The process of transforming Real Madrid into a corporate brand

El proceso de transformación de Real Madrid en marca corporativa

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Abstract
This research analyzes the Real Madrid brand as a renowned symbol, its globalization, and its emotional added value, considering all the variables of its evolution from a strategy focused on a product brand to that of a corporate brand. The case study and semi-structured interviews with experts show how the process of globalization undertaken by Real Madrid ahead of other football clubs has been crucial in achieving success in its product (sports victories), its corporate values, its management of the organization, and its public. Thus, there has been a process of transformation toward a corporate brand. Furthermore, the variables that integrate its brand equity have been reinforced throughout this process. The process of transformation of Real Madrid into a corporate brand is structured and hierarchized into a strategic map that will allow the organization to confront the management of the brand in the 21st century and consolidate its position as a viable lovemark with a solid reputation that is present throughout the entire process, starting with the development of a symbolic and emotional heritage that has been generated since the middle of the 20th century.

Keywords
Football; corporate brand; world class brand; global marketing; Brand equity; Real Madrid

Esta investigación tiene como objetivo analizar la marca Real Madrid como marca reputada, su globalización y valor añadido emocional, contemplando todas las variables que intervienen en su proceso evolutivo desde una estrategia de marca producto hacia otra de marca corporativa. El estudio de caso y las entrevistas semiestructuradas a expertos permiten explicar cómo el proceso de globalización llevado a cabo por Real Madrid con anterioridad a otros clubes de fútbol ha sido determinante para refrendar el éxito de su producto (victorias deportivas), sus valores corporativos, la gestión de la organización y sus públicos. De este modo, se ha favorecido un proceso de transformación hacia la marca corporativa y las variables que integran su valor de marca se han nutrido de todo este proceso. El proceso de transformación de Real Madrid en marca corporativa se estructura y jerarquiza en un mapa estratégico que permitirá afrontar la gestión de la marca en el siglo XXI y consolida su posición de lovemark viable con una sólida reputación presente en todo el proceso, que comienza con el desarrollo de un patrimonio simbólico y emocional generado a partir de mediados del siglo XX.

Palabras clave
Fútbol; marca corporativa; marcas renombradas; marketing internacional; valor de marca; Real Madrid

1. Introduction

Decades ago, commercial brands began to disassociate the attributes of their products from the values related to their positioning (Ries and Trout, 1981; Wind, 1992). Later, it was the brand itself that began to add value to the product that it commercialized (Leuthesser, 1988; Farquhar, 1989; Aaker, 1991). Finally, the brand was totally disassociated from the product (Keller, 1993) and it was oriented toward the public and stakeholders (Freeman, 1984), far beyond the consumers themselves. In a highly competitive market in which products barely showed differences in their attributes, rational arguments in commercial communication were overcome to focus on emotional issues that link brands to their public (Arnold, 1992; Crainer, 1995; Dall Olmo and Chernatony, 2000; Roberts, 2005).

Currently, corporate or company brands coexist with product brands (Olins, 2009), all in a global context. Product brands have traditionally served as a guarantee for the consumer, since they have generated expectations of satisfaction before the purchase based on the positioning and the associations aroused by the brand, but the big brands have chosen to make a transition toward a corporate brand.

A brand that aspires to the status of value must first be known, recognized, associated with attributes, benefits and attitudes (Keller, 1993), reputable, respected and admired, and this occurs with high levels of loyalty. It is also necessary that they opt for responsible communication, while brands also provide values to their customers and reflect models of behaviour that become a reference for society (Benavides, 2015). In short, current brand management falls within the category of intangibles of any organization. Alloza (2012) estimates that the intangibles of an organization account for 80% of its total value, so he proposes an integrated and comprehensive management of these intangibles so as not to exclude the emotional connection with stakeholders, with whom it must build a solid and stable relationship over time.

The distinction between corporate identity and brand image (Aaker, 1997) is what defines the difference between the corporate brand, which is strategic and long-term, and the cognitive space where the brand circulates, with a more tactical nature of the image. Costa (2003) makes it clear that the public perceives the image of a brand only when it projects a corporate identity consistent with reality, as otherwise that representation would not occur. Therefore, he insists that the first step was for the public to demand products, then brands, and later brand image.

Values are at the centre of identity. They shape the personality of the brand and its “relevance, leadership, differentiation, and proximity” (Benavides, 2013: 515). Transparency, social recognition and corporate governance determine the relationship with the public and the reputation they obtain. In this way, the public identifies more with the company, and they develop greater emotional ties.

Even without having acquired its products at any time, society as a whole makes value judgments based on the perception they have of the company according to the way it is, and the way it acts and relates, creating a strand of positive or negative opinion toward the company brand, a cognitive brand space in which the public acquires greater prominence and influence in the process of social and corporate exchange, building intangibles from daily reality (Benavides, 2012).

In this context of brand transformation, those that have developed in the professional European football leagues have acquired great importance. The media’s interest in football has been increasing and now reaches greater audiences with their acts than any other organization. In Spain, Real Madrid and Barcelona F.C. are the two football clubs with the highest visibility. Football is the sport with the largest worldwide audience, which reached its highest numbers ever in the 2014 World Cup with more than 900 million viewers, 180 million in the Champions League, and 160 million in the NFL (FIFA, 2015). Also in Spain, 9 of the 10 most watched television programs and 17 of the top 20 in 2015 were football matches (Kantar Media, 2015). If we look at the historical data, four of the five most watched programs in Spain are football matches, with the rankings being led by the 15.6 million spectators who watched the Spanish National Team in the 2010 World Cup final. Therefore, the main objective of this research is to determine the variables upon which Real Madrid has built its predominant position from the point of view of its transformation from a product brand to a corporate brand.

There are many authors (Blanco and Forcadell, 2006; Kase, Gómez, Urrutia, Opazo & Martí, 2006; Gatius & Huch, 2012) who consider that the management model that has been applied during the presidency of Florentino Pérez since 2000 has been its main asset, placing economic and financial valuation ahead of brand equity, or in other words, the consequence to the cause and the product brand to the corporate brand. Others (Ginesta, 2011; Urrutia, Kase, Marti & Opazo, 2006), have even contemplated variables such as international reputation or social responsibility, subordinating these to sports victories, that is to say, to the product brand as a way of generating income.
As a product brand typical of the entertainment industry (Agudo & Toyos, 2003), the Club obtains a wide variety of income as a result, and has grown exponentially since the year 2000 due to television rights, transforming itself into a sports industry (Foster, Greyser & Walsh, 2005), a sports business (Chadwick and Beech, 2004) and a global football market from the starting point of an industrial economy (Magaz, 2001). In short, a common occurrence in scientific references is that the brand is subordinated to the income it generates, even when analysing the emotional involvement of the fans, simplifying their importance from supporters to customers (Blanco & Forcadell, 2006a).

Corporate reputation is an essential element in the leadership of any organization as a generator of brand equity and its recognition by the public (Villafañe, 2001), which is why the classic approaches that supported leadership in football based almost exclusively on sports victories lost their validity due to their ephemeral nature. Consequently, intangible resources like “the brand, corporate reputation, intellectual capital or social responsibility are one of its main sources of value” (Villafañe, 2012: 101), all of which are present in the case of Real Madrid.

González-Calleja (2004) approaches the phenomenon from the point of view of influence and social power represented by Real Madrid, from a historical perspective due to its success in terms of economics, social and mass success, and its compliance with political power, which facilitated a magnificent relationship with the power structure, whatever the situation was in each period of history. This historical perspective is part of the heritage of Real Madrid with regard to European sports victories obtained since 1950.

Along these lines, the importance of communication in the strategy of organizations has also been highlighted (Olabe, 2015), and despite the fact that it approaches football clubs according to their relationship with the media, it praises the importance of the management of intangibles with regard to the positive effects of becoming a benchmark and being preferred by the public (Capriotti, 1992), and recognizes the transformation that Real Madrid has faced in going from a sports entity to an authentic social institution.

Therefore, due to the fact that their link to supporters is fundamental, we cannot ignore the growing importance of digital communication for football clubs, reflecting the opinion of Sotelo-González (2012) that in the 2011-2012 season the predominant content on the website of Spanish football clubs was related to the different dimensions of their sports product and the use, still in its initial stages, that it made of its social networks, which was already pointing toward globalization and the involvement of their supporters as two issues of extreme importance, although it was also done from the point of view of economic-financial performance instead of brand equity, which in the case of Real Madrid, has become a corporate brand.

2. Methodology

This article investigates qualitatively the transformation process of Real Madrid from a strategy based on a product brand to a strategy based on a corporate brand, which transcends the sports domain.

The starting hypothesis is that the brand equity of Real Madrid has evolved from purely sporting results (product) to being a reputable organization (corporate brand), with the special influence throughout this process of premature globalization in the decade of the 1950s of the 20th century.

The general objective is the creation of a strategic map that synthesizes the process of transformation of Real Madrid into a corporate brand.

The specific objectives are the following:

- Analyse the brand from the perspective of its value.
- Isolate the fundamental variables that intervene in the transformation of product brand to corporate brand.
- Hierarchize the importance of the variables that make up the transformation process.

After reviewing the state of the issue, analysis of the case study was carried out (Simons, 2011), which allowed for the surmounting of the economic-financial approach dominant in the references in order to analyse the value of the Real Madrid corporate brand. This evolutionary process from a product brand to a corporate brand was synthesized into a strategic map that identifies, organizes and hierarchizes the variables that have intervened in that process.
Case study is a methodology widely used to analyse phenomena in depth and check hypotheses in any branch of knowledge (Young, 1939; Becker, 1979; Hamel, 1992), and especially to explain the social phenomena related to organizations (Feagin, Orum & Sjoberg, 1991) in its ability to interrelate the effects of the community, its social institutions, and its members” (Young, 1939: 273), based on the rest of the organizational variables.

The theoretical sample (Eisenhardt, 1989) chosen is the case study “Real Madrid”, which allows for the application of the emerging theory to the rest of the football clubs in the process of converting the sports entity into a product brand, and from this into a world class corporate brand. The unit of analysis in this case study are the variables of the Real Madrid brand, specifically its intangibles. We must consider that the methodology of case study “is not a particular technique used to obtain data”, but rather a way to organize those data from the unit through the use of “personal stories, documents, reports of cases made by other people, letters, etc.”(Goode & Hatt, 1976: 415). In this way, the researcher asks himself “the how and why of contemporary events” (Arzaluz-Solano, 2005: 114), obtaining exploratory (Chetty, 1996) and descriptive results (Kidder, 1982; Eisenhardt, 1989). The analysis variables (Yin, 1989) take into account a single case as the main unit with several subunits, which are the rest of European football clubs, and these are compared in the income section. The variables of Real Madrid that have been analysed are those that make up its brand: the product, the brand architecture, brand equity, its globalization process, corporate values, the management of the organization and the relationship with its public.

The sources have been triangulated to verify the information obtained from different perspectives that converge in the phenomenon. Thus, review of the state of the issue from previous published investigations that have approached the Real Madrid phenomenon as a brand is what we consider to be the starting point of the analysis that is historical, but essentially economic-financial. Afterwards, documentary sources related to the world of football as a business have been reviewed, such as studies, reports, indexes, annual reports, data and published statistics, which have been interrelated for the first time in this research, and this has contributed to the achievement of the objectives set and revealed the differences with regard to other European football Clubs that have not yet reached this same position of privilege as a brand. The statements and official speeches of the directors of Real Madrid are also analysed in order to identify the evolution of their strategic vision, and lastly, six semi-structured interviews were carried out with three sports journalists. (1. A sports journalist of televised football; 2. A football sports journalist and former Real Madrid director; 3. A former director of televised sports), and three experts in sports marketing, (1. A director of communications in a sponsoring company; 2. A former director in an agency in charge of tourism promotion in Spain; and 3. A retired professional athlete and professor of communications and sports marketing), in order to confirm the identified variables and the causal relationships between them, which converge in the creation and hierarchy of the strategic map of Real Madrid as a corporate brand, reflecting a progressive and sequential implementation.

3. Results

3.1. The Real Madrid product brand

The history of Real Madrid implies the first expression of its formation as a brand, which began in 1902 as one of the founding football clubs in Spain, and it began its globalization from its first sports victories in the European Cup. In this first phase, its success as a brand was the success of its product, based on “an overcoming spirit with a sportsmanlike struggle to the last second” (journalist 3).

Santiago Bernabéu was elected President of the Club in 1943, after having previously been a player and coach, and he began laying the foundations of the brand by promoting new sports sections, building the Nuevo Chamartin stadium (called Santiago Bernabéu stadium after 1955), and the Real Madrid Sports City. He was also one of the founders of the European Cup (now the UEFA Champions League), and signed Alfredo Di Stéfano as the star player. The Club itself recognizes the fact that he was the “creator of its sports greatness, international prestige, and the heritage it enjoys today” (Real Madrid, 2016).

In the decade from the years 1951 to 1960, most of the projects undertaken by Santiago Bernabéu were carried out, putting the club on the path to sporting success with a team full of sports idols in a Europe whose football had reached a high level. Journalist Gabriel Hanot devised a European Cup in which the champions of each national league would participate, a project to which his colleague Jacques Ferran joined in order to write the regulations that were approved by the European Football Union (UEFA), with the sports newspaper L’Équipe organizing the championship from 1956 onward, and with Santiago Bernabéu being the Vice President of the Constituent Commission. Real Madrid was the winner of the first five Cup competitions and victor in the first Intercontinental Cup in 1960.
At this time, the foundations of the current Real Madrid were laid, and the globalization of the Real Madrid brand and the shaping of its own value as a corporate brand were becoming stronger, even though sporting success was still the fundamental pillar of its growth. “We must recognize that Real Madrid is the best football team in history, a global brand, and a feeling that is shared by millions of fans” (expert 3). For all of these reasons, FIFA has recognized Real Madrid as the Best Club of the 20th Century thanks to the achievement of its 12 UEFA Champions League victories. No other football team has achieved so many sporting triumphs, which comprise the brand product of Real Madrid.

Despite this success, a football club cannot always guarantee sports victories, which are its product, so its followers, with the exception of those who are local, often change teams during a period of losses if there is no evolution toward a corporate brand, which has happened in Europe with Inter Milan and Ajax of Amsterdam after their golden age had passed (expert 1).

3.2. Brand architecture

The Real Madrid brand has been registered in several categories of the Niza classification (OEPM, 2016) since 1947, and the single brand strategy with a descriptive name (Olins, 2009) has been adopted from the beginning, despite the logical diversification of the different sports sections or the Foundation itself, which should add those additional words to the Real Madrid brand. As representatives of their cities in the beginning of competition, the brand name of the football club is composed of the name of the city and extension type: “football club”, “sports club”, and the like. On June 24, 1920, King Alfonso XIII granted to “Madrid” the title of Real, a privilege that was already usual in sports clubs (Bahamonde, 2002).

From the discourse of the interviewees, it is clear that the Real Madrid brand “transcends sports and borders, and is a very good communication tool” (expert 1). In short, it is the brand that “has the most notoriety and is the most powerful in the world” (expert 2), and its brand name meets the criteria of a suitability test (Esteban, García, Narros, Olarte, Reinares & Saco, 1997):

- It is readable, audible and memorable as a consequence of the fact that the word “Real” has an easy pronunciation in most of the main languages. It's universal.
- It evokes the qualities and benefits of the brand, awakening positive feelings. The Real Madrid brand is inevitably linked to a feeling of excitement and adherence to a club characterized by its historical victories, the values it embodies, and the recognition by the public of what it represents. Even the physical facilities and other assets are “a heritage with an emotional character” (expert 3).
- It is distinctive and applicable to expansion into new lines of business and markets, from sports content to a T-shirt, a theme park, or personal attachment.
- It can be registered and thus appears in industrial property registers.

As for the look & feel of the brand, or in other words, “how it looks and how it feels” (Olins, 2009: 30), we must consider that the characteristic white colour of the brand is linked in Western cultures to purity, neatness, peace and matrimonial union, while in countries like India, China or Japan it symbolizes mourning, and on the African continent it indicates high rank.

3.3. Brand equity

The importance of brand equity regarding the sport that is the foundation of its existence is reflected in the fact that sports victories are not everything, as demonstrated by the fact that Real Madrid has continued to amass followers and has done so despite the fact that its 12 Champions League victories did not include the 2005/2006 nor the 2012/2013 seasons, a time in which its most intense rival, Barcelona F.C., compiled its greatest sports successes, a consequence of the fact that “passion and emotion move everything in the world of sports” (journalist 1).

Real Madrid meets the five variables of brand equity (Aaker, 1991):

- Fidelity: The football fan is the greatest symbol of loyalty, feeling a practical satisfaction from the fact that his team play well and win, and an emotional satisfaction from recognizing that both parts are united. Specifically, this fidelity is what leads Real Madrid’s followers to demand that the players “feel the colours” and take on their values. Football teams are the greatest examples of lovemarks:
I am a member of Barcelona F.C., and whenever I can, I go to the field. I skip romantic dinners and evenings with my bride. I love going every fifteen days to the stadium, the ritual, the atmosphere, the emotion and the feelings that overflow when they play well. Like yin and yang, I also have an anti-lovemark: obviously, Real Madrid. I enjoy seeing it lose and play badly... it is a curious way to reaffirm my lovemark... (Roberts, 2005: 6).

- Recognition: Every football fan in the world today knows Real Madrid, a member of the Forum of Leading Brands of Spain. Its millions of television viewers guarantee not only recognition, but also a good reputation.

- Perceived quality: In sports, Real Madrid has been awarded the accolade Best Club of the 20th Century; it signs the best players in the world each year; a Cristiano Ronaldo shirt costs 105 euros; the hospitality boxes for companies are among the highest-priced, reaching 300,000€ per season; and its stadium, which is being renovated, was awarded with a five-star rating by UEFA. In short, Perceived quality is a hallmark of Real Madrid.

- Associations: A football club is a world of emotion, of satisfaction and frustration, of epic victories, of a lifestyle with associated values, and even a feeling of aspiring to become like the stars of the team. “I am a supporter of Real Madrid” implies much more than just watching a football match. It is precisely these associations that allow Real Madrid to reduce its dependence on sports victories. These associations will allow for the creation of brand experiences for their followers, such as the Real Madrid Café Dubai, the Real Madrid Resort Island, or the eternal Disney park project in its Sports City.

- Other assets, specifically, include the registered trademark previously analysed.

There are other essential elements of the current brand equity that Aaker did not consider in the 1990s and that cannot be omitted, such as innovation and design. The first focused on converting sponsors into technology partners, such as Microsoft and Samsung, and the second was introduced by Florentino Pérez with his policy of signing athletes who offered high potential as advertising models in addition to their sports ability, as the Club owns 50% of their image rights. The coaches went on to wear business suits instead of tracksuits, and the importance of their image was expressed in the words spoken off the record by the historic player and second coach of Barcelona F.C., Carles Rexach: “Vicente del Bosque and Di María are too ugly for them. They are not Toni Kroos or James Rodríguez” (Sport, 2015, March 4).

3.4. Globalization

Spanish sport has been described as a late bloomer, and it was not until the Olympic Games in Barcelona in 1992 that Spanish athletes started to become competitive in all sports, thanks in part to the Sports Law passed in 1990, which gave a fundamental role to the State in the organization and management of grassroots sports. Until that time, Spanish victories in mass sports were scarce and reduced to the six victories of Real Madrid in the European Football Cup in the 1950s, and the Euro Cup obtained by the Spanish National Football Team in 1964. Therefore, the worldwide prestige of Real Madrid occurred prior to the recognition achieved by the greatest Spanish sports successes with the highest impact, from its first victory in the European Cup in the context of a Spain that was closed to the outside world. Indeed, “Madrid has represented Spain throughout Europe in complicated moments” (journalist 1) and “for many years [...] Madrid has been the image of Spain” (journalist 2).

According to data from the Professional Football League (LFP), during the 2015-2016 season, Real Madrid obtained an average audience size in Spain of 4,139,810 viewers, compared to 14,705,980 viewers obtained abroad on average.

The policy initiated by President Florentino Pérez in 2000 with the signing of a “galactic” player every season inaugurated a second phase, the definitive one, in the globalization of the brand. This expense was counterbalanced by the rise of its own junior players who embodied the values of Real Madrid, and who together with the victories of the Spanish National Team, would also attain global reach years later.

The first of those galactic player signings was Luis Figo in 2000, which damaged relations with Barcelona F.C. because he was signed before he had become a free agent. When Zinedine Zidane was signed in 2001 for 75 million Euros, the highest amount that had been paid until that time, he started to eliminate a possible image of arrogance, or a “millionaire’s club” (expert 3), and it was pointed out that Zidane arrived not for money, but to win the only title he lacked as a player, the Champions League, scoring the decisive goal in the final in the club’s centennial year.
He is the only "galactic" player who has remained linked to the club since retirement, accomplishing two Champions League victories as coach. Moreover, the statements he made on the day it was announced that he would be a player reinforced the values of Real Madrid: “It is an honour to be part of Real Madrid, […] I will do everything I can to contribute to the legend of this team” (El País, July 9, 2001).

The “galactic” player who contributed the most to the global impact of Real Madrid was David Beckham. Although this player only achieved one League victory among the major titles, his arrival produced a social, commercial and advertising phenomenon never before seen in the Club until the arrival of Cristiano Ronaldo. On all of the teams for which he had played, Beckham achieved more income with image rights than with his sports career, with an active social, advertising and fashion life that allowed him, in addition, to achieve great importance in China and the United States. Hence, in 2007 he signed with the Los Angeles Galaxy in order to find success in Hollywood, putting this ahead of his sports success in a first division league.

The signings of Luis Figo, Zidane, Ronaldo and Beckham marked a new era of global expansion after the period led by Alfredo di Stéfano during the presidency of Santiago Bernabéu. Perhaps for that reason, “Internationally, Real Madrid is followed more because of its results” (Expert 1).

3.5. Corporate values

Real Madrid represents certain symbolic and emotional values that transcend a mere football club. It has outlined the values of its brand with regard to “commitment, competitiveness, leadership, myth, legend” (Agudo & Toyos, 2003: 191), “gentlemanliness, personal style, respect for the adversary” (Bahamonde, 2002: 204), and although the great challenge faced by brands is the connection of followers to these values, when the corporate brand process that Real Madrid started was consolidated, emotion laid the foundation of the product even more and associated the value of the results to the structure of the organization (corporate brand). This is a distinguishing feature of Real Madrid and is precisely what Barcelona F.C. or the German clubs want to achieve.

In 1951, the first survey on football was carried out, which placed Real Madrid as the most unfriendly team, yet the second most admired, a polarization that it has borne for almost a century”. Its rivals accused it of being the team of the Franco regime as a quick and easy way of explaining some admirable and enviable sports successes” (Bahamonde, 2002: 13). In any case, its followers preferred to boast of being the best club of the twentieth century, with history, heritage and gentlemanly values, which has always shown “greatness of purpose from a human point of view” (journalist 2).

Victory is necessary in order to nurture the process, but it is worthless if not accompanied by the values that fans require, such as commitment and struggle to the end, together with a good game and exemplary behaviour. It is not worth winning without being able to feel proud of your team; the importance of the emotional bond is vital (expert 3).

As early as 1933, Real Madrid came to be known as “the team of the millions” for its policy of signing players based on the checkbook, which Florentino Pérez revived from the year 2000 onward. As Table 1 illustrates, once this image was changed after the signing of Zinedine Zidane, the reputation became an essential element in negotiations in hiring galactic players, and the President publicly affirmed with regard to David Beckham that to negotiate with a player without the other Club’s permission would be “a lack of respect for our players and for a friendly club like Manchester” (Fernández, 2003), despite the fact that similar to previous cases, the negotiations took place in private. The following table shows the evolution of Florentino Pérez’s statements in relation to the signings of the first and most important galactic player:

<table>
<thead>
<tr>
<th>Name</th>
<th>Declaration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figo</td>
<td>I want to tell the club members that if I am the President of Madrid, Figo will play in Madrid. And take note how I speak with confidence. If I’m elected and Figo doesn’t play in Madrid, I promise to pay all club members the fee for next season.</td>
</tr>
<tr>
<td>Zidane</td>
<td>Zizou is one of the best players in the world. But I want to continue to maintain good relations with Juventus F.C.</td>
</tr>
<tr>
<td>Ronaldo</td>
<td>Ronaldo belongs to another club. There is no pending purchase option with a club who we are friendly with, like Inter F.C.</td>
</tr>
<tr>
<td>Beckham</td>
<td>It’s not right that a debate should take place now on whether or not Real Madrid is interested in Beckham. It shows a lack of respect for our squad and for a club that is a friend, like Manchester.</td>
</tr>
</tbody>
</table>

Source: created by the author based on information from Fernández-Bobadilla (2003).
The players that are trained in the lower categories of Real Madrid have been the most loyal to corporate values. Between 1981 and 1990, a generation of footballers from this pool of young players known as “La Quinta del Buitre”, named in honour of their leader Emilio Butragueño, went on to win five consecutive Leagues from 1985 onward, and two UEFA Cups under the Presidency of Ramón Mendoza. Apart from sport victories, in this era the club established its own values linked to a generation of footballers who had been trained and had grown up in Real Madrid, and whose values they have retained until now (journalist 1).

3.6. Management of the organization

The management model is an integral part of the Real Madrid brand, though not the main one, which has a financial valuation of 459 million Euros (Interbrand, 2016), and as an organization it had an income of 577 million Euros in the 2014/2015 season (Deloitte, 2016), ranking it first in the world of football, a result of a strategy that the present General Director, José Ángel Sánchez, undertook to “allow Real Madrid to finance itself in the future with the brand” (Gómez, 2001).

Despite the budgetary imbalance that threatened the stability of Spanish football for decades, Real Madrid currently has no deferred payments for the Public Treasury, and its average payment period to suppliers is 58 days (Real Madrid, 2016), a reasonable period in the context of Spanish business.

The economic/financial situation of Real Madrid in the decade 2005/2006-2014/2015 was the best of the European clubs, although a depletion of its annual growth can be seen after reaching an income of 577 million Euros in the 2014/2015 season. Manchester United, despite not having played the Champions League in that last season, and without having obtained great results in national competitions, continued in third place, with 519.5 million Euros.

Figure 1: Evolution of the income of football clubs

Source: created by the author based on what was carried out by Deloitte (2007-2016).

One of the great economic/financial successes of Real Madrid, which explains why it has become a brand that goes far beyond sports success, is the gradual reduction of the importance of income from television rights and the day of the game in favour of purely commercial factors, and having ceased to be a mere content provider (Agudo y Toyos, 2003; Olabe-Sánchez, 2013) to become a corporate brand in which everything related to the brand created in the world of football has a place, and this has
essentially occurred since the arrival of Florentino Pérez to the Presidency in 2000, which changed the management model, as can be seen in the following comparative chart.

**Figure 2: Evolution of revenue per game between the 2000/2001 and 2014/2015 seasons**

It is necessary to verify in table 2 the impact that sports results have had on those revenues, keeping in mind that during one decade Real Madrid has only won 2 BBVA Leagues, 2 Copas del Rey (King’s Cup), 1 Champions League and 1 World Cup, and that during that period its revenues increased by 97.47%. Bayern Munich, Barcelona F.C. and Manchester United, in that order, experienced even higher growth. It can be observed that there is no relationship between sports results and income. In the 2013/2014 season, when Real Madrid won the Champions League, the Copa del Rey and the Club World Cup, its revenues only increased by 5.90%, and the following season, in which no titles were won, revenues increased by 5.00%. During the three-year period from 2008/2009 - 2010/2011, the increase in income remained stable between 9 and 10% per year, despite the fact that in the first two seasons it did not win any title, and in the third only the Copa del Rey.

**Table 2: Real Madrid sports results 2005-2015**

<table>
<thead>
<tr>
<th>Season</th>
<th>League</th>
<th>Copa del Rey</th>
<th>Champions League</th>
<th>Club World Cup</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/2015</td>
<td>2nd</td>
<td>1/8 final</td>
<td>½ final</td>
<td>-</td>
</tr>
<tr>
<td>2013/2014</td>
<td>3rd</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
</tr>
<tr>
<td>2012/2013</td>
<td>2nd</td>
<td>2nd</td>
<td>½ final</td>
<td>-</td>
</tr>
<tr>
<td>2011/2012</td>
<td>1º</td>
<td>¼ final</td>
<td>½ final</td>
<td>-</td>
</tr>
<tr>
<td>2010/2011</td>
<td>2nd</td>
<td>1st</td>
<td>½ final</td>
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In the case of Barcelona F.C., the decade analysed was one of its greatest sports periods in terms of success, with an increase in its revenues of 116.44%, the highest of all the teams, as a result of continuing to be a product brand, as can be seen in the data of Paris Saint-Germain, Bayern Munich or Juventus Turin.

Club Presidents have led two major stages of leadership: that of Santiago Bernabéu, until now the personification of Real Madrid, and that of Florentino Pérez. In other European clubs, however, it has been the presence of a stable coach that has embodied leadership and corporate values, as occurred when Sir Alex Ferguson was at the head of Manchester United for more than 20 years, a time when this football club was ahead of Real Madrid in all rankings. Unfortunately, this is one of the weak points of the current era of the ‘white club’, which has had 20 different coaches in 20 years, despite the titles achieved by many of them, or being ex-players representing all the values of Real Madrid, such as Vicente del Bosque or José Antonio Camacho, who later won sporting success leading the Spanish National Team.

Real Madrid has become “a multinational; there is no company in existence that is more of a company than Real Madrid” (expert 1); and has an organizational chart sufficiently developed to be at the level of any large company, with 31 top managers as well as talent recruitment and training through its University
School in collaboration with the European University of Madrid. It has developed greatly in relation to the situation of ceasing to be almost a family business, described by the General Director, Inocencio Arias, during the presidency of Ramon Mendoza. Mr. Arias explains:

Family sagas are numerous in the way Madrid businesses are operated, with a high average age and professional training that has become obsolete. There are computers that have never worked at Real Madrid; employees with language skills can be counted on one hand. On a recent occasion, some of the candidates for a job at the club asserted their Madridista heart or their family background as the prominent information on their curriculum. Staff members are very resistant to any type of innovation (Bahamonde, 2002: 291).

Real Madrid presents an adequate, though still improvable, compliance in relation to its social responsibility, reputation and good corporate governance, all in the single sector of professional football, in which “bankruptcy proceedings, debts with public institutions and lack of transparency” have generated “mistrust on the part of public opinion that demands responsible administration” (López & Fernández, 2015: 38).

In its Transparency Index of Football Clubs (INFUT) of the first and second divisions of Spanish football, Transparency International (2015) indicates that 59% of the clubs fail the test, while the first two, Eibar and Real Madrid, reach the maximum score (100/100). The first two clubs are the first and the last - in terms of budget - of the first division in the year of the study. By area, clubs on average pass the test with regard to information about the football club, relations with members, fans and the general public, as well as the indicators on the Transparency Law. On the contrary, they fail on transparency in the economic-financial area as well as in procurement and supplies. It should be kept in mind that Transparency International only takes into account the availability of the information required and does not assess the content of it.

When reviewing the Real Madrid website, there is a clearly visible section within “About Real Madrid” called “Transparency”, where it complies with Law 19/2013 by offering all the information on Good Corporate Governance, including the remuneration (only total amounts), annual accounts, reports addressed to various stakeholders, a list of the contracts and agreements signed (though not published for reasons of confidentiality), regulations related to security and the prevention of violence in its stadium, and data on satisfaction surveys carried out. Despite indicating that it has an ethical code, as well as a code of conduct addressed to players and a model of organization and management for the prevention of offences by employees, its content is not published. Both the Club and its Foundation publish this information, in addition to annual accounts, a specific report on corporate responsibility, and an annual report addressed to the members. Within the contact details of the Club, there is a specific email for receiving proposals related to social responsibility, compliance and good governance.

Both in 2014/2015 and in the previous year, it employed a total of 679 people, of which only 17.23% were women. If we look at managerial positions, the percentage is reduced to 7.14%, and in the case of middle managers, it rises to 38.46%. In the case of the category of employees, women represent 89.42%. If we look only at those who are employees subject to the Club Agreement, 37% are women. Gender equality is of interest to the Club, not only in the workplace, as the female members of Real Madrid already represent 19.78% of the total.

In its Corporate Responsibility Report for the 2014/2015 season, it states that the Real Madrid Foundation is the “instrument” through which it carries out its social responsibility policy, specifically in social and educational actions, spreading the values linked to sports practice into five areas: promotion of sports, sports training for the development of values, social projects, international cooperation, and institutional activities. The President himself has claimed on multiple occasions that we must also be a leader in values: “We are a supportive team, so we have donated one million euros for all the refugees who come to our country” (Real Madrid, 2016).

The prevention of violence in football in all of its manifestations is another of the commitments of the Club, which has edited guidebooks with recommendations, and prohibits access to the stadium of people with symbols included in its anti-violence guide, and also has a Commission on Social Discipline to rule in favour of permanent expulsions of people or groups that foment or practice violence, ratifying 209 expulsions in the 2014/2015 season.

With regard to websites of Spanish foundations, the Commitment and Transparency Foundation (2016) includes in its report on transparency and good governance, Real Madrid, Barcelona F.C. and Atlético de Madrid, though none of these foundations are among those considered transparent, which are the ones that meet at least 12 of the 18 criteria. Barcelona F.C. and Real Madrid, with 10 indicators fulfilled by each of the two Clubs, are classified as transparent due to the fact that they have complied with at least 8 of those indicators. It is necessary to consider some inaccuracies detected in the report made by the
Commitment and Transparency Foundation (2016), probably resulting from the dates of data collection, since the closing dates of Real Madrid are at the end of the sports season and not much data is published until the month of September. Thus, the fifth and sixth non-conformities do appear at the end of 2015, both the functional organization chart and the name of its Chief Executive Director, Manuel Redondo Sierra, and that of its Managing Director, Julio González Ronco. In fact, the description of the board of trustees' profile is not included (only the names are included), nor the justification for its independence. Although investment policy does not appear, it justifies the carrying out of all actions within the principles that inspire the foundation as priority axes of action. The information provided in terms of good governance is insufficient, although it does provide some information. Similarly, it publishes the balance and income statements, but not the accounting report that should accompany them. Nor does the evaluation methodology appear; in the annual report, there is no evaluation of actions performed, so we assume that such evaluation is non-existent and that its publication has been omitted.

Regarding the recommendations established by the new Code of Good Governance (CNMV, 2015), it must be taken into account that this is only mandatory for listed companies. Its objective is to minimize conflicts of interest that may arise from high levels of transparency and should be specified in the annual publication of a Corporate Governance Report, all from the explicit relationship established with social responsibility. Although Real Madrid complies with the Transparency Law, the application of some of the recommendations of the Code of Good Governance of Listed Companies shows that several aspects related to corporate governance can still be improved. Information regarding breaches in this issue was not discussed at the Board of Directors meeting, and the reports were not published on the website until they had been approved in the General Meeting. The Board of Directors (equivalent to the Management Board) exceeds 15 members, currently 16, and a maximum of 20 is set by statute. Although a brief excerpt from the profiles of the Board Members was published, there is no reference to their knowledge or professional biographies, although their experience in sports management is shown, and all of the partners (none is independent) was voted for in the elections along with the President. There is not a single woman on the Board of Directors. Although the Board's regulations are not published, and consequently compliance with points 24 and 25 cannot be verified, the corporate report does reflect that its members sign a commitment of conduct (not published) before a notary, and their variable compensation is not linked to merit, due to the fact that they do not receive any remuneration for their position or benefits from pension plans or health insurance.

3.7. The targeted public

The social relevance of football as entertainment and the positive values that sports radiates are fundamental issues in understanding the ability to integrate fans of different characteristics and nationalities.

With regard to the general public, football reaches the entire society, having established social participation historically from its origins, in which Madrid's citizens associated leisure with activities that were cheap or free, among which football was included (Bahamonde, 2002: 42).

As for consumers, or in other words, groups such as followers of the club, members or season ticket holders, those who go sporadically to the stadium, or those who simply follow it through the media or the client companies that hire boxes or become sponsors, all of them constitute a broad list who want to voluntarily relate to a brand like Real Madrid. In those scenarios in which football has a long tradition, such as Europe or Latin America, the fan of a football club is absolutely unwavering (journalist1). In emerging countries such as China, or in Arab countries, the people identify mainly with players and victories, not so much with what it is and what it represents (expert 1), which is, in this case, Real Madrid. The individual essentially seeks to satisfy a need for social belonging (Maslow, 1991), together with other followers, usually in the environment closest to them. Another need is for that of self-esteem, in which the lack of success in their personal life is compensated by the epic victories by the team.

The media offers visibility and importance, and the Club provides them with daily content. However, criticism from the media has not always been well accepted by Real Madrid, as reflected in the statements made by President Florentino Pérez: “Even in Barcelona, they are surprised that the press in Madrid treats us like this”. “Some want to become famous by criticizing Real Madrid. Their goal is to hurt us” (Marca, September 4, 2015). Public institutions usually have a close relationship with Clubs due to the fact that these sports organizations represent their cities. Trade unions, political parties and associations ensure that players do not suffer the negative effects of the commercialization of football, while at the same time collaborating to bring football and its values closer to the most disadvantaged groups with the support of clubs. As for the politicians, it should be noted that for many decades they considered that approaching the local football stadiums gave them the sympathy of citizens and a good number of
votes, and to a large extent this is still true today. Similarly, the rest of the clubs are part of the external general public in their environment, and in this relationship, fair play must prevail, not the excessive competitiveness that we have suffered at times. Excessive competition ends up influencing the behaviour of fans and even the degree of violence that is generated in the most radical fans, with the obvious consequence being reputation problems. Other external audiences are the suppliers, intermediaries or agencies themselves, such as the Professional Football League (L.F.P.), or the Royal Spanish Football Federation (R.F.E.F.).

The internal public is often torn between the pride of belonging to an organization with such high prestige and the pressure of their work demands, which essentially involves the employees of the club, from the President and Board of Directors to non-sport employees, and finally to the coaches and players of all categories and ages, including those already retired, since many of them continue to be linked to the Club. The same is true for the relatives, who require special attention during the first years of training of the players in the lower categories.

The consistency between what is said and what is done, which is one of the hallmarks of the corporate brand, must begin precisely with cohesion and coherence shown in the attitude, words and deeds of the internal and external public. In its Corporate Responsibility Report, Real Madrid itself specifies the individuals it considers to be its stakeholders: partners, athletes, referees, employees, sports administration, public administration, other clubs, customers, fans, suppliers, society, and the media. Within the category of fans, it explains that “Real Madrid is a club open to everyone” (Real Madrid, 2016).

In short, Real Madrid as a corporate brand must consider the entire society as its public, strengthening the existing emotional ties as a result of being a lovemark with global impact. “For millions of people [...] is a religion” (journalist 1).

4. Discussion

The results obtained have allowed us to consider that Real Madrid has built a corporate brand based on the reputation and management of intangibles with worldwide social recognition, and in order to achieve this, it has had to face a process of transformation in different phases: product - brand architecture - brand equity - globalization - corporate values - management – and the public. It is precisely the management of intangibles that explains the change in sports brands from practical aspects to those of emotion.

In the first place, the historical sports results of the 50s and 60s and its premature journey abroad integrated the Club’s heritage with an institutional history initiated under the leadership of President Santiago Bernabéu. This, together with construction of the current stadium as an icon of its own corporate identity based on its values transmitted from generation to generation to new members and leaders of the entity have all converged to create the recognition and notoriety that has been a hallmark of the brand. The consequence of all of this has been the attainment of a loyal public, permanent interest by the media, and brands and products that have progressively become detached from their dependence on sports success.

In order for this patrimony to avoid becoming a mere historical component, the project is renewed annually to make it more solid and has had to face a process of professionalization as a result of the transformation from product brand to corporate brand. This has been made possible by inspiring different sectors of the public despite the uncertainty of the sports results. This sound project includes maintaining a competitive team, generating content to hold the interest of the media, promoting the organization’s own values and maintaining their stability, which can be achieved by the consistency and leadership of the President, and to a lesser extent, by the managers and coach. The benefits of this sound project are continued media interest, strengthened corporate values, renewed support of members and followers, and the incorporation of stable sponsors compatible with the Club’s values. In terms of competitiveness of the sports team without experiencing a decline in corporate values, “galactic” players who assume the values and contribute to the creation of both the global and national brand are combined with players of the youth academy who also represent the values, and essentially build the brand at the national level. This dual policy of signings has been aimed at ensuring viability, but above all its objective has been to strengthen the reputation of the corporate brand and avoid the stigma of the “millionaire’s club” in the hiring process.

The brand, which has been developed in Spain and become a global phenomenon, ultimately requires recognition as a world reference, obtained by being awarded with the title of Best Club of the 20th Century, yet it must continue to strengthen its identity, values and victories, and to reinvest its profits
throughout the entire process. Being the best team goes far beyond receiving a symbolic title by the UEFA or FIFA. It implies unanimous recognition by its public, who are the ones supporting the entire process, and who are at the starting point of brand equity. As a final consequence, they are at the turning point of reinforcing the emotional links to the global brand. As a result, the brand continues to grow by attracting new spectators, the reinforcement of its values, the obtainment of diversified revenues in which the importance of sports success is reduced, greater international interest, and greater visibility and reach.

Sports success was the cornerstone of football clubs in the 20th century and nearly their sole objective. Winning titles was the guarantee of greater recognition and higher income. Real Madrid of the 1950s won five European Cups in a row, and yet did not become a global brand until the 21st century, despite the fact that President Bernabéu had always been highly regarded in Europe. That is all it was - a football team that enjoyed its triumphs with its fans, and in this case, represented an entire country, which at that time was closed to the outside world. We must point out that Real Madrid won the title “Best Club of the 20th Century” at a time when it had not won the European Cup for 32 years, although it is true that no other team had won many as well.

However, in that moment when some football clubs, including Real Madrid, became brands with global value and their public raised them to the level of loemarks, victories became only one more ingredient in their corporate brand. This transformation process will end in what must be Real Madrid’s most urgent future: to be recognized as the best sports brand of the 21st century thanks to the fact that it has become a corporate brand that has achieved an emotional connection with its public, and is capable of continuing to nurture the system of necessary updates, and whose corporate reputation is unquestioned thanks to the reinforcement of its values, transparency, social responsibility and corporate governance.

All of these variables that make up the case study allow us to prepare a strategic map that collects, structures and hierarchizes the different elements outlined in this article, which explain the process of building the value of the Real Madrid corporate brand, and which aim to serve as a basis for future lines of research to study the possible evolution of the brand in facing the challenges of the 21st century:
Figure 3: Strategic map of the Real Madrid corporate brand

Source: created by the author based on the research carried out
The speech by Florentino Pérez at the 2016 Assembly of Members summarizes the change of direction that Real Madrid has made towards a better and more complete foundation of its corporate brand:

Being the President of Real Madrid is the greatest honour of my life. [...] Today we are experiencing a period of institutional stability and one of the brightest ones. Our legend has been built on values and we are the most respected club in the world. But we must remain the most self-demanding. [...] One of the most respected sports institutions for its transparency and reputation. [...] We are the club of the European Cup, but also the club of commitment. A Real Madrid of all and for all (Real Madrid, 2016).

5. Conclusions

A brand’s value is based on the social context of the relationship between companies and citizens, and at times emotional aspects take on important levels of prominence and influence. The large global brands aspire to become lovemarks as the maximum expression of the degree of loyalty, and football brands are the best example according to the experiences they provide and the interaction they achieve.

Football is the sport with the greatest number of followers and it obtains the main share of television audiences, with Real Madrid having achieved the greatest sporting success.

Corporate values shape the personality of the brand, and its responsible management and good corporate governance determine the relationship with the public in the long term and from a strategic point of view, separating the product communication from the brand, and guiding the latter toward transparency.

The process of the Real Madrid corporate brand has gone through different phases: product - brand architecture - brand equity - globalization - corporate values - management - the public. The final result is a renowned corporate brand with greater identification and involvement with its public, who develop emotional ties with the brand.

For all of these reasons, Real Madrid meets the main requirements for creating a corporate brand:

- This brand has a heritage value that is symbolic, sporting, cultural and economic, and extends back in time for more than 115 years
- It also has values, a high-visibility structure, and an image and identity that are well-defined, solid, and stable, with an organizational culture based on these values.
- It has progressed toward globalization.
- It has consolidated its communication channels with its public, which have a high level of segmentation.
- It has improved its revenue figures in a context of economic crisis despite not winning any of the 12 Champions Leagues between the 2005/2006 and 2012/2013 seasons, disassociating the product brand from the corporate brand.

In short, the process of transforming the product brand into a corporate brand is now complete, giving continuity to its sport project, guaranteeing its viability, the emotional connection with the public and directing all of the variables involved toward obtaining and consolidating a corporate reputation that integrates components such as transparency, social responsibility and good corporate governance, thus reinforcing the values that constitute its identity as a global brand.

For future lines of research, there is a need to investigate qualitatively the perception of Real Madrid's corporate values in the global context that currently sustains its development, its influence on the reputation of football clubs, as well as the evaluation of the contribution that the global character of the brand can provide to the country brand of Spain and to the city brand of Madrid as tourist destinations. In a similar way, the contribution of social networks to the conversion of football clubs into authentic lovemarks is a topic of interest that should be investigated as well.
6. Bibliographic references


