. C.R. Flamengo has no revenues from sponsors. The problem? C.R. Flamengo does not have credibility and is not able to sell its brand. Let`s focus on regain it and thereafter sell it. Currently our three biggest revenue pillars are pretty much equally important; TV rights, sponsoring and matchday. I think this split is sustainable. Because it is how is done in Europe. Actually, we believe that in 2015 sponsoring will surpasses TV. That is how the biggest European clubs do and we believe to be the correct way, since they are the most professional football market of the world and that`s where we want to go.

Finally, Lupino understands that everything is possible, but C.R. Flamengo cannot do it on its own. In Europe there were and there is a movement, a concise and united organization working to promote a better and more professional football industry.

C.R. Flamengo is creating the path for a sustainable future, financially, managerially and likely to be successful on the pitch on the mid, long range. This can be assure by the processes and culture being implemented in the club, at all levels, and the well perceived effect of this work from the market and the fans, regardless of unsatisfactory results of the game.

Nevertheless, as mentioned herein, there are activities that can be placed to strengthening the weak areas of the overall strategy, being clear that, a winning team helps a sustainable marketing strategy, but is not, and shall never be the only element of it. The strategy should be fan focused.

The current maximizing and short term revenue strategy is sustainable, but only until a certain point, where it will be necessary to pursue new and more consistent levels of fan interaction and engagement to continue to grow.

The examples on and outside of Brazil, together with the numbers presented, are explicit and should be used to promote a better product for C.R. Flamengo's stakeholders. Emphasis should be on the fans, which have to be seem at all times and levels of the marketing mix as consumers, and not only passionate fans.

5.3 FLUMINENSE F.C.

5.3.1 Historical Background

The history of Fluminense F.C. is closely connected to the history of football in Brazil and Rio. Inspired and lead by English influences Fluminense F.C. was one of the very first teams on the country, and the official pioneer in Rio de Janeiro. In November 1901 a group of young footballers coming back from a trip to play against teams in Sao Paulo decided to found a club, initially called Rio Football Club (FLUMINENSE F.C., 2015a).

However, this attempt was not successful due to conflicts with other sports more popular at the time and only on the 21st of July, 1902, some of the persons from that initial group together with other football enthusiasts manage to found Fluminense F.C. Football Club. The name Fluminense F.C. is a reference for those who have born in the state of Rio de Janeiro (FLUMINENSE F.C., 2015a).

An important fact highlighted by Fluminense F.C. (2015) is the split on the team in 1911. After a victory of the Rio de Janeiro State championship, an internal disruption of the team lead almost all the best player to leave Fluminense F.C. and create the football department of C.R. Flamengo, which until then was only a rowing association. This process created one of the biggest rivalries of Brazilian football.

Fluminense F.C. built its stadium (however not used for professional matches anymore) in the first years of its existence, and on 1919 hosted a South-American national teams tournament. The stadium located in the neighborhood of Laranjeiras was of great importance to the development of the sport in the country (FLUMINENSE F.C., 2015a).

Despite the many memorable moments throughout history, Fluminense F.C. had in the 90's moments to be forgotten. Unprecedented administrative crises had on pitch consequences, leading to several consecutive relegations (1996, 1997 and 1998) to lower divisions. Fluminense F.C. had to play in the third division of Brazilian football, and only after winning it on 1999 they manage to come back (FLUMINENSE F.C., 2015a).

Fluminense F.C. recovered from this dark period, winning since then two more Brazilian championships (2010 and 2012), several enlightening participation in continental competitions and regain respect among the football scenario of the country (FLUMINENSE F.C., 2015a).

Players on the caliber of Romário, Conca, Fred, Émerson, Thiago Neves, Roger, coaches such as Carlos Alberto Parreira and a massive support of Unimed, its sponsor, were vital to this rebirth of the club.

Table 60: Fluminense F.C.'s most relevant football titles over the years

International	#	Date
World (Rio International Cup)	1	1952
National	#	Date
Brazilian Championship	4	1970, 1984, 2010, 2012
Brazilian Cup	1	2007
Brazilian Championship (C League)	1	1999
Regional	#	Date
Rio de Janeiro State Championship	31	From 1906 until 2012
Guanabara Cup	9	From 1966 until 2012
Rio Cup	2	1990 and 2005
Others	11	From 1916 to 1965

Source: Adapted by the Author from Fluminense F.C. (2015b).

5.3.2 Relevant Data

Several studies in regards to Brazilian and world football have been presented herein, and the most relevant data will be summarized hereafter in what applies directly to Fluminense F.C.

Additionally, information provided by the official website of the club in regards to financial statements will be exposed, all at the latest data available at the time of the development of the present dissertation.

Attachment 4 herein presents a compilation of the information of Fluminense F.C.`s home matches in the 2014 Brazilian National Championship, with data extract from CBF (2015). The tables and graph based on it were elaborated exclusively by the Author.

Table 61: Fluminense F.C.'s data summary

Brand (2014)					
Value			Rank		
R$ 218,500,000.00			11		
Fan Base (2013)					
Total		Population	avg. Monthly fan income	monthly fan base income	annual fan base income
2,900,000		1%	R$ 1,034.00	R$3,000,000,000.00	R$ 36,000,000,000.00
Tv revenue (R$ Millions)					
2010	211	2012	2013	2014	2015
27	29	53	58	61	80
Stadium (2013)					
Total attendance	Rank total	Avg. Per game	Rank avg.	World rank	% of occupation
442,353	13	13.405	14	181	37%
Total Revenue	Ranking total	Avg. Per game	Rank avg.	Av. Ticket per fan	Ranking ticket
R$ 10,459,860.00	12	R$ 316,965.00	14	R$ 23.65	36
Debts (2014)					
Total			State Tax Debt		
R$ 422,700,000.00			R$ 238.600,000.00		

Source: Elaborated by the Author.

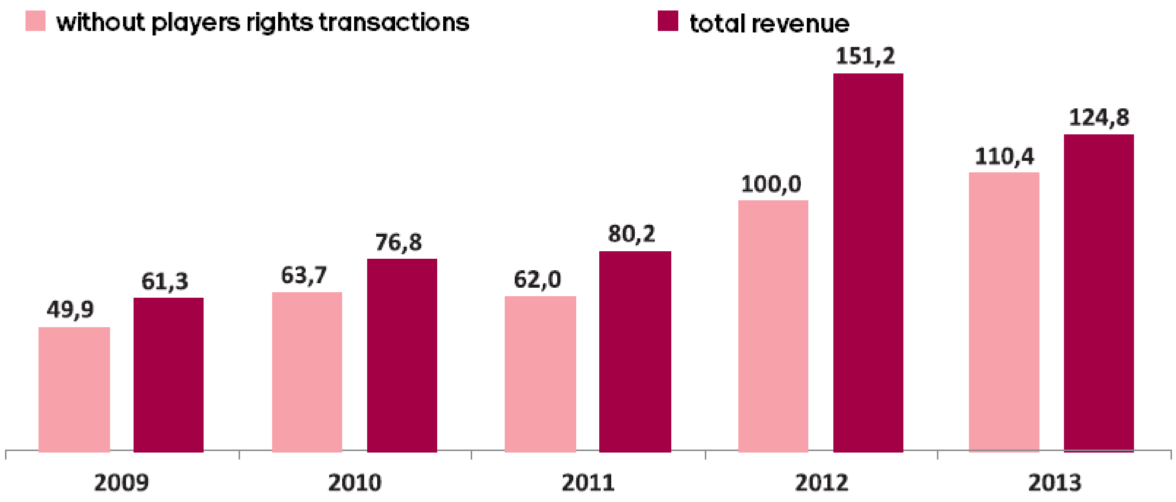
Following, based on the latest financial balance issued by the club, the revenue breakdown of the football department of the club is presented.

Table 62: Fluminense F.C.'s football revenue breakdown

Gross football revenue	2012	% from total	2013	% from total	2014	% from total
TV rights	R$ 52,992,000.00	35.05%	R$ 57,469,000.00	45.07%	R$ 61,342,000.00	51.77%
Matchday ticket	R$ 5,821,000.00	3.85%	R$ 8,071,000.00	6.33%	R$ 6,852,000.00	5.78%
Sponsors	R$ 11,515,000.00	7.62%	R$ 20,860,000.00	16.36%	R$ 14,167,000.00	11,96%
Players Rights	R$ 51,192,000.00	33.86%	R$ 14,357,000.00	11.26%	R$ 5,652,000.00	4.77%
Associate members	R$ 11,713,000.00	7.75%	R$ 13,134,000.00	10.30%	R$ 12,996,000.00	10.97%
Lottery	R$ 1,300,000.00	0.86%	R$ 1,061,000.00	0.83%	R$ 1,209,000.00	1.02%
Performance rewards	R$ 10,400,000.00	6.88%	R$ 650,000.00	0.51%	R$ 2,971,000.00	2.51%
Licensee and franchise	R$ 1,619,000.00	1.07%	R$ 1,965,000.00	1.54%	R$ 1,990,000.00	1.68%
Membership program	R$ 0.00	0.00%	R$ 2,753,000.00	2.16%	R$ 4,896,000.00	4.13%
Others	R$ 4,625,000.00	3.06%	R$ 7,195,000.00	5.64%	R$ 6,415,000.00	5.41%
Total	R$ 151,177,000.00	100%	R$ 127,515,000.00	100%	R$ 118,490,000.00	100%

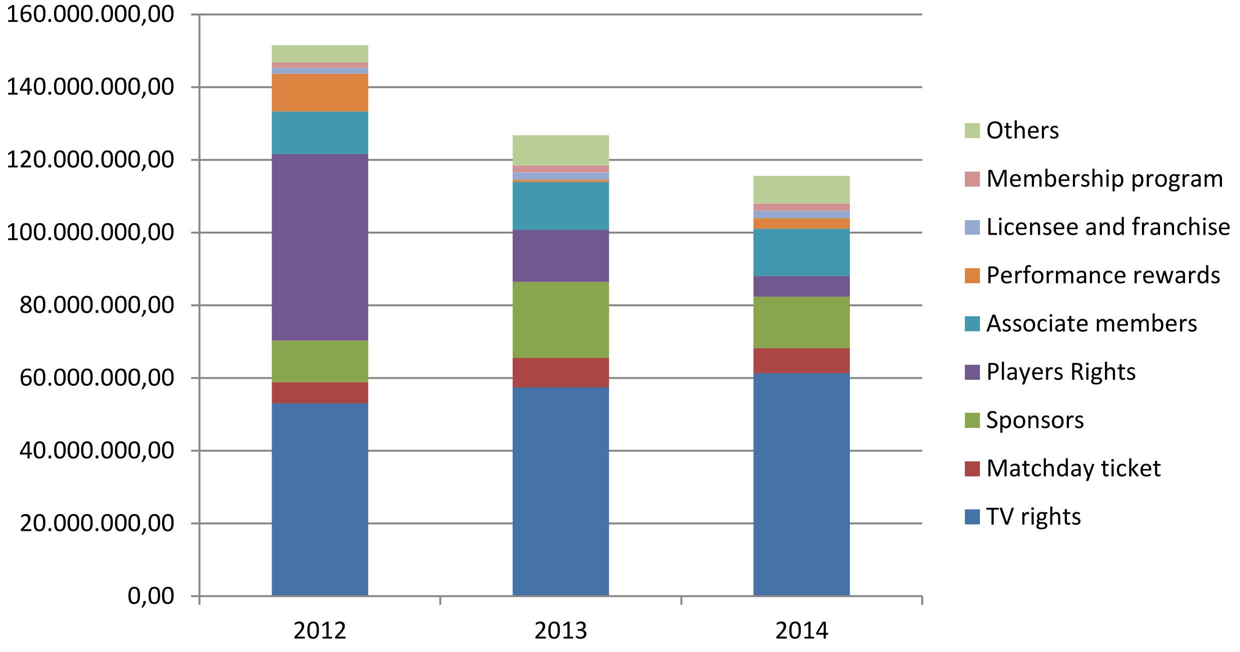
Source: Elaborated by the Author from Fluminense F.C. (2015c).

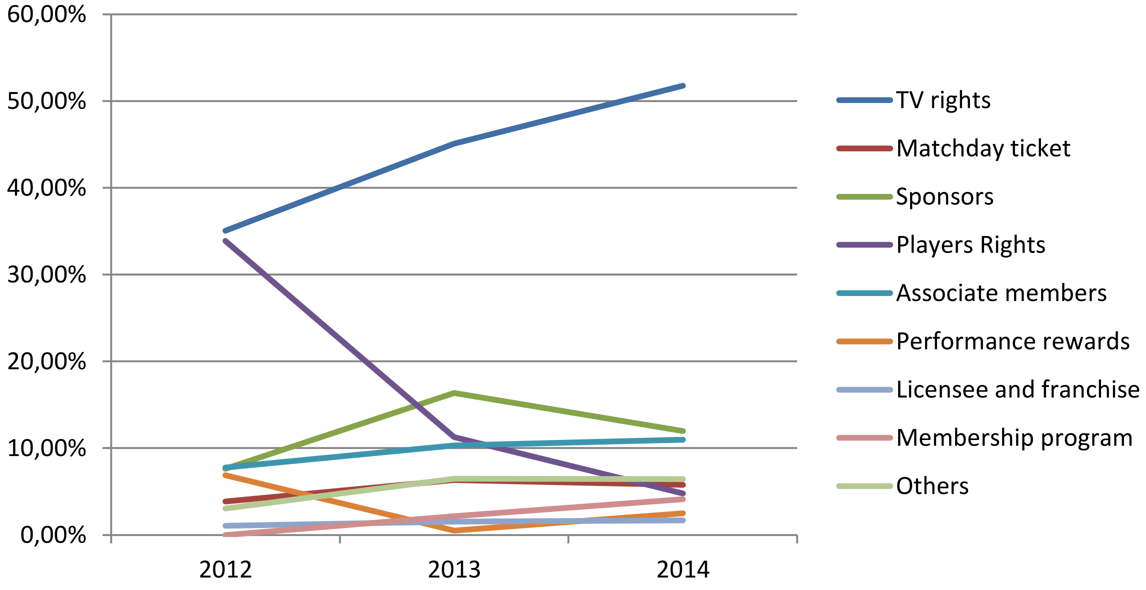
Graph 32: Fluminense F.C.'s historical football revenue (R$ Millions)



Source: BDO (2014).

Graph 33: Fluminense F.C.'s football revenue share evolution (R$)



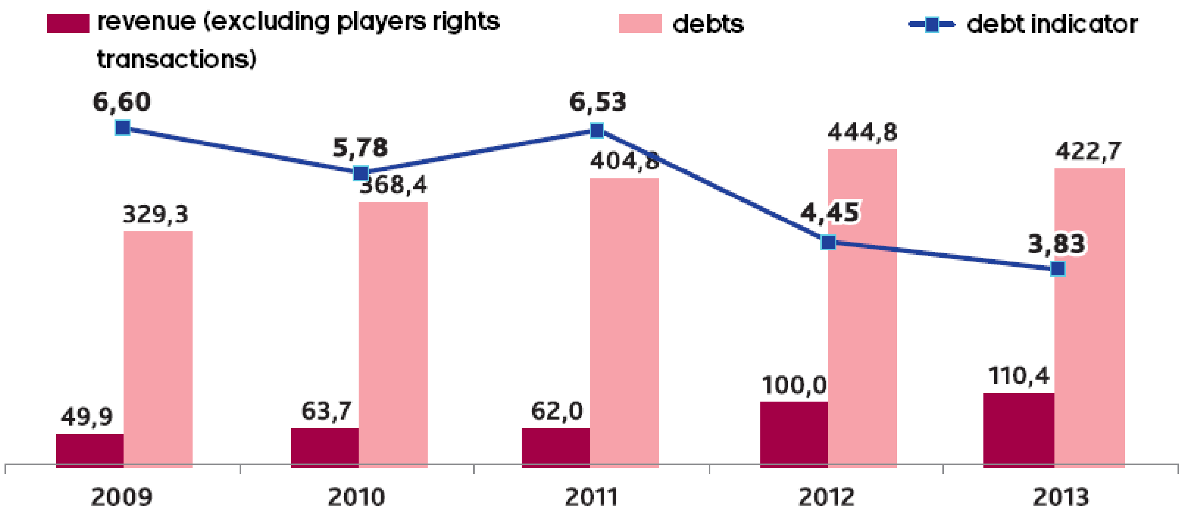


Source: Elaborated by the Author from Fluminense (2015c).

IBBA (2014) reinforces the fact that in regards to Fluminense F.C. is always hard to picture an accurate financial status because of the relationship with its former main sponsor, Unimed.

Fluminense F.C. has the fourth overall worst debt scenario, as per the index of BDO (2014). The index represents the result from the division of the total debt by the total recurrent revenue (excluding players rights transactions) and represent the number of years of revenue the debts would consume.

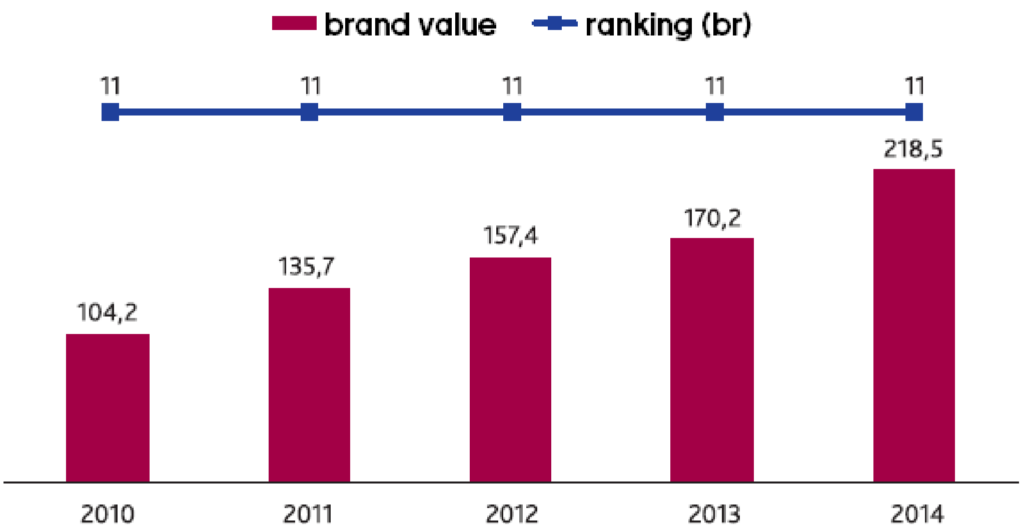
Graph 34: Fluminense F.C.'s debt indicator (values in R$ Millions)



Source: Adapted by the Author from BDO (2014).

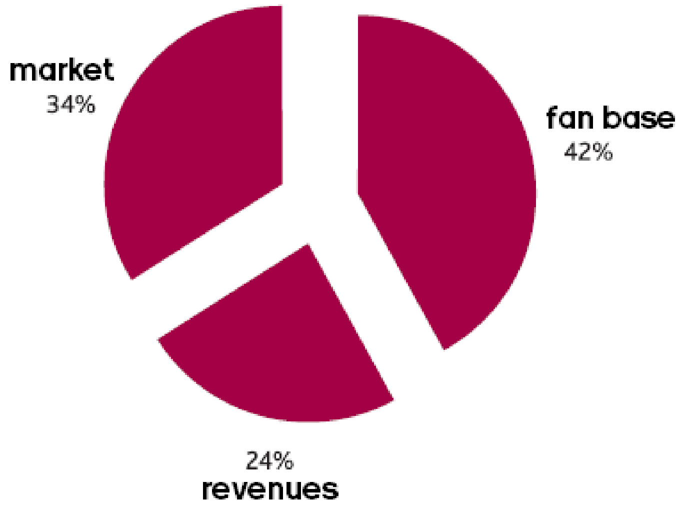
In this sense, Somoggi (2014b) states that however the club does have a gigantic debt, it has been renegotiated by the current administration and also reduced in 5% from 2012 to 2013. This apparent new moment of Fluminense F.C. administration is supported by the fact that Fluminense F.C. brand is evolving together with the overall recognition of Brazilian football clubs brands.

Graph 35: Fluminense F.C.'s brand value evolution (R$ Millions)



Source: Adapted by the Author from BDO (2014).

Graph 36: Fluminense F.C.'s brand strengths



Source: Adapted by the Author from BDO (2014).

Accordingly to Fluminense F.C. (2014a) the goal is to regain economic and financial balance to recover investment capacity. Fluminense F.C.`s financial department works segmented by business units (football, Olympic sports and social club) which has facilitate the control of costs and also establishment of a long term plan for the club.

Fluminense F.C. (2014a) understands that its efforts are being rewarded, since there is a tendency of evolution in general revenues in the mid-term, revenue increase of 55% with youth academies and 80% in licensed products, payment of taxes over R$ 50 Million, labor law agreements of R$ 19 Million and several savings with contracts renegotiations.

5.3.3 Marketing Strategy

For over 15 years Fluminense F.C. strategy was connected and dependent of the plan of its main sponsor, Unimed. As stated by Fluminense F.C. (2015d) on the end of the 2014 season the longest partnership between a football club and a private corporation was terminated, representing the beginning of a new cycle for the club.

Fluminense F.C. (2014d) states that fans and members are its main actors. Within this clear goal the club invests in new activations to generate fresh revenues. It all started to the improvement of the online ticket sale process, which has turned the club in Rio's number at this channel with over 70% of fans choosing this method. The club additionally invests in events and activations, in and outside of Rio de Janeiro, that are likely to generate more revenues and members inscriptions (FLUMINENSE F.C., 2015d).

Is also clear for the current administration that long term partnerships still the path Fluminense F.C. wants to go through, and exemplify that with the renew of adidas contract, which represented the longest relation ever between club and apparel supplier in the history of Brazilian football (FLUMINENSE F.C., 2015d).

Membership programs

The main goal when creating the membership program was to bring fans closer to the team, and the best way the club was to create loyalty with the fans that were already willing to active participate in club's life (FLUMINENSE F.C., 2014a).

In this sense, and accordingly to Fluminense F.C. (2014a), first in 2012 the ‘football package’ was launched to aggregate tickets to the associative methods the club already had - to notice, as stated during this work, football clubs in Brazil work as sport and social associations.

The success was almost instantaneous and the next step would be to create a format that enabled national adherence. After analyzing the most relevant football clubs associative programs in the world Fluminense F.C. decided that the future of the club should be directed influenced by the fans (FLUMINENSE F.C., 2014a).

In this sense, in 2012 the club Statute was change to allow the creation of the program ‘*Sócio Futebol*’, where the fan not only have priority and discount to buy tickets, but can also vote in Fluminense F.C. General Assembly for topics such as presidential elections (FLUMINENSE F.C., 2014a).

Accordingly to Fluminense F.C. (2014a), until mid-2013 the club has generated over R$ 7 Million in revenues with the *Sócio Futebol* and the projects an constant evolution on the total number of members: 2010, 3 thousand; 2011, 4 thousand; 2013, 27 thousand.

Table 63: Fluminense F.C. membership program ("Sócio Futebol") summary

Plans	
Monthly	Annual
R$ 35,00	R$ 385,00
Benefits	
50% discount on Home Matches	
Priority for tickets purchase	
Discount on events and away match travels	
Right to vote for Fluminense F.C. President	
Access to Fluminense F.C. football areas	
Use Sócio Futebol member card as ticket	
Movimento por um Futebol Melhor discounts	
Exclusive content and experiences	

Source: Adapted by the Author from Fluminense F.C. (2015e).

Table 64: Fan membership ranking (thousands of fans) Fluminense F.C. highlight

Movimento por um Futebol Melhor				
Official membership program fan base				
# Participant clubs		60	Turnover	
Top 15 Ranking	Club	# official members*	approx. fan base**	% of conversion
1	Internacional	130.207	5.600.000	2,325%
2	Palmeiras	97267	10.600.000	0,918%
3	Corinthians	81.199	27.300.000	0,297%
4	Grêmio	80.729	6.000.000	1,345%
5	Cruzeiro	67.845	6.200.000	1,094%
6	Santos	57.075	4.800.000	1,189%
7	C.R. Flamengo	54.267	32.500.000	0,167%
8	Sao Paulo	47.967	13.600.000	0,353%
9	Atlético - MG	39.234	7.000.000	0,560%
10	Bahia	24.021	3.400.000	0,707%
11	**Fluminense F.C.**	**23.510**	**3.600.000**	**0,653%**
12	Sport	18.685	2.400.000	0,779%
13	Vasco	15.634	7.200.000	0,217%
14	Chapecoense	11.258	n.a.	n.a.
15	Joinville	10.537	n.a.	n.a.

* Futebol Melhor (2015)
** Lance (2014)

Source: Elaborated by the Author.

Ticket price policy

Maracanã, the stadium most used by Fluminense F.C. has several important topics to be considered when hosting a match and fixing the prices to be charged. Such as gratuities for elders over 65 years old, youth under 12 years old, handicap and their accompanies (Maracanaonline, 2013), the existence of perpetuate seats, along with the national law of half-price for students and those under 21 years old (MARACANÃ, 2015).

Additionally, connected to it are the membership program described above, which conceive 50% discount minimum for home-matches of Fluminense F.C.

In this sense, for the average ticket price it will be considered the total amount of revenue in regards to the paying fans, gratuities will be excluded from this calculation, but however considered for the total of spectators and occupancy.

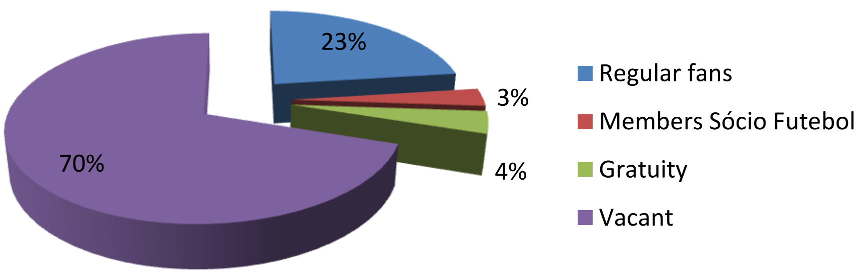
Table 65: Average attendance Fluminense F.C. home-matches 2014 Brazilian Championship breakdown

Stadium	Matches	Capacity	Spectators	Members of Sócio Futebol	Avg. Members	Gratuity	Occupancy	Ticket Price	Variation from previous game (+ or -)	Variation from average (+ or -)
Brasil	19	70,910	21,272	2,209	10,39%	2,767	30.00%	R$ 24.83	33%	29%
Maracanã	16	78,838	23,969	2,578	10,76%	3,177	30.40%	R$ 23.62	26%	19%

Source: Elaborated by the Author.

Excluding gratuities, the occupancy rate falls to 26%. The average of regular fans not members of Sócio Futebol attending to matches represents 77% of the spectators, while members 10.39%. Nevertheless, the most expressive share is of empty seats, 70% in average.

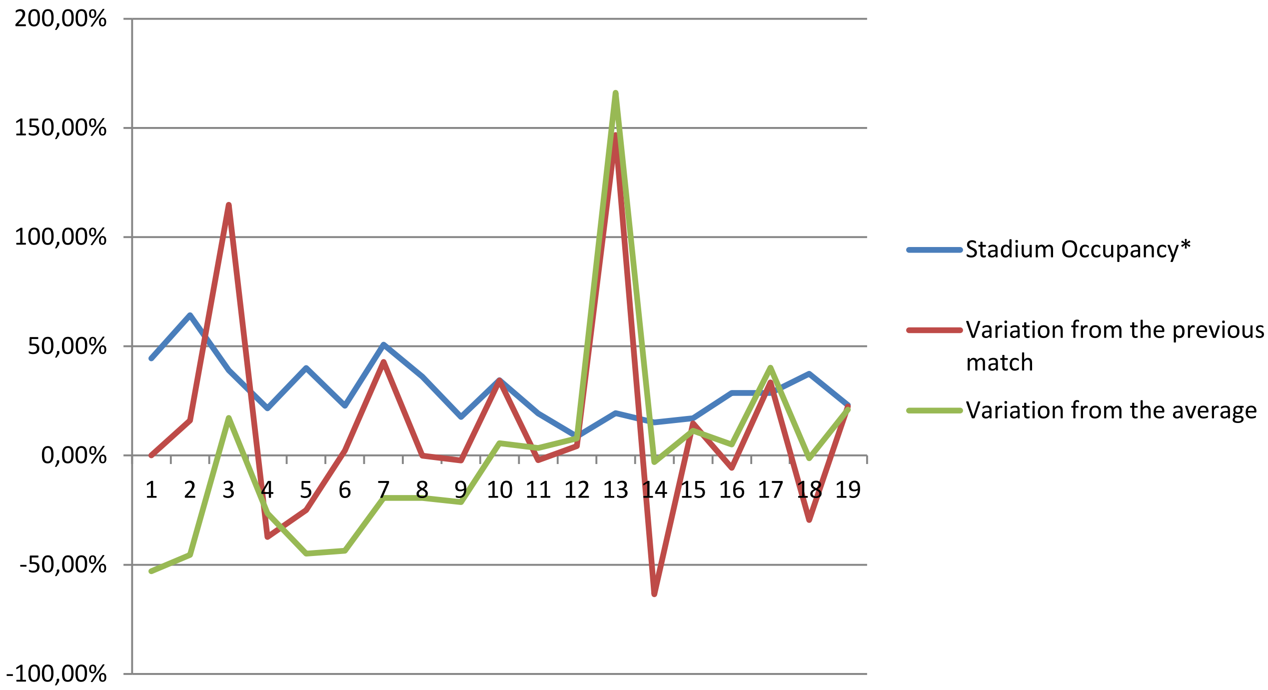
Graph 37: Fluminense F.C.'s 2014 Brazilian National Championship stadium capacity occupancy sharing



Source: Elaborated by the Author.

Fluminense F.C. as per Pluri (2013a) has the fan base with the 6th higher monthly individual income, practiced ticket prices lower than 35 other clubs in Brazil and finished with the 12th overall revenue on matchday tickets.

Graph 38: Fluminense F.C.'s 2014 Brazilian National Championship ticket policy



*Occupancy considering gratuities

Source: Elaborated by the Author.

Stadium management

In July 2013 Fluminense F.C. signed a 35 years deal with Consórcio Maracanã S.A., which the club calls as a perfect marriage, beneficial to both ends. Fluminense F.C. has no costs to play at Maracanã and the right to receive up to 56.6% of the stadium ticket revenue - which represents at maximum 43 thousand spectators (FLUMINENSE F.C., 2014a).

Fluminense F.C. (2014a) states that the good contract between the club and Consórcio Maracanã S.A. was only possible after the creation of an executive commission to study the historical data of Fluminense F.C. matches at Maracanã, whereas conclusion were built based on financial projection, attendance and on fans the behavior in previous games.

In this sense, Fluminense F.C. host most of its matches in Maracanã, and without ownership of a stadium Fluminense F.C. cannot benefit from other revenue sources connected to a sports facility.

Additionally, at Maracanã as per the mentioned deal, Fluminense F.C. does not have share of revenues in regards to the other 43.4% of the stadium - where the most expensive tickets are allocated.

Table 66: Fluminense F.C.'s 2014 Brazilian National Championship stadium relation

Stadium	Total Capacity	Attendance	Gross Revenue	Stadium Rental and Operational Fee	Consórcio Maracana Share	% of revenue to Stadium	Fluminense F.C. Net revenue	% of revenue to Fluminense F.C.
Maracanã - Rio de Janeiro	78,838	35,020	R$ 358,535.00	R$ 0,00	R$ 153,776.75	42.89%	R$ 118,427.39	33.03%
Maracanã - Rio de Janeiro	78,838	50,687	R$ 609,195.00	R$ 0,00	R$ 296,169.36	48.62%	R$ 169,870.97	27.88%
Maracanã - Rio de Janeiro	78,838	30,766	R$ 761,480.00	R$ 0,00	R$ 281,331.47	36.95%	R$ 305,478.13	40.12%
Maracanã - Rio de Janeiro	78,838	17,035	R$ 276,080.00	R$ 0,00	R$ 86,792.73	31.44%	R$ 79,258.72	28.71%
Moacyrzão - Macaé	16,000	6,403	R$ 77,900.00	R$ 3,000.00	R$ 0.00	3.85%	-R$ 27,125.68	-34.82%
Raulino de Oliveira - Volta Redonda (RJ)	21,000	4,789	R$ 52,480.00	R$ 15,000.00	R$ 0.00	28.58%	-R$ 30,274.09	-57.69%
Maracanã - Rio de Janeiro	78,838	40,075	R$ 705,250.00	R$ 0.00	R$ 231,852.93	32.88%	R$ 302,957.94	42.96%
Maracanã - Rio de Janeiro	78,838	28,511	R$ 495,170.00	R$ 0.00	R$ 141,157.02	28.51%	R$ 223,940.74	45.23%
Maracanã - Rio de Janeiro	78,838	13,919	R$ 227,210.00	R$ 0.00	R$ 66,424.95	29.24%	R$ 66,151.13	29.11%
Maracanã - Rio de Janeiro	78,838	27,194	R$ 617,385.00	R$ 0.00	R$ 172,973.45	28%	R$ 293,555.59	47.55%
Maracanã - Rio de Janeiro	78,838	15,238	R$ 322,485.00	R$ 0.00	R$ 106,323.47	33%	R$ 74,805.82	23.20%
Maracanã - Rio de Janeiro	78,838	6,840	R$ 166,365,00	R$ 0.00	R$ 51,283.82	31%	-R$ 8,538.36	-5.13%
Mané Garinhca - Brasília	48,877	9,476	R$ 626,140.00	R$ 180,135,00	R$ 0.00	29%	R$ 29,145.55	4.65%
Maracanã - Rio de Janeiro	78,838	11,933	R$ 248,565.00	R$ 0.00	R$ 60,534.49	24%	R$ 48,859.79	20.69%
Maracanã - Rio de Janeiro	78,838	13,472	R$ 310,005.00	R$ 0.00	R$ 105,542.08	34%	R$ 63.630,04	20.53%
Maracanã - Rio de Janeiro	78,838	22,537	R$ 491,475.00	R$ 0.00	R$ 157,225.24	32%	R$ 166.691,00	33.92%
Maracanã - Rio de Janeiro	78,838	22,608	R$ 685,900.00	R$ 0.00	R$ 212,568.40	31%	R$ 269.550,78	39.30%

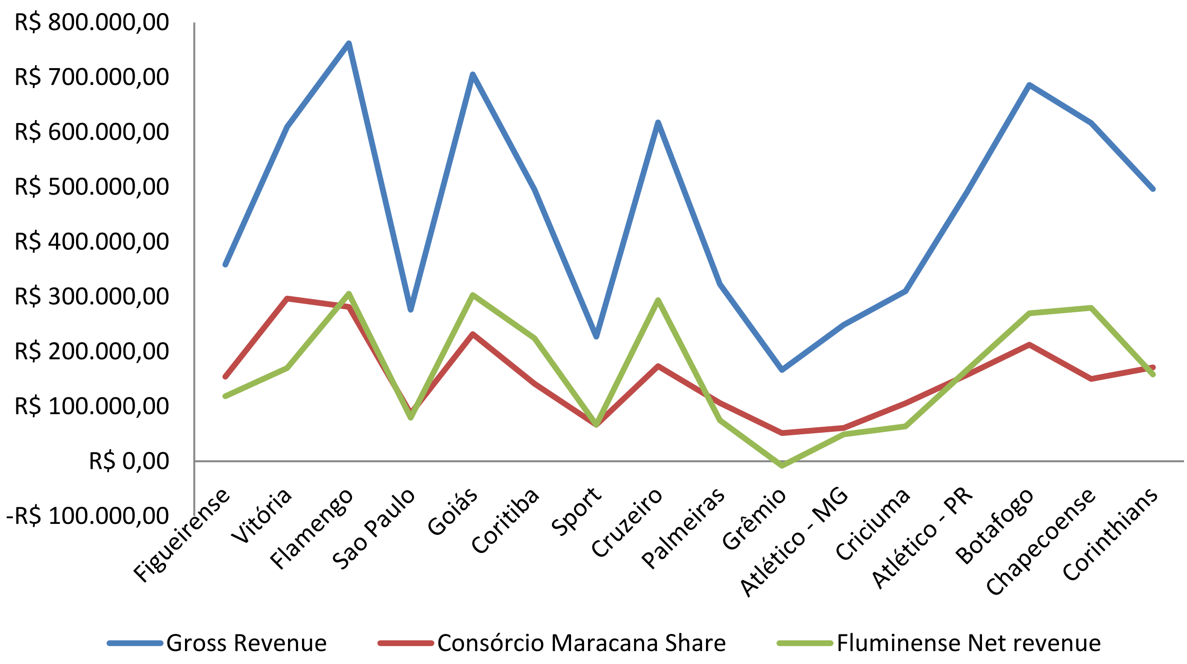
Maracanã - Rio de Janeiro	78,838	29,482	R$ 616,125.00	R$ 0.00	R$ 150,123.16	24%	R$ 279.438,05	45.35%
Maracanã - Rio de Janeiro	78,838	18,181	R$ 496,155.00	R$ 0.00	R$ 170,838.84	34%	R$ 157.867,78	31.82%

Source: Elaborated by the Author.

Fluminense F.C. spent on stadium management in the 2014 Brazilian National Championship R$ 2,643,053.13; which generates a total revenue of R$ 2,583,691.29. Considering Maracanã isolated the sums generated with ticket revenue exclusively to Fluminense F.C. and Consórcio Maracanã S.A. were, respectively, R$ 2,611,945.51, and R$ 2,444,918.16.

Important to highlight that these numbers are only related to the revenues generated by the tickets, the football match itself, and the share Fluminense F.C. has to transfer to Consórcio Maracanã S.A. Therefore, is exclusive for the second the subsidiary and accessory revenues such as concession stands, parking, publicity, hospitality, and more.

Graph 39: Fluminense F.C.'s 2014 Brazilian National Championship Maracanã stadium revenue sharing



Source: Elaborated by the Author.

Brand exposition

As part of the internationalization of Fluminense F.C. brand, the professional squad has done an inter-season training camp in Orlando (U.S.A.) in June and July of 2013

(FLUMINENSE F.C., 2014a), and once again has return to the Orlando for preseason in 2015, playing friendly tournament against FC Bayern Leverkussen and Cologne FC from Germany (GLOBOESPORTE, 2014c).

Another relevant point of the exposition of the brand, as per Fluminense F.C. (2015d), is the football schools for young kids, named "Guerreirinhos" (little warriors).

The academies work in a franchise system, and has 22 in Rio de Janeiro city, 6 in the great Rio area, 10 spread around Rio de Janeiro State, 10 in other Brazilian States, one in Argentina (Córdoba), one in Chile (Santiago), and another one in the USA (Orlando) (FLUMINENSE F.C., 2015d).

In relation to the importance of the youth academies, especially the youth team training camp located in Xerém, Rio de Janeiro, Peter Siemsen, Fluminense F.C. President, states that perhaps Xerém is the most important arm of club's brand internationalization process, and that's because it has high capacity to develop talents, and this recognition of the international market make the brand stronger and generates invitations for tournaments and partnerships around the world (FLUMINENSE, 2014a).

Table 67: Fluminense F.C.'s international relations

Argentina	Colaboration agreement with Vélez Sarsfield Guerreirinhos franchise in Córdoba Youth Argentinean players training in Xerém
Chile	Event "Tricolor em Toda Terra" (Fluminense F.C. fans at all lands) with fans association
USA	Selection process for the USA market in Xerém Participation in the MLS draft Participation at the Dallas Cup (Under-19) Players loan to two clubs Preseason in Orlando
Spain	Partnership with Espanyol for information and experience exchange
Netherlands	Participation at the Amsterdam Cup (Under-20)
Sweden	Cooperation agreement with Djugardens Players loan Friendly matches against under-23 teams
Hungary	Friendly matches against under-23 teams

Croatia	Agreement with Hajduk Split for players exchange program Players loan
Poland	Agreement with Legia Varsóvia for experience exchange and players exchange program
Qatar	Participation at the Al Kass Cup (Under-18, Champions)
China	Participation at Canton International Business Fair Reception of Chinese investors at Fluminense F.C. Headquarters Players loan
Thailand	Reception of Thailand Senate Sports Committee
Finland	Cooperation agreement with Myllykosken Pallo-47
France	Cooperation agreement with Istres Players loan

Source: Adapted by the Author from Fluminense F.C. (2014a).

In addition to those practices mentioned herein, Fluminense F.C. (2015f) promotes that fans, anywhere in the world, get together in groups to create embassies to expand club's brand and culture. Those groups in order to be considered official have to pledge on the official website of the program and have at least 5 members of the club signing in. Finally, there is no evidence of direct or additional benefit for embassy members.

Fan relationship

Fluminense F.C. (2014a) infers that fans and members are its main actors. The club endeavor its actions to make the products of Fluminense F.C. accessible and interesting for the fan. Practices which include, ticket sales, distribution and pricing, events to expand Fluminese's boarders, bring fans to away matches all over Brazil and South America, refurbishment of club museum, new consumer activation projects with existing and recent signing partners, among others (FLUMINENSE F.C., 2015d).

In regards to communication with the fans Fluminense F.C. is engaged on social medias, such as facebook, at facebook.com/Fluminense with 1.131.286 likes; Twitter account @Fluminensefc with 650 thousand followers; flickr.com/photos/oficialflu with 43.485 pictures; Instagram @Fluminensefc with 61,6 thousand followers, and an official app for smartphones (FLUMINENSE F.C., 2015g).

Launched in the beginning of 2015 the app is free of charge and allows fans to have live ticker, schedule, standing, videos and pictures of the team, social media and news feed integration; more tools are planned to be add over the year (FLUMINENSE F.C., 2015g).

For Sodré (2015), Fluminense F.C. Product and Projects Coordinator, the official app is the milestone for a new cycle of the relation with fans, whereas everything about the club will be available, from content to products and services, and with the evolution of the app the club will establish itself as a relevant player in the mobile marketing and second screen concept, enhancing the possibilities for business and entertainment offer, being the app an strategic channel to communicate with every single fan.

Additionally, the app is result of a partnership with NetCo Sports, company that works with several European clubs and competitions, such as the UEFA Euro and Africa Cup of Nations (FLUMINENSE F.C., 2015g).

Sponsors

On December 10th, 2014, was announced the end of a partnership between Fluminense F.C. and Unimed, a health insurance company managed as a medical doctors cooperative (ESPN, 2014c).

Accordingly to Globoesporte (2014d), Unimed has helped Fluminense F.C. to win three Rio de Janeiro State Championships (2002, 2005 and 2012), one Brazilian Cup (2007), two Brazilian National Championships (2010 and 2012) and the Brazilian Third Division Championship, the initial moment of the history between the two.

By winning the 2007 Brazilian Cup, Fluminense F.C. ended a 23 years streak without a national title, and on the 15 years of partnerships has duplicated the numbers of Brazilian national championships, which defines this period as the most victorious of its history (PARADELLA, 2014a).

The partnership was based mostly in the figure of Unimed president, fanatic Fluminense F.C. fan, Celso Barros, and the willing of the company to grow, whereas by the time researches appointed football as a good way to invest (GLOBOESPORTE, 2014d).

Celso Barros was definitely the central point of the relation and became a personality among Fluminense F.C. and sport world. He was decisive on presidential elections of the club, admired by the fans, receiving flags and anthems with his name, and the future training camp of Fluminense F.C. will be named after him (PARADELLA, 2014a).

Throughout the first eight years the model of sponsorship changed, from paying salary of most relevant players to direct monetary investments (GLOBOESPORTE, 2014d).

Because of those investments Fluminense F.C. became a relevant player in the international scene, participating after 23 years of a Libertadores da América Cup in 2007, and after that being constantly and well representing the country and Unimed in those competitions (PARADELLA, 2014).

It was much more than the exposition of the brand, Unimed paid directly the wage of players. If the club wanted to sign a player, Unimed would establish a contract for image rights with the player and this would correspond to more than 80% of the total salary (ESPN, 2014c).

Unimed also paid executive members in the club (which by the statute of the club is prohibited) and coaches of the professional team. Additionally it was said that the presidential decisions had to pass by the president of Unimed, including signing players and coaches (ESPN, 2014c). Fluminense F.C. was Brazilian National Champion in 2010, and Celso Barros, Unimed president still, was on the official picture of the champions (GLOBOESPORTE, 2014d).

In 2010, year of great investments of the company in the club, it was created the private capital joint-stock company Unimed-Rio Participações e Investimentos S.A. to manage the players transactional economic rights and players investment of the mother company – for example, 40% of a R$ 18 Million players transaction in 2011 were directly to Unimed.

Perrone (2014) believed that this was absolute genius idea from Unimed, whereas by apportioning the capital straight to players the company does not risk unprofessional and weak football managers to poorly spend money or even steal it, putting a losing team on the pitch with your brand on it.

In 2012, by contract the company should have invested between R$ 15 to R$ 25 Million in players imagery rights, however the total amount reached R$ 70 Million. As result, Fluminense F.C. built one of the strongest teams of Brazil, won the State and the National championship (together with the quarter-final round in Libertadores da América), making this the most successful season of team history since 1984 (GLOBOESPORTE, 2014d).

In 2013, the situation began to change. Investments were reduced, players left and at the end of the season Fluminense F.C. was not relegated once more to second division only because other teams lost points due to irregular players inscriptions (GLOBOESPORTE, 2014d).

In fact, the relation was always somehow contested inside both parties. At the medical insurance company because the investments done were intensive and performance track poorly done. For the club, was often the case of lack of independency due to the participation of the sponsor on the salary of players and coaching as well on players economic rights (ESPN, 2014c).

Perrone (2014) does not see a problem in the relation, but instead an amazing business model that has work well for both. He understands that this partnership opened precedent for companies to invest in football clubs in Brazil in a way that: (i) money is directly invested in the formation of a good squad; (ii) the team has winning performances with the brand exposed on it; (iii) players will have their value enhanced at the same time the company's brand; (iv) eventually sale of those players can represent profit or at least free sponsorship on one of the top clubs in the country.

Despite of ups and downs, after 15 years both parties grew. Fluminense F.C. put its worst moment ever behind and Unimed now has 5.650 members and over 1 million clients all over Brazil – in 1999 the number of clients was 200 thousand (GLOBOESPORTE.COM, 2014d).

In this sense, and since this unique sponsorship is over, Fluminense F.C. needed to find new strategies, more similar to what other clubs do. And they have found new sponsors, announcing its main one on the very next day the deal with Unimed was terminated.

On December 11th, 2014, Peter Siemsen declared that Viton 44 - holding of natural soft drinks - would expose some of its brands on the uniform, being therefore the main sponsor for 2 years in a non- exclusive deal, different than how it was with Unimed (FLUMINENSE F.C., 2014h).

Fluminense F.C. (2014h) states that is working to be a stable partner for sponsor and reinforces that the club is looking forward to new and long term commitments, mentioning the previous one with Unimed and the current and longtime apparel provider adidas as examples.

The new sponsor will invest less than the previous. Accordingly to Paradella (2014b) the precise values are confidential, but is estimated that it should be half of the R$ 32 Million Unimed invested in the 2014 season.

Paradella (2014b) adds that Viton 44 started to sponsor football in 2011, and that the investments have grown since then, reaching a total of R$ 28 Million in 2014. It includes sponsorship of C.R. Flamengo and partnership with Consórcio Maracanã S.A. for deals related to the stadium.

The second sponsor Fluminense F.C. signed after Unimed era had similar motivations as the insurance company. The family that owns the new sponsor is also fanatic about Fluminense F.C. and this was extremely relevant for the deal (VILELA, 2015).

Notwithstanding the new strategy being implemented by Fluminense F.C. after this 15 years period, much is still being discussed about the future of the club.

For Somoggi (2014c) the club should search for new revenues segments in accordance to what the surveys of fan base in Brazil indicates. Fluminense F.C. fan base is of high classes and purchasing power - with 1-2% of the total and 4-5% within the wealthiest -, nationally spread and its revenues are still low in many areas which represents the possibility of significant increase.

TV rights agreements

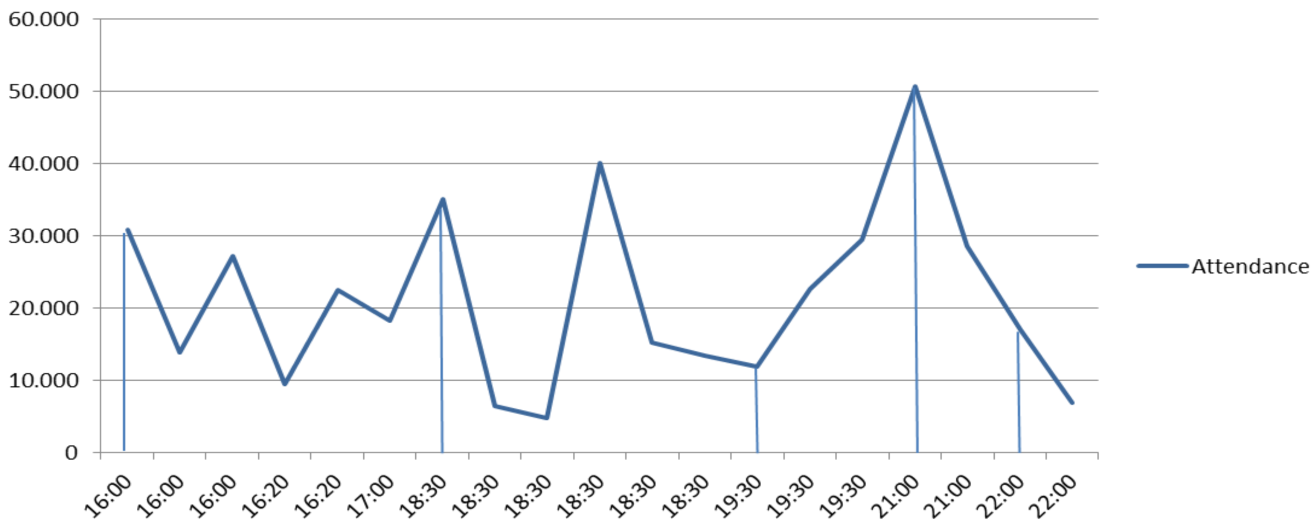
Fluminense F.C. in regards to TV rights revenues is placed in a fifth group, whereas until recent years received R$ 16 Million per year, and lately had it increased to R$ 45 Million, from 2012 on, and on 2016 it will receive from Rede Globo R$ 60 Million, excluding the revenues generated from pay-per-view subscribers (COELHO, 2013b).

However an all-time high, this amount represents almost one third of revenues from C.R. Flamengo and Corinthians.

Fluminense F.C. revenue from the broadcast segment has increased in the last years and is importance in the overall earnings of the club varies significantly because of other aspects such as player’s rights transactions and the relationship with its main sponsor.

To present the relation between match time, scheduled by television interests, and attendance for Fluminense F.C.`s home matches in the 2014 Brazilian National Championship, the graph below was prepared accordingly to the official database of CBF (2015).

Graph 40: Relation between Fluminense F.C. match-time and attendance



Source: Elaborated by the Author.

Official products and stores

Fluminense F.C. (2015d) states that the club brand is able to generate value to any product, at any market, that is established nationally and expanding its relevance internationally and part of the success is consequence of criterions quality control of the products and services the club is associated with.

The process to become a licensee of Fluminense F.C. has to start with a proposal from the interested company, negotiation and prototype development before reaching the retail market. Additionally, Fluminense F.C. has an anti-piracy tag that goes with all the official products so fans know that they are buying official licensed merchandising (FLUMINENSE F.C., 2015h).

The range of products with the Fluminense F.C. brand and the official certification goes from stadium gear and accessories, until office and home material, personal clothing, food & beverages, games, and more.

In regards to stores, Fluminense F.C. website dedicated section forward the fan automatically to an e-commerce session at adidas website. Although some stores called themselves as official stores of Fluminense F.C. there was no express relation to it on clubs' communication channels.

Accordingly to Capelo (2014) there were a plan for Fluminense F.C. to contract a company specialized on retail franchise store of football clubs, in a royalty format contract, for licensed products and unbranded gear, which adidas, the official partner has not being able to delivery on the time and price to this second market demands. However, no confirmation of this seven years, R$ 4,1 Million guaranteed deal has been presented yet.

5.3.4 Fluminense F.C. Case Summary Report

Fluminense F.C. is one of the pioneers of Brazilian football, being for many decades one of the principal actors of the game. However, due to irresponsible and unprofessional administration there are also dark moments in history and a considerable financial damage to the present and future of the club.

For almost 15 years Fluminense F.C. had a unique sponsorship relation, which led to many titles and controversies. The analyze itself is interesting enough, especially because this period is over and the entire structure of the club under reconstruction.

The facts and date provided herein shows that despite the prestige and tradition of the club, its reality does not match the standards and expectations set. In this sense, hereafter is presented an overview of the elements discusses by the lens of the Author of this dissertation.

Historical Background

Fluminense F.C. history is definitely a highlight. From the early 1900's founded by the British, its name in English (Fluminense Football Club), the split of the football department that ended up creating C.R. Flamengo, its biggest rival, the construction of centenary stadium, the consecutives relegations, the partnership with Unimed, the comeback, the titles, and much more that has paved the road to this uncertain present.

Fluminense F.C. current administration is embracing the professionalism of football and the club as protagonist of the industry, which is an appropriate approach to avoid mistakes and results of the past, seeding a sustainable and successful future.

Relevant Data

As the data presented suggests Fluminense F.C. is a middle range team, in terms of fan base, revenues, stadium attendance, and etc., but, however, is among the leading clubs when it comes to debts.

Additionally, Fluminense F.C. total revenues depends heavily on TV rights and\or on players rights transactions. As showed, this is not advisable.

First because TV rights dependency can lead to non-independent management and there is a clear tendency to be created a gap between clubs that are unfavorable to Fluminense F.C., and player's rights transactions cannot be considered recurrent revenues.

For several years, as stated by IBBA (2014), because of the relationship with its main sponsor it was always hard to picture an accurate financial status of Fluminense F.C. and its revenue breakdown.

Nevertheless, it is clear that the way to generate recurrent revenue is to establish long term and profitable relationship with new sponsors and also with the fans.

Fluminense F.C. scenario is pretty unique: is one of the most traditional clubs of Brazil, located in the second strongest football market, club brand is ranked 11^{th}, its fan base has 6^{th} overall highest income and it has the 11^{th} largest fan base, 85% on the wealthiest states of Brazil.

In this sense, and in accordance to BDO (2014) analyzes, the exploitation of the more relevant variables of the club, its fan base considering its social, economic and geographical characteristics, the sponsors interested on it and the local market, will create possibilities to generate higher future revenues throughout practices from the club marketing department.

Marketing Strategy

While Fluminense F.C. tries to regain market credibility, the club pursuits the same strategy of the past, that is to enter into long term partnerships; but however keeping at this point in time independent management and no interference in club's administration. The focus is to generate consistent recurrent revenues and expand the relationship with its fan base, able to contribute more for the growth of the club.

Membership Program

Fluminese F.C.'s strategy to use the membership program to bring fans closer to club's life, including the political aspect of it is correct as successful practices show this perceived value by the fans.

Fluminense F.C. program is the leader in fan base conversion in Rio de Janeiro, with 0,653%, which is far from being good, but it is more than 4 times a better ratio than C.R. Flamengo.

The challenge for Fluminense F.C. is to bring even its registered fan base to the stadium. From the total, in average less than 11% go to the games. This can be explained by several structural factors, as presented earlier herein, but cannot be neglected that there are fans, who contribute monthly to the team, and could be driven to the stadiums.

Taking into consideration the characteristics of Fluminense F.C. fan base, but also any basic consumer desire, the fan is concerned about accessibility to tickets and to the stadium, experience and service, together with security and sense of belonging.

Ticket price policy

Data evidences that Fluminense F.C. does not present a calendar schedule for ticketing purchase throughout the year, nor a long term policy in regards to ticket price for home matches. Prices are determined by factors such as opponent, round of the tournament, previous results, among others.

Fluminense F.C., as well as any other team that plays in Maracanã, suffers with the gratuity system applied to the stadium. The fact that Fluminense F.C., as per Pluri (2013a), has 6th wealthiest fan base, practiced ticket prices lower than 35 other clubs in Brazil, and ranking number 12th on matchday ticket revenue, shows that the club is not benefiting from its fans potential and characteristics.

Additionally, pricing every match differently, with variations of over 100%, does not help to obtain confidence from a demanding audience. The numbers presented infers that Fluminense F.C. attending fans are price sensitive.

The conclusion is that the club is offering a product different than what its fans are searching, and definitely a stadium big as Maracanã should not be consider for most of its matches. As stated by Pluri (2014e), nothing diminishes a product value more than not being consumed, and in an overall perspective Fluminense F.C. is creating a vicious cycle for its matchday experience with today's model.

Stadium Management

The contract with Consórcio Maracanã S.A. shows that Fluminense F.C. is not planning to have sold out matches in a horizon of at least 35 years. Given up for such a long period of revenues from more than 50% of the stadium capacity, including the most expensive tickets and skybox areas in exchange for rental exemption, reveals lack of planning to growth and how much Maracanã Stadium is not suited for average Fluminense F.C. matches.

Brand exposition

The strongest initiative placed by Fluminense F.C. to get its brand exposed and recognized around the world is based on youth teams and academies. It has revealed itself as a successful approach in terms of football market, but not so much in terms of fans, as many players of Fluminense F.C. squad come from its youth levels and also are transferred to other markets at reasonable transactions.

The preseason in North America done in 2015 is an interesting activation, but that has to be followed by others that have not been developed yet, as for example an English website or e-commerce that can deliver products across the globe.

Fan Relationship

The biggest highlight of Fluminense F.C. fan relationship is the official app for smartphone and tablets. Practice well placed by European football clubs and other sports institutions around the world that are perceived in a very positive way by fans, consumers and sponsors. It can also be a tool for integrated marketing activations such as product purchasing.

Sponsors

It is clear that it has to be done a disruptive split between Unimed sponsorship relation and the ones established from 2015 onwards. Unimed had an interesting unique characteristic for Brazilian football, which was a company, nevertheless, sponsor, that invested and managed closely the football department of a club.

The interest of the company, despite of the personal feelings of its manager, was obvious to ensure that its brand would be well represented and exposed. And this was definitely achieved as this partnership represents the most victorious time of Fluminense F.C. history.

This style is closer connect to what Araújo (2014) suggests, but, however, as Brazilian culture is not ready or willing to accept such reality, this interference was seem at many moments with a negative connotation.

Fluminense F.C. has restructured itself in terms of partners in a smooth and rapid way, which can also be explained by the success its previous one had in terms of brand awareness, exposition and consumer engagement.

Finally, as Fluminense F.C. (2015) stated, the renew of their contract with adidas, turning this relation into the longest in Brazilian football, represents a strong notion of credibility and payback of investments and partnerships with the club.

TV rights agreement

Biggest revenue of the club since 2010, regardless of the formal sponsorship investment or player’s transactions the club had. The club has to search for other ways to increase its revenues. Despite the fact that this segment is increasing, the gap that already exists inside this channel will grow in relation to other teams in Brazil.

Since there is no more exclusivity in terms of sponsors this should be exploited by Fluminense F.C. together with the matchday experience to generate more revenues and reduce the relevance of the broadcasting contracts in the club overall finance sheet.

Official products and stores

Fluminense F.C. plan of franchise stores, with a specialized company running it with fixed contract and royalties, which is already done by other clubs is Brazil, is appropriate and coherent with Fluminense F.C. business unit split management model. Internalize such operation, which has plans to cover different areas of Brazil and foreign countries, is something the club is not structured to do.

Nevertheless partnerships are important; the club should be able to have some control over the sale channels of its brand. Fluminense F.C. e-commerce link going straight to adidas website and the fact that there is no direction for a domain where licensed products are available for purchasing show that the club is way too distance from this topic.

Conclusion

For several years Fluminense F.C. had a solid and sustainable structure, or, at least that was what many would assume. The end of Unimed partnership represents much more than the necessity to search for a new main sponsor, it changes everything.

From club management system, revenue breakdown needs and planning, to football department and marketing strategy, all areas had to move, and quickly. The first and far most important step at this moment was already done, which is to institute professional management, rigorous cost control, settlement for debt payment and market credibility rebuilt.

The challenge for Fluminense F.C., as the data presented herein indicates, is to find ways to compete with its rivals, since its secured one to be among the top teams does not exist anymore - Unimed investments - and its biggest and only recurrent revenue source, TV rights, will year after year represents a bigger financial gap to some of its competitors.

At many aspects Fluminense F.C., accordingly to the concept of Johnson, Christensen and Kagermann (2008), has managed to promote good customer value proposition, such the political right when becoming a member.

However, this has to be translated into the other areas and activities of the club marketing mix, specially taking in consideration the characteristics of its fan base and brand, in order to generate more revenue, create a sustainable strategy and stay competitive.

5.4 BAYERN MUNCHEN FC

5.4.1 Historical background

Although FC Bayern is one of the most successful and storied football clubs in the world it had very modest and turbulent beginnings (FC BAYERN, 2014b). On February 27, 1900 eleven disgruntled members of the MTV München 1879 sports club left because of a dispute among its members over the future of its football division.

The club, primarily focusing on gymnastics and not on football refused to allow its football contingent to join the association of south German football clubs (SFV). Those eleven members would ultimately form what is now FC Bayern (FC BAYERN, 2014b).

As per FC Bayern (2014b), to continue its development and grow team's resources, the club entered into mergers twice early in their existence, a common practice back then in Germany. In 1906, they first merged with Münchner Sports Club, and the second merger occurred in 1919 with Turnverein Jahn, a gymnastics club. It was a common practice for gymnastics clubs to incorporate football clubs or for them to merge despite conflicting interests.

In 1923 and 1924, however, a nationwide separation and distinction between football and other sports including gymnastics was instituted, and FC Bayern became and remains independent to this day (FC BAYERN, 2014b).

The growth of FC Bayern and German football in the 1920s and 1930s, was interrupted by the World War II, which had a universally destructive effect on teams and the game throughout Europe, with competitions suspended, civilians as well as players drafted for duty, and FC Bayern, not only had its operation disrupted but also threatened its very existence (FC BAYERN, 2014c).

Just before that, in a landmark season, FC Bayern won the national title for the very first time in 1932. A year after, Adolf Hitler and the Nazi party came to power and had an immediate effect on FC Bayern, already known as the “Jewish club” in Germany because of its many Jewish officials, players and members (president and coach most notably). FC Bayern was under extreme political pressure from the start. So much that in fact the president was forced to resign from office in March of 1933 (FC BAYERN, 2014b).

Part of the Nazi doctrine was to influence and assume control in all spheres of life, including sports, and football was played even during the War until 1944. Jewish members and players of clubs were announced to be unacceptable, several were pressured to leave and even expelled. Teams lost some of their best players (FC BAYERN, 2014c).

1945, when Germany capitulated and the war was over, cities and football fields laid in ruins, teams were torn apart and the league turned on its head. It would take years for the club to rebuild in the wake of the war. FC Bayern played in the Oberliga Süd from 1945 to 1963, one of the five regional divisions in Germany's revamped league system that covered different states and regions in the country. That system stayed in place until the formation of the Bundesliga in 1963.

For FC Bayern, this was a volatile period. The club bounced up and down the league table for almost two decades. At their worst, they were relegated after finishing 16th in 1954/55 season. To this day, it remains the first and only time the club has ever been relegated from a first division.

The club returned to the first division a year later and gradually began improving their performances. Stability started to be seemed off the field as well, with manufacturers FC Bayern fans stepping in to assist the club financially and one of them took over as the new club president.

In 1963, the Oberliga system was scrapped in favor of a consolidated national league. Because FC Bayern finished only 3rd the year before that they were not admitted to the newly-founded Bundesliga. But it would not take long before FC Bayern joined Germany's top division (FC BAYERN, 2014d).

The 1970's were the true peak of FC Bayern's football power. The club won three consecutive league championships, and in the last of those three seasons (1973/74), FC Bayern took yet another great leap forward and won the European Cup (what is now the UEFA Champions League). It was the first of three consecutive European Cups, matching Ajax Amsterdam's unprecedented feat three years prior. FC Bayern was a domestic and international powerhouse (FC BAYERN, 2014e).

Ingenfeld understands that the worldwide recognition and importance of FC Bayern has much to do with this great generation. They stayed for a long time in FC Bayern because the market was not intense in terms of players rights transaction, and also the coincidence that those same amazing players, completely inserted into the FC Bayern culture, happened to be extremely talented business managers in the future of the club.

What came next for FC Bayern was a period of transition that was as much about reinvention as it was about ensuring long-term success. On one hand were the impossibly high standards set by their predecessors and on the other the challenges of now being an established powerhouse in German football (FC BAYERN, 2014e).

At the heart of FC Bayern's rise in this period of transition was former player turned manager, Uli Hoeness. A successful albeit injury-plagued career forced Hoeness to retire early.

When Hoeness took over as business manager in 1979 the club was in financial distress. The club was in debt and even bankruptcy loomed over them. Hoeness' shrewd business acumen and moves helped FC Bayern not only turn around their financial situation but brought success back on the pitch.

For the following years FC Bayern success was intimately connected to the organization of the Bundesliga. Germany's football federation, by facing poor results and perspectives in the early 2000's, instituted transformational decrees, the 50% +1 rule and the youth academies obligation (FONTEVECCHIA, 2014).

Ingenfeld says that in Europe has become very often a billionaire coming and buying a club, but because of rules in German it would not work - 50% + 1 rule: "FC Bayern earns its money on its own, of course have its investors, its sponsors, but not this guy with 10 Billion on his bank account. So FC Bayern has to take care of its business and cannot take losses every year like those other clubs do".

In this sense, and following this rule, the organization of FC Bayern is pretty unique. Since 2001 professional football runs by the spin-off organization, FC Bayern München AG, which stocks are not listed but are privately owned.

Accordingly to Ingenfeld, FC Bayern decided that the football part would go into a company dived by shares, but not going public, just possible for shares to be sold for sponsors that had the likeability to become longtime partners.

In accordance with the club's statutes and Bundesliga rules, the main shareholder has to be FC Bayern München e.V. (registered football club) association and its members which control 75% of the stocks. The remaining were acquired by three companies, adidas, Audi and Allianz, which are all headquartered in the Free State of Bavaria, holding each an 8,33% stake in the club (TAYLOR, 2014).

In 2002, adidas paid around € 75 Million to take their stake in the club, Audi around € 90 Million in 2010 and 2011, and Allianz made a capital injection of € 110 Million in 2014 (TAYLOR, 2014).

Nowadays, FC Bayern is led most by former club players who have shown extremely strong managerial skills. Uli Hoeness was president from 1979 to 2014, but due to a tax fraud conviction had to resign and the position is now occupied by Karl Hopfner (FC BAYERN, 2014e).

Karl-Heinz Rummenigge is the chairman of the executive board of the AG, and the supervisory board of nine members consists mostly of managers of big German corporations, including top level executives from their sponsors, such as adidas CEO Herbert Heiner.

For Ingenfeld it is clear that the club is always taking its decisions, whereas it's a big advantage to have at the supervisory board management at least one of the top three persons of the best in German industry. And, additionally, the president that gets elected by the members, has more a representative role, whereas those who really have the decision power, within the big decisions, where the big money is involved, all these positions are of the board, where the most professional people are.

FC Bayern has won everything there is to win both nationally and internationally and is a truly international club with millions of fans around the globe. The club has 3,312 fan clubs, more than 187,800 members and is the fifth-most popular football club in Europe with 20,7 Million supporters (FC BAYERN, 2015a).

Throughout the years Bayern has seen some remarkable players and managers such as Franz Beckenbauer, Sepp Maier and Gerd Müller. Players from Bayern Munich have also been essential to the success of the German national team.

Such historic and continuous success has earned Bayern the title of Germany's most famous club (CUMMINGS, 2013).

Table 68: FC Bayern's most relevant football titles over the years

International	#	Date
World Championship	3	1976, 2001 and 2013
UEFA Champions League	5	1973/1974, 1974/1975, 1975/1976, 2000/2001, 2012/2013.
UEFA Europe League	1	1995/1996
UEFA Super Cup	1	2013
National	#	Date
German Championship (Bundesliga)	24	From 1931 to 2013/2014
German Cup	17	From 1956/1957 to 2013/2014
Others	11	From 1956 to 2001
Other tournaments	#	Date
Regional	21	From 1902 until 1964/1965
Friendly	30	From 1971 until 2014

Source: Elaborated by the Author.

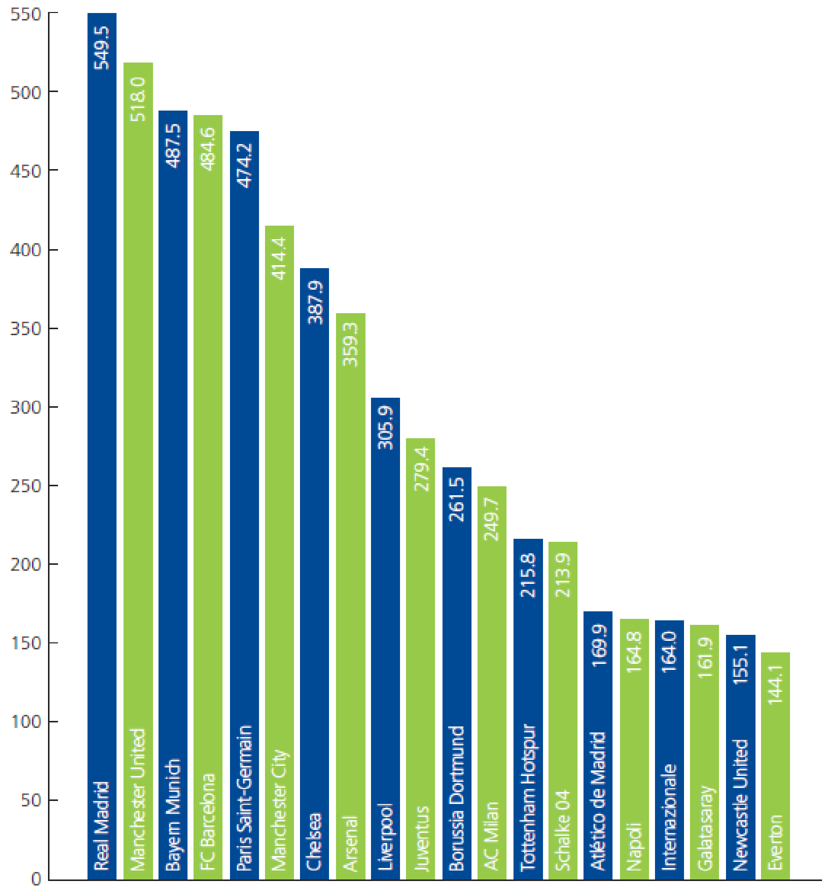
5.4.2 Relevant data

FC Bayern, as presented, run as a private company, and the turnover figure for FC Bayern München AG group (consolidated accounts for FC Bayern München AG, Allianz Arena München Stadion GmbH and all subsidiaries) rose by 22% compared to the previous record figure of € 432,8 Million from the historic treble-winning 2012/13 season. The new record of € 528,7 Million for the 2013/2014 season is easily the largest ever posted by a German football club (FC BAYERN, 2014a).

As per FC Bayer (2014a) football department only, the club has achieved a rose in turnover year-on-year of € 480,0 Million, with € 393,9 Million on 2012/13. In equity capital FC Bayern has reached € 405,0 Million, with an increase in 41% in regards to last year's € 286,8 Million. Accordingly to Dreesen (2014), FC Bayern`s executive board member, this was not all, because: "On top of that, there's the news we've paid off the Allianz Arena, which now belongs to FC Bayern once and for all!"

Deloitte (2015) brings their ranking of the wealthiest clubs in the world, which accounts with information from all revenues streams, presented in audited financial statements of the clubs, their management group, among others.

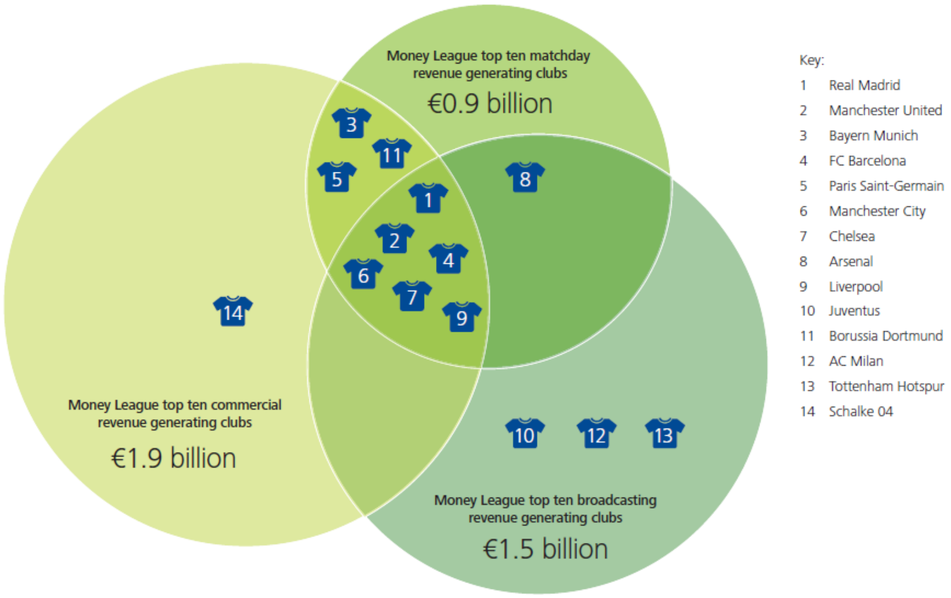
Graph 41: Deloitte Money League revenue ranking 2015 - € (2013/2014 Season)



Source: Deloitte (2015).

Although ranked on the top of the list, FC Bayern has quite a different revenue source balance from the rest of the world wealthiest football clubs.

Graph 42: Deloitte Money League revenue stream (2013/2014 Season)

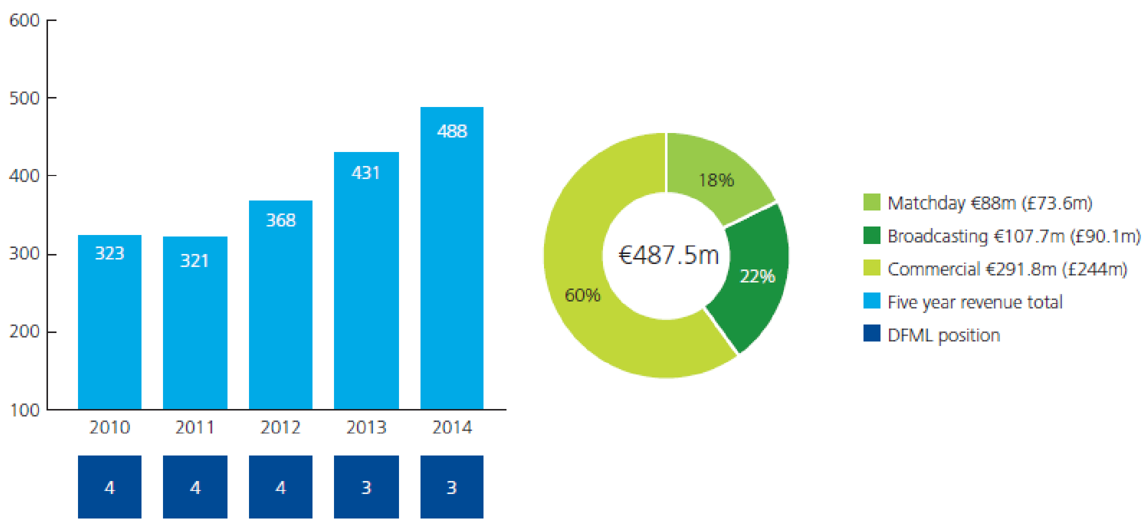


Source: Deloitte (2015).

Real Madrid in the 2013/2014 season had total revenues of € 549,5 Million, 42% in commercial, 37% in broadcasting and 21% in matchday. Manchester United follows the same strategy, € 518 Million total, with 44% in commercial revenues, 31% in broadcasting, and 25% on matchday (DELOITTE, 2015).

As per the following, FC Bayern manages to sustain a unique strategy among the top clubs.

Graph 43: Deloitte Money League (DFML) FC Bayern revenue profile - €M (2013/2014 Season)



Source: Deloitte (2015).

In addition, is important to notice that ticket prices are higher in both England and Spain in comparison to Germany, and also between these clubs and FC Bayern. FC Bayern is world`s number 5 in total fan average, with 71 thousands of fans per match, representing 100% of occupancy on the 2013/14 and on 2012/13 season (PLURI, 2014a).

FC Bayern had in the 2013/2014 season its record in revenues, € 487,5 Million, with 13% growth. This was the first year of a four-year deal extension with its main sponsor, of new partnerships and renewals, among other events that made the sponsorship and marketing revenue segment reach € 117,7 Million (DELOITTE, 2014a).

Nevertheless, the biggest improvement was in merchandising sales, with an increase of 27%, a total revenue of € 105,2 Million, supported by the sale of 1,3 Million replica jerseys, more than all other Bundesliga teams together, which can be partially explained by the reported 300 Million fans worldwide and its continue internationalization process (DELOITTE, 2015).

FC Bayern is truly a powerhouse among the sporting elite, growing revenues nearly 20% year-over-year to just under $ 600 million last season, with a combining fortress balance sheet (with no debt and $373 million in shareholders' equity), and more, the club have created an inimitable business model that offers massive upsides (FONTEVECCHIA, 2014).

Major rivals like Manchester United and Real Madrid have extensively tapped their domestic markets, and lately have grown on the back of Asia and more recently the U.S.A. FC Bayern, much like successful U.S.A.'s sports teams, has thrived domestically given the commercial depth of the German market. With € 328 Million, its commercial revenues are the highest of any football team (FONTEVECCHIA, 2014).

Cummings (2013) states that FC Bayern is an exception in professional football as it has turned profit each of the last 20 years, while other clubs often report losses, realizing transfers via loans for examples. As per Rummenigge (2013), FC Bayern always had one philosophy, and that is not to spend more than generate, since the very beginning of his executive role.

FC Bayern always owes their own profits, there was never the case that they would compromise future revenues for earlier cash and so on (INGENFELD).

5.4.3 Marketing Strategy

FC Bayern managed to climb all the way to the top espousing the principles of financial stability while keeping close to their roots (FONTEVECCHIA, 2014). Ingenfeld shares this opinion:

> FC Bayern loves to present itself as a club from Bavaria, with typical habits, they all go to Oktoberfest, dress in traditional clothes, etc. Have this regional ID, but being a worldwide brand. This is something that is really hard to manage, but they do it very successfully. And this can be seen by the big number of members, now the number one in the world. However, I don't think there is a receipt to it.

FC Bayern differs greatly from other European top clubs in their income composition, and while other clubs derive more than 35% of their revenues from broadcasting right, FC Bayern earns only 22% from this segment, much because the way they are negotiated in Germany. As mentioned, the league negotiates and the shares are distributed taking in account performance, fan base and an equal share to all Bundesliga clubs.

The key to FC Bayern's big revenues actually comes from its ability to intertwine with corporate titans rather than shun them (THE ECONOMIST, 2013).

FC Bayern generates the greatest share of its revenue via commercial interests. This indicates that FC Bayern has a strong, committed network of sponsors and a dedicated fan base that is willing and able to spend significant sums of money on the club. FC Bayern is in a more stable financial position than other elite clubs that depend heavily on fluctuating TV contracts (CUMMINGS, 2013).

In this sense, Ingenfeld reinforces the importance of FC Bayern's brand, and the efforts to protect it, including the biggest club reference:

> Protecting your brand is also a matter of protecting your jersey. How do you choose your sponsors and partners? How many, what colors, how does it look, etc.? All will at some point reflect your fan identification and the brand value perceived.

Corporate tie-ins are not unusual, but FC Bayern is unusually adept at such alliances, in part because Germany is the largest commercial market in Europe and FC Bayern is its most supported club, but also for its particularly strong roster of blue chip companies, where it have seemingly become an arc of a virtuous circle. Business success has helped FC Bayern foment success on the field, which in turn grows the business (THE ECONOMIST, 2013).

Brand Finance (2014), which ranks FC Bayern as number one brands among football clubs in the world with brand value of € 659 Million and rating AAA, states that: whilst trophies are clearly critical for FC Bayern brand, the club's financial stability and scale also play a very significant role.

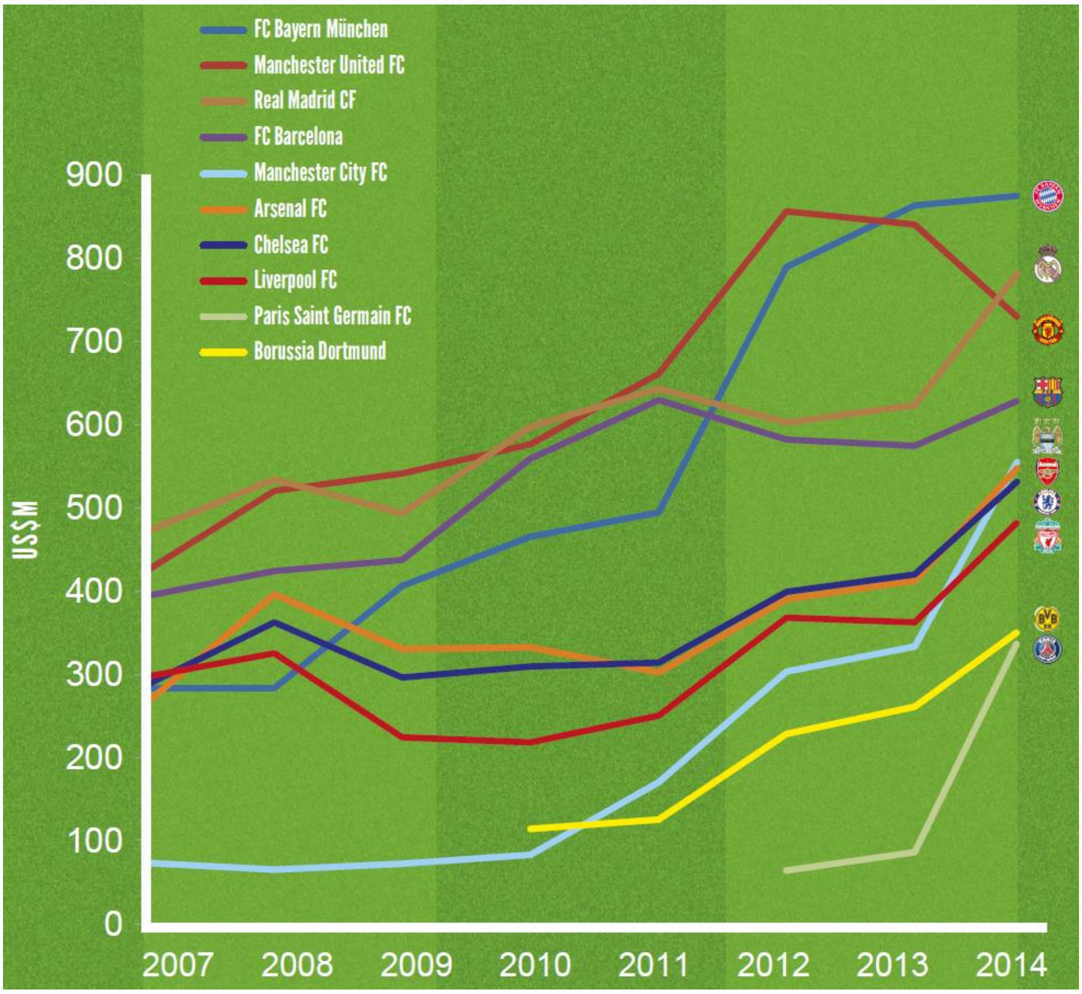
The Brand Finance rank uses as methodology to find football club brand value its brand strength, composed by brand investment, brand driver performance, business performance and stakeholder opinion; with sectorial rate comparison and forecast of clubs' revenues (BRAND FINANCE, 2014).

Table 69: Top 10 world most valuable football club brands

2014 RANK	2013 RANK	CLUB	BRAND VALUE 2014 (US$ Million)	(£ GBP)	(€ Euros)	LEAGUE	COUNTRY
1	1	FC Bayern München	896	534	659	Bundesliga	
2	3	Real Madrid CF	768	457	565	La Liga	
3	2	Manchester United FC	739	440	543	Premier League	
4	4	FC Barcelona	622	370	457	La Liga	
5	8	Manchester City FC	510	304	375	Premier League	
6	6	Arsenal FC	505	300	371	Premier League	
7	5	Chelsea FC	502	299	369	Premier League	
8	7	Liverpool FC	469	279	345	Premier League	
9	10	Borussia Dortmund	327	195	240	Bundesliga	
10	24	Paris Saint-Germain FC	324	193	238	Ligue 1	

Source: Brand Finance (2014).

Graph 44: Top 10 world most valuable football club brands evolution



Source: Brand Finance (2014).

The club that now has 25% equity ownership stakes spread across three of its prominent commercial partners – adidas, Audi and Allianz -, shows the commitment of large brands to get more involved with the club. As an example, a term stipulated in the equity sale allows Allianz the option to renew its current stadium naming deal until 2041 showing the longer term outlook characteristic (BRAND FINANCE, 2014).

Ingenfeld adds that even those sponsors that own shares of FC Bayern, they do not get money from the club and they are just closer connected to it. All those companies have a person in the board that controls the area of its interest, managing in a certain way to guarantee the good administration of the investment done.

Membership program

Following the 50%+1 rule implemented by the Bundesliga in 2000, the ownership structures of German clubs differ significantly from other European leagues; specifically, they are majority owned by the fans themselves (BRAND FINANCE, 2014).

FC Bayern President Hopfner stated at the annual meeting in November, 2014: “I’ve said I was hopeful we’d soon be the world’s biggest sports club. We’ve hit that target” (FC BAYERN, 2014f).

This announcement was done in correspondence of the total of 251,315 members registered at FC Bayern, and received loud applauses from the 2,421 members attending the meeting. FC Bayern has overtaken previous leaders Benfica of Lisbon (235,000 members), and Barcelona (177,246 members) (FC BAYERN, 2014f).

Ingenfeld sees that the number of member is growing really fast, "I am a member for 12 years and I was number 46 thousand. And by them FC Bayern was big, was already there, and getting 7 or 8 times more members afterwards, is pretty impressive."

In terms of official fan clubs, the latest total of 3,774 registered clubs with 293,607 members is also a new record. Also the FCB KidsClub has proved a rousing success too, with 32,249 six to twelve year-old members (FC BAYERN, 2014f).

Each of FC Bayern members pay € 65.00 each year (BRAND FINANCE, 2014), creating a structure which is fundamental to the operation of the club and how the brand is positioned. It has motivated FC Bayern’s sensitive handling of both commercial targets and fan requests.

Ingenfeld highlights the fact that members can vote for president, but also depending on the relevance of the topic be consulted about investments. He brings the example whereas when FC Bayern decided to invest heavily in basketball, the club wrote every member a letter asking for their opinion, if they wanted a strong basketball team.

In sum, FC Bayern stated to their members that they would have to invest millions, create a new arena, sign players, and that they would not make this move just to have a basketball team, they wanted to have it only and if the members also wanted and would come to support the team in the new arena.

As result there was an overwhelming yes. The team was created, won the German title for the first time in 2014, there are good averages of spectators in the arena and after three years it has paid back the initial investment. This is considered as a targeted example: the club shows what and why they want to do something, but it would only be done if the fans are going to support it (INGENFELD).

However, the biggest benefit of being a FC Bayern member is to be entitled to apply for tickets. Season after season, tickets for FC Bayern are sold-out even before the start of the season (FC BAYERN, 2015b). Not even for member tickets are guaranteed, which happens is that members and registered fan clubs of FC Bayern receive preferential treatment when tickets are distributed (FC BAYERN, 2015b).

Additionally, world leading Allianz Arena contains both standing sections (with tickets starting at just €10.00) and some of the best corporate hospitality facilities in the world (BRAND FINANCE, 2014).

There is a possibility to buy season tickets, which is also limited to a certain number of spots to give more people a chance to watch the team playing and experience the Allianz Arena.

Table 70: FC Bayern's home-matches tickets availability (2014/2015 Season)

Total capacity Allianz Arena	75,000
Season tickets (incl. boxes)	38,000
Away team quota	6,700
Fanclubs quota	10,000
Online Ticketing	3,500
Others	2,500
Matchday available tickets	**10,300**

Source: Adapted by the Author from FC Bayern (2015b).

Finally, about the correlation between numbers of fans, their expectations, benefits perception and FC Bayern's limitations and interest, Ingenfeld alerts:

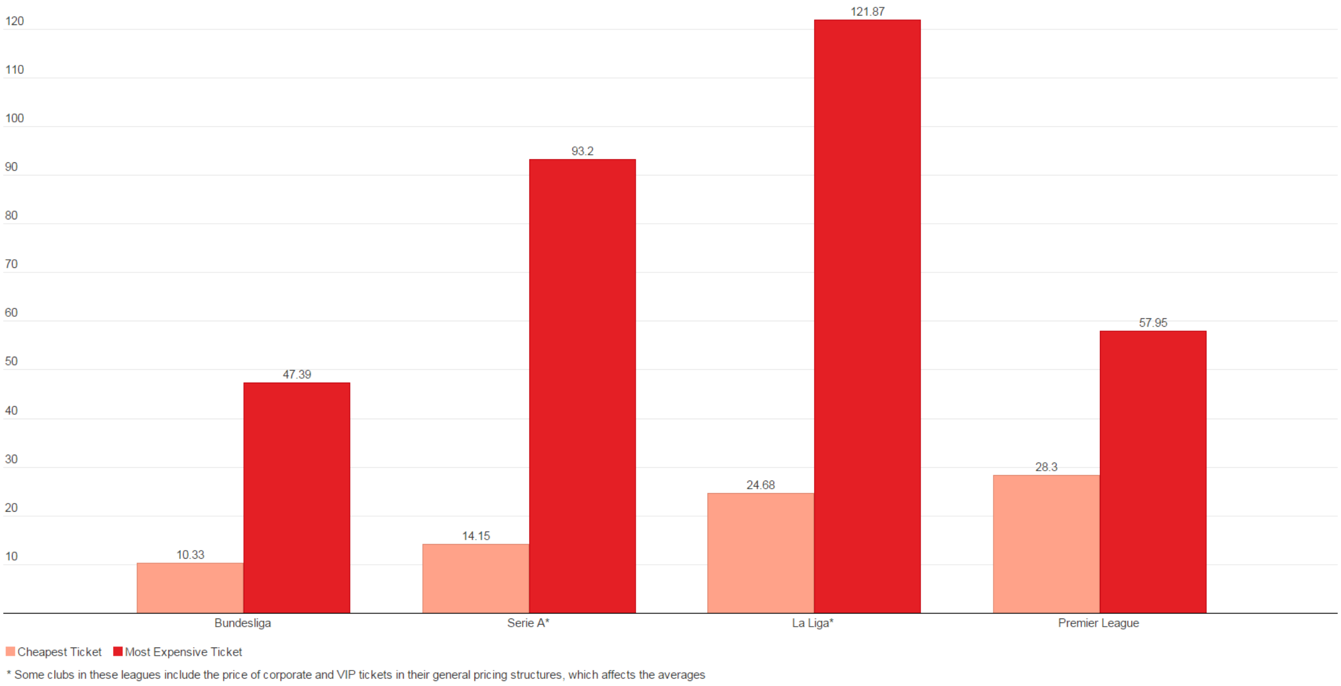
> The job is not to frustrate the fans. There is a limit which the club can provide, by that 75 thousand seats at the stadium. So, every member can call and ask for a ticket, if you are not a member you cannot event ask for tickets. We are talking about a club that is sold out every match since they have their new stadium. How do you guarantee that this is still attractive for a member if the chance to go to games with every new member is getting lower? FC Bayern does bring fans to the training, or go to Asia, or to USA to do some marketing there, where there is also a huge amount of fans. That's a really up to date question. How to maintain its attractiveness for fans?

It cannot be answered now and it will stay for the next 5-10 years. How to worldwide grow and keep its identity and closed to its roots and fans?

Ticket price policy

The German League is fan-oriented, charging much less for tickets (SULAHIAN, 2014).

Graph 45: Average matchday ticket prices European Big 4 Leagues (£)



Source: Sulahian (2014).

Indeed, low ticket prices mean Bundesliga matches are almost always sold out: last season, FC Bayern's average home league match attendance exceeded 71 thousand giving the club the fifth highest average matchday revenue of any team at U$ 4,4 Million per game (FONTEVECCHIA, 2014).

Bundesliga is low-price ticket oriented, ranking 9th in relative football ticket price and average individual income of the country (PLURI, 2014a).

Besides the relative low-priced tickets, there are reduced member prices, which are limited to one ticket per member. Holders of annual season tickets do not receive a member discount for day tickets and there is no member discount for DFB cup matches. Children up to the age of 14, severely disabled persons and retired persons from the age of 65 are entitle to a 50% discount for all seats (FC BAYERN, 2015c).

About ticket prices, Ingenfeld states:

> Ticket is always something that FC Bayern tries to protect. In the whole world people are watching FC Bayern against Real Madrid in the Champions League semi-final, so it's a sport event of absolute major interest and it goes a certain ticket price along with it. But, however, FC Bayern still has their local fans that came every time they play, to make the noise and help the team. The compromise they did is very unique, keeping a percentage of the tickets at a ridiculous low price I would say for the team and level of the experience that you have. And thereafter, you can go to up to hundreds of skybox and VIPs seats, and there is where you put the hammer and make it work for everyone.

FC Bayern is in accordance with the Bundesliga policy and is its biggest actor. FC Bayern derived from its revenues on matchdays' one of the lowest among the top richest clubs in Europe, which can make little sense considering FC Bayern plays in the Allianz Arena, a 70,000-plus-seat top-class venue that opened in 2005 always full (CUMMINGS, 2013).

The reason for the lower total is ticket prices. FC Bayern charges an adult fan the equivalent of £104 for a season ticket in the standing-section (SHERGOLD, 2013). Hoeness (2013) says that FC Bayern "does not think the fans are like cows, whom you milk," and that "football has got to be for everybody".

Table 71: Comparison of English Premier League and Bundesliga Season Tickets - £ (2012-2013 Season)

PREMIER LEAGUE	BUNDESLIGA
Arsenal £985-£1,955	**Augsburg** £274-£469
Aston Villa £295-£580 (Earlybird), £325-£595 afterwards	**Bayer Leverkusen** £133-£450
Chelsea £595-£1,250	**Bayern Munich** £104-£540
Everton £399-£597.60 (Earlybird), £443-£672 afterwards	**Borussia Dortmund** £303-£823
Fulham £399-£597.60 (Earlybird), £499-£959	**Borussia Monchengladbach** £274-£511
Liverpool £725-£780	**Eintracht Frankfurt** £267-£635
Manchester City £275-£745	**Fortuna Dusseldorf** £212-£574
Manchester United £532-£950	**Freiburg** £307-£590
Newcastle United £373-£717	**Greuther Furth** £258-£407
Norwich City £547-£608	**Hamburg** £230-£603
Queens Park Rangers £499-£949	**Hannover** £75-£278
Reading £375-425 (Earlybird), £525-£595	**Hoffenheim** £212-£475
Stoke City £399-£599	**Mainz** £155-£516
Sunderland £425-£525	**Nuremburg** £200-£729
Swansea City £449-£499	**Schalke 04** £303-£735
Tottenham Hotspur £730-£1,845	**Stuttgart** £145-£607
West Bromwich Albion £349-£449	**Werder Bremen** £141-£498
West Ham United £600-£850	**Wolfsburg** £174-£450
Wigan Athletic £255-£350	

Source: Shergold (2013).

Acknowledging that comparing ticket prices from country to country is difficult, FC Bayern's prices are very low, that it could charge more for tickets and make more in matchday revenues, but decided to not do it. In choosing to charge less, FC Bayern maintains a happy and effective balance between fans and the bottom line (CUMMINGS, 2013).

Stadium management

Following on from the Grünwald Stadium and later the Olympic Stadium, a stunning ground in the north of Munich is now the third home venue in FC Bayern's long Bundesliga history. And certainly is the most spectacular, being considered Europe's most modern stadium with a capacity of more than 70,000, and already established itself in the collective conscience of football fans all over the world within a short timescale (FC BAYERN, 2015d).

When in 2001 Germany was selected to host the 2006 World Cup, Rummenigge (2014b) said that FC Bayern wanted to build a new stadium, and needed fresh money to do so. Therefore they sold a stake to adidas.

Particular pride can be taken by the fact that the Allianz Arena was positively welcomed by the Munich public, whereas in a referendum held in the autumn of 2001 an overwhelming majority of 65.8% of Munich citizens voted in favor of the project construction. A few years later FC Bayern faced Germany national team on May 31st, 2005 for the opening match in the Arena (FC BAYERN, 2015d).

After initially sharing ownership with another club, TSV 1860 Munich, FC Bayern became in 2014 the fully and only owner of the venue and leases it back to its former partners (THE ECONOMIST, 2013).

Around two million fans visit the stadium every season with all 75,000 available seats and standing places being sold out for all 17 Bundesliga home games, and as a rule, shortly after the Bundesliga fixtures are announced at the beginning of July of each year, more than half of FC Bayern's league games in the Allianz Arena sell out at once (FC BAYERN, 2015d).

Alongside with the stars of the team, FC Bayern (2015d) considers that the fact fans can also expect to be well looked after, both before and after the game, including 6,000m² of catering facilities, which take care of culinary requirements, and Europe's biggest multi-storey car park, that provides nearly 10,000 parking spaces, also plays a big role.

Another stadium point of attraction is the FCB Erlebniswelt, club museum which tells the absorbing story of the club in an interactive installation covering more than 3,000 m² opened in 2012, which is a must–see attraction for thousands of the five million visitors to Munich every year (FC BAYERN, 2015d).

FC Bayern (2015d), within its commercial revenue orientation, managed that after experiencing the FCB Erlebniswelt, visitors enter the a gigantic FC Bayern Megastore, where official merchandise club dedicated fills almost 1,000 m², and is the widest range offered by any Bundesliga club with more than 500 items for fans.

The Arena is able to match the needs of a broad range of supporters, since there are 13,500 reasonably priced tickets for the standing terraces at Bundesliga games in one hand, and on the other 2,200 business seats and 106 executive boxes with a total of 1,374 seats provide the perfect surroundings for entertaining and business (FC BAYERN, 2015d). The stadium's corporate boxes alone generate more than € 15 Million each year in revenue (WEBB, 2014).

FC Bayern also collects all the other revenue generated from the stadium throughout the year from concerts, German national team games and, on top of all, Allianz, is paying a reported € 8 Million per year for 30 years of naming rights to the stadium (THE ECONOMIST, 2013)

Brand exposition

Although FC Bayern is a force to be considered, it is behind teams of England`s Premier League in international stands. FC Bayern's increase in international recognition has to be a handicap for the Bundesliga's own expansion (WEBB, 2014).

Rummenigge (2014b) about this topic understands that FC Bayern can't stand alone against English football, for which the whole league needs to be more competitive, both on and off the pitch. Football is all about emotion, and emotion comes when competitions are close, supporting the strength of the league for its own success abroad.

In this sense, accordingly to Fontevecchia (2014), 21st Century Fox's recently signed a new deal to broadcast the Bundesliga in 80 countries including the U.S.A. taking into account the quality of the performance and on FC Bayern.

International expansion is a must, and FC Bayern's is in the midst of opening offices in New York and China. U.S.A. is considered a priority, and in this sense the first squad, which counts with superstars like Frank Ribery, Arjen Robben, and Bastian Schweinsteiger went to Portland during 2014 summer to face off with the MLS All-Stars and then play another match in New York (FONTEVECCHIA, 2014).

Rummenigge (2014b) explains that while they are obviously willing to make money, they are not going to U.S.A. to 'cash in'; their goal is to build partnerships, whereas monetizing abroad is essential in achieving longer-term financial stability. Ingenfeld states that on brand exposition adidas partnership helps, as is possible to go anywhere in the world and there will be a retailer selling a FC Bayern jersey.

FC Bayern is looking to use the current strong partnerships it has in Germany to increase its fan base in Asia and U.S.A. The club plans to use their partners' knowledge and global networks as it seeks to translate prowess on the pitch into bigger brand recognition out of it (WEBB, 2014).

Accordingly to Webb (2014) partners' expertise can translate into sales, using as example the six-year sponsorship deal of FC Bayern with Deutsche Post AG's DHL, whereas the logistics provider will set up a web-commerce network for the club.

In this sense Rummenigge (2014b) said that: "With DHL we will now be able to have a FC Bayern shirt with someone in Beijing within 48 hours. This worldwide e-commerce is very important for our internationalization. We are building online shops in each country's language."

Finally, the challenge for FC Bayern is to make the brand global. And in this sense, the club has recruited a new Board director, Jörg Wacker, with the job title of 'Director of Internationalization and Strategy' (BRAND FINANCE, 2014).

Ingenfeld sees that this international approach for FC Bayern is the topic of the moment: "Because at some point you cannot sell jerseys in Germany anymore, you have to sell it somewhere else. So of course this path has to be long and not compromise where you are from, because otherwise you are just another brand."

Fan relationship

Accordingly to FC Bayern (2015e), there are more than 3,800 FC Bayern Fan Clubs worldwide, including over 285,000 registered FC Bayern fans. They're based in every corner of Germany, and around the globe, from China to Mombasa, and from the Philippines to Iran.

It is possible to stay completely up-to-date with news and developments at FC Bayern via social media platforms, chat with friends via myFCB, comment on and 'like' images and videos on Facebook, follow the club on Twitter and watch exclusive video clips on YouTube. Also, for FC Bayern fans in China, there are exclusive channels presented on local social media (FC BAYERN, 2015e).

Table 72: FC Bayern's social media network

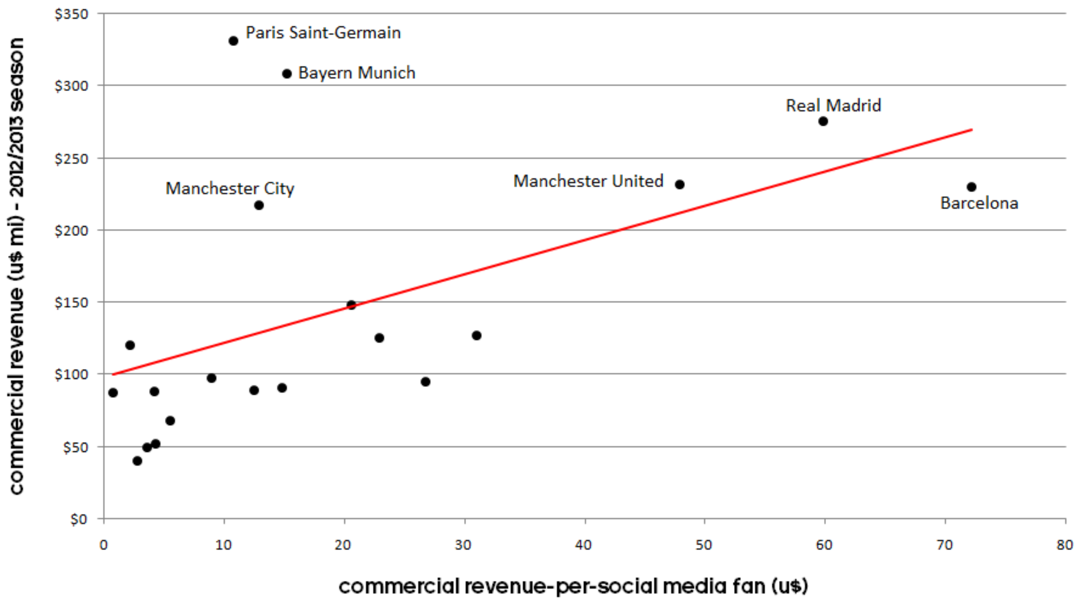
FC Bayern facebook	facebook.com/FCBayern	26.634.060 followers
FC Bayern Community	myfcb.de	Individual Fan profile, fan clubs, groups, events, forum, news.
Allianz Arena facebook	facebook.com/FCBAllianzArena	970.145 followers
FC Bayern Mascot (Berni) and FCB KidsClub facebook	facebook.com/FCBerni	367.858 followers
FC Bayern Twitter	twitter.com/FCBayern	1.830.000 followers
FC Bayern Google +	plus.google.com/+fcbayern	2.174.134 followers
FC Bayern YouTube Channel	youtube.com/user/fcbayern	284.408 subscribers
FC Bayern Instagram	instagram.com/fcbayern	1.600.000 followers
FC Bayern Tencent (China social media network)	e.t.qq.com/Fcbayern	2.571.180 followers
FC Bayern Sina Weibo (Chinese micro blogging service)	weibo.com/fcbayern	1.887.726 subscribers

Source: Elaborated by the Author.

FC Bayern also has its FCB.tv online, with different packages, free and paid plans for subscribers of all levels around the world, and FC Bayern Apps, free for download, and contents such as: news; FCB.tv videos (requires an FCB.tv account); Web Radio (requires an FCB.tv account); fan shop; live ticker; fixtures and results; standings; photo galleries; and players profile (FC BAYERN, 2015e).

As per Ozanian (2014), is possible to measure the effectiveness of football clubs social media strategy by dividing club`s commercial revenue (sponsorship and merchandising revenue) by the sum of their Facebook and Twitter fans.

Graph 46: Football team social media fans in relation to commercial revenue



Source: Ozanian (2014).

Together with FC Bayern, other German clubs are on the top of the list, which in accordance to Ozanian (2014) indicates that they manage to get the most out of their exposition, outperforming revenue wise their global popularity – note that Paris Saint-Germain`s and Manchester City’s ratio is somewhat distorted because of the great commercial support it gets from the Middle East.

Sponsors

FC Bayern has many levels of sponsors, usually long-term deals with global and local, regional companies. Not rare the relation is much stronger than sponsorship, including the shareholding examples of adidas, Audi and Allianz.

Table 73: FC Bayern's sponsors (2015)

Main Sponsors	Premium Partners	Classic Partners
T-Mobile	bwin	Adelholzener
adidas	DHL	Bayern3
Audi	HypoVereinsbank	Coca-Cola zero
Allianz	Lufthansa	Flyeralarm
	Paulaner	Giorgio Armani
	SAP	Henkel
	Yingli	Hublot
		Man
		Philips
		Samsung
		Nestle
		Schaeffler
		Siemens
		spg.
		Thomas Sabo
		Trentino

Source: Adapted by the Author from FC Bayern (2015f).

Accordingly to The Economist (2013), corporate partnerships are inserted on the share of commercial revenue and that accounts for more than half of FC Bayern's total revenue. The club is reluctant to discuss these relationships; however, they are on full display, as for example, when Jupp Heynckes, FC Bayern's outgoing coach, held his farewell press conference on June 4th, 2013.

A Samsung smart phone pinned to his microphone rotated ads for Audi, adidas and Deutsche Telekom. Bottled drinks from Coca-Cola, Paulaner non-alcoholic beer and Adelholzener lined the table in front of him, while behind him, the club had plastered logos for Bwin, HypoVereinsbank, Imtech, s.Oliver, Continental, Lufthansa, Yingli Solar and more (THE ECOMONIST, 2013).

FC Bayern manages to provide unique value to its partnerships, and for Ghislandi (2013) FC Bayern is focused on marketing and merchandising, which resulted in the selling of 830.000 replica shirts and earn from their main sponsor (Deutsche Telekom) and kit manufacturer (adidas) contributions of € 50 Million per year.

TV rights agreements

TV rights for German football are negotiated by the DFL, and the division between clubs uses the performance in the last 4 years, fan base and a fixed share for all (IBBA, 2014).

This revenue sharing system, differently from many other leagues in the world, motivates clubs to search for other resources. Which they do, and do it well, especially FC Bayern, from which TV rights, including the revenues from European tournaments, such as the UEFA Champions League, represents 22% of the total (DELOITTE, 2015). Nevertheless, is still the second revenue of the club even much behind commercial ones; that includes sponsorships and merchandising.

In this segment brand internalization of FC Bayern and the Bundesliga, as planned, can also impulse revenues. As per Fontevecchia (2014), FC Bayern's latest victories along with the performance of the German teams, that boosted the international deal through 21st Century Fox, will take the Bundesliga's revenues from a meager $91 million up to a reported $150 million per season starting in 2015.

Official products and stores

FC Bayern earned throughout merchandising sales €105,2 Million in the 2013/2014 season, with an increase of 27% in this segment (DELOITTE, 2015). Much can be explained by its offer of products and locations.

Together with the Megastore at Allianz Arena, FC Bayern has ten official owned fan-shops, all located in Germany (FC Bayerng), and has plans to open a fan-shop in the U.S.A. soon.

The online-shop gives automatically 10% discount to club members, can be accessed anywhere in the world, delivers products all around the globe, has its content in German, English and Japanese, and additionally there is an official FC Bayern USA online store (FC BAYERN, 2015g). Fan catalogue is also available.

The range of products goes from jerseys to underwear, including everything in between, for men, women, kids, babies, winter, summer, home, school, office, stadium, travels, games, bed & bathroom, customization of products and more. Additionally, FC Bayern has miles partnership with Lufthansa Airline Company for fan-shop purchasing (FC BAYERN, 2015g).

5.4.4 FC Bayern Case Summary Report

FC Bayern is recognized to be one of the most successful clubs on and of the pitch, and also as a top football brand. The early ages of the club were much different than today's reality, which shows that the structure and culture implement in the past provide extremely good results.

The uniqueness in the relation with its stakeholders, highlighting the fans and its sponsors, place FC Bayern very well in terms of creating a sustainable and profitable strategy in the long run.

As European football increases every year its competitiveness, including the competition for new resources overseas, FC Bayern have indeed several challenges for which it needs to respond to maintain its position among the world elite.

Finally, is relevant to point out that at the same time local culture, industry and football system helps FC Bayern to grow and manage such extraordinary business model, it also restrain its power to fight against other football clubs from different markets in terms of revenues, especially because of TV broadcasting arrangements. The greatest advantage of FC Bayern is its capability to think global, be global, but at the same act local and close to the club's roots.

Historical Background

The history of FC Bayern is closely connected to the history of Germany, and the fact FC Bayern’s past was hugely influenced by the war period plays a considerable role in terms of cultural aspects inside the organization. As in other industries, German organizations manage to rebuilt its operations and succeed, with a meritocratic, individualist, target focused and professionalism culture, all aligned with the studies of Hofstede, Hofstede and Minkov (2010) and Lewis (2006).

Additionally, the fact that managers of FC Bayern are also former players of the club contributed to bring credibility and identification for the executive part of the club. The ideal of clearing all debts and operating always on a positive operational financial plan date from decades ago, revealing that the long-term plan settle was followed.

For all German clubs, and also the national team, the structural changes forced by the DFB were fundamental for the future achievements, performance and management wise. The possibility to run as a corporation, together with the necessity to keep the major control within its members, provided the resources necessary to compete in a global level and maintain the connection to its original fan base.

Relevant Data

FC Bayern's financial data is definitely impressive in absolute, but also in relative terms. The turnover superior to a half Billion Euros represents this incredible possibility to generate revenues and maintain a controlled split by the different segments. FC Bayern does it much better than the rest of its peers on the top clubs list.

The club manages to have, by far, its biggest income from commercial deals, including sponsorship deals, licensed products, merchandising, etc. This reveals that the power comes from a relation with its fan base, credibility and strong positive brand image of FC Bayern.

As seen, despite the fact matchday is the lowest resource channel; this has a simple explanation that is the ticket price policy, the cheapest among the European most relevant leagues.

The importance of this strategy is seem in the appeal that a stadium such as Allianz Arena, sold out every game, provide for sponsors to be connected to that event, and the perception of the club among the fans and the society. The trade-off set herein as Porter (1996) suggests, reveals itself as favorable for FC Bayern in the overall club strategy.

Marketing Strategy

Bundesliga and FC Bayern are fan focused. From pricing the matchday experience, until the relation of players and club with the community. Although operations and visibility are global, the roots and culture are still pretty much from Bavaria.

As stated by Cummings (2013) FC Bayern greatest revenue share is via commercial interests, which shows a strong and loyal network of sponsors and fans that spend relevant money directly or indirectly on the club. This represents strong brand positive image and financial and managerial independency.

This strategy managed to put FC Bayern on the lead of valuable brands of football clubs. What impresses the most at this study conducted by Brand Finance (2014) is that they take into consideration in that analyses business performance, stakeholder opinion and forecast of clubs revenues. FC Bayern has worked on the development of these strengths throughout its history, and it has paid off in terms of overall revenues and recognition.

This can be ultimately represented by the three German blue ship companies that sponsor FC Bayern. They have invested in the club trough sponsoring and purchase of shares, have members on the advisory board of the club, and don't have and do not expect any financial direct returns for those shares.

Membership Program

FC Bayern is the biggest club in the world also in regards to the number of official members. This comes in a program that at the same time provide fans to have political rights, ticket benefits and a strong team performance.

The perception stated earlier by Ingenfeld is the biggest challenge for FC Bayern in the near future. How to not frustrate the fans if stadium capability is limited, the chances to attend matches are lowering every day, and the team is more often abroad trying to obtain new markets for its brand?

Ticket price policy

FC Bayern, but also the Bundesliga, is low-price ticket oriented. In addition to that, the interest and relevance of each individual match is higher than the average because German teams play less than the average during a season.

The statements of Ingenfeld, whereas FC Bayern guarantees that its loyal fans will attend every match at decent prices, making profit from skybox and hospitality packages; and from Hoeness (2013), whereas the club cannot exploit the fans and football has got to be for everybody; reveals a strong culture and clear strategy of the club. For its biggest product - the football match - and for its most relevant stakeholder - the fan.

Stadium Management

FC Bayern until the construction of the Allianz Arena played in the Olympic Stadium of Munich. Now the club owns its facility, individually and clear of debts, which is a major pride for its managers and fans, but also a true revenue resource.

Following the concept of caring about the fan experience and relation to the club, FC Bayern has also invested heavily in creating the best matchday experience for the fan.

From accessible ticket prices, to parking and catering, including everything in between, such as museum and official fan shop. Considerably benefit from those secondary resources, as suggested by Mullin, Hardy and Sutton (2004).

Together with the revenue generated by the tickets and fan stadium usage FC Bayern has expressive financial earnings with sponsors and partners of the stadium. The biggest is Allianz Arena naming rights deal. That has brand exposed, but also connected to the club, to the team, to the stadium environment and to the experience of anyone who goes to there, which as per Mullin, Hardy and Sutton (2004) represents sharing in a positive way brand credibility.

Brand exposition

This topic is where FC Bayern falls behind other major European clubs. The German football in general took longer to go overseas and expose clubs brand and capitalize from those markets.

Nevertheless, FC Bayern has accepted that challenge as has promoted interesting practices to close this gap and be successful as well. To mention a few relevant ones, FC Bayern has a director only for international affairs of its brand, has opened an office in New York, done training camps in Asia, Middle East and U.S.A., signed world famous players and coach, settle official communication and sales channels in several languages and formats, and the partnering up with existing sponsors to expand its brand visibility and accessibility elsewhere in the world (e.g. DHL and adidas).

It seems appropriate that FC Bayern will is to replicate the same strategy placed in Germany, special in terms of commercial partners and fans identification. The issue here is that the team will not be performing, at least frequently, outside of Germany and Europe.

Fan Relationship

FC Bayern is fan oriented. They understand and value that, returning this in support, loyalty to the club and its partners, stadium attendance, purchasing and more. Together with the so called traditional tools for fan engagement, the club has an extensive number of channels on the social media for fans to connect with the club; some even designed and managed for a specific market (e.g. Tencent and Weibo for China).

From the data brought by Ozanian (2014), which shows FC Bayern with a much more productive conversion rate of social media fans into commercial revenues than the top European clubs, what can be consider is that on social media there is a reinforcement of the strategy being placed by the club. Whereas the existing fans not only 'like' FC Bayern online, but are also closely connected to it and are active consumers.

Sponsors

Mentioned herein, much of FC Bayern success resides in the relation the club has with sponsors and partners. FC Bayern takes into a whole other level the concept of sponsorship being much more than on element of the marketing mix, as presented by Mullin, Hardy and Sutton (2004).

The uniqueness in FC Bayern model, whereas the main sponsors are shareholders of the club, have members in the board, and help the club business and brand exposition in its field of operation, enables FC Bayern to have such relevant commercial revenue, in absolute and relative terms, and creates a sustainable strategy in the long-term.

It is acknowledge by specialized media that FC Bayern has the most stable and reliable operational system, much because of its relation with its sponsors.

As an example of this success, adidas, 50 years plus as sponsor of FC Bayern, shareholder of the club, and with its CEO as a board member, has proudly announced the renew of the contract with the club for another 10 years, on which the value committed was a record for the parties.

About this extension, adidas CEO Hainer commented: "adidas and FC Bayern Munich are united by far more than just a partnership of many years as sponsor and supplier. Our partnership is a unique story of success to which we have added another outstanding chapter with the extension of our agreement" (ADIDAS, 2015).

TV rights agreement

FC Bayern understands that TV rights revenue should be split in a way that it can guarantee the survival of its opponents, at risk that the interest of FC Bayern's matches are reduced if the other teams are not competitive.

However, it is also necessary to look for the expansion of this revenue, not by changing the model but increasing the amount in total. This has to be increase in order to compete in European top level.

Not depend of this resource is definitely a positive aspect of FC Bayern's strategy, and should be maintained and enhanced if possible. Nevertheless, as the most important player of German football industry, it has to push for consistent increments of the investments on this segment.

Official products and stores

Although the range of products is impressive, together with the number of licensed companies to produce them, the number of FC Bayern official fan-shops (all owned and ran by the club) is limited and located only in Germany.

As part of the expansion plan of the brand, that already includes the opening of an official fan-shop in the U.S.A., more stores at different location should be considered, specially for the basic, lower price licensed products of the club that cannot be found on adidas and retail stores around the globe, where indeed the club has a great exposition without much effort.

Conclusion

FC Bayern continuous exceptional performance, on and off the field, is intimately related to the strong culture implemented by the club, at all levels of its structure. It dates from the 80's, where the club had financial difficulties, and to the rules imposed by the DFB, that forced the clubs to create this professional structure in order to receive private corporate investments.

This mentality can also be seem in the squad the club has, which generates fan identification and unconditional support, factor extremely relevant for sports business as mentioned by Lupino.

In this sense, for Ingenfeld it is also necessary to acknowledge that the success was achieved in terms of marketing much because of the success on the pitch:

> We have to start with the sport. The whole thing works because your team works. If you are not performing for a couple of years the whole starts to fall. Additionally, FC Bayern tries to have the most of German national team players on the squad. They want to represent the Germany as much as they can.

Nevertheless, the formation and the management of a winning team are just possible in the long-term if a strong and well placed administration is enforced.

Together with this culture of professionalism on the management level, the fact that FC Bayern has no debts is interesting and curious, since even the most profitable companies in the world operate at some level of debts. This complete financial independency allows the club at any time to take decisions within its best interest at all areas.

Independency that is additionally search and represented by the revenue segmentation FC Bayern has. The 50% plus of commercial revenue, for which the club can and do interfere directly and actively, is a model that all clubs should search for.

About that, it is advisable to reinforce that some clubs, such as Paris St. Germain and Manchester City, that also have impressive numbers for commercial revenue, have a completely different model. Whereas for these one big investor puts money into the team and gains control of its operations. At FC Bayern, partners and fans are connected to the club in a deep way that generates the investments and resources necessary to put the club constantly on top.

This close and profitable relation has a strong connection to the statement that FC Bayern is fan focused and tries to represent as much as possible to the world Bavaria and Germany. This core ideology, which as per Porras (1996) should be immediately replicated by all other teams, actually is not. As practices such as ticket price policy, partnership arrangements, stadium management and more reveal.

Finally, although FC Bayern might seem to have the perfect model, the club is and/or will soon face major challenges, especially in regards to interest for fans membership and brand/business expansion outside of Germany.

As stated by Ingenfeld, at fan interest the issue resides in the formula to become attractive for fans, to be members, when less and less probable is to get tickets for matches, or even to have the team performing or training next to you.

This lead to the other challenge, how to keep your team close to its roots and fans if the plan is to make the brand globalized and present all over the world, when the biggest asset - the squad - and the most valuable product - the game, are unique or at least limited.

Those, together with the competition with other European clubs that have different management models and are likely to receive expressive sums of money from one day to the other, are the future goals of FC Bayern on the following years. For Ingenfeld:

> This is definitely a threat. FC Bayern is just reminded that they have to do their job well. When you grow organically you have advantages over those 'new clubs', really broad fan base, you have a better brand and image already, money does not solve everything immediately.

FC Bayern knows its competitive advantages, its strength and limitations. Therefore should be possible to work on both ends. First, to always reinforce where it is already good at, and second fight to gain space, market-share and revenues on practices that the club is behind its competitors.

5.5 NUEMBERG FC

5.5.1 Historical Background

1. FC Nürnberg Association for Physical Education eV, commonly known as 1. FC Nurnberg, 1. FCN or ‘Club’ is a traditional German football club based in the city of Nurnberg (FIFA, 2011). FC Nurnberg was found in May 4th, 1900, has football as an independent unit since 1995 and is located in the south of Germany (FC NURNBERG, 2015).

FC Nurnberg would dominate the Bavarian football scene between 1905 and 1910, the period in which the regional successes would earn it the nickname Club. Also, the Club enjoyed a truly golden era in the 1920s, winning five German championship titles between 1920 and 1927.

Hailing from the fiercely proud Franconia region of Bavaria its sole European success was the Intertoto Cup in 1968. On domestic stage until 1987 FC Nurnberg led the way in Germany with 9 league titles and 4 DFB German Cups, most recently in 2007 (FIFA, 2011).

Nevertheless, history is not all of success. FC Nurnberg became known as an 'elevator team', for its constant relation between victories and relegation from one season to the other. The clubs was too good for the second division but not good enough to secure a solid berth in the top flight.

The lowest ever point in club’s proud history came in 1995/96. They had been relegated from the Bundesliga two seasons before that, and dropped all the way to the third tier after finishing a dismal 17th in the second division. The shock brought FC Nurnberg collectively to its senses, and they were back in the top flight just two seasons later (FC NURNBERG, 2015a).

In the 2006/07 campaign FC Nurnberg won the DFB German Cup, their first taste of silverware since 1968. But just 12 months latter FC Nurnberg was back in the second division (FC NURNBERG, 2015a).

Nowadays FC Nurnberg has an unwanted record of eight relegations from the top flight, and played the 2.Bundesliga, German football second division, on the 2014/15 season. Nevertheless, as still as of today in the Bundesliga the most successful club is FC Bayern with 24 championships, followed by FC Nurnberg with nine.

Table 74: FC Nurnberg's most relevant football titles over the years

International	#	Date
Intertoto Cup	1	1968
National	#	Date
German Championship (Bundesliga)	9	1920, 1921, 1924, 1925, 1927, 1936, 1948, 1961, and 1968
Second Division German Championship (2. Bundesliga)	3	1985, 2001 and 2004
German Cup	4	1935, 1939, 1962, and 2007

Source: Elaborated by the Author.

Since 1995, the men's football department is independent, but FC Nurnberg offers a lot of other sports to the Franconian community, which departments were also independent associations, such as: boxing club 1. FC Nuremberg, 1. FC Nuremberg in women and girls soccer, 1. FC Nürnberg Handball 2009 chess, hockey, 1.FCN roll and ice, 1.FCN swimming, 1 . FCN ski and tennis club 1. FC Nuremberg.

5.5.2 Relevant Data

FC Nurnberg management consists of up to nine members, who are elected by the General Assembly of the club (FC NURNBERG, 2015a). It remains as a sports association, fully controlled and owned by the members.

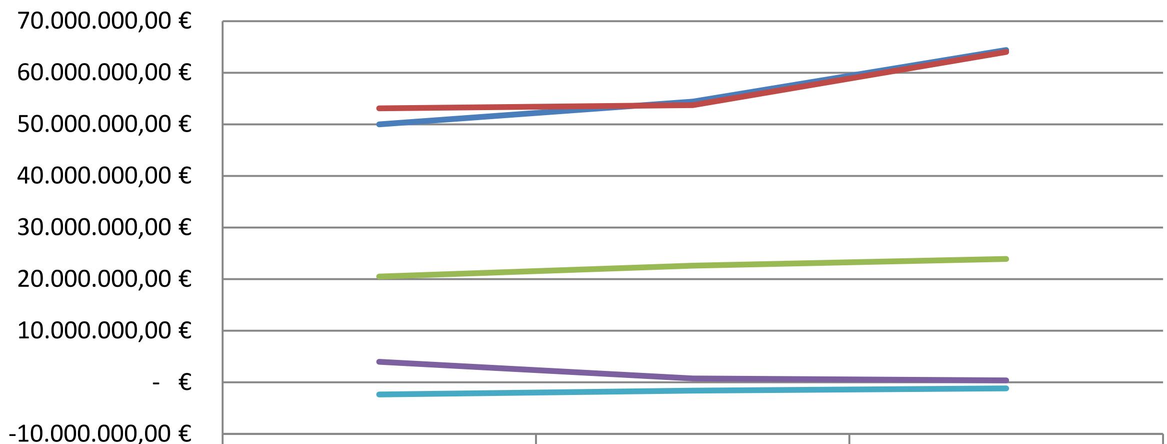
During assemblies, important discussions about the future of the club are relegated as secondary topics, and matters such as a picture of a board member wearing a scarf of FC Bayern more than a year and a half before are considered the biggest point of debate (RUF, 2014).

Because of the very own nature of the Club, financial numbers are not publicly available and nor is a necessity for its disclosure, which limits the analysis of this important factor. Nevertheless, it is still possible to display some relevant information and consequently draw conclusions about it.

For reference, accordingly to club`s announcements, revenues have constantly increased in the last couple of years, over 22% from 2012 to 2014 regardless of the relegation on the 2013/14 season (BUNDESLIGA, 2014). Additionally, despite the fact that expenses have also grown FC Nurnberg managed to be profitable and reduce its deficits year after year

The overall financial highlight goes for the earnings in the merchandising segment, as it has increased consistently compared to prior-years, by 10% from 2012 to 2013 (FC NURNBERG, 2013), and another 5% from 2013 to 2014 (BUNDESLIGA, 2014).

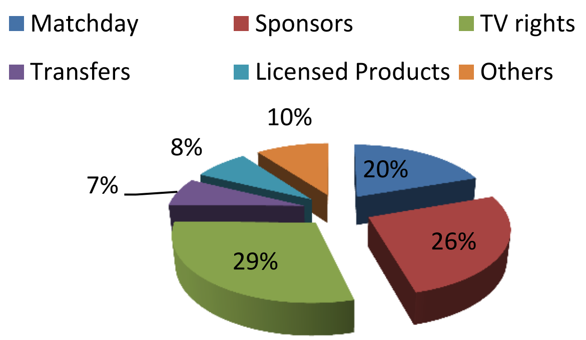
Graph 47: Overall FC Nurnberg's income



	2012	2013	2014
Total revenue	50.000.000,00 €	54.400.000,00 €	64.400.000,00 €
Expenses	53.100.000,00 €	53.700.000,00 €	64.000.000,00 €
Merchandising	20.500.000,00 €	22.600.000,00 €	23.900.000,00 €
Net Income	4.000.000,00 €	750.000,00 €	409.000,00 €
Deficit	-2.330.000,00 €	-1.590.000,00 €	-1.180.000,00 €

Source: Elaborated by the Author.

Graph 48: Revenue segmentation - FC Nurnberg (2013/2014 season)



Source: Adapted by the Author from Statisda (2014).

5.5.3 Marketing Strategy

FC Nurnberg (2015b) presents an interesting model when it comes to marketing. Since 1998 Sport Five agency is the exclusive marketing partner of FC Nurnberg, actively present at club`s facilities and daily life.

Sport Five, accordingly to FC Nurnberg (2015b), is a world leader in football marketing and one of the largest agencies in the sports business. The sports marketing group covers the entire spectrum of sports rights marketing, from stadium advertising, shirt sponsorship and hospitality programs, until stadium development and trading of international television rights.

Membership programs

The Franconian club has around 15.000 members (FIFA, 2011) and it is considered to be one of the most popular clubs of the region. All 'Club' members enjoy benefits such as: welcome package, active rights in club’s decisions - voting rights at the Annual General Meeting which includes presidential election, secure first refusal for home games, exclusive daily ticket sales period of three days, reduced day ticket price, discount on season tickets and more (FC NURNBERG, 2015c).

The annual membership fee as presented by FC Nurnberg (2015c) can go from € 36.00 for under 13 years old members, to € 95.00 for adults, and there is also the possibility for a family package for € 160.00. Additionally, FC Nurnberg (2015c) has since 2013/2014 season the ‘Mini Cluberer’, a kids’ club for young members.

Ingenfeld states:

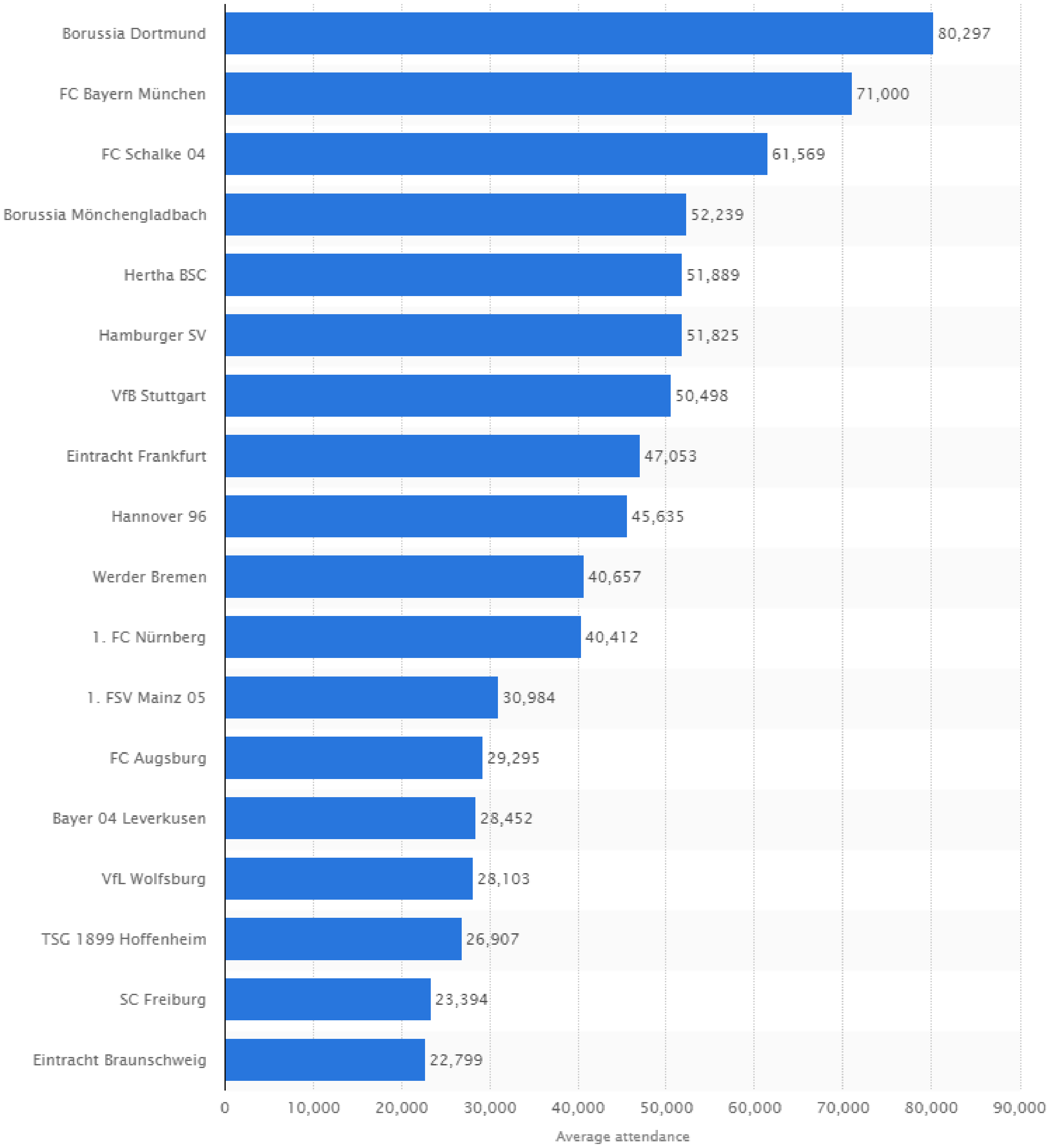
> FC Nurnberg is a typical Bavarian club, for which the fans have a close relation and deep connection with it. It has become a tradition to be a member and support 'der Club'. The fact there is no relevant team in the Nurnberg area nowadays, FC Bayern is at least 2 hours away, make interesting for football fans to follow FC Nurnberg regardless of their position on the table.

Ticket price policy

It is possible at the start of every season for members and loyal fans to subscribe for tickets of the seventeen home matches of FC Nurnberg. In order to offer match day tickets throughout the entire year the club stop selling tickets before its full capacity. For example, FC Nurnberg season tickets for the 2007/08 season stops upon reaching 28,000 tickets sold (INGENFELD).

Ticket purchasing is usually done online, but other resale points are made available, such as in the official fan shops of the club, or the counter in the stadium. FC Nurnberg despite the number of official members (15,000) manages to welcome a relevant number of fans at every home match (40,412).

Graph 49: 2013/2014 Bundesliga average attendance



Source: Statista (2015).

FC Nurnberg in 2014 averaged over 40 thousand spectators per match, which represented 81% of occupancy and ranking number 36th in Pluri`s (2014a) world stadium attendance ranking. In previous years FC Nurnberg had even better results, ranking 28th in 2013 and 2012, with average attendance of 41,518, 41,968 fans respectively (PLURI, 2014a).

As reference, for the 2012/2013 season, FC Nurnberg Bundesliga season tickets were available from 200£ to 729£ (SHERGOLD, 2013). This represents the fifth cheapest ticket price in Germany football, which, as presented, provides the fan a good ratio relation between football ticket prices and average personal income.

Stadium management

FC Nurnberg stadium is the Grundig Stadium, wich is located in a public park and is the home of the club since 1962. The arena in fact was built in 1928, transformed in 1961 with the introduction of the Bundesliga, completely renovated in 1987, than inaugurated as Frankenstadium 1991 and modernized in 2006 FIFA World Cup in three years' time.

Interesting facts about the stadium is that FC Nurnberg has named blocks in the stadium after players and has designated areas for standing fans, which are considered to be a vital part of the stadium inspiring atmosphere. The current capacity is of 50 thousand fans, from which 10.581 places are reserved for standing (FC NURNBERG, 2015d).

In addition to the standing fans treat, FC Nurnberg also provides comfortable hospitality areas, whereas the business facilities of the stadium have established themselves over the years as a social meeting place for entrepreneurs of the Nurnberg Metropolitan Region: more than 300 members account into the portfolio of companies and institutions that share them to do business (FC NURNBERG, 2015d).

Brand exposition

FC Nurnberg does not have an international relevance in the football industry. Nevertheless, it does maintain an official version of its website in English, where football fans can read post-match reports and news about the 'Club'.

In regards to the local community, FC Nurnberg is active on providing its centenary football experience for the young generations. Boys and girls aged between five and 14 years can participate in football camps, the football school, the football-kindergarten and Talent days (FC NURNBERG, 2015e).

Another focus together with the youth is the internet, specially the social media. FC Nurnberg has an online TV channel that shows exclusive behind the scenes footage, training camp of the club and more about the season. To notice, there are no subscription fees. All content produced since the 2012/13 season are free and free of charge (FC NURNBERG, 2015f).

Present in the modern communication channels, and also in the traditional ones. FC Nurnberg has an exclusive radio partnership with local radio channel Nurnberg Radio Gong 97.1 that can be tuned also throughout the internet (FC NURNBERG, 2015e).

FC Nurnberg history and brand is also nurtured and managed by the relationship the club established with its official Fan Clubs. For some years there were no relation between the club and those organizations. However, nowadays exists a formal agreement between the 'Club' and its Fan Clubs which serves to improve the fan culture of FC Nurnberg and help to promote the public image of both (FC NURNBERG, 2015g).

From this relation emerges the award of ‘Official Fan Club’. Additionally, on the fan shops of FC Nurnberg a variety of fan club paraphernalia, whose collection covers the most popular merchandise items, can be found. There are in total 659 FC Nurnberg Official Fan Clubs (FC NURNBERG, 2015g).

Finally, fans of FC Nurnberg have since the early 1980s an intimate friendship with the supporters of FC Schalke 04, which started with the relationship between fans of both clubs and invitations to parties and away match trips (FC NURNBERG, 2015e). This relation is seen as unique in European football, whereas not only until the current days they provide support for the other team whenever playing in each other region, but both clubs’ anthems are played when both teams meet independently of the venue. This history is so intense that deserves an exclusive section in FC Nurnberg official website.

Fan relationship

FC Nurnberg believes that its popularity is growing steadily based on its Facebook fan page. The club is also present on local and worldwide social media channels.

Table 75: FC Nurnberg's social media network

FC Nurnberg Facebook	facebook.com/1.FCNuernberg	296.333 followers
FC Nurnberg Twitter	twitter.com/1_fc_nuernberg	95.100 Followers
FC Nurnberg Google +	plus.google.com/+1fcnürnberg/posts	51.611 followers
FC Nurnberg YouTube Channel	youtube.com/user/fcnclubtv	7.493 subscribers
FC Nurnberg Instagram	instagram.com/1_fc_nuernberg/	5.049 followers
FC Nurnberg RSS News Feed	fcn.de/rss.xml	"RSS" is an electronic news format. Like a news ticker will be sent with a short paragraph and a link to the original page to you the headlines.

Source: Elaborated by the Author.

In parallel with the interface via social medias, FC Nurnberg provide what is called the 'Fan-care', a fan support contact point for all club fans with a dedicated team to listen to individual fans concerns and also take care of the demands from the Official Fan Clubs, which accounts for more than 39,000 organized fans (FC NURNBERG, 2015e).

Additionally, FC Nurnberg has a strong connection with the local community and can be seen in actions like the 'Fanprojekt', which was founded in 1989 following the given of the City of Nurnberg commissioned study 'Football and Violence' (FC NURNBERG, 2015h).

The fan project is based on the legal regulations of youth services and socio-educational methods, whereas it can be based on fan-everyday experience, when it takes place in the Grundig Stadium, and on away games in fan-hangouts and trendy bars. The fan project is directed at teenage and young adult football fans, and aim to support and promote a colorful, fair and tolerant fan culture. Moreover, it is committed to fight against all forms of violence, racist and xenophobic tendencies (FC NURNBERG, 2015h).

To make this possible FC Nurnberg has the Club Volunteers project since season 2010/11. They are present on the match days at the stadium to clarify questions and provide relevant information for the fans, but are also relevant on other areas of support for the club. In total, FC Nurnberg (2015h) estimates that approximately one million men and women are volunteers for football, and without them the youth teams would never reach their destinations, the jerseys would be dirty, court would lack the lines, and etc.

Finally to strength and built a closer relationship with the fans FC Nurnberg also has the Club Magazine and the Club App for smartphones and tablets (FC NURNBERG, 2015f).

Sponsors

FC Nurnberg has different level of sponsorship possibilities, and the companies that do have a partnership with the club are not only different in business area, but also and mainly in local versus global approach in its presence and activity.

Table 76: FC Nurnberg's sponsors (2015)

Main Sponsors	Sport apparel supplier	Exclusive Partners	Club Partners	FC Nurnberg Partners
Wolf Möbel	adidas	Audi	Avia	Agentur Kundendienst
		Lotto	Barth Hopfen	ASB
		Grundig	Coca-Cola zero	Baustoff Union
		Wohrl	Die Druckerei	BSK
		Thomas Sabo	Fliegede-Pillen	Bisping & Bisping
		PSD Bank	Franken Brunnen	Di Dio
		N-ERGIE	Kennametak	ESW
		Kulmbacher	Maxit	Hertz
			McDonalds	Kupper
			Nestle	Novina Hotels
			Turkish Airlines	Em-eukal
			Vr Sparcard	Rent-a-Jet
				Segmüller
				VGN

Source: Adapted by the Author from FC Nurnberg (2015).

The partners of FC Nurnberg are an important part of the club. In the stadium and club environment they are present with extensive advertising, with their company logos adorning the walls, in interviews or the team photo (FC NURNBERG, 2015i). The level of visibility and contractual rights with the club vary accordingly to the sponsorship agreement degree.

TV rights agreements

As previous mentioned, the distribution in German football is negotiated by the DFL, and the division between clubs uses the performance in the last 4 years, fan base and a fixed share for all (IBBA, 2014). In this sense, taking into consideration the 2013/14 season, FC Nurnberg received approximately € 18.990,00 (ARSHAD, 2013), which represents over 25% of the total revenue and is its biggest source.

Official products and stores

FC Nurnberg has its official Fan Shops around the Nurnberg area, whereas fans can experience the unique club sensation. There are products specially designed and offered for kids, men's, women's, house, stadium experience, gift certificate, auctions, special offers, tickets, catalogue request, and the previous mentioned Official Fan Club merchandising (FC NURNBERG, 2015j).

Deliveries throughout the online shop, which is only available in German language, are possible to be requested anywhere in the world (FC NURNBERG, 2015j).

5.5.4 FC Nurnberg Case Summary Report

FC Nurnberg analyze shows that is possible for a club, that once was at the top and has become a constant relegation fighter, to develop a strategy and practices that keep fans and partners committed regardless of the team performance.

Historical Background

FC Nurnberg is one of the oldest German club, has 'Club' as its nickname, is located in one of the wealthiest regions of Europe, has dominated national football in the early ages, but have fell behind other teams as the years went by much due to poor management.

Relevant Data

Despite of DFB rules that allow clubs to operate as corporations and to have up to 49% of its shares freely negotiated, FC Nurnberg maintains all of its stakes under clubs' behold. This shows that, regardless of a professional structure that might be placed in terms of administration, the club lack corporative approach.

FC Nurnberg has a record of debts and growing expenses. The culture implement inside the club reveals itself as professional in the organization chart but in terms of financial and corporate practices.

Although its financial situation is not critical it can be observed that from 2012 to 2014 the net income was reduced almost 10 times, the expense increased 21.3%, and the team got relegated at the end of that season.

The revenue split shows that despite the lack of success on the pitch sponsors have not left the club, being therefore the return of the fan base almost equally important to the revenue derived from the TV broadcast deal.

Marketing Strategy

FC Nurnberg partnership with Sport Five is definitely a major point of interest. By partnering up with a specialized agency the club is able to internalize experiences and practices from the industry and transform it quickly into beneficial actions.

A model that at least for sports marketing exploitation is unique and since the commercial results of FC Nurnberg can be considered relevant and positive, this could be an example for other clubs that struggle into implement successful and sustainable marketing strategies.

Membership Program

The program implemented by FC Nurnberg calls attention for two major aspects. First, the political rights members have once officially registered, which for a regional club is considered as key; and second the possibility for youth members and family packages.

However the total numbers of members is not be impressive the conversion into stadium attendance and political exercise shows that engagement is present (INGENFELD, 2015).

Ticket price policy

The average attendance of over 40 thousand spectators in a season the club got relegated (2013/14 season) shows that the balance between ticket price and matchday experience is perfectly reached, and the customer value proposition of Johnson, Christensen, and Kagermann (2008) emplaced and recognized.

FC Nurnberg follows the general principle of the Bundesliga to be fan focused. The club provides easy and efficient ticket availability, at overall reasonably cheap prices and a great matchday experience.

This example shows that is possible to build from a football match an interesting event for its fan to attend even if the team is underperforming. It is a matter of experience and customer value proposition. It has to be more than football, acknowledging that this still the main product.

Stadium Management

FC Nurnberg correctly adapted the structure of its stadium to fit the needs of its fans. The area designated for standing fans not only attend their desire but also create the conditions for more investment in other areas, also demanded from different stakeholders, such as hospitality and skyboxes for companies and sponsors.

Those practices contribute for matchday experience and revenues, and also for commercial interest and investment on the club. It is a way to manage the new interest of the sport as per Mason (1999), and at the same time keep club's identity and principles clear.

Brand exposition

FC Nurnberg brand exposition and business activities are currently limited by its relevance on the German and European football industry. Nevertheless, the clubs has established simple practices to be accessible to foreign football fans, such as an English version of its website and delivery of products all over the world.

Additionally, FC Nurnberg is constantly developing activations to maintain and spread across Germany its rich history and tradition (e.g. football camps, talent days and Official Fan Clubs).

Finally, the most distinctive practice by FC Nurnberg is its relation with FC Schalke 04, which has helped to not only expose the brand in a positive way, but also engage closely other fans and regions to its commercial affiliates.

Fan Relationship

FC Nurnberg relation with its fans and community is a highlight of its strategy. The club acknowledges that fans are its biggest asset and provides a specific tool for individual fans and organized fan groups address their concerns and suggestions.

The connection with the community also plays a big role on the strategy of the club since its fan base is regional and sponsors are almost entirely from the region or have business in it. To become a social responsible and friendly organization is an action well taken by the club, which provides several direct and indirect benefits for the institution with very low investment.

Sponsors

The list of FC Nurnberg sponsors reinforced the aforesaid regional approach of the partnerships. The extensive list shows how the club has managed to profit from partnership at very different levels of its operations and business.

Most partnerships include more than advertising, with special discount, in-stadium activations and visibility, local deals and products, all providing a bigger value for the partnership. FC Nurnberg looks and worship long-term relations.

TV rights agreement

FC Nurnberg has this as a relevant revenue segment as other mid-low German clubs do, and its capacity to earn from the other ends will determine its possibilities to return to top level of German football.

Official products and stores

FC Nurnberg has very small number of official fan-shops, all concentrated in its local area. This strategy is appropriate since the club has no National or European relevance at the moment, being the e-commerce worldwide delivery tools the best way to have its products available around the continent and the globe. Nevertheless, an English version of this section is highly recommended in order for this to work properly.

Conclusion

FC Nurnberg, ‘der club’, had brighter moments in history than today's reality. However, what has to be spotted is the ability to maintain sponsor interests and fans loyalty and support at high levels, throughout several years without winning performances on the pitch.

In summary this can be explained by: professional sports marketing team over the operations, unique set of experiences for the fans, enhanced value proposition for sponsors accordingly to their operations and characteristics, and strong positive brand image and reputation among the community.

5.6 CASE COMPARISON

Hereafter, to enlighten the similarities and differences among the cases presented, the following cross case comparison analyze was prepared.

Table 77: Case comparison

Element\Club	C.R. Flamengo	Fluminense F.C.	FC Bayern	FC Nurnberg
Culture	Strong effort to implement meritocratic and professional and responsible management.	Efforts to break the traditional political influences of the club and enforce a professional administration, segmented in business units.	Financial and administrative responsible strong culture. Business oriented and fan focused at all levels.	Non-corporate organization, with strong political influence, regional and fan focused.
Revenue Segmentation	Working to become less dependent on TV rights, and increase the relative importance, together with the total amount, of commercial and matchday revenues. Today, commercial and broadcast are almost equally relevant.	Historically based on players transaction and investments of a former sponsor/investor of the Club. Both non recurrent revenue resources.	Commercial revenues represent 60% of its total, revealing the power of the brand and the strong relation with partners and high fans/customers conversion into consumption.	Based on similar split between TV rights, Commercial and Matchday.
Overall Marketing Strategy	Currently focused in generating revenues in the short term. Willing to invest in long term practices after club financial stability.	Focused and long-term partnerships. New model under development after resolution of former sponsor deal.	Fan focused and long-term partnerships. Expansion of operations using the strength of current partnerships.	Marketing department conducted by international sports marketing agency. Fan, community and strong partnership focused.
Membership Program	Communicated as a must contribution in order to have a stronger team. Does not give political rights to the members.	Focused on bringing the fan closer to clubs live. Including political rights to members.	Political power and matchday benefits. Challenge to remain interesting with the constant increase in the overall number.	Political power and matchday benefits.
Ticket Price Policy	Event price defined individually. Focus on generating revenue for the club. High overall price relation to fan base average income.	Event price defined individually. Low overall price relation to fan base average income.	Extremely low priced tickets, together with Skybox and hospitality area for corporate business.	Extremely low priced tickets, together with Skybox and hospitality area for corporate business.

Stadium Management	Does not own a Stadium. Pays, in general, rental and operational fee at every match.	Does not own a Stadium. Does not pays, in general, rental or operational fee, but however can receive only up to 56,6% of matchday ticket revenue in Maracanã matches.	Own Stadium. Naming rights deal, museum, fan shop, and several opportunity for partners to activate and interact with fans and consumers.	Own Stadium. Naming rights deal, museum, fan shop, and several opportunity for partners to activate and interact with fans and consumers.
Brand Exposition	Nationally is well covered, but internationally sees it as an investment not possible at this moment.	Has managed to have its brand exposed specially via youth level tournament and players.	Club is accessible all over the world throughout retail exposition and the web. Has created a Director position exclusively for international brand expansion.	Limited by club relevance. Focus on local and regional camps for the youth and clubs official embassies.
Fan Relationship	Exclusive experience for official members (limited number) and constant communication throughout social media channels	Fan focused, and efforts to make the club accessible.	Communication tools in several languages and formats. Bavaria and Germany rooted the club puts efforts into be global but representing its origins.	Fan focused, with exclusive channel for fans and organized fan clubs. Strong relation and social responsibility approach with the local community.
Sponsors	Establishment of long-term partnerships to generate recurrent revenues. Split between global and local sponsors.	Establishment of long-term partnerships to generate recurrent revenues. Mainly local sponsors.	Long-term partnerships whereas some key sponsors are also shareholders of the club and have positions on the board.	Long-term partnerships. Several ranges of sponsorship level and activation plans.
TV Rights	Traditionally the biggest revenue of the club. National leader in this segment.	Historically one of the most relevant of the club. Considerable deficit gap to Brazilian leaders in this segment.	Represents approximately one-third of the commercial revenues. Defined by the DFB rules and the expansion of the league will increase the amount.	Represents 26% of the total revenue and is the sole biggest source.
Official Products	Franchise model to expand the operation nationally. No international business yet, including no international online sales.	Franchise model to expand the operation nationally. No international business yet, including no international online sales.	Fan-shops are owned and managed by the club. Limited number and plans for international expansion to the U.S.A. E-commerce able to deliver to the entire world.	Fan-shops are owned and managed by the club. Limited number and regionalized locations. E-commerce with worldwide delivery options.

Source: Elaborated by the Author.

6. FINAL CONSIDERATIONS

Germany and Brazil have several and intense differences, but also similarities especially in regards to the importance of football in citizens life’s and in their culture. It is considered to be the national sport for both and also a true passion of the people.

The defeat in the 2014 FIFA World Cup Brazil reveled to the world in the most genuine way how distant the nations are in regards to football. On the pitch, the intangibility of the sport can narrow down this gap. But this was not the case and the scoreboard reflected perfectly the unbalance between the two football nations.

Much of this difference is explained by the industry of football organization and management. And those are deeply rooted and connected to the cultural aspects and behaviors of each society.

This applies to many aspects such as, education, relationship with superiors, pears and society, management, ethics, communication, consumption, and more, all of which in some level interfere on the business models and marketing strategy of organizations.

This cultural influence is seen in both sides of the marketing approach. First, as companies, its business practices, structures, management and leadership style are usually shaped by it; and second, because the target group of the strategy is a society that not only emerge on that specific culture but also is the source of its origin and development.

Nevertheless, is clear that taking into consideration key cultural elements and making the necessary adjustments, practices successfully implemented elsewhere can and should be considered as resource for improvement. In this dissertation, marketing strategies and practices of German football in regards to Brazilian reality.

It was found that the main issue for the failure of Brazilian football industry is its own structure, which is built upon cultural aspects of Brazilian society and that have held back improvement in business and interest among all stakeholders over the time.

However, it is also clear that Brazilian culture in general terms is not negative or great barriers for corporate practices, as several other successful Brazilian industries prove. What this study have concluded is that certain cultural aspects found in the institutions analyzed are directly related to concrete examples of actions that are not beneficial to a sustainable strategy inside the football industry.

In this sense, and since cultural aspects are deeply rooted in citizens and societies, the conclusion is that the adaptation of practices and strategies already successful in other markets to the local culture is the most appropriate way to improve and generate a sustainable business model and marketing strategy.

The purpose of this chapter is to present the conclusions achieved within this study in relation to the cultural difference between Brazil and Germany, and how those are able to interfere in corporations business and marketing strategies.

A summary of the study is presented alongside to the perceived roots of many issues found at the Brazilian football industry, and an exemplification of strategy adaptation based on perceived best practices.

Following, the questions of research are presented for discussion and analysis, providing a conclusion for the study and answers to them. Thereafter, limitations of the study will be exposed and the chapter ends with the theory and managerial contributions of the study together with indications for further ones.

6.1 SUMARY OF THE STUDY

This dissertation goal was to analyze the cultural differences between Brazil and Germany, observed it in a specific industry context, and how it is able to interfere in the business practices and marketing strategy of its players.

The study becomes even more relevant as the perception of both societies in relation to the industry main product is very similar and full of emotional connections.

In this sense, in order to create a solid path for the cases analyzes, a review of cultural differences literature was done, together with strategy, sports marketing and profound study of the chosen industry.

After each chapter and/or relevant section, summary tables were developed in order to provide a better understanding of all the concepts addressed during this work.

The researchers conducted revealed strong differences among the societies, industries and actors. This, however, presents several opportunities for the exchange of good practices and improvement in performance.

The cases analyzed revealed some similarities, and several differences, for which a closer look at the other practices and results, simultaneously to an adaptation for the local culture, can generate enormous benefits for each other.

On the following sections of this chapter, a concise overview of the primary roots of the problems faced by the Brazilian football industry is placed, and furthers a draft of how the implementation of best practices could be done to benefit a Brazilian football club.

6.1.1 Cultural aspects

This section is dedicated to address the first research question:

'What are the main cultural differences between Germany and Brazil?'

As stated by Ingenfeld: “They are super different culturally. Always a question of finding a nice balance between how much do you adapt, how much do you want, need, and where you should not adapt”.

German culture, as per the dimensions of Hofstede, Hofstede and Minkov (2010), is considered to have short power distance, to stimulate individualist approaches, where assertive behaviors are appreciated, there is avoidance to uncertainty and orientation for the long-term is predominant.

While Brazilian culture nurture a large power distance, whereas pears act usually to protect each other in a collectivist society, meaning that relations are appreciated more than facts, driving to a constant attempt to consensus, also supported by the high uncertainty avoidance, that reflects the need for immediate results and short-term orientation (HOFSTEDE; HOFSTEDE; MINKOV 2010).

In this sense, Ingenfeld believes that when it comes to changes, short term changes, there is always a good reaction in Brazil. It is just normal that things do not go according to plan and have to be adapted. Ingenfeld: “In Germany this would generate a lot more discussion in changing process. There is a lot of more commitment with the process in Germany, more emphasis on it”.

Accordingly to Lewis (2006), German culture is linear-active, with clear plans, task oriented, trust more on data than on people, have defined hierarchy management structure, is shaped by meritocracy and performance, whereas the institutions have credibility.

There is little, or at least less, emotion involved in the relationships. German culture shape relations based on common characteristics and interests of the ones involved. Germans look forward to concrete and practical process, usually targeting a long-term goal, with clear and pragmatic medium targets along the way (HOFSTEDE; HOFSTEDE; MINKOV, 2010).

For Ingenfeld, in Brazil is really hard to get something going without making friends, having a personal relation with whom you are dealing with:

> In Germany work is work, drink is a drink. Here (Brazil) it all happens in conversations, you always ask a person instead of looking on your own. This has an impact in to the corporation entire process.

Brazilian culture, as per Lewis (2006), is the representation of a multi-active behavior, unable to concentrate in one single task, providing more effort and value into personal relations.

In personal relations trust is deeply involved and decisions are made after intensive dialogue, which contributes for a strong tie-in among the social groups. Taking risks is not encouraged. And finally, in general there is no trust in institutions (LEWIS, 2006).

Ingenfeld agrees with that and states that decision process is quicker in Germany, whereas there is some hesitation in Brazil to take decisions. Often the case is to try getting as many people on board and to exclude every potential person who has maybe a position opposing to it. That delays or even paralyzes entire processes.

For Spindel all of these aspects contribute for the creation of a culture that does not help the development of business:

> Business environment in Brazil is extremely hostile, for any company and for C.R. Flamengo as well. The market is very complicated, is very hard to do business. However, Brazilian entrepreneurs are also very competitive and manage to survive in any environment, and that is what we are trying to do here at C.R. Flamengo.

In addition, for Lupino, the short-term orientation of Brazilian culture is a major issue. People are not used to look and plan in the long term, they are worried on the day by day process, and so are the companies. They want to results on daily basis because what they do and works today may not work tomorrow.

Notwithstanding the several differences mentioned herein, Ingenfeld also sees a process where the gap between cultures is likely to reduce:

> There are similarities in the new business generation. A lot of things are stereotypes and they are true for persons of a certain generation, bur for the new ones the gap is becoming smaller. Why? Everyone goes abroad, to UK, France, U.S.A., people follow the same worldwide trends, especially in sports. People grow up in a more similar culture now. Brazilians think that something that comes from outside is already better. They are more opened to follow foreign trends.

Finally, C.R. Flamengo is trying to implement a different cultural perception inside the club. Therefore the following statement translates the challenge that this process is. Spindel:

> Takes time to implement our culture. You need to track performance all the times, create the correct indicators and understand where the problems and virtues of processes and people are. To implement meritocratic processes is not only to shoot-it out loud, and it is not easy. It takes time, work, and the creation of a culture where people value merit and performance inside the company. This is what we are trying to do. It is hard and takes time, but that's our goal. And I believe this applies to all segments of any business.

6.1.2 Football industry

In the following topic an analyses of Brazilian and German football is presented in order to respond to the second research question:

'How cultural differences between nations, Germany and Brazil, are able to interfere in business strategies and practices? And specifically regarding football clubs?'

The football industry of a certain country can be seen as a micro representation of the entire society structure. It is influenced by the local culture but also has its importance on building it since football has a clear social role and broad penetration among the people.

From what has been presented is to conclude that the Brazilian football industry is based on personal relations, institutions without credibility, paternalistic managed and focus on short-term results.

Studies presented herein show that the current structure of Brazilian football only from 2010 to 2015 has an accumulated deficit of R$ 1,4 Billion. As per Araújo (2014), the football system has to be different, allowing professional management and investments.

In Germany, on the early 2000s the situation on and of the pitch was not good. In order to turn it around the DFB changed rules to allow corporate investments and also created obligation for the establishment of youth academies. This fostered financial stability and result in the development of own corporate culture and strengthening of local partnerships (FONTEVECCHIA, 2014).

On the other hand, in Brazil, clubs and federations are in constant conflict and interests diverge. As explained by Araújo (2014) and reinforced by Lupino, clubs need to be united to address issues to the federations. But instead, rivalry from the pitch is brought into the management area interfering negatively for the possible cooperation.

In Germany federations and clubs have a similar focus and approach. They are fan oriented in all aspects. As per Seifert (2010), Bundesliga chief executive, the success of German football lies at the ‘core value’ of the supporter coming first.

Pluri (2014a) study shows that per year and in average, one person within their income can buy almost 4 times more football tickets in Germany than in Brazil, which might help explain why German average of attendance is also a couple of times higher. This interferes straight with clubs brand image. And as per Ferreira (2013), clubs are brand management organizations that have to take care of its biggest asset; the fans.

Lupino understand that industries are very different. Whereas much has to do with the general perception of what happens with the business that supports it and the absence of long term-orientation of Brazilian culture:

> Differences are many, similarities, hard, but there are a lot of passionate people. Passion is much similar in Brazil. About the business exclusively, Brazilians don't understand, executives and fans. Fans don't need to. They just need to be a fan and a consumer. The executives have to give fans a direction, a push, to take them into the right direction. People are not used to look and plan in the long term. They are more worried on the day by day process. This is also reflected in to the companies, on the way companies that are close to football are looking to promote a product instead of embracing a project. It is a very different way to work.

As appointed by specialists, the structure of Brazilian football still is in a vicious cycle despite the proved failure. This can only be explained by the culture of paternalistic management as presented by Lewis (2006); and high uncertainty avoidance combined with large power distance as stated by Hofstede, Hofstede and Minkov (2010).

Therefore, the process of change cannot have to come from the union of clubs. A group that together realizes that it is not working, and that to move on international best practices should be considered for adaptation and implementation (LUPINO).

For Ingenfeld while this revolution does not take place, there are some initiatives that can be implemented:

> For a club itself, everything which is related to how do you work with your fans, how do you have your own structure, how do you take decisions in your club, how do you drive your business in your club, that's all you can decide. In essence, the more things you have under control, the better. If you have the chance to have your own stadium, better. You do not want depend of someone else’s decision. This transition from a club to a more business oriented entity without losing the football club identity is possible. You see that every time. It is just that you have to reply to what is happening, and what is happening is that there is so much money coming in and you have to handle it professionally. Is necessary to step away from this unprofessional leadership and emotional thinking culture, and go towards a business oriented administration. Why would a Brazilian club have to do worst job than a club from somewhere else, there is no reason? They could do the same good job as someone else, just the result would not be the same because the environment is not so fair. Why would not be possible to have a professional successful football club in Brazil? It is.

6.1.3 Strategy adaptation

To address the third question of research presented herein, a brief analysis of the roots of Brazilian issues is done, and a practical example of marketing practices adaptation is also provided.

'How a marketing strategy should be planned for a Brazilian football club, taking into considerations the particularities of Brazil and also the proven successful practices in Germany?'

Many difficulties faced by Brazilian football clubs are rooted in Brazilian culture which directly affects the structure of the football industry. From the very legal nature of the clubs, as sport associations and non-profit organizations, that is used as shield for poor and irresponsible administrations; until the current difficulty for a common ground between the clubs.

The large power distance aspect brings the unbalanced relation with federation and other stakeholders of the football industry. The collectivist aspect creates the dependency among the peers, which leads to paternalistic management style, clearly observed on federations' voting procedures and clubs' internal assemblies.

The characteristic of high uncertainty avoidance of Brazilian culture reinforces the existing tie-in of the political groups present for decades inside clubs and federations, resisting for a change into a corporate business world.

The short-term orientation, of executives and fans, not only forbid long-term planning and projects, but motivate irresponsible decisions in order to gain competitiveness on the game. For example, unfeasible investment on players, taxes neglecting, unfulfillment of contractual obligations, employees' salary payments delays, and more.

That is based on, and reason for, the lack of credibility towards the institutions related to Brazilian football. This has a negative direct impact on companies' interest to be part of the industry and fans to be more engaged.

Brazil historical success on the pitch has hidden several structural deep problems of the football industry. The defeat against Germany in the 2014 FIFA World Cup was more than a lost, and has to be understood as a wakeup call. The national team probably will win again;

because of sport intangibility and mostly by the fact that Brazilian top level players are performing outside of Brazil, or even building their careers elsewhere.

The issue is regarding the Brazilian football industry, the local clubs, local championship and matches. It cannot be acceptable that over 80% of events related to the number sport of the country, proudly entitle ‘nation of football’, operates on loss.

There are good and clear examples to be followed and there are also professionals that are working hard to turn this score around. The results of those actions shall be theme for further studies.

6.1.3.1 Strategy adaptation case

C.R. Flamengo case is used hereafter to exemplify how practices being done by other clubs, even from different cultures, could benefit the business and marketing strategy of a Brazilian football club.

Table 78: C.R. Flamengo strategy adaptation

Element\Club	C.R. Flamengo	Suggested New Practice	Inspiration	Adaptation needed
Culture	Strong effort to implement meritocratic and professional and responsible management.	Fan focused at all levels	FC Bayern and FC Nurnberg	A financial balance that does not sacrifices the fan. This is likely to generate more engagement and brand value. To think on secondary revenues.
Revenue Segmentation	Working to become less dependent on TV rights, and increase the relative importance, together with the amount involved, of commercial and matchday revenues. Today, commercial and broadcast are almost equally relevant.	Increase of commercial revenues throughout segmented and regionalized partnerships.	FC Nurnberg	Activation plan for the new partnerships.
Overall Marketing Strategy	Currently focused in generating revenues in the short term. Willing to invest in long term practices after club financial stability.	Fan focused and expansion of operations using the strength of current partnerships.	FC Bayern	Opening for such strategy.
Membership Program	Communicated as a must contribution in order to have a stronger team. Does not give political rights to the members.	Political power to members and concrete long term stadium benefit. Communication approach focusing on the benefits and not the passion.	Fluminense F.C., FC Bayern and FC Nurnberg	Political participation model that does not contribute to delay in decision processes. Benefits that are actually perceived by the fan, and closer to their needs.
Ticket Price Policy	Event price defined individually. Focus on generating revenue for the club. High overall price relation to fan base average income.	Extremely low priced tickets, together with Skybox and hospitality area for corporate business. Season tickets policy with predefined schedule	FC Bayern and FC Nurnberg	Early calendar confirmation. Resale ticket mechanism. Predefinition of ticket value. Creation of proper and activated stadium corporate business area.
Stadium Management	Does not own a Stadium. Pays in general, rental and operational fee at every match.	Own Stadium.	FC Bayern and FC Nurnberg	Built own Stadium and get the fan on board to use Maracanã only on special occasions.

Brand Exposition	Nationally is well covered, but internationally sees it as an investment not possible at this moment.	International team appearances. English website version. E-commerce with worldwide delivery.	FC Bayern and FC Nurnberg	Investments in brand exposition and appropriate systems for website international access (i.e. English language) and delivery partnerships for e-commerce. International appearances using partnership deals.
Fan Relationship	Exclusive experience for official members (limited number) and constant communication throughout social media channels	Fan focused, on service, ticket pricing, matchday experience, and partnerships - not only for members. Community social responsibility engagement.	FC Bayern and FC Nurnberg	Change on the perception of membership program. Closer community engagement and constant activation of fan base outside of Rio.
Sponsors	Establishment of long-term partnerships to generate recurrent revenues.	Long-term partnerships. Several ranges of sponsorship level and activation plans.	FC Nurnberg	Activation plan for the new partnerships
TV Rights	Traditionally the biggest revenue of the club. Is the national leader in this segment.	Search for expansion of the broadcasting rights for other countries.	FC Bayern	Enhance efforts and discussion for Brazilian Championship international relevance and exposition.
Official Products	Franchise model to expand the operation nationally. No international business yet, including no international online sales.	International expansion. E-commerce able to deliver to the entire world.	FC Bayern	Investments on appropriate systems for website international access (i.e. English language) and delivery partnerships for e-commerce.

Source: Elaborated by the Author.

6.2 CONTRIBUTIONS OF THE STUDY

6.2.1 Theory

The present dissertation did not aim to develop a formal theory contribution. Nevertheless, the use of culture differences among societies in a business and marketing strategy multiple cases analyzes is unusual and has developed interesting conclusions.

Therefore, and taking into considerations the continuous growing importance of this topic in today's business relation, this framework that is able to combine: culture, industry, organization, business and marketing practice; shall be understood as a contribution of this study for the strategy and marketing theory.

6.2.2 Managerial

Management was a focal point of this work. Either because of the impact cultural behavior has on the organizational structure, on the manager itself, or both. In this sense, and in connection to all data and study presented, it is acknowledged that this dissertation has contributions to administration practices.

To learn from others success is common sense. However, usually the observer searches for practices among its peers, or at least where it feels a natural connection, a cultural relation, such as Brazil and Portugal, U.S.A. and United Kingdom.

This work brings the concept of observation of good foreign practices, despite of cultural differences, understanding that within a certain industry, best practices can be shaped to adapt into a complete different culture.

Notwithstanding, regardless of all the indicators and opinions of specialist about it, is important to highlight that there is no empirical evidence of such implementation on the specific case and industry brought herein as well on other ones.

Other important aspect this study was able to address and drive conclusions out of it, is the relevance of organizational culture, and how this is connected to the most important strategy and business concepts.

As the history of FC Bayern shows, alongside with the efforts C.R. Flamengo is putting into, to establish a consistent cultural mentality at all levels of an organization is hard, takes time, but is fundamental for long-term sustainable business. All of which has close relation to the concepts of strategy presented on chapter 2.

Finally, the fifth dimension of Hofstede, Hofstede and Minkov (2010) frame work - long versus short-term orientation -, together with the current dilemma faced by C.R. Flamengo, and the comments of Lupino about the players of the Brazilian football industry, reveals it as the perfect example of how a cultural behavior can shape an entire system, and how hard is to move away from that.

Brazilian culture is short-term oriented. Therefore, in general, managers are focused on immediate results, even if the future of the business is at risk because of present decisions. That was the case for most Brazilian football teams, including C.R. Flamengo.

However the management style has changed to a professional and responsible mentality, the orientation still short-term.

This orientation is correct and appreciated in moments of emergencies, but has its limitations, being the challenge once this period is over to make the next move, against its cultural traditional behavior, of the institution, of the society and the fans, which also interfere. Best practices indications and the market professional expectations are clear, leaving the question as if mangers will be up to, and until when.

6.3 LIMITATIONS OF THE STUDY

6.3.1 Data

As stated on the beginning of this work, the very nature of football clubs limit the reliability of the data presented. In this sense, effort was putted into bringing the most different and respected sources to provide sustainable information for the analysis.

Additionally, it is also to be aware that journalist and even advisory companies might have a bias when doing their studies and writing conclusions. Once again, to avoid partial observations, many sources from different cultures and natures were used.

Finally, the fact this study was developed without a clear window frame, clubs have different financial calendar and even the football seasons between Brazil and Europe are different, it was not possible to align a perfect time comparison between the topics raised.

Notwithstanding, as the goal was to produce relevant content for conceptual and structural analyzes, and not data or analytical results, the sources used and the information exploited herein are considered to be relevant, sufficient and valuable for this study.

6.3.2 Specialist industry position

The football industry plays a big role in Brazil and Germany as showed during this study. And because of the own nationality, current position and background of each specialist, the individuals selected to be part of this study may or may not have had a partial opinion.

It was not requested anonymous clause because the intention was to get the perspective from different agents of the industry in their respective role, and without revealing their importance in the business and correspondent knowledge this would not be possible.

As this is a public work, there is a possibility that information was neglected, target of misinterpretation, omitted, or somehow shared with personal and/or corporate interests or bias.

6.4 SUGGESTIONS FOR FUTURE STUDIES

This study is not an ending work, and several questions are still to be answered, as the challenges faced by each of the organizations used for the cases reveal. For C.R. Flamengo, how to grow in a sustainable way in an environment that plays against, and at the same time lead the process of change?

For FC Bayern, how to expand its global brand position without lose its roots identity, and more over maintain local attractiveness if the club plans to become more and more international?

Nevertheless, the most relevant suggestion for future studies based on what has been presented herein is if the principle of strategy adaptation for industries with similar behavior and engagement, despite of abnormal cultural differences, can also be applied for other fields of operations, in and outside of the sport and entertainment industry.

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ATTACHMENT 1

Gross National Income per capita – US Dollars (2010)

Country Name	**2010**
Arab World	$ 14.284,02
United Arab Emirates	$ 55.750,00
Argentina	N/A
Armenia	$ 6.690,00
Australia	$ 37.530,00
Austria	$ 42.050,00
Belgium	$ 39.950,00
Bangladesh	$ 2.600,00
Bulgaria	$ 14.240,00
Brazil	$ 13.510,00
Canada	$ 39.200,00
Switzerland	$ 54.430,00
Chile	$ 17.010,00
China	$ 9.000,00
Colombia	$ 10.150,00
Costa Rica	$ 11.830,00
Czech Republic	$ 25.020,00
Germany	$ 40.390,00
Denmark	$ 42.500,00
Ecuador	$ 8.990,00
Spain	$ 31.900,00
Estonia	$ 19.740,00
Ethiopia	$ 1.060,00
Finland	$ 38.810,00
France	$ 36.610,00
United Kingdom	$ 36.320,00
Ghana	$ 2.950,00
Equatorial Guinea	$ 28.070,00
Greece	$ 28.310,00
Guatemala	$ 6.510,00
Hong Kong SAR, China	$ 48.150,00
Croatia	$ 18.440,00
Hungary	$ 20.480,00
Indonesia	$ 7.640,00
India	$ 4.500,00
Ireland	$ 36.070,00
Iran, Islamic Rep.	N/A
Iraq	$ 12.220,00
Israel	$ 27.960,00
Italy	$ 34.630,00
Jamaica	$ 7.890,00
Japan	$ 34.830,00

Kenya	$ 2.440,00
Libya	N/A
Luxembourg	$ 55.030,00
Morocco	$ 6.160,00
Mexico	$ 14.590,00
Malta	$ 26.060,00
Malaysia	$ 19.330,00
Nigeria	$ 4.740,00
Netherlands	$ 45.030,00
Norway	$ 58.420,00
New Zealand	$ 28.800,00
Pakistan	$ 4.290,00
Panama	$ 15.340,00
Peru	$ 8.980,00
Philippines	$ 7.330,00
Poland	$ 19.910,00
Korea, Dem. Rep.	N/A
Portugal	$ 25.990,00
Romania	$ 16.000,00
Russian Federation	$ 19.910,00
Rwanda	$ 1.230,00
South Asia	$ 4.241,34
Saudi Arabia	$ 45.850,00
Singapore	$ 69.960,00
Sierra Leone	$ 1.330,00
El Salvador	$ 6.910,00
Serbia	$ 11.540,00
Suriname	$ 13.910,00
Slovak Republic	$ 23.860,00
Slovenia	$ 27.300,00
Sweden	$ 42.880,00
Thailand	$ 12.020,00
Turkey	$ 16.040,00
Uruguay	$ 15.540,00
United States	$ 49.040,00
Venezuela, RB	$ 15.940,00
Vietnam	$ 4.230,00
World	$ 12.701,50
South Africa	$ 11.190,00

Source: The World Bank (2014).

ATTACHMENT 2

Interview research guide

Topic	Goal	Main Question	Subsidiary questions
Contextualization	Understand the position and relation of the interviewee with the club and the sport	Talk about your personal and professional relation with sport, your position and brief career description	Developed accordingly to the answer
Cultural stigmas	See the perception about Brazilian/German cultural main aspects	How do you see a typical Brazilian, German?	Personal space
			Work environment
			Corporations
Cultural interference	See the opinion about cultural interference in the strategy and business development	Are companies influenced by its home-country culture, or/and the place it is established?	Why/Why not? And in which degree?
			Most relevant factors
	Draw a comparison between Germany and Brazil	Talk about Germany and Brazil, what differences and similarities do you see, if any?	Introduce Hofstede (2010) and Lewis (2006) concepts
			Considering only football
Club structure	Get the perception of interviewee about the football	What is your opinion about this football club?	For the country industry, and for the world industry
			Corporate structure?
			Past, presence and future
Industry	Perception of the role of the club inside the industry	What is the role of the club in the football industry?	Porter (2006) five forces framework
Marketing	Understanding about club marketing strategy	How do you see the club marketing practices?	What kind of general strategy? Is there any?
		Most important aspects	Why/Why not? And in which degree?
		Perception about the Marketing Strategy comparison topics	Developed accordingly to the answer
		Improvements	How?
		Perception of foreign practices	Could we do the same? If so, how?

<table>
<tr><td rowspan="4">Sustainability</td><td rowspan="4">Perception if the current model is considered as ideal and able to provide sustainability financially and administratively</td><td rowspan="2">The current model is sustainable in the long term?</td><td>What are the biggest challenges and advantages?</td></tr>
<tr><td>How to get there?</td></tr>
<tr><td rowspan="2">Cultural implications that shape the current business model</td><td>Positive and negative impacts</td></tr>
<tr><td>If necessary for sustainability, how to change it considering the cultural aspects?</td></tr>
</table>

Source: Elaborated by the Author.

ATTACHMENT 3

C.R. Flamengo 2014 Brazilian Championship home matches overview

Home Match	Stadium	Opponent	Total Capacity	Attendance	Members Sócio Futebol Fluminense	% fan members	Gratuity	Stadium Occupancy	Gross Revenue	Stadium Rental and Operational Fee	Consórcio Maracana Share	% of revenue to Stadium	Pawn	Fluminense Net revenue	% of revenue to Fluminense	Avg. Ticket price	Variation from the previous match	Variation from the average
1	Maracanã - Rio de Janeiro	Figueirense	78.838	35.020	2.498	7,13%	4.300	44,42%	R$ 358.535,00	R$ 0,00	R$ 153.776,75	42,89%	R$ 0,00	R$ 118.427,39	33,03%	R$ 11,67	0,00%	-52,99%
2	Maracanã - Rio de Janeiro	Vitória	78.838	50.687	5.085	10,03%	5.712	64,29%	R$ 609.195,00	R$ 0,00	R$ 296.169,36	48,62%	R$ 0,00	R$ 169.870,97	27,88%	R$ 13,55	16,06%	-45,45%
3	Maracanã - Rio de Janeiro	Flamengo	78.838	30.766	2.857	9,29%	4.588	39,02%	R$ 761.480,00	R$ 0,00	R$ 281.331,47	36,95%	R$ 0,00	R$ 305.478,13	40,12%	R$ 29,09	114,75%	17,16%
4	Maracanã - Rio de Janeiro	Sao Paulo	78.838	17.035	294	1,73%	1.910	21,61%	R$ 276.080,00	R$ 0,00	R$ 86.792,73	31,44%	R$ 0,00	R$ 79.258,72	28,71%	R$ 18,25	-37,25%	-26,48%
5	Moacyrzão - Macaé	Internacional	16.000	6.403	331	5,17%	713	40,02%	R$ 77.900,00	R$ 3.000,00	R$ 0,00	3,85%	R$ 0,00	-R$ 27.125,68	-34,82%	R$ 13,69	-25,00%	-44,86%
6	Raulino de Oliveira - Volta Redonda (RJ)	Santos	21.000	4.789	0	0,00%	1.039	22,80%	R$ 52.480,00	R$ 15.000,00	R$ 0,00	28,58%	R$ 0,00	-R$ 30.274,09	-57,69%	R$ 13,99	2,22%	-43,64%
7	Maracanã - Rio de Janeiro	Goiás	78.838	40.075	4.837	12,07%	4.813	50,83%	R$ 705.250,00	R$ 0,00	R$ 231.852,93	32,88%	R$ 0,00	R$ 302.957,94	42,96%	R$ 20,00	42,91%	-19,45%
8	Maracanã - Rio de Janeiro	Coritiba	78.838	28.511	4.079	14,31%	3.743	36,16%	R$ 495.170,00	R$ 0,00	R$ 141.157,02	28,51%	R$ 0,00	R$ 223.940,74	45,23%	R$ 19,99	-0,04%	-19,48%
9	Maracanã - Rio de Janeiro	Sport	78.838	13.919	1.952	14,02%	2.288	17,66%	R$ 227.210,00	R$ 0,00	R$ 66.424,95	29,24%	R$ 0,00	R$ 66.151,13	29,11%	R$ 19,53	-2,29%	-21,32%
10	Maracanã - Rio de Janeiro	Cruzeiro	78.838	27.194	3.248	11,94%	3.660	34,49%	R$ 617.385,00	R$ 0,00	R$ 172.973,45	28%	R$ 0,00	R$ 293.555,59	47,55%	R$ 26,23	34,29%	5,66%

11	Maracanã - Rio de Janeiro	Palmeiras	78.838	15.238	2.028	13,31%	2.683	19,33%	R$ 322.485,00	R$ 0,00	R$ 106.323,47	33%	R$ 0,00	R$ 74.805,82	23,20%	R$ 25,69	-2,09%	3,45%
12	Maracanã - Rio de Janeiro	Grêmio	78.838	6.840	1.082	15,82%	629	8,68%	R$ 166.365,00	R$ 0,00	R$ 51.283,82	31%	R$ 0,00	-R$ 8.538,36	-5,13%	R$ 26,79	4,28%	7,88%
13	Mané Garinhca - Brasília	Bahia	48.877	9.476	398	4,20%	0	19,39%	R$ 626.140,00	R$ 180.135,00	R$ 0,00	29%	R$ 0,00	R$ 29.145,55	4,65%	R$ 66,08	146,69%	166,13%
14	Maracanã - Rio de Janeiro	Atlético - MG	78.838	11.933	2.009	16,84%	1.613	15,14%	R$ 248.565,00	R$ 0,00	R$ 60.534,49	24%	R$ 2.571,57	R$ 48.859,79	20,69%	R$ 24,09	-63,55%	-2,99%
15	Maracanã - Rio de Janeiro	Criciuma	78.838	13.472	1.408	10,45%	2.258	17,09%	R$ 310.005,00	R$ 0,00	R$ 105.542,08	34%	R$ 0,00	R$ 63.630,04	20,53%	R$ 27,64	14,78%	11,34%
16	Maracanã - Rio de Janeiro	Atlético - PR	78.838	22.537	2.939	13,04%	3.692	28,59%	R$ 491.475,00	R$ 0,00	R$ 157.225,24	32%	R$ 0,00	R$ 166.691,00	33,92%	R$ 26,08	-5,66%	5,04%
17	Maracanã - Rio de Janeiro	Botafogo	78.838	22.608	2.387	10,56%	2.899	28,68%	R$ 685.900,00	R$ 0,00	R$ 212.568,40	31%	R$ 0,00	R$ 269.550,78	39,30%	R$ 34,80	33,44%	40,16%
18	Maracanã - Rio de Janeiro	Chapecoense	78.838	29.482	3.658	12,41%	4.370	37,40%	R$ 616.125,00	R$ 0,00	R$ 150.123,16	24%	R$ 0,00	R$ 279.438,05	45,35%	R$ 24,54	-29,50%	-1,18%
19	Maracanã - Rio de Janeiro	Corinthians	78.838	18.181	886	4,87%	1.672	23,06%	R$ 496.155,00	R$ 0,00	R$ 170.838,84	34%	R$ 0,00	R$ 157.867,78	31,82%	R$ 30,05	22,49%	21,04%

ATTACHMENT 4

Fluminense F.C. 2014 Brazilian Championship home matches overview

Home Match	Stadium	Opponent	Total Capacity	Attendance	Members Sócio Futebol Fluminense	% fan members	Gratuity	Stadium Occupancy	Gross Revenue	Stadium Rental and Operational Fee	Consórcio Maracana Share	% of revenue to Stadium	Pawn	Fluminense Net revenue	% of revenue to Fluminense	Avg. Ticket price	Variation from the previous match	Variation from the average
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2	Maracanã - Rio de Janeiro	Vitória	78.838	50.687	5.085	10,03%	5.712	64,29%	R$ 609.195,00	R$ 0,00	R$ 296.169,36	48,62%	R$ 0,00	R$ 169.870,97	27,88%	R$ 13,55	16,06%	-45,45%
3	Maracanã - Rio de Janeiro	Flamengo	78.838	30.766	2.857	9,29%	4.588	39,02%	R$ 761.480,00	R$ 0,00	R$ 281.331,47	36,95%	R$ 0,00	R$ 305.478,13	40,12%	R$ 29,09	114,75%	17,16%
4	Maracanã - Rio de Janeiro	Sao Paulo	78.838	17.035	294	1,73%	1.910	21,61%	R$ 276.080,00	R$ 0,00	R$ 86.792,73	31,44%	R$ 0,00	R$ 79.258,72	28,71%	R$ 18,25	-37,25%	-26,48%
5	Moacyrzão - Macaé	Internacional	16.000	6.403	331	5,17%	713	40,02%	R$ 77.900,00	R$ 3.000,00	R$ 0,00	3,85%	R$ 0,00	-R$ 27.125,68	-34,82%	R$ 13,69	-25,00%	-44,86%
6	Raulino de Oliveira - Volta Redonda (RJ)	Santos	21.000	4.789	0	0,00%	1.039	22,80%	R$ 52.480,00	R$ 15.000,00	R$ 0,00	28,58%	R$ 0,00	-R$ 30.274,09	-57,69%	R$ 13,99	2,22%	-43,64%
7	Maracanã - Rio de Janeiro	Goiás	78.838	40.075	4.837	12,07%	4.813	50,83%	R$ 705.250,00	R$ 0,00	R$ 231.852,93	32,88%	R$ 0,00	R$ 302.957,94	42,96%	R$ 20,00	42,91%	-19,45%
8	Maracanã - Rio de Janeiro	Coritiba	78.838	28.511	4.079	14,31%	3.743	36,16%	R$ 495.170,00	R$ 0,00	R$ 141.157,02	28,51%	R$ 0,00	R$ 223.940,74	45,23%	R$ 19,99	-0,04%	-19,48%
9	Maracanã - Rio de Janeiro	Sport	78.838	13.919	1.952	14,02%	2.288	17,66%	R$ 227.210,00	R$ 0,00	R$ 66.424,95	29,24%	R$ 0,00	R$ 66.151,13	29,11%	R$ 19,53	-2,29%	-21,32%

10	Maracanã - Rio de Janeiro	Cruzeiro	78.838	27.194	3.248	11,94%	3.660	34,49%	R$ 617.385,00	R$ 0,00	R$ 172.973,45	28%	R$ 0,00	R$ 293.555,59	47,55%	R$ 26,23	34,29%	5,66%
11	Maracanã - Rio de Janeiro	Palmeiras	78.838	15.238	2.028	13,31%	2.683	19,33%	R$ 322.485,00	R$ 0,00	R$ 106.323,47	33%	R$ 0,00	R$ 74.805,82	23,20%	R$ 25,69	-2,09%	3,45%
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13	Mané Garinhca - Brasília	Bahia	48.877	9.476	398	4,20%	0	19,39%	R$ 626.140,00	R$ 180.135,00	R$ 0,00	29%	R$ 0,00	R$ 29.145,55	4,65%	R$ 66,08	146,69%	166,13%
14	Maracanã - Rio de Janeiro	Atlético - MG	78.838	11.933	2.009	16,84%	1.613	15,14%	R$ 248.565,00	R$ 0,00	R$ 60.534,49	24%	R$ 2.571,57	R$ 48.859,79	20,69%	R$ 24,09	-63,55%	-2,99%
15	Maracanã - Rio de Janeiro	Criciuma	78.838	13.472	1.408	10,45%	2.258	17,09%	R$ 310.005,00	R$ 0,00	R$ 105.542,08	34%	R$ 0,00	R$ 63.630,04	20,53%	R$ 27,64	14,78%	11,34%
16	Maracanã - Rio de Janeiro	Atlético - PR	78.838	22.537	2.939	13,04%	3.692	28,59%	R$ 491.475,00	R$ 0,00	R$ 157.225,24	32%	R$ 0,00	R$ 166.691,00	33,92%	R$ 26,08	-5,66%	5,04%
17	Maracanã - Rio de Janeiro	Botafogo	78.838	22.608	2.387	10,56%	2.899	28,68%	R$ 685.900,00	R$ 0,00	R$ 212.568,40	31%	R$ 0,00	R$ 269.550,78	39,30%	R$ 34,80	33,44%	40,16%
18	Maracanã - Rio de Janeiro	Chapecoense	78.838	29.482	3.658	12,41%	4.370	37,40%	R$ 616.125,00	R$ 0,00	R$ 150.123,16	24%	R$ 0,00	R$ 279.438,05	45,35%	R$ 24,54	-29,50%	-1,18%
19	Maracanã - Rio de Janeiro	Corinthians	78.838	18.181	886	4,87%	1.672	23,06%	R$ 496.155,00	R$ 0,00	R$ 170.838,84	34%	R$ 0,00	R$ 157.867,78	31,82%	R$ 30,05	22,49%	21,04%