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By Guest Editor Kimio Kase
Professor of General Management, IESE Business School
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Why a Spanish and Latino special edition? There are several reasons. One is the sheer size of the Spanish-influenced region: Latin America covers 21 million square kilometres in 20 countries. It has 549 million inhabitants, speaking mainly Spanish and Portuguese, whose cultural sphere encompasses the US and the rest of the world. Another is that among today's 'big three' global sports – cricket, baseball and soccer – Latin America, Spain and Portugal are the mainstays of the latter. What's more, unlike culture-bound cricket, which is practised principally in the Commonwealth countries, and baseball, which is so popular in the US and Japan, football has become the universal sport, favoured not only in Europe and Latin America but also in Asia, Africa and across the globe.

The contributions here vary greatly in content. Barajas and Urrutia analyse support in relation to club performance, based on research among Spain's professional league clubs, and propose a model for managing that support. Ferreira and Bravo take a multilevel approach to explore the effects and sources of influence for football attendance in Chile. They argue that at the professional level, attendance in Chile is influenced by team quality, the size of the home city and by stadium capacity. Kase, Urrutia, Martí and Opazo shed light on the business phenomenon that was Real Madrid during the presidency of the now-departed Florentino Pérez. Moving to the Latinos in the US, Harrolle and Trail examine the relationships between ethnic identity, acculturation and identification with sports. They contend that ethnic identity has little influence upon sport and they discuss the implications for marketing. A helpful addition to these academic analyses is the interview with Iñaki Urdangarin, former First Vice President of Spain's Olympic Committee and a leading official in Spanish sport.

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International Marketing Reports (IMR) is a market intelligence publisher in sports marketing, sponsorship and digital television. IMR publishes Europe's highly acclaimed and best-selling sponsorship report *Driving Business Through Sport* and the most in-depth report on the soccer industry, *Football Sponsorship & Commerce*. In 2004 IMR took over publication of the *Journal*, relaunched it in the current format and in 2005 appointed Dr Simon Chadwick as editor.



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Editorial

Spanish success and its influence on sports marketing

These are exciting times for Spanish sport. In Formula 1, Fernando Alonso recorded back-to-back World Championship victories over two seasons, and in recent years Spain has taken world titles in basketball and handball as well as the Davis Cup in tennis. Yet Spain's impact upon world sport is not limited by its national boundaries. Colonial history means that its influence has spread to successful sports teams from many countries: Argentina reigns as Olympic basketball champion; and performers such as baseball players Alex Rodriguez and Albert Pujols, both of whom are of Hispanic origin, have been voted the most valuable players in the United States.

Spanish performances on the field of play have been matched by developments off the field. Real Madrid is now commonly identified as the world's most valuable football brand, and the club is pursuing a vigorous international marketing strategy; FC Barcelona has shown that sponsorship and marketing can have both an ethical and a socially responsible basis following its innovative deal with UNICEF to advertise on the team shirts; and the dynamism of Spanish sport looks set to continue, with the 32nd America's Cup taking place in Valencia in 2007.

This special edition is intended to be both a celebration of Spanish success and a vehicle to highlight the development of sports marketing thought in the Spanish-speaking world; in particular, it serves as a helpful counterpoint to the Anglo-American view of sports marketing that has increasingly dominated the way in which academics and practitioners have addressed emerging issues.

It is to be hoped that the *Journal* will continue to draw papers from across the world and not just from North America, the United Kingdom and Australia. Not only is sport universally popular, the distinctive nature of many sports and sports markets means that there is a real need to enhance our understanding of them. By examining theory and practice from different socio-cultural and geographical perspectives, we will

possibly help the wider sporting world to learn and explain developments taking place in other contexts.

This is most aptly illustrated by recent criticisms levelled at 'the dash for China'. Many western sports have recently engaged in market development and market-entry strategies in the country, with varying degrees of success. Some have suggested that western sports organisations are in effect sporting imperialists with little regard for local conditions. While this is not an entirely unjustified view, it nevertheless raises some important issues regarding the specific nature of sport, sports marketing, fans, acceptable forms of promotion and so on.

Some critics have argued that western organisations have employed bland, simplistic, even brutal approaches to marketing, reducing both fan and partner to a homogenous mass. Rather than adopting this kind of generic approach, the understanding of the specific nature of demand, motivation, distribution and so on is an important task for all sports marketers. It is therefore vital that journals such as this make a significant contribution to promoting insight and understanding.

We do this by attracting high-quality papers written by leading experts from countries across the world. It is hoped that academics and practitioners from countries such as China will therefore draw from the experience of the work in this Spanish edition to help us promote the continuing global development of sports marketing and sponsorship.

Simon Chadwick



Abstracts

The proto-image of Real Madrid: implications for marketing and management 212

Kimio Kase Ignacio Urrutia de Hoyos
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Under club president Florentino Pérez, Real Madrid Football Club appeared to utilise the proto-image of the firm (PIF) management approach. Such a strategy embraces the use of branding, values and mid- to long-term planning to generate income. In the case of Real Madrid, the strategy comprised the recruitment of 'Galácticos', which helped it to become the world's number one club in terms of both turnover and profile. Although the strategy delivered success economically, questions remain regarding its sustainability for a sporting organisation.

A multilevel model analysis of professional soccer attendance in Chile 1990-2002 254

Mauricio Ferreira Gonzalo Bravo

This study examined the determinants of attendance at the Chilean national soccer tournaments between 1990 and 2002. A multilevel model approach was taken to estimate the effects of several factors, including unobserved sources, hypothesised to influence attendance in Chile. Results regarding team success, team division, population, stadium size and habitual persistence were found to influence professional soccer attendance; other factors such as admission price, age of team, international success, availability of soccer teams in the same vicinity and stadium ownership did not.

Ethnic identification, acculturation and sports identification of Latinos in the United States 234

Michelle Gacio Harrolle Galen T. Trail

Sports management and marketing research has failed to study the dimensions of Latino sports consumption behaviour and fan identification. This research examined the relationships among ethnic identity, acculturation, identification with sport in general, and identification with specific sports for Latinos living in the United States. Even though the four models used fit the data well, in general, ethnic identity and acculturation had little or no influence on sports identification. Hence sports marketers should not create marketing campaigns solely based on the assumption that Latinos or any ethnic group are necessarily fans of any particular sport (e.g. soccer).

The economic impact of support in Spanish professional football 272

Angel Barajas Ignacio Urrutia

This paper explains the concept of support as an economic driver of football. It begins with a theoretical approach to the concept of support and a review of the literature relating to support, fan typology and factors that determine attendance at stadia. The factors that influence support are then explained and a schema for a model of support proposed. Finally, an analysis of the influence of attendance on revenues in Spanish professional football clubs is carried out.



Editorial policy

The *Journal* welcomes the submission of academic and practitioner research papers, articles, case studies, interviews and book reviews. Submissions should aim to educate and inform and should ideally focus on a specific area that is pertinent to the subject matter of the *Journal*, as detailed below. In all instances, the editorial team seeks to publish submissions that clearly add value to theory and/or practice in sports marketing and sponsorship.

Aims and scope

The mission of the *Journal* is to bring together academics and practitioners in one forum, with the intent of furthering knowledge and understanding of sports marketing and sponsorship. The *Journal* interprets sports marketing and sponsorship broadly, to include:

- fans and customers
- individual performers and endorsers
- teams and clubs
- leagues and competitions
- events and stadia
- sponsors and properties
- retailers and merchandisers
- suppliers and intermediaries
- broadcasters and the media
- governing bodies and representative associations
- places, spaces and cities
- economic and social development initiatives
- magazines, newspapers and websites
- betting and gambling services
- sportswear manufacturers
- gaming and collecting.

We encourage submissions from a wide variety of perspectives, including marketing, all areas of management, economics, politics, history, sociology, psychology, cultural studies and anthropology.

All articles should be written primarily to inform academics and practitioners directly or indirectly involved in the sports marketing and/or sponsorship

industries. Articles that detail results of original work are accorded high priority. The *Journal* also invites reports on new or revised business techniques, perspectives on contemporary issues and results of surveys.

Case studies and reviews of books and/or reports are welcomed. For these, we request that copies of the book/report be sent to the Editor *and* to the Publisher.

Research articles should be well grounded conceptually and theoretically, and methodologically sound. Qualitative and quantitative pieces of research are equally appropriate.

The Editor is willing to discuss and advise on proposed projects. This is no guarantee of publication.

Submissions are double-blind peer reviewed according to the following general criteria:

- clarity and content of the abstract
- problem or issue definition and justification
- relevance and rigour of literature review
- credibility, appropriateness and relevance of research methodology and in the reporting of results
- quality and relevance of conclusions and recommendations
- value added by the submission to academic and practitioner understanding of sports marketing.

Format and style

Research articles should normally be no less than 4,000 and no more than 8,000 words.

Case studies of no less than 2,500 and no more than 5,000 words should be objective rather than promotional and should follow the following format: *Background/ Objectives/ Implementation/ Results/ Conclusion*. Interviews are welcomed, but should be discussed with the Editor. Book reviews should normally be less than 1,500 words.

Each article submitted for consideration should include an executive summary of up to 500 words, which gives a flavour of the article and includes the rationale for the study, methods used, key findings, conclusions and value added. A shorter abstract, of no more than 100 words, must also be included.



Editorial policy

Footnotes and endnotes may be used but only where appropriate and as sparingly as possible.

Tables, charts, diagrams and figures should be in black and white and placed on separate pages at the end of the manuscript. Where data or image files have been imported into Word for tables, diagrams etc, please supply the original files. Authors must indicate in the main body of the text approximately where each table, chart, diagram or figure should appear.

Jargon should be kept to a minimum, with technical language and acronyms always clearly defined.

The accuracy of references is the responsibility of the author(s). Authors should refer to the *Journal* for style or use the Harvard system of referencing found at: <http://library.curtin.edu.au/referencing/harvard.pdf>

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All research papers submitted will be double-blind peer reviewed. Authors will normally receive an assessment from the reviewers within six to 12 weeks.

The Publisher reserves the right to sub edit submissions for accuracy and consistency of style.

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| Page 2 | <ul style="list-style-type: none"> ● Title of the submission ● Executive summary (500 words) ● Abstract (100 words) ● Author details MUST NOT appear |
| Page 3 | <ul style="list-style-type: none"> ● Title of submission; begin main text. |

For more specific style questions, please consult either a recent edition of the *Journal* or the Editor.

Based upon reviewer comments, the Editor will make one of four decisions:

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- that the submission should be accepted for publication subject to minor amendments
- that the submission should be returned to the author(s) with recommendations for major changes before publication is considered again
- that the submission should be rejected.

Submissions accepted for publication will normally be scheduled to appear within 12 months of the author receiving written confirmation of acceptance from the Editor. Rejected manuscripts will not be returned.

Dr Simon Chadwick, Editor

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Interview with Iñaki Urdangarín

Former President, Nóos Institute, former First Vice President, Spanish Olympic Committee, and former professional handball and football player (Spanish national team and FC Barcelona)

Kimio Kase

Professor of General Management
IESE Business School, University of Navarra, Spain

A former professional handball player and Olympic medallist, Iñaki Urdangarín played with FC Barcelona and on the Spanish national handball team from 1986 to 2000. He also served as First Vice President for the Spanish Olympic Committee. In 2001 he was awarded the Real Orden al Mérito Deportivo, which recognises outstanding contribution to sport in Spain. In recent years he has worked as a consultant specialising in human resources. He co-founded the Nóos Institute, a scientific association whose mission is to promote research into the management of patronage, social responsibility and sponsorship activities, and was its president until April 2006. He has an impressive number of sporting achievements under his belt. During his time with FC Barcelona, his team won over 50 major competitions, including the Spanish league on 10 occasions and countless national and European trophies. He was picked for the Spanish team 172 times and took part in three Olympic Games, winning two bronze medals. He also has two silver medals and one bronze from the European Championships. Iñaki Urdangarín has a diploma in business sciences (specialising in human resources) from the Central University of Barcelona, a degree in business administration and management and an MBA from ESADE Business School, where he lectures in the Department of Corporate Policy.

KK: What strategies do large companies use for sports sponsorship?

IU: In 2005 I co-directed a research project that was published in a book called *El patrocinio visto por sus principales protagonistas* [Sponsorship as seen by its main players]. This project found that leading Spanish companies mainly designed their sponsorship policies according to three functions: sponsorship as an investment in brand image; sponsorship as a means of managing corporate reputation and relationships with stakeholders; and sponsorship as a catalyst for social action.

These are three 'classical' core strategic functions that have been widely researched internationally. I would say that the first two are seen most in sports sponsorship, while the third is more evident in the field of corporate social responsibility.



KK: How do most companies view sports sponsorship: strategic ally or mere marketing tool?

IU: Sponsorship has traditionally been viewed as a component of the marketing mix. Increasingly, however, it is being viewed as part of a longer-term strategic plan. Companies now see it as a means of gaining an edge over their competitors, and they are actually designing sponsorship strategies that are aligned with their business strategies rather than developing one-off initiatives. In doing so, they are choosing activities that reflect their corporate identity and are linked in a more rational manner to their corporate objectives, even though there are few conceptual models to facilitate the taking of decisions.

KK: Is sports sponsorship a recommendable option for all types of companies?

IU: I don't think we could say that all companies should get involved in sports sponsorship. What we could say, however, is that all companies should define clear objectives and then, depending on these objectives, design an appropriate sponsorship strategy. Sports sponsorship undoubtedly benefits any company whose strategic objectives are closely aligned with anything that sport represents.

KK: Is there a difference between patronage and sponsorship? Can both be implemented at once?

IU: Although they are similar and have emerged from the same historical roots (patrons existed in ancient Greece and Rome and in Renaissance Europe), nowadays, sponsorship is associated more with building business opportunities or seeking investment returns, while patronage is more closely linked to concepts such as philanthropy and altruism. Although they shouldn't be combined for a single objective, on occasions they can both be used by a company. While sponsorship serves to strengthen brand image or corporate ties with interest groups, patronage can satisfy philanthropic goals.

While sponsorship serves to strengthen brand image or corporate ties with interest groups, patronage can satisfy philanthropic goals

KK: What are the main steps involved in the sports sponsorship decision-making process? Are decisions preceded by research, analysis and evaluation, or do intuition and personal and context-related preferences prevail?

IU: Fortunately, I think that we are seeing a qualitative improvement in how sponsorship-related decisions are being made. Increasingly, sponsorship professionals are enhancing their skills, working in specialised departments within their companies, employing greater resources, and allocating more time to prior analysis, criteria selection, and the implementation, follow-up, and evaluation of the different sponsorship actions undertaken. This trend was also evident in *El patrocinio visto por sus principales protagonistas*.

KK: How does sports sponsorship in Spain compare to sponsorship in other countries?

IU: Like cultural sponsorship and social action, sports sponsorship has been growing steadily, even exponentially, over the past 15 or 20 years. According to one of the key researchers in the field, Professor Tony Meenaghan from University College Dublin, international investment in sponsorship rose from \$2,000 million in 1984 to \$25,000 million in 2000. A similar trend has been detected in sports sponsorship, both in Spain and the rest of the world. Nonetheless, the UK and the USA are still clear leaders in this field, both in terms of number of



companies and for potential. Spain is also evolving positively although, logically, its figures are not as spectacular.

KK: How can a city benefit from sponsoring a sporting event?

IU: There are several examples of cities that have been enormously successful in harnessing the benefits derived from the organization of a major sports event. I have first-hand knowledge, for example, of the case of Auckland, New Zealand. The city hosted two consecutive editions of the America's Cup, in 2000 and 2003. There is no doubt that it is a beautiful area, but, geographically speaking, it is very far from Europe and the United States. The organisers, however, succeeded in creating an exceptional event

that was followed by millions around the world. The event's image and international reputation grew and this had a very positive impact on both the city and the event's sponsors.

Speaking to Peter Kiely of America's Cup Village Ltd in Auckland, one of the main driving forces behind the success, I learned that the priority they placed on building a good working relationship with their sponsors was instrumental in creating value. The key, according to Mr Kiely, was the proactive approach undertaken by the city at all times and the active involvement of all the main players. The project was presented and promoted very well and this was considered as beneficial for all. All these actions enhanced the reputation of the city and, at the same time, drew new sponsors.

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The proto-image of Real Madrid: implications for marketing and management

Keywords

Real Madrid
Galácticos
Florentino Pérez
proto-image
PIF management strategy

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Executive summary

In the light of the growing importance of sport in economics, this paper offers a business administration perspective on one of the world's major sports clubs, Real Madrid Football Club. It analyses the economic success of the club and uses various business

Abstract

Under club president Florentino Pérez, Real Madrid Football Club appeared to utilise the proto-image of the firm (PIF) management approach. Such a strategy embraces the use of branding, values and mid- to long-term planning to generate income. In the case of Real Madrid, the strategy comprised the recruitment of 'Galácticos', which helped it to become the world's number one club in terms of both turnover and profile. Although the strategy delivered success economically, questions remain regarding its sustainability for a sporting organisation.

concepts to understand, ex post facto, the processes and strategy underlying the Real Madrid model during the presidency of Florentino Pérez (2000-2006).

This paper also attempts to discover the strategy blueprint and an explanation for its implementation.



Following this, interest centres on answering such questions as:

- 1 Is the club's economic success a result of business administration and marketing?
- 2 Is the model sustainable?
- 3 Does it depend on the personality of leadership? If so, could it be replicated by subsequent presidents?
- 4 Why wasn't the model used in the past?

The paper proposes that the club president, Florentino Pérez, embraced the proto-image of the firm (PIF) approach to business management. The PIF approach effectively centres on the use of branding, values and mid- to long-term planning to generate income. Central to the plan was the recruitment of the so-called 'Galácticos', high-profile players such as Zidane, Figo and Beckham.

The paper demonstrates how this business strategy helped the club to develop its commercial operations internationally, and how it aided the club in sourcing new revenue streams in areas such as merchandising, licensing and sponsorship. During the Pérez presidency, the club emerged from high levels of debt to become profitable, in the process achieving the highest turnover and profile of any club in the world.

The conclusion drawn from the analysis is that the 'Pérez' model, while financially successful, allowed poor sporting results, especially towards the end of the Pérez tenure. This might signify a difficulty in striking a balance between excellence in business and in sport, or even a trade-off between the two. The model may also have been the 'brain child' of the incumbent and so may vary with a change of presidency.

The long-term viability of the PIF model at Real Madrid might never be fully understood because of the

departure of Pérez and the apparent reluctance of the club to continue with the 'Galáctico' recruitment policy.

Introduction

The relevance of sports economics has greatly increased in recent years, not only as reflected in business publications, but also in economics departments and university programmes (Szimansky, 2003), reflecting an increased popularity among economists and in the business community. Sport in general has also become increasingly relevant to society, as seen through the growth of media coverage. There is now a vast diversity of sports-related TV programming, including channels dedicated to sport. Recent data shows that 70% of the Spanish population frequently watches TV news, where broadcasts devote around 20% of the time to sport – similar to the coverage given to politics¹. This social exposure of sports-related topics also contributes to the growing notoriety of those involved in sport. Sports stars gain equal prestige to many politicians – sometimes greater.

Two examples of the global relevance of sports are the Olympic movement and world football (Amara et al, 2005), and it is interesting to note how events such as these can bring a country to a standstill.

The Olympic Games has become a multibillion dollar business helping host countries to change their physiognomy, both physical and economic. A study by audit and professional services firm PricewaterhouseCoopers (2004), estimated that the 2000 Sydney Olympic Games represented 2.78% of Australia's GDP for the year. This compares to the 2.41% impact on the US economy of the 1996 Atlanta Games.

Professional football in Spain now accounts for approximately 1.7% of the national GDP, rising to 2.5% of GDP in relation to the service sector.

¹ Consumer Eroski carried out a study of TV news, national and local news in Madrid. The sample consisted of 648 TV news and 16,752 other news.



The proto-image of Real Madrid

In 2003 sport generated €8,066 million according to research from Liga de Fútbol Profesional (LFP). To date, relatively little attention has been paid to this phenomenon among business administration and social science academics. The exception is research work in sports marketing and brand management. Multiple paradigms, such as positivism, pragmatism, critical social science, post modernism and a combination of these paradigms (Frisby, 2005) have, however, been posited. A theoretical framework for the success of a sports team, however, has still not been developed.

Once Florentino Pérez had been elected as the Real Madrid chairman, the club experienced a significant

increase in revenue, resulting in it becoming the richest football club in the world (Table 1).

This paper analyses the economic success of the club and uses various business concepts to understand ex post facto the processes and strategy underlying the Real Madrid model during the Florentino Pérez presidency, 2000-2006 (see Annex for research methodology). For ease of description, the present tense is used throughout the paper as if the Pérez presidency were ongoing.

This paper also examines a possible strategy blueprint and provides an explanation of its implementation. Following this, interest centres on answering such questions as:

TABLE 1 DTT ranking of football clubs by income in 2006

POSITION 2005 (PRIOR YEAR)	CLUB	REVENUE (MILLIONS EUROS)
1 (2)	REAL MADRID	275.7
2 (1)	MANCHESTER UNITED	246.4
3 (3)	AC MILAN	234.0
4 (5)	JUVENTUS	229.4
5 (4)	CHELSEA	220.8
6 (7)	FC BARCELONA	207.9
7 (9)	BAYERN MUNICH	189.5
8 (10)	LIVERPOOL	181.2
9 (8)	INTERNAZIONALE	177.2
10 (6)	ARSENAL	171.3
11 (12)	AS ROMA	131.8
12 (11)	NEWCASTLE UNITED	128.9
13 (14)	TOTTENHAM HOTSPUR	104.5
14 (17)	SCHALKE 04	97.4
15 (N/A)	OLYMPIQUE LYONNAIS	92.9
16 (13)	CELTIC	92.7
17 (16)	MANCHESTER CITY	90.1
18 (N/A)	EVERTON	88.8
19 (N/A)	VALENCIA	84.6
20 (15)	SS LAZIO	83.1

Source: Deloitte Money League (2006)



Is the club's economic success a result of business administration and marketing?

Is the model sustainable?

Does it depend on the personality of leadership? If so, could it be replicated by subsequent presidents?

Why hadn't the model been used before?

In pursuit of an adequate theoretical framework with a high level of analysis, we reference Pitts' (2001) work that suggests that sports management studies have often been little more than management studies of college athletics. Pitts suggests that the scope of research should be expanded and other areas of the sports industry included. A study of the general management of sports clubs would represent the type of research to which Pitts refers.

The traditional Porter framework (1980; 1985) centres on business-level strategy but might not provide an integrated view of Real Madrid's working methods. The resource-based view of the firm (RBV) school of strategic thinking (Barney, 1991, 1995, 2001, 2002; Wright & Ketchen, 2001; Barney et al, 1998; Spanos & Lioukas, 2001; Ulrich & Barney, 1984; Ulrich & Smallwood, 2004), helps to shed light on such matters as the star players' contribution. It is less useful in analysing the general management viewpoint (Goold, Campbell & Alexander, 1994; Grant, 2004).

The economic approach (Dobson & Goddard, 2001) aids understanding of some concrete issues, such as the link between the distribution of resources among the members of sports leagues and the degree of competitive balance. Industrial economics adequately explains the workings of a particular industry and its branches (Magaz González, 2003). Authors such as Conn (1997) provide a rounded picture of the workings of football clubs. However, they stop short of giving a managerial view or catering to the interests of entrepreneurial readers.

One approach that helps to capture a general management view of the Real Madrid phenomenon is based on the commercial philosophy identified by Kase et al (2005) among successful business leaders. These authors studied four entrepreneurs from Japan. The emphasis on time-frame varied: one attached more importance to longer-term profit maximisation, while the other prioritised shorter time-frame cashflow. The former, namely the PIF approach, in contrast to the profit-arithmetic (PA) approach, facilitates a high degree of explanation of the behaviour seen in Real Madrid's strategic configuration. The PIF approach is examined first.

Proto-image of the firm (PIF) approach

The four outstanding business leaders studied by Kase et al (2005) have two distinctive strategic approaches. On the one hand Sony's president, Ohga, has a clear image of what the essence of Sony is and should be. On the other hand, Shin-Etsu's president, Kanagawa, acts according to his extraordinary business acumen, which allows him to discern what levers should be pulled if profit is sought. Both succeed despite the differences in their business philosophies.

Kase et al (2005) call Ohga's method of basing his judgement on a specific image of a firm the 'PIF approach'. Kanagawa clearly operates by processing data and information through a mental model, which enables him to discern what are profit levers and what are not. Kase et al (2005) call this the 'PA approach'. The PIF approach tends to view the long-term prosperity of the firm, while the PA approach sets more store by shorter-term cashflows. (See Table 2 for an overview on the traits of PIF and PA.)

Individuals and organisations must make sense of every situation they face (Weick, 1979, 1995, 1996, 2001). This involves simplifying the situation (Bateman & Zeithaml, 1989; Calori et al, 1994). Kase et al's (2005) thesis is that the simplification takes place in the minds of business leaders. PIF and PA approaches help them in this process. Needless to



The proto-image of Real Madrid

TABLE 2 Comparison of PIF and PA approaches

	PIF	PA
ESSENTIAL ELEMENT	IMAGE OF THE FIRM	ACTIONS ORIENTED TO PROFIT LEVERS
SHAPING OR CONSTITUENT FACTORS	PROFESSIONAL BACKGROUND, ENVIRONMENT, FIRM'S BUSINESS CULTURE AND INSTITUTIONALISATION	PROFESSIONAL BACKGROUND, ENVIRONMENT, KNOWLEDGE OF FIRM AND INDUSTRY AND SENSE FOR BUSINESS
FAMILIARITY WITH THE FIRM	NECESSARY	NOT SO ESSENTIAL
TIME FRAME	FOCUS ON MID- TO LONG-TERM	PENCHANT FOR SHORT-TERM
DOMAIN	WIDE, NEW COMPETENCES AND PRODUCTS ARE FOSTERED	NARROW, EXISTING PORTFOLIO
CASHFLOW POSITION	AFFLUENCE REQUIRED	AT THE TIME OF CRISIS, THE ONLY OPTION IS TO SURVIVE
EXPLICIT OR IMPLICIT INSTRUCTIONS FROM THE TOP	IMPLICIT, SECOND-GUESSED	EXPLICIT
APPLICABLE WHEN CHANGING FIRMS?	DIFFICULT	POSSIBLE
SUCCESSION	RELATIVELY EASY TO FIND A PERSON WITH A SIMILAR APPROACH, IF THEY SHARE THE BELIEF	IMITABILITY OR REPLICABILITY LOW
COMBINATION WITH THE OTHER APPROACH	PIF – TOP MANAGEMENT PA – LOWER MANAGEMENT	IF PA AT THE TOP, PIF NOT POSSIBLE AT LOWER LEVELS

Source: Kase et al (2005)

say, however, there must be a level of trust and belief among organisation members (Amis et al, 2004). The PIF approach, above all, may have a head start in this regard because it is based on shared values.

Real Madrid and its business approach

Real Madrid, under the leadership of Florentino Pérez, bears all the characteristics associated with a PIF firm. First, it has repeatedly insisted² on the importance of emotional values such as honesty, discipline, fighting spirit, leadership, camaraderie, chivalry and nobility (señorío) being associated with Real Madrid and summarised as "Madridismo" (Martínez-Jerez & Martínez de Albornoz, 2004). A high level of emphasis is given to tradition, particularly with reference to the legendary player Alfredo Di Stéfano.

This also applies to the real founder of the club, as he is now known, Santiago Bernabéu (president 1943-75), who is taken as an inspiration and stimulation for leadership, proper behaviour, discipline, and the will to win³.

Second, the club set mid- to long-term objectives to eliminate high debt levels and to reorganise the revenue structure by buying back commercial options such as TV broadcasting rights. Both measures were taken to create a base for future consolidation⁴.

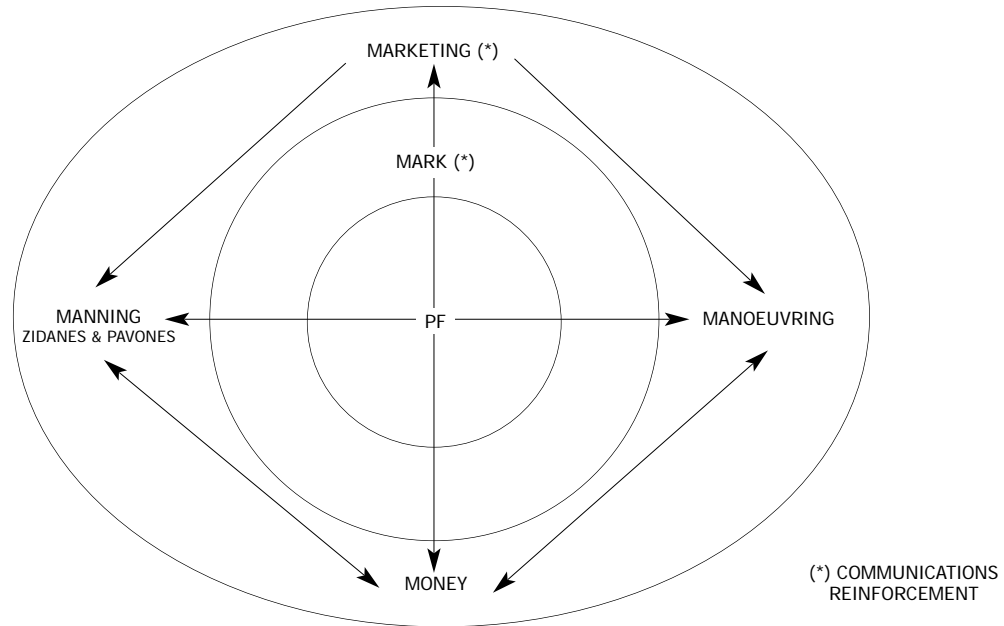
Third, the club set about developing new areas of expertise and new products to achieve long-term results. Merchandising of Real Madrid-branded goods and the launch of the Real Madrid TV channel are two such examples. In fact, ticket revenues now represent only a small part of Real Madrid's turnover.

Fourth, instructions and guidance from senior management are often ambiguous, but the shared PIF

2 Discourse by Florentino Pérez, 27 May 2001. 3 Discourse by Florentino Pérez, 19 October 2003. 4 Discourse of Florentino Pérez, 23 September 2001.



FIGURE 1 The 'Four Ms' of Madrid's marketing-centred model



helps staff to be more intuitive about what is expected of them. Hence, these four characteristics provide evidence to suggest that Real Madrid utilises the PIF approach, based on the importance of values and mid- to long-term planning in financial, marketing and manoeuvring performance.

The 'Four Ms' of Madrid's model

Figure 1 represents our thesis about the Real Madrid operating policy. Our interviews with those close to Real Madrid and industry experts, and our analysis of published material in journals and magazines, suggests that Real Madrid's strategy is that of a PIF.

Furthermore, it is a strategy which its players, managers and "socios" (club members) share. The PIF cannot be built overnight and can take several decades to achieve. Time compression diseconomics (Collis & Montgomery, 1997) is a proven concept, which signifies that dependency on the path of time (path-dependency) creates a barrier to entry. This is something money cannot buy: the PIF is bought with conviction.

Based on the PIF, the Real Madrid management defines its business as being "an exciting challenge to build a story of value upon simple concepts: brand and content" (Quelch & Nueno, 2004). For its president, the action required was "to equip the club with a professionalised structure which may enable



The proto-image of Real Madrid

Real Madrid to position itself as a universal brand (marque)⁵.”

Therefore the PIF and the brand (based on the former) are the pillars of the Real Madrid strategy. Revolving around these are core strategic elements: (1) marketing, (2) manning, (3) manoeuvre and (4) money. The paper explains how these elements work, and first analyses the role of the PIF and the brand in Real Madrid's strategy.

Real Madrid PIF

In a sports club with such an illustrious history and image as Real Madrid, shared understanding of what the club is or should be does not require much discussion, and this shared understanding facilitates decision-making. There could be a divergence of opinion regarding implementation, but it is important not to confuse strategic decision-making (what to do) with implementation (how to do it).

The PIF serves as a system for the identification of priorities; more often than not this is to know what must not be done rather than what should be done. The PIF will also impede issues of particular interest prevailing over issues of general interest. Many people might aspire to take advantage of Real Madrid's social prestige for their personal prosperity to the detriment of the club's interest. Thanks to the shared PIF, such scenarios should be difficult for individuals to instigate. This is because those connected to the club know the courses of action appropriate to the 'Real Madrid way' and avoid actions that are not. Unless a paradigm shift occurs in the mindset of those involved with the club, such actions will be non-starters or will signify an unusually high cost (mainly mental). What, then, is the essential PIF of Real Madrid?

The core part of the PIF of Real Madrid may be explained as the nobility (señoría) or class of the club. Thanks to the PIF, the club has become the best

football club in the world. The brand and content, defined as Real Madrid's business by Florentino Pérez and his staff (Quelch & Nueno, 2004), are built upon this. The spirit of continual self-improvement (*espíritu de superación*) and the respect for adversaries (*respeto por el adversario*) are two principal ingredients of 'madridism'.

Santiago Bernabéu, the president who brought glory to the club from the 1940s to the 1970s, gave shape to the Real Madrid PIF. During his tenure, the club forged a culture that was transmitted from father to son. For many of the club's members, it consolidated the club's position in the world in such a way that it came to be considered as something apart from the common run of sport clubs. Its history – Liga champions 29 times, Copa winners 17 times, and European Cup winners nine times – is unique.

For many of its members, Real Madrid represents a way of life, something they cannot view objectively: it engenders profound emotion and profound feeling. It is a style, an aptitude that one is imbibed with when still young. Elegance in both winning and losing is appreciated⁶.

The PIF of Real Madrid is not constrained to static routine. It is more dynamic. Buildings, the stadium, training camps and so on do not define Real Madrid. The brand and content determines its existence. Likewise, the best football club can project its influence in other parts of the world. Going to Japan or China is a logical consequence for the PIF. The PIF of Real Madrid is embedded in the four strategic elements to be covered in this paper.

Brand (marque)

The PIF leads to the brand that in turn creates a guideline for the Real Madrid management. This kind of guideline usually comes from the business leader (Kase et al, 2005). The strategy is based more on design than evolution (Mintzberg, 1990, 1991). At the start of his presidency of the club, Pérez clearly

5 Discourse of Florentino Pérez, 23 September 2001. 6 Discourse of Florentino Pérez on his visit to the Pope.

7 Discourse of Florentino Pérez, 23 September 2001.



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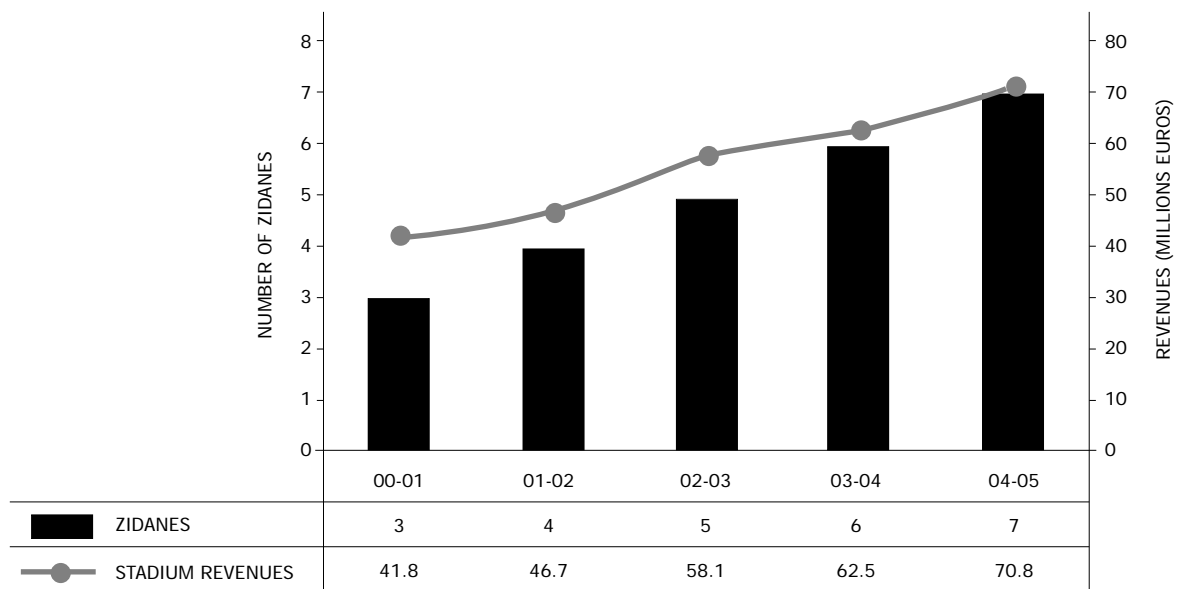
stated that the club should be structured as a company and it should consider itself as a content provider. For general director of marketing Martínez Alborno, this signified that the vision was to be the best football club in the world, and the club's mission was to nurture and project the Real Madrid brand worldwide (Quelch & Nueno, 2004). Obviously the club's management used brand-building as its starting point. An emotional commitment was established in the visualised form of the brand. As Campbell et al (1990) argue, a sense of mission was created among the club's personnel. What is the mechanism by which a brand is built? In other words, dimensions of the brand contribute to its establishment.

Some authors (Gladden & Funk, 2002; Keller, 1993) identified dimensions of brand association, a major contributor to the creation of brand equity, namely, the added value contributed by a brand name (Aaker & Joachimsthaler, 1999).

Attributes (success, head coach, star players, management, stadium, logo design, product delivery and tradition), benefits (identification, nostalgia, pride in place, escape and peer group acceptance) and attitude (importance, knowledge and effect) are these dimensions. Accordingly, we may contend that some of these dimensions contribute to strengthen the brand when they operate well. For example, a well-chosen coach and star players will facilitate the team's success, enhancing the sense of pride of belonging among fans, who feel exhilarated experiencing the victory of their old, favourite club. Any reactions that might impair the brand image were brought under control and the club managed to minimise improper statements made by players⁷.

Chart 1 shows how the inclusion of star players coincided with an increase in the stadium revenues of the club (memberships, season tickets, VIP seating and ticketing), supporting the idea expressed above.

CHART 1 Real Madrid stadium revenues and star players ('Zidanes')





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It seems, therefore, that this brand-building, once set in motion, can unleash a self-perpetuating process if well planned and implemented. Martínez de Albornoz emphasised an ingredient that was key to the success of the brand-based formula. This was to develop a series of actions that transform the emotional (or passionate) relations between the brand and the fans into relationships that contribute economic returns (Martínez-Jerez & Martínez de Albornoz, 2004). Thus managers from Real Madrid quantify the brand success in terms of (1) the size of audience, (2) frequency at which the audience consents to be influenced by the brand, (3) socio-economic characteristics of the audience, and (4) the relations tying up the associations of local fans with the brand (Quelch & Nueno, 2004).

The consequences of this branding work were the medium-term results shown in Table 3. The data reveals that in 2003, Real Madrid gained a remarkable seventh place in Interbrand's brand recognition ranking, just three years after Florentino Pérez took over as president of the club.

Manning

The brand reflects, in an intuitive way, the workings of the PIF. That Real Madrid is the best football club in the world and, accordingly, the best brand in its field must be translated into concrete terms. The brand is supported by the image. The image in professional sports is based on players and how they play. Because *señorío*, or noble behaviour, is one important attribute proclaimed by Real Madrid, it is expected that players should be responsive to the attribute. If they don't 'play fair' then the image the club attempts to project will not be validated by the fans. This explains why the recruitment of suitable players is an essential component of the brand. The consequences of this can be seen in the relationship between marketing revenues and the recruitment strategy of star players. Chart 2 shows that the incorporation of every new star player coincided with an increase in marketing revenue.

The 'theory' of star players ('galaxy players' or '*Galacticos*') was thus born. By 2002 Zidane and Ronaldo were signed, while the contracts of 23 players

TABLE 3 Brand recognition

	2001	2002	2003
1	NOKIA	NOKIA	IKEA
2	IKEA	IKEA	VIRGIN
3	ABSOLUT	MINI	NOKIA
4	VIRGIN	BMW	MINI
5	BMW	ABSOLUT	BMW
6	ORANGE	VOLKSWAGEN	VODAFONE
7	RED BULL	VODAFONE	REAL MADRID
8	GUINNESS	ORANGE	ABSOLUT
9	AL QAEDA	BBC	DIESEL
10	VOLKSWAGEN	EASYGROUP	PUMA

Source: Interbrand (2003)



The proto-image of Real Madrid

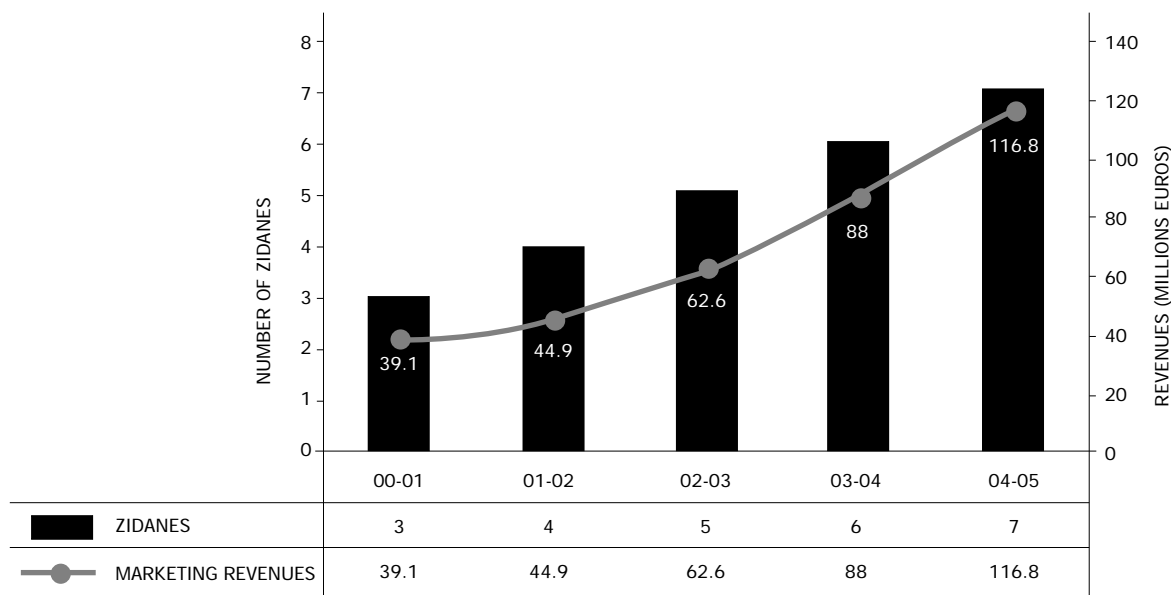
were terminated either by transfer to other teams or rescindment. The purpose of this reorganisation was to adjust the squad size to the club's real needs. Carlos Sánchez, Miñambres, Pavón, Raúl Bravo, Cambiasso, Tote, Portillo, Casillas, Guti and Raúl constituted the core⁸. Five of the top 10 contenders for the 2003 FIFA Player of the Year award were Real Madrid players (Martínez-Jerez & Martínez de Albornoz, 2004). In training, star players mix with the farm system or 'cantera' intake. Real Madrid phrased this combination as 'Zidanes and Pavones', namely the mixture of Zidane, a star player, and Pavón, a young defender hailing from a farm (or feeder) team (Urrutia de Hoyos, 2005). Part of this policy included sending scouts to countries such as Brazil, Uruguay, Argentina, France and Portugal in search of new talent⁹.

Urrutia (2005) claims that:

- 1 The player recruiting policy of Real Madrid reinforced the international image of the club and its brand.
- 2 The recruiting method permitted the club to achieve sporting success.
- 3 The recruiting method consolidated the economic and sports structure and the club's long-term viability. (See Table 4 for a list of trophies won by Real Madrid.)

There is some circumstantial evidence, however, that the basic consideration in player recruitment is the

CHART 2 Real Madrid marketing revenues and 'Zidanes'



8 Discourse of Florentino Pérez, 6 October 2002 9 Discourse of Florentino Pérez, 23 September 2001.



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balancing of cashflow contributed by players (the balanced cashflow model of recruitment). We are currently conducting research into this issue. What is also important to note is that the cost of players and personnel has been kept under control so that it remains less than 60% of turnover. This is in contrast to García del Barrio and Pujol's (2004) thesis that the monopsony rents (buyer's monopoly bargaining power) reverts to star players.

Chart 3 shows the intention to control personnel costs and the number of employees during the past five years. When personnel costs were becoming too high, the chart shows that there was an attempt to reduce them during 2003-04. In 2005, however, personnel costs reached an even higher point.

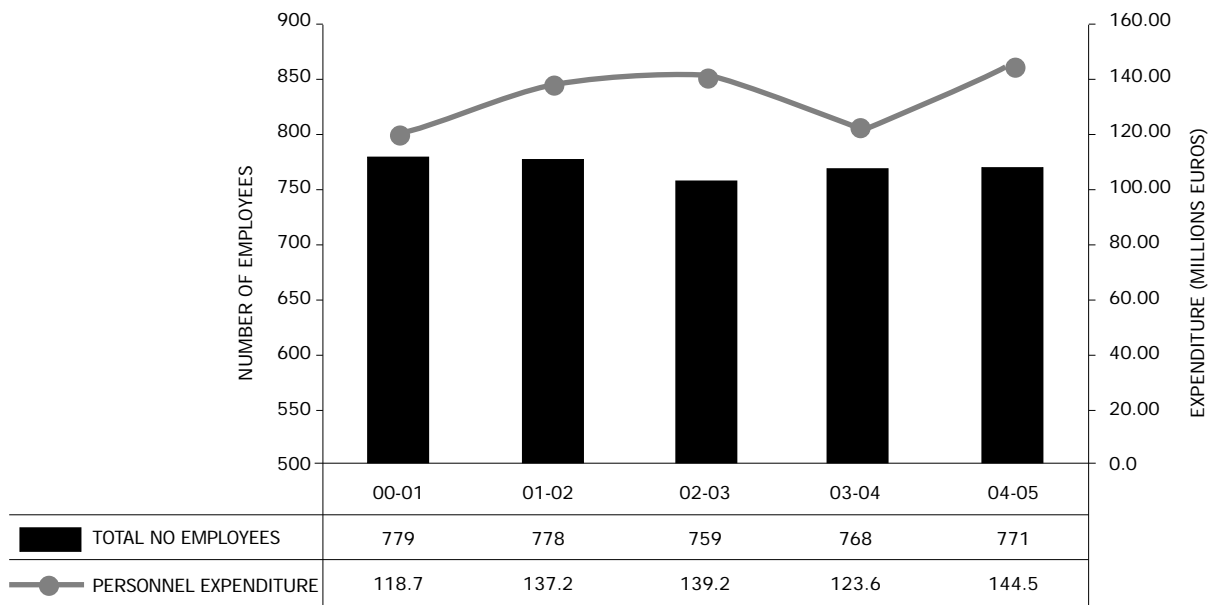
Florentino Pérez explains the emotional side of football:

"People go to a football match to see how Zidane stops a ball, how Ronaldo breaks through, how Raúl strikes with great composure and how Roberto Carlos strongly kicks. They come to the stadium expecting to see spectacular play, even though we sometimes lose matches."
(Pérez, 2001)

Likewise, the ingredients of brand dimension include other human factors, specifically the coach and management. For example, Kellett (1999) holds that professional sport appears to provide a close analogy to corporate environments, so coaches might be considered leaders.

From the very onset of his presidency, Florentino Pérez heeded maximum attention to supplying the club with qualified professionals¹⁰. The 'Direction

CHART 3 Real Madrid personnel expenditure and number of employees



10 Discourse of Florentino Pérez, 23 September 2001. 11 Discourse of Florentino Pérez, 23 September 2001.



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General - Marketing' was created and José Angel Sánchez was appointed its head, supervising 20 staff¹¹. This and other responsibility centres were designed to position Real Madrid as a universal brand.

For these professionals, the management of Real Madrid is a science based on best practice learnt from other clubs, industries and business schools. José Angel Sánchez, headhunted from a Japanese multinational firm (cited by Quelch & Nueno, 2004), maintains that "the task of marketing is similar to any other business activity – a plan is designed, grounded in the definition of the values of a brand, its differentiating traits and in the study of the audience, segmented to determine what products to offer and how much demand to be expected".

Marketing

On the basis of the PIF, Pérez defines the business of Real Madrid as brand and content. The brand is analysed in the foregoing section as being based on

several dimensions. Suitable human resources, including players, coach and management team, were required to substantiate the brand dimensions.

Marketing is the next element of Real Madrid's strategy to be considered. To quote Pérez:

"Real Madrid does not recruit players to sell t-shirts; when the board of directors (la junta) decides to recruit star players, what it is doing is to hand over to the marketing department a football player who has a set of assets with a high potential market value, though he is signed up as a player." (Pérez, 2002)

The content is a set of products generated by football and its players, comparable to a film. This is developed live and through the media and can give rise to multiple forms of exploitation: box office tickets, TV broadcasting rights, events, t-shirts etc (Martínez-Jerez & Martínez de Albornoz, 2004).

TABLE 4 Championships won by Real Madrid

LEAGUE CHAMPION				
1931-32	1932-33	1953-54	1954-55	1956-57
1957-58	1960-61	1961-62	1962-63	1963-64
1964-65	1966-67	1967-68	1968-69	1971-72
1974-75	1975-76	1977-78	1978-79	1979-80
1985-86	1986-87	1987-88	1988-89	1989-90
1994-95	1996-97	2000-01	2002-03	
COPA DE S.M. EL REY CHAMPION				
1904-05	1905-06	1906-07	1907-08	1916-17
1933-34	1935-36	1945-46	1946-47	1961-62
1969-70	1973-74	1974-75	1979-80	1981-82
1988-89	1992-93			
EUROPEAN CUP CHAMPION				
1955-56	1956-57	1957-58	1958-59	1959-60
1965-66	1997-98	1999-00	2001-02	

Source: www.realmadrid.com



The proto-image of Real Madrid

Real Madrid management argues that the best players contribute more financially than they cost (Real Madrid Club de Fútbol, 2003). The club's image is bettered, fans enjoy the club's image, not just through watching matches but also by buying t-shirts and other merchandise.

At the beginning of Florentino's tenure, stadium and marketing revenues were roughly equal. During the 2002-03 season they started to diverge as marketing revenues increased significantly. This was a major contribution to Real Madrid becoming the world's richest football club in 2006 (see Chart 4).

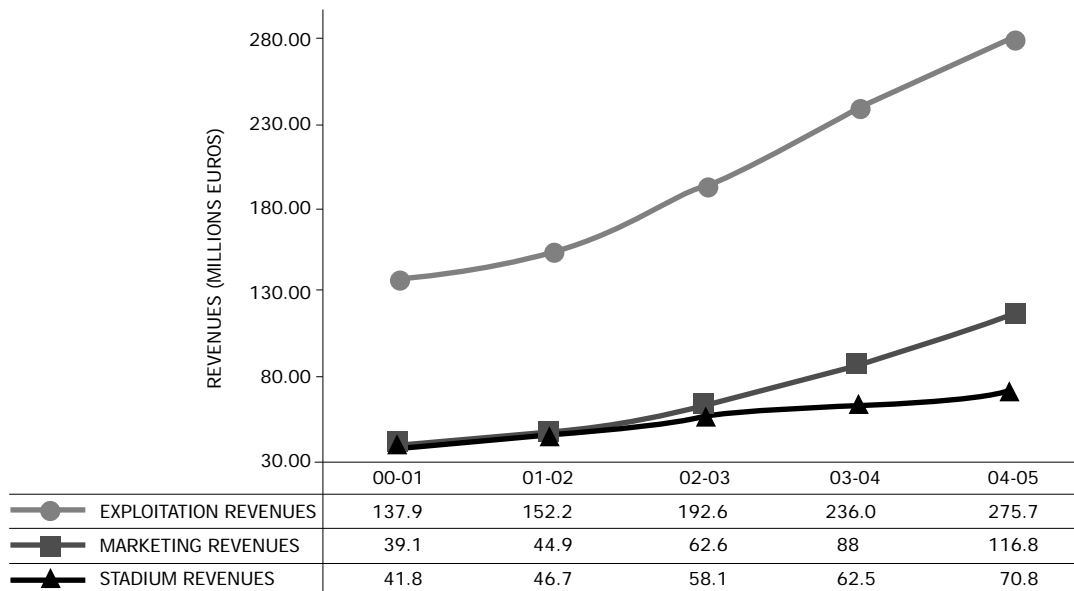
The halo effect benefits the turnover of club sponsors such as sports clothing manufacturer Adidas, which has a contract with Real Madrid running until 2008. Audi, Pepsi, Telefónica, Mahou-San Miguel (beverage producer), Unilever and Sanitas (medical insurance) are also among the list of sponsors.

In selecting sponsors, Real Madrid is careful to ensure that they share values such as tradition, leadership, high standards of performance and a good reputation for corporate social responsibility¹². There are three levels of sponsorship:

- 1 Main sponsors that enjoy full worldwide rights (e.g. Siemens Mobile)
- 2 International sponsors with slightly more limited rights worldwide (e.g. Adidas, Audi, Pepsi)
- 3 National sponsors with rights covering only their domestic national market (e.g. Mahou, Unilever).

Licensees of Real Madrid products were also sought. Licensing revenue amounted to 51 million euros in 2004 with 80 licences for 450 products (Martínez-

CHART 4 Real Madrid revenues



¹² <http://www.realmadrid.com>



Jerez & Martínez de Albornoz, 2004). The club also opened retail shops, preferring not to franchise them so that it could protect the integrity of the brand¹³. In these shops TV monitors replay matches and shots of players, and team memorabilia is displayed.

Real Madrid standardised licences, which involved both homogenising the licensing contracts and selecting first-class licensees. To combat piracy, the club developed the Hala Madrid collection to cater to certain market segments without cannibalising the line developed jointly with Adidas (Martínez-Jerez & Martínez de Albornoz, 2004).

Manoeuvre

Anthony (1988) contends that an organisation is a group of people that has one or more leaders without whom it cannot accomplish its goals, and that the implementation of strategies requires control function. Budgetary process, for example, is a frequently used control function. But it does not cover non-financial objectives for the achievement of organisational goals (Goold & Quinn, 1990). Long-term budgetary targets are needed for both financial and non-financial objectives. In other words, strategic control is required (Goold & Quinn, 1990).

This section considers the implementation aspects of strategy, known as 'manoeuvre'. It takes a wider look at the implementation process and structure of Real Madrid, which, as discussed, is based on the PIF and the brand, supported by manning and marketing. Budgetary process, organisational structure, strategic review process, monitoring, personal rewards and sanctions, and ownership structure are reviewed (Goold & Quinn, 1990).

Development of the annual plan starts when team directors and executives define the objectives for the exercise in early May. An annual budget is produced on the basis of the objectives identified, and this budget is part of a three-year plan. The former is approved by the club's members (socios), whereas the latter is not, because it is used only for internal

control. Martínez-Jerez & Martínez de Albornoz (2004) explain the process as follows: "With the guidance of the strategic objectives and the assumptions provided by the Corporate Manager, each operating unit prepares a preliminary budget... This document is an action plan that includes a description of all the initiatives the unit intends to undertake... and the Key Performance Indicators (KPIs) against which the management performance will be evaluated... The resources requested in the preliminary budget are assessed by the respective corporate units (Human Resources, Insurance, etc). The resulting plans are then consolidated before being sent for approval to the Management Committee, the Board and the socios. The board of directors votes on the budget during the weekend of the first official home game of the season (late August or early September). Once approved, the budget is submitted to the Liga de Fútbol Profesional (LFP) and the Consejo Superior de Deportes (CSD). Failure to submit budgets would exclude the team from official competitions in early October. The general assembly approves both the financial statements for the past fiscal year and the budget for the current season. Budget follow-up is carried out monthly by each area according to its Balanced Scorecard and financial/non-financial KPIs."

As part of the organisational structure, the club introduced the concept of responsibility centres. The centres were created to manage revenues and expenses as well as to develop activities to generate future revenues¹⁴. Four main units – Sport Area, Corporate Area, Marketing Area and Presidency Area – were created to address Pérez' strategic priorities (Martínez-Jerez & Martínez de Albornoz, 2004). Increase in revenue generation would be attempted by the Presidency and Marketing Areas. Sport Area would be closely watched by the Corporate Area to instil the necessary financial discipline, because the former's expenses represented the major portion of club expenditure. Variable pay structure was introduced for better employee motivation. As cited previously,

13 Discourse of Florentino Pérez, 23 September 2001. 14 Discourse of Florentino Pérez, 6 October 2002.



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financial and non-financial targets were linked to a departmental and company-wide business plan based on the Balanced Scorecard framework (Martínez-Jerez & Martínez de Albornoz, 2004).

One thing that differentiates Real Madrid from other major clubs is its ownership structure: Manchester United and Juventus are owned by shareholders and dominated by majority shareholders such as John Magnier and JP McManus (Man Utd; since taken over by Malcolm Glazer) and the Agnelli family (Juventus); Real Madrid is owned by its members.

The motivational structure must therefore be different. Shareholders ultimately seek an increase in the share price or the club's market capitalisation. Socios, or members, care for the club's economic and financial performance, but their basic interest lies in the emotional satisfaction the club provides them. It means that the club's centre of gravity shifts towards that objective. Quarterly or even daily ups and downs in the share price are not the indicator the club has to respond to, so this enables it to concentrate on fewer performance indicators, such as winning matches and mid-term restructuring of the football team.

Money

This section analyses the financial aspects of the club's strategy. First the financial situation that faced the newly elected president is explained, then the course of action taken. Finally, the results of financial management are presented.

In taking charge of the presidency of Real Madrid, Pérez realised that the club was in dire straits. (See Table 5 for financial data.) Ewing and Cohn (2004) attribute the financial problems of many European football clubs to (1) runaway salaries, (2) organisation of the league system, in which membership is fluid and revenues could drop by half if a team is relegated, (3) managers, often ex-players, who lack basic business expertise, and (4) difficulties of teams popular only in their home regions, whose declining revenues leave them unable to recruit stars, in turn

further depressing sponsorship and ticket sales.

At Real Madrid, immediate action was needed. Pérez has since said that an easy solution would have been to sell star players as an emergency stopgap¹⁵. He refrained from such action because, he claims, it was obvious that Real Madrid was an "institution" and as such needed a long-term survival plan. Such a measure was also contrary to the PIF. As head of a large construction company, Pérez set great store by balancing incoming and outgoing flow of cash. Because construction projects required large cash injections over a long period, a disequilibrium in the flow of cash could easily lead to the demise of the firm.

The mounting debt meant that the club was being bled through interest payments and amortisation. Newly signed star players and the success of merchandising etc might herald cash in the future but, as they say, there was no long-term without the short-term, so urgent action was necessary. As Grundy (2004) says, "financial strategy options warrant separate exploration."

Pérez set out to establish two different time-frames based on the advice of Deloitte & Touche, the club's auditors. For day-to-day cashflow, the club resorted to short-term bank loans.

Mid-term, the budgetary deficit and cash position had to be remedied. To his dismay, Pérez and his management team discovered that long-term commercial rights had been sold for a fixed price. The contract left little room for manoeuvre and had already been cashed in.

Accordingly, three courses of action were set out:

- 1 to renegotiate the rights that had been sold by the previous management
- 2 to prepare for the launch of Real Madrid into the global market
- 3 the co-ordination of activities to celebrate the centenary of the club.

¹⁵ Discourses of Florentino Pérez on 27 May 2001 and 23 September 2001.



The proto-image of Real Madrid

TABLE 5 Real Madrid's financial data (millions pesetas)

	1999	%	2000	%	RATE	2001	%	RATE	2002	%	RATE	2003	%	RATE	BUDG. 2004	%	RATE
TICKETING	2.64	0.11	4.70	0.15	0.78	3.97	0.08	-0.16	4.16	0.05	0.05	6.19	0.11	0.49	7.59	0.17	0.22
TV RIGHTS	5.38	0.22	5.85	0.19	0.09	7.50	0.16	0.28	7.83	0.09	0.04	7.73	0.14	-0.01	11.71	0.26	0.51
ADVERTISING	3.42	0.14	4.25	0.14	0.24	3.85	0.08	-0.09	3.75	0.04	-0.03	6.32	0.12	0.69	3.76	0.08	-0.40
SPORTING REVENUES	11.45	0.48	14.80	0.48	0.29	15.31	0.33	0.03	15.74	0.18	0.03	20.24	0.37	0.29	23.06	0.51	0.14
SEASON TICKETS' REVENUES	3.66	0.15	3.79	0.12	0.04	4.32	0.09	0.14	5.14	0.06	0.19	6.76	0.12	0.32	4.91	0.11	-.27
NET IMPORT OF THE BUSINESS	15.10	0.63	18.60	0.61	0.23	19.63	0.42	0.06	20.88	0.24	0.06	27.01	0.50	0.29	27.96	0.62	0.04
SUBSIDIES	0.10	0.00	0.03	0.00	-0.73	0.02	0.00	-0.30	0.03	0.00	0.72	0.03	0.00	-	0.00	0.00	-0.00
REVENUES FROM TRANSFER RIGHTS	2.78	0.12	0.07	0.00	-0.97	0.17	0.00	1.33	0.24	0.00	0.42	0.17	0.00	-0.30	2.48	0.05	13.44
RENTING	0.03	0.00	0.17	0.01	4.25	0.23	0.00	0.34	0.26	0.00	0.11	0.04	0.00	-0.83	0.00	0.00	-0.00
MERCHANDISE SELLING	1.28	0.05	0.86	0.03	-0.33	1.93	0.04	1.23	2.65	0.03	0.38	3.23	0.06	0.22	7.62	0.17	1.36
OTHER	0.07	0.00	1.81	0.06	26.74	0.97	0.02	-0.47	1.26	0.01	0.30	1.56	0.03	0.24	0.63	0.01	-.60
OTHER EXPLOITATION REVENUES	4.26	0.18	2.95	0.10	-0.31	3.31	0.07	0.12	4.44	0.05	0.34	5.04	0.09	0.13	10.73	0.24	1.13
TOTAL ORDINARY REVENUES	19.36	0.80	21.55	0.70	0.11	22.95	0.49	0.06	25.32	0.29	0.10	32.04	0.59	0.27	38.69	0.85	0.21
REVENUES FROM SELLING PLAYERS		0.00			0.00			0.00			0.00			0.00			
TOTAL SUM	6.74	0.28	0.00	0.00		0.00	0.00		0.00			0.00			0.00		
COST	2.02		0.00	0.00		0.00	0.00		0.00			0.00			0.00		
NET	4.72	0.20	3.46	0.11	-0.27	4.79	0.10	0.38	0.08	0.00	-0.98	0.96	0.02	11.62	0.00	0.00	-0.00
MERCHANDISING RIGHTS /SELLING C. DEPORTIVA	0.00	0.00	5.70	0.19	-	19.30	0.41		62.22	0.71	2.22	21.39	0.39	-0.66	6.58	0.15	-.69
REAL MADRID'S TOTAL NET REVENUE	24.08	1.00	30.71	1.00	0.28	47.04	1.00	0.53	87.62	1.00	0.86	54.39	1.00	-0.38	45.27	1.00	-.17
		0.00			0.00			0.00			0.00			0.27			
		0.00			0.00			0.00			0.00			0.00			
WAGES	11.89		12.89	0.08		19.75	0.53		22.84	0.16		23.16	0.01		22.17		-.04
IMMOBILISE PLAYERS PAY OFF	3.63		4.89			7.92			44.22			7.97			2.70		

* In millions of pesetas



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First, the club repurchased 50% of TV Real Madrid, Teletienda (TV shopping) and stadium perimeter advertising from TV channel Sogecable; 136 box seats were also repurchased from their title holders.

Second, a line of Real Madrid-branded products was created. A contract was signed with the company BRB to develop the worldwide licensing programme. The franchise for 200 Real Madrid consumer products was awarded. It was intended that 10 Real Madrid-owned shops would be opened in Spain, supplemented by 100 franchisee shops. A web page was created and in July 2001 alone, 20 million pages were served. Half a million viewers visited it, 60% of them from abroad. A member card was issued to enhance the loyalty of club members. Agreements with Mahou, Sanitas, Pepsi, Altadis etc were concluded, which contributed 700 million pesetas (€4.2 million) per year, ultimately increasing to 1,500 million pesetas. Agreements were also established in Japan, Korea, China, Saudi Arabia, Egypt and South America to develop the Real Madrid brand in those countries¹⁶.

The new management team negotiated with the autonomous government of the Madrid region and Madrid City Hall to settle the historical debt. The club sold its training ground, named la Ciudad Deportiva, which allowed it to cancel its debt. By 2002 the club had repaid all bank loans and its working capital was positive for the first time in many years¹⁷.

The profit and loss account shows several interesting characteristics. First the revenue from box office ticket sales plus income from "abonados" or subscribing members, which can be termed primary income, represented 26% of the total in 1999. This fell to 17% in 2001 (the year of Pérez' entry) and 11% in 2002. In 2003, it rose to 23%, a reflection of the higher-weight extraordinary income carried in 2001 and 2002 due to the sale of Ciudad Deportiva. The profit and loss structure therefore became more dependent on ordinary, recurring income rather than extraordinary items. (See Table 5: Real Madrid's profit and loss accounts in 1999 to 2004.)

Discussion

We analysed the strategy of Real Madrid during the presidency of Florentino Pérez and found that its basic component is the PIF nurtured during its 100-year history. Nobility, fair play, tradition, elegance and so on are all attributes associated with the club. The president and his management team created a strategy based on the PIF and defined their business as being brand and content. The brand is a reflection of the values and beliefs fostered by the PIF. The deliberate strengthening of the brand was based on personnel decisions, namely the recruitment of star players and a professional management team availing itself of the most advanced management and marketing concepts and technique.

The brand image substantiated by the recruitment policy influences the marketing plan. This, in turn, is supported by the manoeuvre, namely, the strategy's operation and implementation process, including the control system and organisational design. Money is integrated into all other strategic components and proffers the financial base to the whole strategy.

We are now in a position to answer the questions raised at the beginning of this article. Let us go through them one by one and attempt to respond.

- 1 Is the club's economic success a result of business administration and marketing?
- 2 Is the model sustainable?
- 3 Does it depend on the personality of leadership? If so, could it be replicated by subsequent presidents?
- 4 Why wasn't the model used in the past?

Question 1 asks whether this model could be applicable to other sports businesses or to other businesses in general. The model could be copied by

¹⁶ Discourse of Florentino Pérez, 23 September 2001. ¹⁷ Discourse of Florentino Pérez, 6 October 2002.



The proto-image of Real Madrid

other businesses. As a matter of fact, the PIF approach was first identified in businesses such as Sony. The snag is that sports organisations diverge from other business organisations in one key respect – a dependency on the performance of human beings. Emotion, enthusiasm and even luck play a key role in the success of the business. Consequently, only the business part of the model can be ‘systematised’ according to the application of the analysis.

On the question of sustainability, the key questions are whether Pérez would be able to maintain the model for several more years. And if not Pérez, would his successor be able to keep it afloat after his departure.?

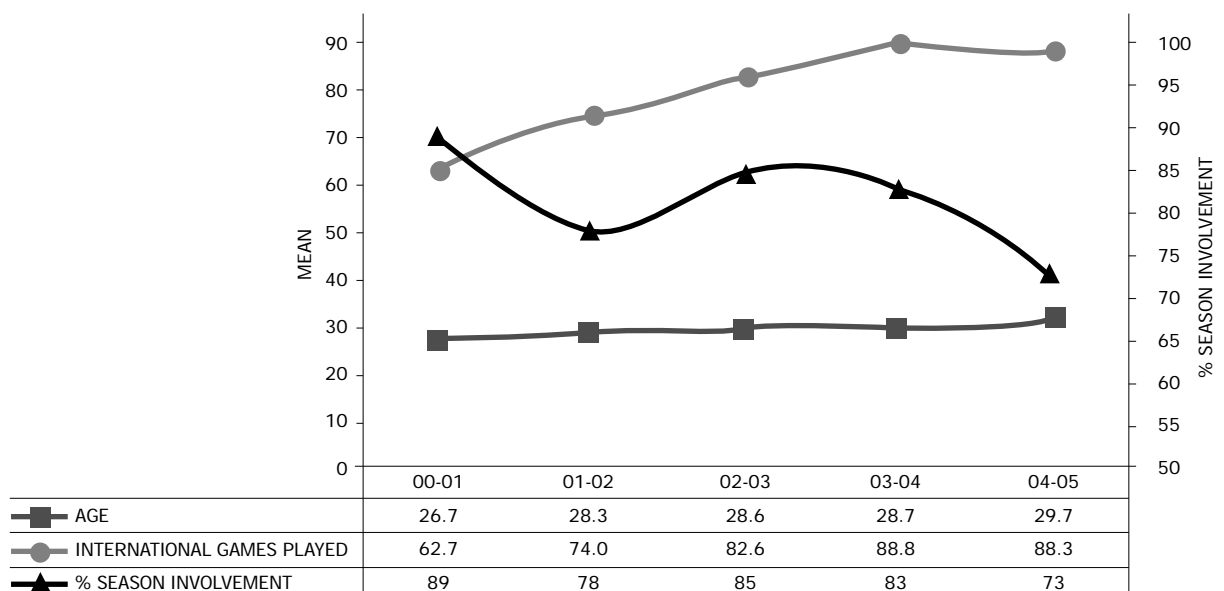
Our analysis points out that Pérez’ strategic scheme was not fully implemented. The club’s profit and loss account demonstrates that the first round of implementation was probably concluded by 2005. Whether it is sustainable or not will only become

apparent in the next few years. It is still too soon to pass final judgement on Pérez and his management team. However, some threats to the model become noticeable in the longitudinal analysis of player performance statistics, as seen in Chart 5.

The chart shows that the Galácticos are getting older. Their participation in international games is increasing, but their presence in the national league championship is decreasing. If the centre of Real Madrid’s model is marketing, the Galácticos play a vital role in the development of the strategy and in the sustainability of the model. As Florentino points out, people go to the games to watch these players, and if they are not present, the consequence could be damaging to the model.

Soon these players will need replacing. Figo, Zidane and Ronaldo have already left and Beckham is set to leave in the summer of 2007. Of the big stars, only Raúl and Roberto Carlos now remain. An important

CHART 5 Zidane season involvement and international games played





decision will have to be made: will Real Madrid find other players with the ability to sustain what the Galácticos brought to the strategy?

On the assumption that the model has been successful, and that Calderon, Pérez' successor, might try to replicate it, how will he fare in his attempt? This question could be scrutinised in reference to Pérez' predecessors' actions.

Both Pérez and his predecessors, such as Sanz, enjoyed the same 'ingredients' when formulating their strategies – the tradition and values that underpinned the PIF. If they were not successful, or if they mapped out different strategies and courses of action (as seems to be the case), then the scheme may have turned out to depend on both the will to continue it and the skills or capability of their successor. As Kase et al (2005) argue, "the mind of the strategist, therefore, is the main unit of analysis in the cognitive perspective of strategic management".

Conclusion

This article highlights the possibility of applying the concepts and techniques of business administration to the analysis and understanding of sports organisations and their management. One of the limitations apparent in the production of this paper is that human factors can affect the ups and downs of a sports team. Thus a more specific analytical tool is probably required. We feel, however, that an explanation of every cause and effect in sport is very difficult to achieve, and it could take many years for adequate research models to develop.

The PIF approach discussed here may have some degree of explanatory power on sports phenomena precisely because it involves such visceral elements as values, beliefs, love and hate etc. In concluding this article, we add an ex post facto analysis of Real Madrid's management following the departure of the management team led by Florentino Pérez.

The entry of new management under a president with a legal background will probably lead to changes

in the entire management and the sporting policy. Indeed, several key executives have already left. Our guess is that such changes indicate a movement away from an emphasis on business management towards concentrating more on sports policy. Likewise we predict a switch from PIF to PA in the management approach at the team.

One positive feature of the Florentino regime was the club's financial consolidation. Accordingly, with the coffers full of cash, the new management will be able to enjoy a lengthy period of trial and error. This will become especially important if the patience of its abonados is taxed by sporting failure.

In brief, one management cycle appears to have ended at this giant Spanish club. A new one will now oversee the human glory and suffering inherent in football.

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Annex

Research methodology

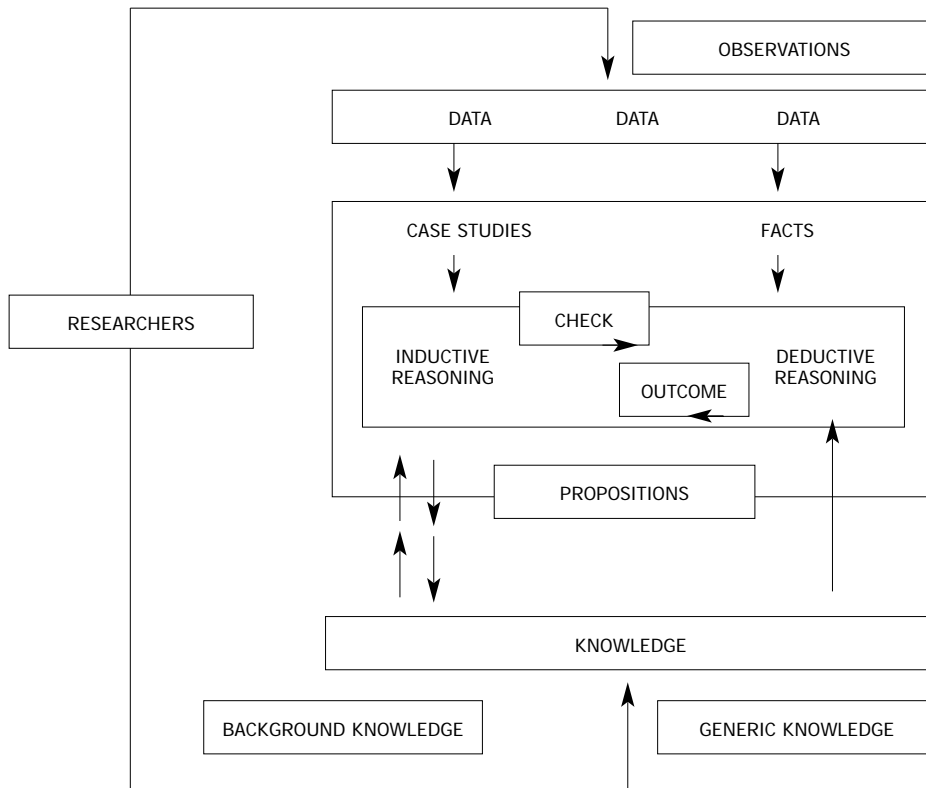
Basically, interview surveys and a review of relevant literature were the mainstay of the research:

- Interview survey: 15 in-depth interviews with industry experts including the incumbent executives of football clubs, former Real Madrid players, journalists and academics.
- Literature review: sports newspapers, academic journals and other secondary data.
- Content analysis of Florentino Pérez' speeches using Leximancer, an IT application, Version 2.1.1.

Figure 2 (opposite) illustrates the process for the formulation of our theoretical framework.



FIGURE 2 Methodological approach



Biographies

Kimio Kase is Professor of General Management at the University of Navarra IESE Business School. During a three-year stint in Japan he and two other researchers delved into the workings of successful business leaders in Japan and identified two different business approaches – the PIF and PA.

Ignacio Urrutia is a faculty member at IESE Business School. His interests cover business issues including control and sports management. Dr Urrutia currently focuses his research on the link between the strategic goals of sports clubs and their implementation. He is

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Ethnic identification, acculturation and sports identification of Latinos in the United States

Keywords

Latinos
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Executive summary

The Latino community is the fastest-growing segment of the United States (US) population as well as the largest minority segment. However, sports management and marketing research has failed to examine the dimensions of Latino sports consumption behaviour and fan identification.

The purpose of our research is to examine the relationships between ethnic identity, acculturation, identification with sports in general, and identification with specific sports (e.g. American football, baseball, basketball, hockey and soccer) for Latinos living in the

Abstract

Sports management and marketing research has failed to study the dimensions of Latino sports consumption behaviour and fan identification. This research examined the relationships among ethnic identity, acculturation, identification with sport in general, and identification with specific sports for Latinos living in the United States. Even though the four models used fit the data well, in general, ethnic identity and acculturation had little or no influence on sports identification. Hence sports marketers should not create marketing campaigns solely based on the assumption that Latinos or any ethnic group are necessarily fans of any particular sport (e.g. soccer).

US. The participants (N=300) completed a questionnaire comprising portions of three scales: the revised Multigroup Ethnic Identity Measure (MEIM; Roberts et al, 1999), the Abbreviated Multi-dimensional Acculturation Scale (AMAS; Zea et al., 2003) and the Points of Attachment Index (PAI; Robinson & Trail, 2005). The RAMONA Structural Equation Modelling (SEM) technique was used to test a confirmatory factor analysis (CFA) on the total measurement model, and four structural models were tested individually for goodness of fit.



Even though our four models fit the data well, in general, ethnic identity had little or no influence on identification with sports in general or identification with the specific sports examined. For Latinos as a whole, a moderate relationship existed between their ethnic identity and acculturation. Additionally, acculturation only explained a fair amount of variance for identification with American football, while in all other sports, acculturation minimally influenced sports identification. Sports marketers should not create marketing campaigns solely based on the assumption that Latinos or any ethnic group are necessarily fans of any particular sport (e.g. soccer). Marketing campaigns should focus on an individual's motives for attending sporting events and attachment to a team or to a sport, instead of an individual's identification with an ethnic group.

Background

The Latino community is the fastest-growing segment of the US population as well as the largest minority segment. The US Census projections in 2000 estimated the Hispanic or Latino population would be approximately 41.3 million people in 2004 (US Census, 2005). The Selig Center estimated that this segment of the population would control over \$700 billion in spending power in 2005 (Humphreys, 2005). Marketers, constantly seeking to target the next market niche, have recognised the growth potential, and the purchasing power, of the Latino community and have therefore focused their efforts on capturing the attention of this segment.

Marketers within the sports industry (e.g. Major League Baseball, National Basketball Association and National Football League) have also realised the benefits of marketing to Latinos. In 2004, 36% of Latinos in the US described themselves as avid fans of at least one sport; 43% of Latinos in the US are fans of Major League Soccer as compared to 25% of the rest of the US population. The majority of Latinos are fans of professional sports: National Football League

(71%), National Basketball League (62%), Major League Baseball (61%) and professional boxing (57%). In 2005-06, collegiate football and basketball saw an increase in Latino fans of 3% and 4% respectively (World, 2005). The increase of Latino fans demonstrates that marketers need to understand this growing segment of the sports industry.

Numerous labels – Hispanic, Hispano, Latin, Latino – have been used to characterise this segment of the US population. Many individuals refer to themselves by using political or national names to affirm their ethnic identity – Dominicans, Mexicans and Cuban Americans, for example. The terms Latino (male) and Latina (female) recognise the range of diversity within this ethnic group and represents anyone having a Latin American heritage or ancestry (Comas-Días, 2001). Furthermore, the label 'Latino' is preferred by many over the term 'Hispanic' (Comas-Días, 2001) as a way to identify the overall Latin American ethnic group (Oboler et al, 2005). The term Latino serves as a self-identifying label for Latin Americans living in the US, and this group consists of members who have ancestral ties to Mexico, Puerto Rico, Cuba, the Dominican Republic and other Spanish-speaking countries of Central and South America (Oboler, 1998; Torres-Saillant, 2005).

A review of the consumer behaviour literature revealed an increase in research investigating ethnicity due to the shifting ethnic landscape in the US as a result of immigration and increased birth rate. However, a lack of research exists which examines Latinos. Furthermore, sports management and marketing research has failed to examine the dimensions of Latino consumption behaviour and fan identification.

Latinos' ethnic identity and/or level of acculturation may influence their sport identification. Our study attempts to provide insight into the sports identification of Latinos in the US as well as the overall concepts of ethnic identity, acculturation and the relationships among these three. These ideas will facilitate the understanding of Latinos as fans of sport.



Identification

Pollock (1993) suggested "identification and its resulting product, identity, are theoretical, psychological formulations based on external and internal observations" (p.xv). In previous research, the study of ethnic identity has focused on two primary theories: Tajfel's (1981) social identity theory and Erikson's (1968) identity formation theory. Within these two theories lies the concept of ethnic identity that is essential to understanding the members of any ethnic group (Phinney, 1990).

Social identity theory

Using Social Identity Theory, Tajfel (1981) asserted that individuals are members of numerous social groups simultaneously. An individual's self-image is affected both positively and negatively by these social group memberships, and this self-image or identity is defined by the relationships with, and knowledge of, the social group. In order to gain fulfilment or positive gains within a social identity, an individual will seek out new group membership or retain membership in a particular social group. Additionally, Tajfel (1981) stated that if satisfaction is not gained from association with a particular social group, then an individual will release him/herself from the group unless extraordinary circumstances exist.

If exchanging social groups is not possible, an individual will either accept the circumstances or change his/her perspective of the social group. Regardless of the identity and relationships with one specific group, all social groups exist within other larger social groups and engage in comparisons with other social groups.

Ultimately, through these social relationships with others, individuals strive to obtain a positive self-image (Festinger, 1954; Tajfel, 1981). Individuals seeking a social identity will inevitably strive for a positive self-esteem (Phinney, 1992) in conjunction with identifying with their ethnic group.

Identity formation theory

Erikson (1959) defined identity as the relationship for an individual signified as both a sense of oneself and shared characteristics with others. Identity formation is a developmental process that is primarily conceived at an unconscious level both for the individual and for society as a whole. A sense of wellbeing and inner assuredness is accompanied by an escalating sense of identity. During the final stages of adolescence, an individual will develop a single, whole identification that encompasses all previous significant identifications (Erikson, 1968). Identity is a constantly changing and developing psychological process throughout one's lifetime. In terms of Erikson's (1968) theory, identity formation is a process through which an individual simultaneously reflects and observes him/herself from another's perspective and makes comparisons to that perspective.

Ethnic identity

Ethnic identity refers to an individual's identification with an ethnic group or ethnicity (Bernal et al, 1993; Isajiw, 1992; Phinney et al, 2001). Isajiw (1992) defined ethnic identity as referent to an individual's ethnic origin, the perceived relationship with their ethnic group and their perception of others in and out of that ethnic group. Bernal et al (1993) took into account the personal ownership and knowledge about one's ethnic group when defining ethnic identity. Additionally, Phinney et al (2001) expressed the need for research to delve into the various aspects of ethnic identity, "including self-identification, feelings of belongingness and commitment to a group, a sense of shared values and attitudes toward one's own ethnic group" (p.496). Researchers have theorised that ethnic identity embraces "various aspects including a sense of belonging, positive evaluation of the group, preference for the group, ethnic interest and knowledge, and involvement in activities associated with the group" (Phinney, 1996, p.923), ethnic origin, sense of shared values (Naylor, 1997), commitment to the group and positive attitudes towards the group



(Phinney et al, 2001). These concepts are precursors to ethnic identity and are necessary antecedents for ethnic identity. We propose that ethnic identity is not only the formation of one's identity based on one's ethnicity, but also a cognitive commitment to one's ethnicity.

Multigroup Ethnic Identity Measure (MEIM)

In order to understand ethnic identity across diverse samples, Phinney (1992) developed the MEIM based on the social identity theory (Tajfel, 1981) and Erikson's (1968) development theories. Phinney's (1992) original validation study of MEIM indicated that ethnic identity was represented by one factor. These results were unreliable due to a small sample size. A revised MEIM indicated ethnic identity had a two-factor structure: Factor 1, reflecting affirmation, belonging and exploration; and Factor 2, reflecting exploration of, and active involvement in, group identity (Roberts et al, 1999). Roberts et al claimed that the final results showed evidence that ethnic identity was a valid construct with young adolescents and could be measured reliably across groups.

However, individuals may identify with more than one ethnic group (Korzenny & Korzenny, 2005; Phinney, 1990; Tsai et al, 2000) and thus have more than one ethnic identity. For example, Mexican-Americans may identify themselves with Mexicans living in Mexico, but also may identify with the dominant society in the US. Social interaction also may have an influence on one's self-identity. Even though much of one's ethnic identity is passed on from previous generations, outside factors may play a role in modifying an individual's ethnic identity based on the social and environmental forces.

Acculturation

Acculturation is recognised as "a complex, multidimensional process of learning that occurs when individuals and groups come into continuous contact with different societies" (Stephenson, 2000, p.77). With this constant contact, individuals will possibly form additional identities. Recent acculturation

literature and research has resulted in an evolution from a unidimensional model of acculturation to a bi-dimensional model (LaFromboise et al, 1993; Phinney, 1990; Zea et al, 2003).

In terms of self-identification, acculturation is constructed along two dimensions: identification with one's ethnic group and identification with the dominant or larger group/society (Berry, 2001). According to Berry, these two dimensions are independent of each other and "nested". In terms of independence, one could have a strong ethnic identification as well as having a strong identification with the dominant culture. These two dimensions are not negatively correlated (Berry): if an individual has a strong identity with one group, he/she does not necessarily have a negative relationship with the other group. That is, as one identity changes, it does not necessarily cause an increase or a decrease in a separate identity. In terms of being nested, the smaller ethnic group can co-exist within the larger dominant society and still retain its ethnicity. As noted above, however, as an individual interacts with the dominant society, an identity with that dominant society may start to develop (i.e. acculturation).

The process of acculturation may involve changes in identities (Greenland & Brown, 2005) over days, weeks, years and even generations (Berry & Kim, 1988). Previous research has taken into account the overall effects, both physical and psychological, on numerous minority groups. Within the past decade, acculturation has been measured in a variety of ways, including: comfort with dominant and non-dominant language, food, media and traditions (Gomez & Fassinger, 1994); cultural domains of language, social affiliation, activities, attitudes, media, exposure and food (Tsai et al, 2000); ethnic versus dominant immersion (Stephenson, 2000); identity, language competence and cultural competence (Zea et al, 2003); and language ability and perceived cultural distance (Greenland & Brown, 2005). If an individual from an ethnic group is highly identified with the dominant culture/societal group (i.e. the culture in the US), this acculturation process may have an influence



on being a fan of certain sports, or a sports fan in general (Pons et al, 2001).

Identity theory

Previous sports consumption research examined sport identification in terms of both social identity theory (Fink et al, 2002; Funk et al, 2003; James & Ridinger, 2002) and identity theory (Madrigal, 1995; Trail et al, 2000, 2005). Social identity theory has focused on category-based identities as noted above, while identity theory has focused on role-based identities (Stryker & Burke, 2000). Stryker and Burke have fused these two strands (social structures of identities and internal processes of self-verification). The roots of identity theory can be linked to Mead's (1934) framework, which searches for the understanding of 'society' and 'self' along with the interrelations of both concepts. Recently, Stryker and Burke defined identity in terms of the self-collected "meanings that persons attach to the multiple roles they typically play in highly differentiated contemporary societies" (p.284). Furthermore, Stryker and Burke (2000) stressed the need for examining identity salience due to the fact that an individual's identities will alternate given a certain circumstance. The level of salience of an identity at any given moment will dictate one's behavioural decisions. For example, individuals will self-produce multiple identities to have them available within their numerous social activities, while simultaneously these social groups will either strengthen or obstruct that individual's involvement or membership. Value can be created through identities. As the value of the identity increases, the level of commitment to a particular social group also increases, creating a stronger salience (Stryker & Burke, 2000). In summary, they proposed that identity theory is based on both social constructs and internal self-verification processes.

Sports identification

Initially, team identification, or attachment to a specific team, was used to examine the consumption behaviours of spectators at sporting events (Cialdini et

al, 1976; Sloan, 1989; Trail & James, 2001; Wann & Branscombe, 1993; Zillman et al, 1989). Trail et al (2003) tested the model proposed by Trail et al (2000) in which team identification was one aspect that predicted sports spectator behaviour. However, they were not satisfied that all aspects that attracted individuals to associate with a team were represented solely by an attachment to a team. Therefore, based on the concepts of the multiple role identities of identity theory, Trail et al (2003) expanded the concept of team identification to include not only identification with a particular team but also integrated identification with a coach, the community, university, players, level of sport and type of sport. Moreover, Robinson and Trail (2005) conducted research to examine the relationships among gender, type of sport, motives and points of attachment to a team at intercollegiate athletic events. Numerous researchers have studied either points of attachment or some aspect therein, showing support for multiple points of attachment (Fink et al, 2002; Funk et al, 2003; Kwon & Trail, 2001, 2003; Robinson et al, 2004; Robinson & Trail, 2005; Trail et al, 2003; Wann et al, 1999, 2004).

Specifically, both Robinson and Trail (2005) and Trail et al. (2003) showed that attachment to sport in general, and attachment to a specific sport, existed. However, within the sports management and marketing literature, research designed to study identification and sports consumption has failed to study the relationships among ethnic identity, acculturation, sports identification and sports consumption, with perhaps the exception of a study by Pons et al (2001). Unfortunately this study has limited application due to a lack of information about the psychometric properties of the scales used and a lack of explanation about the statistical analyses employed.

Sports cross-over effect

With respect to sports fan loyalty, a cross-over effect exists among fans loyal to the four major US sports (American football, baseball, basketball and hockey). For example, 56.2% of avid National Hockey League



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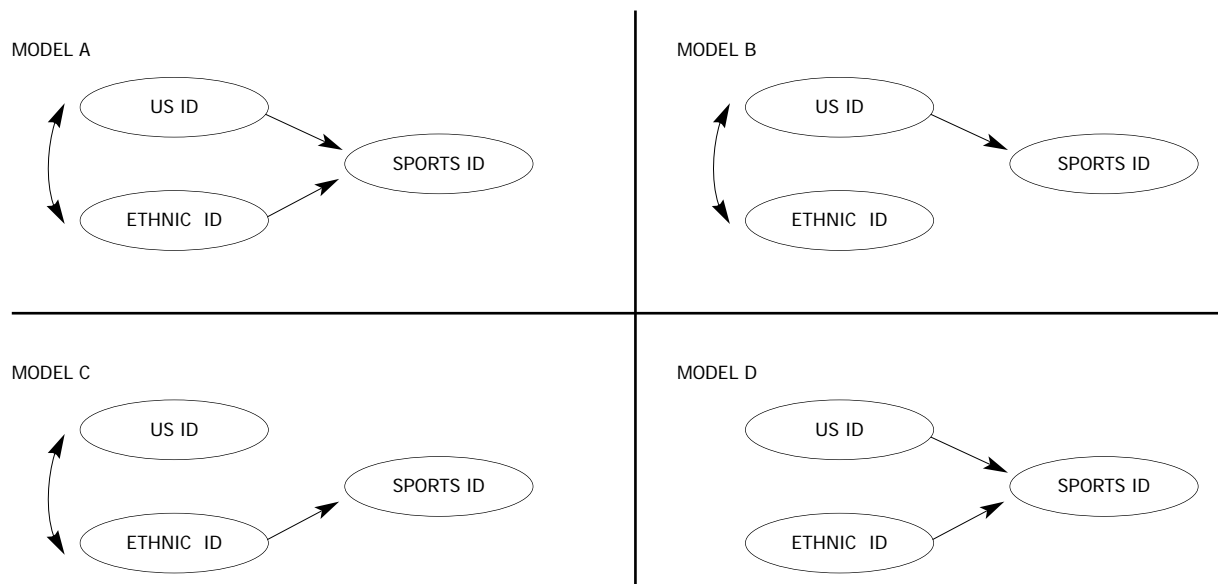
(NHL) fans are also Major League Baseball (MLB) fans; 72% of NHL fans are National Football League (NFL) fans; and 35.6% of avid NHL fans are National Basketball Association (NBA) fans (Demographic, 2003, p.22). This information implies that although there are many people who are fans of one sport, there may also be many who are fans of multiple sports. Furthermore, it seems that perhaps some sports marketers believe that because an individual is a part of one particular ethnic group, that person is more likely to be a fan of a certain sport, but if that person has become acculturated, he or she may have become a fan of a different sport as well. By studying the relationships between an individual's ethnic identity and sports identification, it would be possible to determine if differences in the relationships existed among the different sports variables. For example, the relationship between ethnic identity and attachment to

soccer might be greater than the relationship between ethnic identity and attachment to American football; and vice versa, the relationship between dominant identity and attachment to American football might be greater than or equal to the relationship between dominant identity and attachment to soccer.

Models to examine the relationships between ethnic identification, acculturation (US ID) and sports identification

Model A in which acculturation (represented by level of identification with the dominant culture in the US; dominant ID/US ID) and identification with one's own ethnic group (ethnic ID) combine to influence an individual's identification with sports (sports ID).

FIGURE 1 Models A, B, C and D





Model B in which acculturation (US ID) fully influences the effect of sports identification for Latinos without the direct influence of an individual's identification with his/her ethnic group;

Model C in which ethnic identification fully influences identification with sports without the direct influence of acculturation; and

Model D in which acculturation and ethnic identity both influence sports identification independently.

Model A

Within the sports management literature, researchers have not tested the influence of both acculturation and ethnic identity on sports identification (Model A; Figure 1). In the beginning stages of acculturation research, acculturation and ethnic identity were hypothesised as a linear, bipolar model, signifying that as an individual's ethnic identity increased, his/her dominant identity weakened (Phinney, 1990). This suggests a perfect negative correlation between ethnic identity and dominant identity. Although Berry (2001) theorised that ethnic identity and acculturation were two independent but related constructs, which differs from the bipolar model, both theories support a relationship between ethnic identity and acculturation. Multiple researchers have shown relationships between ethnic identity and various dependent variables, as well as relationships between acculturation and various dependent variables. Thus we tested the correlation between acculturation and ethnic identity, the relationship between acculturation and sports identification and the relationship between ethnic identity and sports identification in Model A.

Model B

Previous researchers within the field of community health have tested the effects of acculturation and ethnic identity on smoking. Asbridge et al (2005) found that acculturation and not ethnic identity influenced the dependent variable in multiple

subgroups: Western European, South Asian and East Indian youth. Their model may be similar to what we might find across sports identities. A relationship may exist between ethnic identity and dominant identity, and a relationship may exist between dominant identity and sports identification, but a relationship may not exist between ethnic identity and sports identification. Therefore, depending on the sport (e.g. American football), acculturation may fully influence one's sports identification, but one's ethnic identity may not (Model B; Figure 1).

Model C

Asbridge et al (2005) also found that depending on the sub-population, the influence of ethnic identity and acculturation on tobacco consumption for youth varied. For example, Chinese youth were influenced by their ethnic identity and not influenced by acculturation. Based on this research, Model C (Figure 1) depicts the correlation between ethnic identity and acculturation, and the effect of ethnic identity on sport identification, but does not include the effect of acculturation on sports identification.

Model D

Typically, previous research has examined acculturation and ethnic identity as independent and related variables. However, Laroche et al (1998) have examined the independent relationships of ethnic identity and acculturation within consumer marketing research. Through studying the Italian ethnic identity and consumptions of convenience and traditional foods, they found evidence indicating that the ethnic identity/consumption relationship was independent from the acculturation/consumption relationship. Within the field of psychology, researchers tested the mediating effect of acculturation on the relationship between ethnic origin and psychiatric symptoms (Oppedal et al, 2004). However, the hypothesised partially mediated model was not supported, as their findings showed independent and direct effects of both ethnic identity and acculturation on psychiatric symptoms. Based on these results, we tested the



independent relationships of both acculturation and ethnic identity on sports identification without a correlation between acculturation and ethnic identity (Model D, Figure 1).

Purpose of research

The purpose of our research is to examine the relationships between ethnic identity, acculturation, identification with sports in general, and identification with specific sports (i.e. identification with American football, baseball, basketball, hockey and soccer) for Latinos living in the south-eastern US. We tested the psychometric properties of the ethnic identity, acculturation and sports identification scales to establish internal consistency and construct reliability of our measurement scales. In addition, we tested the proposed four models – A, B, C and D (see Figure 1).

Methodology

Participants and procedures

The total sample included Latinos and non-Latinos (N=373). However, only respondents that self-identified as Latinos were included in the analysis. The Latino participants (N=300, which exceeds the recommended value of 195 to achieve a power of .80 for structural equation modelling; MacCallum et al, 1996) were living in the south-eastern US. Data collection took place in various community locations including three Latino-style restaurants, a Latino outdoor music festival and doctors' waiting rooms. During the collection process, 32 individuals declined to participate in the study and 12 individuals did not fully complete the questionnaire, resulting in an 87% completion rate of those Latinos asked to complete the questionnaire.

Our sample of Latinos consisted of 45% (N=136) male respondents, 53% (N=158) female respondents and 2% (N=6) did not specify. Participants were born in the US (33%, N=100), Columbia (18%, N=55), Cuba (15%, N=46), Puerto Rico (14%, N=41), seven Central American countries (7%, N=19), six

South American countries (5%, N=13), Dominican Republic (1%, N=4) and 22 did not respond (7%). When asked to self-identify their own ethnic group, respondents replied with 66 unique combinations of ethnic group names ranging from "Puerto Rican/American" to "100% Columbian" to "Spanish" to "very proud to be Hispanic" etc. The self-identified ethnic group names consisted of derivatives containing specific terminology including Hispanic (26%), Puerto Rican (9%), Cuban (8%), Latinos (8%), American (7%), Columbian (5%), other (4%) and Spanish (3%), and 31% of the participants did not respond to this question. After Institutional Review Board approval, the questionnaires were distributed to participants, along with a clipboard and pencil. On average, the questionnaire took approximately five minutes to complete. The purpose of the study and the instructions for completion of the survey were also included.

Instrumentation

The questionnaire comprised portions of three scales: the revised MEIM (Roberts et al, 1999), the AMAS (Zea et al, 2003) and the PAI (Robinson & Trail, 2005). All of the items for each scale were measured using the same response format; therefore, the items were randomly placed on the questionnaire in one section. The final version of our questionnaire contained 27 items ranging from "strongly disagree" (1) to "strongly agree" (7). Various demographic variables (e.g. age, gender) were also included at the end of the questionnaire.

All the items were translated from English to Spanish and back-translated from Spanish to English, as recommended by Brislin (1986). After translation, a panel of three Latin American scholars examined the items to determine content validity. The Spanish items used were translated and modified to indicate a "universal" Spanish, which would be understood by the majority of Latinos. Participants were able to see simultaneously both the English and the Spanish versions of each item and were able to answer questions in the language they preferred.



Ethnic identity

The original ethnic identity portion of the MEIM, a 14-item scale, was designed to measure three components of ethnic identity: affirmation and belonging (five items); ethnic identity achievement (seven items); and ethnic behaviours (two items). All of the items were rated on a 4-point scale ranging from "strongly disagree" (1) through "strongly agree" (4). However, Roberts et al (1999) reduced the original scale to 12 items and using an Exploratory Factor Analysis (EFA) found a two-factor structure: an affirmation-belonging-commitment factor (7 items) and an exploration of, and active involvement in, group identity factor (5 items). For the purposes of our study, we used the affirmation-belonging-commitment factor to examine ethnic identity. In previous research, of the seven items, six had good factor loadings within a Mexican American sample ($\beta = .68$ to $.88$; Roberts et al, 1999) and the alpha value for Factor 1 was good ($\alpha = .82$; Roberts et al, 1999). The seventh item double-loaded across the two factors and thus we chose not to use it with the present sample. For the purposes of our study, we modified the response format to a 7-point Likert-type scale ranging from "strongly disagree" (1) to "strongly agree" (7) to increase potential response variability.

US identity/acculturation

The final version of the AMAS contained 42 items representing six dimensions. The cultural identity subscales were rated on a four-point scale ranging from "strongly disagree" (1) through "strongly agree" (4). For the purposes of our study, we used the six items pertaining to one's US identity to examine dominant identity and acculturation. In the Zea et al (2003) research, these six items had good factor loadings for the sample ($\beta = .78$ to $.89$ and the alpha value was good ($\alpha = .96$). For the purposes of our study, again we modified the response format of the items to a 7-point Likert-type scale ranging from "strongly disagree" (1) to "strongly agree" (7).

Sport identification

The PAI contained seven sub-scales that focus on identification with the players, the coach, the community, the sport, the university, the team and the level of the sport (e.g. college, not professional). We used two dimensions: the attachment to a specific sport, but expanded it to five different sports (American football, basketball, baseball, soccer and hockey); and the overall attachment to sports (e.g. "I am a fan of sports"). The PAI portion used in our questionnaire contained 15 total items with a 7-point Likert-type response format ranging from "strongly disagree" (1) to "strongly agree" (7). Both Trail et al (2003) and Robinson and Trail (2005) showed that the PAI had good reliability for attachment to a particular sport ($\alpha = .75$ – $.77$) and had good Average Variance Extracted (AVE) values as well (AVE = $.50$ – $.54$).

Data analysis

The RAMONA Structural Equation Modelling (SEM) technique, available in the SYSTAT 7.0 (1997) statistical package, was used to test the confirmatory factor analysis (CFA). After the CFA was conducted on the total measurement model, the four structural models (A, B, C and D) were tested individually for goodness of fit.

RAMONA was used to obtain Steiger's (1990; Steiger & Lind, 1980) root-mean-square-error (RMSEA, represented by ϵa), chi-square test statistic (χ^2) and the chi-square test statistic per degrees of freedom (χ^2/df). The comparison of the models was based on fit indices, the expected cross-validation index (ECVI) and the chi-square difference test ($\Delta\chi^2$). RMSEA values equal to and less than $.06$ indicate that a model has close fit (Hu & Bentler, 1999), while values of $.08$ or less indicate reasonable fit and RMSEA values greater than $.10$ indicate inadequate fitting models. Because RMSEA is a point estimate, Browne and Cudeck (1992) suggested that the 90% confidence interval should be used to indicate whether a model would fit well within the population.



In addition to the model fit indices and model analysis, internal consistency measures (Cronbach's alpha coefficients), aAVE and discriminant validity measures (correlation between any two constructs) were used to examine the models' constructs. Alpha coefficients greater than .70 are assumed to be adequate for social science subscales (Nunnally, 1978; Nunnally & Bernstein, 1994), while AVE values greater than .50 are good (Hair et al, 1998).

The final analysis of each model contained all of the manifest variables and first-order latent variables. For comparison of Models A, B, C and D, we used a nested-models approach (e.g. Mossholder et al, 1998; Tokar & Jome, 1998). Each model included corresponding manifest variables as indicators for the three first-order latent variables (ethnic ID, US ID and sports ID). The path coefficients between the latent variables of US ID and sports ID, ethnic ID and sports ID, along with the correlation between US ID and ethnic ID, were included in Model A (Figure 1). In Model B (Figure 1), the path from ethnic ID and sport ID was constrained to equal zero (i.e. there was no path between those two variables). In Model C (Figure 1), the path from US ID and sports ID was constrained to equal zero. In Model D (Figure 1), the correlation between US ID and ethnic ID was constrained to equal zero. Models B, C and D were nested in Model A.

Results

Psychometric properties of the scales

The initial reliability analysis of all of the items indicated that two of the US ID items ("I am proud to be a US American" and "I feel good about being a US American") and three of the ethnic identity items ("I feel good about my cultural or ethnic background"; "I have a lot of pride in my ethnic group and its accomplishments"; "I am happy that I am a member of my ethnic group") had high kurtosis values, ranging from 2.8 to 10.4. Due to the non-normality of these items, they were eliminated from further analysis.

The results of the CFA on the measurement model showed close fit (RMSEA, $\epsilon a = 0.060$; $ci = 0.052$, 0.114 ; $\chi^2/df = 511.36/247 = 2.07$). Additionally, only 3.3% of the residuals in the residual matrix exceeded .10, indicating that the reproduced correlation matrix and the actual sample correlations for the items differed only slightly. The Cronbach's alpha coefficients were good for all constructs in all three scales ranging from .80 to .94 and the AVE values ranged from .61 to .84 (Table 1). For all subscales, each manifest variable loaded significantly onto its first-order latent variable (t -values ranged from 17.52 to 91.64) and all factor loadings exceeded .657 (Table 1).

Model results

As previously mentioned, we examined the relationships among the ethnic identity, US identity and sports identification for Latinos living in the US. We tested four models (A, B, C and D) across identification with sports in general and identification with each specific sport.

Identification with sports in general

When identification with sports in general was used as the dependent variable, Models A, B and C showed reasonable fit (Table 2): RMSEAs ranged from 0.065 – 0.069; and χ^2/df ranged from 2.27 – 2.42. The results for Model D showed mediocre fit for the model (RMSEA, $\epsilon a = 0.092$; $\chi^2/df = 3.52$). The number of residuals greater than .1 was low for Model A (1.5%) and for Model B (3.6%), indicating good model fit (Bagozzi & Yi, 1988). However, both Models C (11%) and D (22%) had a percentage of residuals greater than 10%, indicating poor fit.

Since Models B, C and D are nested in Model A, we compared Models B, C and D with Model A. Models C and D demonstrated poor fit and therefore were not used in further analysis. Models A and B performed equally well and were both good-fitting models. The confidence intervals for both the RMSEA and the ECVI values overlapped between Models A and B and showed almost identical results (Table 2), indicating



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TABLE 1 Factor Loadings (*B*), Confidence Intervals (*CI*), Standard Errors (*SE*), *t*-values and AVE Values (*AVE*) for the Revised MEIM (Roberts et al, 1999), the AMAS (Zea et al, 2003) and for the PAI (Robinson & Trail, 2005)

FACTOR AND ITEM	<i>B</i>	<i>CI</i>	<i>SE</i>	<i>t</i>	<i>α</i>	<i>AVE</i>
ETHNIC IDENTITY						
I HAVE A STRONG SENSE OF BELONGING TO MY OWN ETHNIC GROUP	.825	.778-.871	.028	29.43	.89	.65
I FEEL A STRONG ATTACHMENT TO MY OWN ETHNIC GROUP	.910	.868-.951	.025	36.32		
I UNDERSTAND PRETTY WELL WHAT MY ETHNIC GROUP MEMBERSHIP MEANS TO ME	.657	.596-.719	.038	17.52		
ACCULTURATION (DOMINANT IDENTITY)						
I THINK OF MYSELF AS BEING US AMERICAN	.777	.732-.822	.027	28.44	.88	.61
I FEEL THAT I AM A PART OF US AMERICAN CULTURE	.784	.741-.828	.027	29.37		
BEING US AMERICAN PLAYS AN IMPORTANT PART IN MY LIFE	.788	.745-.832	.026	29.86		
I HAVE A STRONG SENSE OF BEING US AMERICAN	.883	.851-.915	.019	45.44		
IDENTIFICATION AS A SPORTS FAN						
I AM A FAN OF LOTS OF DIFFERENT SPORTS	.781	.735-.828	.028	27.51	.80	.67
I AM A SPORTS FAN IN GENERAL	.914	.879-.949	.021	42.64		
BEING A SPORTS FAN IS VERY IMPORTANT TO ME	.745	.694-.796	.031	24.15		
IDENTIFICATION WITH AMERICAN FOOTBALL						
FIRST AND FOREMOST I CONSIDER MYSELF AN AMERICAN FOOTBALL FAN	.944	.927-.960	.010	91.54	.94	.84
AMERICAN FOOTBALL IS MY FAVOURITE SPORT	.867	.840-.894	.016	53.14		
OF ALL SPORTS, I PREFER AMERICAN FOOTBALL	.939	.922-.956	.011	88.65		
IDENTIFICATION WITH BASEBALL						
FIRST AND FOREMOST I CONSIDER MYSELF A BASEBALL FAN	.894	.868-.920	.016	56.75	.92	.80
BASEBALL IS MY FAVOURITE SPORT	.880	.852-.908	.017	52.40		
OF ALL SPORTS, I PREFER BASEBALL	.910	.886-.934	.015	62.16		
IDENTIFICATION WITH BASKETBALL						
FIRST AND FOREMOST I CONSIDER MYSELF A BASKETBALL FAN	.886	.854-.918	.019	45.95	.89	.74
BASKETBALL IS MY FAVOURITE SPORT	.871	.838-.904	.020	43.12		
OF ALL SPORTS, I PREFER BASKETBALL	.816	.776-.855	.024	34.07		
IDENTIFICATION WITH HOCKEY						
FIRST AND FOREMOST I CONSIDER MYSELF A HOCKEY FAN	.864	.827-.902	.023	37.56	.87	.69
HOCKEY IS MY FAVOURITE SPORT	.854	.816-.893	.024	36.29		
OF ALL SPORTS, I PREFER HOCKEY	.776	.730-.823	.028	27.39		
IDENTIFICATION WITH SOCCER						
FIRST AND FOREMOST I CONSIDER MYSELF A SOCCER FAN	.842	.809-.875	.020	41.91	.92	.79
SOCCER IS MY FAVOURITE SPORT	.883	.855-.911	.017	51.91		
OF ALL SPORTS, I PREFER SOCCER	.940	.917-.962	.014	68.65		



no significant statistical difference between the models. The chi-square difference test also was not significant between Models A and B ($\Delta\chi^2 = 1.49$, $df = 1$). When model fit indices are similar, MacCallum (1995) recommended choosing a model based on parsimony and/or theoretical principles. Because Model B had one less path and this pathway was not significant in Model A ($\beta = .085$), we chose Model B for further analysis (see Table 3).

In Model B, the path between US ID and sports ID was significant ($\beta = .219$) and indicated that US ID explained 4.8% of the variance in identification with sports in general. The correlation between ethnic ID and US ID was significant ($r = .415$), indicating that the shared variance was 17.2%.

Identification with American football

When identification with American football was used as the dependent variable, Model A (RMSEA, $\epsilon a = 0.058$; $\chi^2/df = 1.99$) and Model B (RMSEA, $\epsilon a = 0.056$; $\chi^2/df = 1.93$) showed close fit (Table 2). The results for Model C showed fair fit (RMSEA, $\epsilon a = 0.076$; $\chi^2/df = 2.72$), while Model D showed mediocre fit (RMSEA, $\epsilon a = 0.086$; $\chi^2/df = 3.22$). Models A and B did not have any residuals greater than .1, indicating good model fit (Bagozzi & Yi, 1988). However, Model C had 7% of residuals greater than .1 and Model D (22%) had 22% greater than .1; the latter indicating poor fit.

Similar to the previous model comparisons, Model A and Model B performed equally well and were both good-fitting models. Model C demonstrated adequate fit and Model D demonstrated poor fit and therefore they were not used in further analysis. Models A and B showed almost identical results (Table 2), indicating no significant statistical difference between the models. The chi-square values for Models A and B were equal ($\chi^2 = 63.80$). As with the previous model comparison for the dependent variable identification with sports in general, Model B had one less path and this pathway was not significant in Model A ($\beta = -.005$); thus we chose Model B for further analysis

(see Table 3).

In Model B, the path between US ID and identification with American football was significant ($\beta = .347$) and US ID explained 12% of the variance in identification with American football. The correlation between ethnic ID and US ID was significant ($r = .412$), indicating that the shared variance was 17.0%.

Identification with baseball

When identification with baseball was used as the dependent variable, Model A (RMSEA, $\epsilon a = 0.061$; $\chi^2/df = 2.13$) and Model B (RMSEA, $\epsilon a = 0.060$; $\chi^2/df = 2.07$) showed close fit (Table 2). While the results for Model C showed fair fit for the model (RMSEA, $\epsilon a = 0.071$; $\chi^2/df = 2.51$), Model D showed mediocre fit (RMSEA, $\epsilon a = 0.089$; $\chi^2/df = 3.35$). In Models A and B 3% of the residuals were greater than .1, indicating good model fit (Bagozzi & Yi, 1988). However, both Model C (16%) and Model D (22%) had a large percentage of residuals greater than .1, indicating poor fit.

Similar to the previous two model comparisons, Model A and Model B performed equally well and were both good-fitting models. However, Model C demonstrated fair fit and Model D demonstrated mediocre fit. Both fit significantly worse than Model A (Table 2) and therefore were not used in further analysis. Once more, Models A and B showed almost identical results (Table 2), indicating no significant statistical difference between the models. The chi-square difference test was small and not significant between Models A and B ($\Delta\chi^2 = 0.25$, $df = 1$). As with the two previous model comparisons, Model B had one less path and this pathway was not significant in Model A ($\beta = -.035$); thus we chose Model B for further analysis (see Table 3).

In Model B, the path between US ID and identification with baseball was significant ($\beta = .272$). US ID explained 7.4% of the variance in identification with baseball, while the correlation between ethnic ID and US ID was once again significant ($r = .412$).



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TABLE 2 Fit measures for Models A, B, C and D for identification as a sports fan and identification with specific sports (American football, baseball, basketball, hockey and soccer)

DEPENDENT VARIABLE	<i>df</i>	$F_0\Delta$	ϵ	RMSEA CI	ECVI	(ECVI, ECVI)	χ^2	χ^2/df
SPORTS FAN								
MODEL A	32	.139	.066	(.046,.086)	.400	(.329,.496)	73.45	2.30
MODEL B	33	.140	.065	(.046,.085)	.398	(.326,.495)	74.94	2.27
MODEL C	33	.157	.069	(.050,.088)	.415	(.340,.515)	79.99	2.42
MODEL D	33	.278	.092	(.074,.110)	.536	(.438,.658)	116.15	3.52
AMERICAN FOOTBALL								
MODEL A	32	.106	.058	(.037,.078)	.367	(.304,.457)	63.80	1.99
MODEL B	33	.103	.056	(.035,.076)	.361	(.298,.450)	63.80	1.93
MODEL C	33	.190	.076	(.057,.095)	.447	(.366,.555)	89.78	2.72
MODEL D	33	.244	.086	(.068,.105)	.502	(.410,.619)	106.10	3.22
BASEBALL								
MODEL A	32	.121	.061	(.041,.082)	.382	(.315,.474)	68.11	2.13
MODEL B	33	.118	.060	(.040,.080)	.376	(.309,.468)	68.36	2.07
MODEL C	33	.167	.071	(.052,.090)	.424	(.347,.527)	82.85	2.51
MODEL D	33	.259	.089	(.071,.107)	.517	(.423,.637)	110.54	3.35
BASKETBALL								
MODEL A	32	.086	.052	(.030,.073)	.347	(.289,.432)	57.79	1.81
MODEL B	33	.087	.051	(.029,.072)	.345	(.286,.430)	59.04	1.79
MODEL C	33	.093	.053	(.031,.074)	.350	(.290,.437)	60.68	1.84
MODEL D	33	.225	.083	(.064,.101)	.482	(.394,.596)	100.19	3.04
HOCKEY								
MODEL A	32	.148	.068	(.048,.088)	.409	(.336,.507)	76.16	2.38
MODEL B	33	.156	.069	(.050,.088)	.414	(.339,.514)	79.70	2.42
MODEL C	33	.144	.066	(.047,.086)	.402	(.329,.500)	76.16	2.31
MODEL D	33	.287	.093	(.076,.112)	.545	(.446,.669)	118.83	3.60
SOCCER								
MODEL A	32	.116	.060	(.040,.081)	.377	(.311,.469)	66.71	2.08
MODEL B	33	.119	.060	(.040,.080)	.376	(.310,.469)	68.51	2.08
MODEL C	33	.117	.060	(.039,.080)	.374	(.308,.467)	67.96	2.06
MODEL D	33	.255	.088	(.070,.106)	.512	(.419,.631)	109.23	3.31

Note: *df* = degrees of freedom; F_0 = population discrepancy function values;

ϵ = RMSEA; RMSEA CI = 90% confidence intervals for RMSEA;

ECVI = point estimate for Expected Cross-Validation Index;

χ^2 = chi square test statistic; χ^2/df = chi square divided by the degrees of freedom.



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TABLE 3 Latent Path Coefficients (β) and Confidence Intervals (CI) for identification as a sports fan and identification with specific sports (American football, baseball, basketball, hockey and soccer)

	US ID 1 ETHNIC ID		US ID \neq SPORTS ID		ETHNIC ID \neq SPORTS ID	
	β	CI	β	CI	β	CI
SPORTS FAN						
MODEL A	.414	(.319,.500)	.180	(.067,.292)	.085	(-.029,.199)
MODEL B	.415	(.320,.501)	.219	(.119,.318)		
MODEL C	.418	(.324,.505)	.168	(.067,.270)		
MODEL D			.184	(.083,.284)	.086	(-.015,.187)
AMERICAN FOOTBALL						
MODEL A	.412	(.317,.499)	.349	(.244,.453)	-.005	(-.115,.105)
MODEL B	.412	(.317,.499)	.347	(.255,.439)		
MODEL C	.417	(.322,.503)			.154	(.053,.255)
MODEL D			.340	(.247,.432)	.022	(-.075,.119)
BASEBALL						
MODEL A	.412	(.317,.499)	.272	(.162,.383)	-.035	(-.149,.079)
MODEL B	.411	(.316,.497)	.256	(.158,.354)		
MODEL C	.415	(.320,.501)			.088	(-.016,.192)
MODEL D			.263	(.165,.361)	-.016	(-.117,.084)
BASKETBALL						
MODEL A	.412	(.317,.499)	.123	(.005,.241)	-.081	(-.200,.037)
MODEL B	.411	(.316,.498)	.086	(-.019,.192)		
MODEL C	.412	(.317,.498)			-.025	(-.131,.081)
MODEL D			.115	(.010,.220)	-.070	(-.174,.034)
HOCKEY						
MODEL A	.414	(.319,.500)	-.003	(-.123,.117)	-.138	(-.258,-.019)
MODEL B	.413	(.318,.500)	-.066	(-.173,.041)		
MODEL C	.414	(.319,.500)			-.140	(-.246,-.034)
MODEL D			-.014	(-.121,.093)	-.128	(-.233,-.023)
SOCCER						
MODEL A	.413	(.318,.499)	-.079	(-.195,.036)	.096	(-.021,.212)
MODEL B	.412	(.317,.498)	-.036	(-.140,.068)		
MODEL C	.412	(.317,.499)			.059	(-.044,.163)
MODEL D			-.071	(-.174,.032)	.083	(-.019,.185)



Identification with basketball

When identification with basketball was used as the dependent variable, Models A, B and C showed close fit (Table 2): RMSEAs ranged from 0.051 – 0.053; and χ^2/df ranged from 1.79 – 1.84. The results for Model D showed mediocre fit for the model (RMSEA, $\epsilon a = 0.083$; $\chi^2/df = 3.04$). The number of residuals greater than .1 was low for Model A (0%), for Model B (0%) and for Model C (7%). However, Model D (22%) had a high percentage of residuals, indicating poor fit.

Model D demonstrated poor fit and was not used in further analysis. Models A, B and C performed equally well and were good-fitting models. The confidence intervals for all of the RMSEA and the ECVI values overlapped between Models A, B and C and showed almost identical results (Table 2), indicating no significant statistical differences between the models. Although the correlations between ethnic ID and US ID across Models A, B and C were significant and similar, Model A had the only additional significant path (US ID & sports ID; $\beta = .123$). Thus, we chose Model A for further analysis (see Table 3). In Model A, US ID only explains 1.5% of the variance in identification with basketball. Again, the correlation between ethnic ID and US ID was significant ($r = .415$).

Identification with hockey

When identification with hockey was used as the dependent variable, Models A, B and C showed fair fit (Table 2): RMSEAs ranged from 0.066 – 0.069; and χ^2/df ranged from 2.31 – 2.42. The results for Model D showed mediocre fit for the model (RMSEA, $\epsilon a = 0.093$; $\chi^2/df = 3.60$). The number of residuals greater than .1 was low for Model A (1.5%), for Model B (5.0%) and for Model C (1.8%), indicating good model fit. However, Model D (22.7%) had a large percentage of residuals, indicating poor fit.

Model D demonstrated poor fit and therefore was not used in further analysis. Models A, B and C performed

equally well and were good-fitting models. The confidence intervals for both the RMSEA and the ECVI values overlapped between Models A, B and C and showed very similar results (Table 2), indicating no significant statistical difference between the models. Because Models B and C had one less path than Model A and because the path between US ID and sports ID ($\beta = -.066$) was not significant for Model B, we chose Model C for further analysis (see Table 3).

In Model C, the path between ethnic ID and sports ID was significant ($\beta = -.140$), but only 2.0% of the variance in identification with hockey is explained by ethnic ID. Again, the correlation between ethnic ID and US ID was significant ($r = .414$).

Identification with soccer

When identification with soccer was used as the dependent variable, Models A, B and C showed close fit (Table 2): RMSEAs were 0.060; and χ^2/df ranged from 2.06 – 2.08. The results for Model D showed mediocre fit for the model (RMSEA, $\epsilon a = 0.088$; $\chi^2/df = 3.31$). The number of residuals greater than .1 was low for Model A (0%), for Model B (3.6%) and for Model C (3.6%), indicating good model fit. However, Model D (16.7%) had a high percentage of residuals greater than 10%, indicating poor fit.

Model D demonstrated poor fit and was not used in further analysis. Models A, B and C performed equally well and were good-fitting models. The confidence intervals for all of the RMSEA and the ECVI values overlapped between Models A, B and C and showed almost identical results (Table 2), indicating no significant statistical difference between the models. Although Models B and C had one less path, the remaining pathways for Models B (US ID & sports ID; $\beta = -.036$) and C (ethnic ID & sports ID; $\beta = .059$) were not significant. Models A, B and C fit well, but US ID and ethnic ID did not explain any of the variance in identification with soccer (see Table 3). Therefore, none of the models were used for further analysis.



Discussion

Our research has focused on examining the influence of ethnic identity and acculturation on the identification with various sports and with sports in general for Latinos in the US. The Latinos who took part in our study responded strongly and positively when asked about their identity with the American culture ($M = 6.0$), thus indicating that they are acculturated with the dominant US society. Our results also confirm the bidimensional relationship between ethnic identification and acculturation, such that these two constructs are related but independent of each other, indicating that Latinos may vary across both their ethnic identity and level of acculturation.

Overall, Models A, B and C were good-fitting models across the various sports and sports fans in general. In summary, Model B was chosen as the most appropriate model for the dependent variables of identification as a sports fan in general, identification with American football and identification with baseball. Model C was most appropriate for identification with hockey due to the significant negative path between ethnic ID and sports ID. Model A was most appropriate for identification with basketball due to the significant paths between both US ID and sports ID, and ethnic ID and sports ID. Even though our models fit the data well, in general, ethnic identity had little or no influence on identification with sports in general or identification with the specific sport examined.

Just as demographics typically do not explain much of the variance in sports consumption behaviours (Trail & Anderson, 2005), a high level of identification with the US culture and identification with one's ethnic group do not explain the variance for identification with sports in general and identification with baseball, basketball, hockey, or soccer within our Latino sample. Previous sports management researchers (Fink et al, 2002; Robinson & Trail, 2005; Wann et al, 1999; Funk et al, 2003; Trail et al, 2003) have explained more variance in sports identification and fan identification using other variables such as fan motives. Thus the explanatory power of ethnic identity

seems to be limited within our sample of Latinos.

From a practitioner's standpoint, marketing campaigns should focus on an individual's motives for attending sporting events and points of attachment to a team and to a sport instead of identification with an ethnic group. However, identification with the American culture does have a small influence on one's identification with American football, baseball, basketball and sport in general. This indicates that the more time one spends in the US and the more one's identification with the American culture increases, identification as a sports fan in general and identification with American football increases. Marketing campaigns may want to target Latinos who are highly acculturated in order to maximise sport consumption behaviours.

Interestingly, when hockey was indicated as the dependent variable, the relationship between ethnic ID and sports ID was significant and negative ($\beta = -.140$). As the ethnic identity of Latinos increases, their identification with hockey weakens. Our results may be influenced by our geographical location. Latinos in the north-east US may display a different relationship with hockey. Future research should examine Latinos in multiple geographical locations.

Neither the level of ethnic identity nor the level of acculturation influenced the level of identification with soccer. This indicated that even though ethnic identity and acculturation may vary, the level of soccer identification stayed the same. For example, Latinos who are highly identified with their ethnic group are not necessarily soccer fans. Sport marketers should not create marketing campaigns solely based on the assumption that Latinos or any ethnic group are necessarily fans of any particular sport (e.g. soccer).


Our results offer a unique perspective on the relationships among acculturation, ethnic identity and identification with sports; however, there are limitations that should be addressed. Our sample does not lead to generalisations about the rest of the population of Latinos in the US, based on the fact that our sample was a small percentage of the Latinos



living in a south-eastern part of the US. Additionally, the results for two of the items representing identification with the US culture, and three items representing identification with one's ethnic group, were highly skewed, indicating that Latinos showed limited variability and high levels of identity among their responses to these items. Furthermore, 31% of the participants did not respond to the open-ended question of self-identification with an ethnic group. Participants may not have wanted to answer this question, may not have realised there was an open-ended question at the conclusion of the Likert-type questions, or possibly did not know how to answer this question. Latinos may not express their identity with a particular ethnic group in an expected manner. For example, a Puerto Rican may respond similarly when asked about his/her nationality, ethnicity, ethnic identity, ethnic group, or racial identity; therefore, they may not feel comfortable answering this question.

Future research should examine multiple sub-groups of Latinos (i.e. Columbians, Cubans, Mexicans, Puerto Ricans etc) to determine if the relationships in our models differ based on sub-groups within the Latino community. Moreover, these sub-groups should be compared in order to understand fully the marketing implications of market segmentation based on identity with an ethnic group. If marketing campaigns are designed to examine the ethnic identity of current and potential consumers, they should not only study an individual's ethnic identity but also an individual's level of identity with the dominant culture or level of acculturation. Future research should study both constructs simultaneously, because an individual's ethnic identity and US identity are independent but related constructs.

In conclusion, for Latinos as a whole, a moderate relationship exists between ethnic identity and acculturation. In addition, acculturation only explains a fair amount of variance for identification with American football, while in all other sports, acculturation minimally influences sports identification. Ethnic identity does not explain any variance on identification with sports, with the possible exception of hockey.

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A multilevel model analysis of professional soccer attendance in Chile 1990-2002

Keywords

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Executive summary

A brief survey of recent literature on professional sports attendance reveals an overwhelming focus on North American and European sport. Despite a growing body of literature on determinants of attendance at professional sports events, analyses of attendance in other contexts, especially sport in South America, are lacking. In order to address this gap in the literature, this study examined several factors hypothesised to influence attendance at Chilean national soccer tournaments. These included

Abstract

This study examined the determinants of attendance at the Chilean national soccer tournaments between 1990 and 2002. A multilevel model approach was taken to estimate the effects of several factors, including unobserved sources, hypothesised to influence attendance in Chile. Results regarding team success, team division, population, stadium size and habitual persistence were found to influence professional soccer attendance; other factors such as admission price, age of team, international success, availability of soccer teams in the same vicinity and stadium ownership did not.

competition, admission price, teams' win-loss record, pennant race winner, division, cumulative international success, population, team age, stadium capacity and stadium ownership.

Data includes yearly observations for a total of 18 teams that participated in the Chilean professional tournaments between 1990 and 2002. Data were collected from the archives of the Asociación Nacional de Fútbol Profesional de Chile (National Association of Professional Soccer of Chile - ANFP) and from the



management office of Club Deportivo Universidad Católica.

Because of the hierarchical structure of the data, a multilevel model approach was taken to estimate the effects and isolate multiple unobserved sources of influence on attendance. Results indicate that many factors derived from the literature were also influential in Chile. In summary, attendance at professional soccer in Chile tends to be driven by team quality, the size of the city in which a team is located and stadium capacity. In addition, findings show support for habitual persistence, which is an unobserved influence of prior attendance on future attendance. Factors such as admissions price, team age, international success, stadium ownership and competition were not found to influence significantly attendance. These results seem to suggest that Chilean soccer teams' marketing activities are largely determined by team success on the field, with little focus on marketing opportunities related to stadium ownership, team tradition and international success.

Introduction

Professional sports attendance has been a pervasive research topic in many areas of study, including sports management, sports marketing, sports sociology and economics. One important objective of sports attendance studies is to understand the relative importance of managerial, demographic and socio-economic factors that are hypothesised to influence attendance in a particular context. Sports attendance research provides an understanding of how demand shifts as a result of changes in managerial, economic or social conditions. This is invaluable to managers responsible for maximising revenue from gate receipts.

A brief survey of recent literature on attendance reveals an overwhelming focus on North American and European professional sport, including US major league sports and European professional soccer,

cricket and rugby (Baade & Tiehen 1990; Baimbridge et al, 1995, 1996; Dobson & Goddard 1995; Carmichael et al, 1996; Hansen & Gauthier, 1989; Hynds & Smith, 1994; Marcum & Greenstein, 1995; Simmons, 1996; Welki & Zlatoper, 1994). There has also been some interest in Australian sports – mainly football and rugby (see Borland & Lye, 1992, for an example of a study of Australian rules football).

Despite this growing literature on determinants of attendance at professional sports events, analyses of professional sports attendance in other contexts, especially South American, have been largely ignored.

To address this gap in the literature, this study aims to examine the determinants of attendance at the Chilean national soccer tournaments between 1990 and 2002. Soccer is an interesting setting for this study because of its reputation as a leading spectator sport in South American countries. In Chile, although highly popular, professional soccer is also particularly interesting because it has experienced several 'structural' problems due to a high concentration of teams in one locality, a lack of competitive balance in the league and a strong concentration of gate receipts and attendances among a few national title contenders (Claro, 1999a, 1999b, 1999c, 1999d). These structural features have created a myriad of marketing challenges for administrators of Chilean soccer.

For this study, data on Chilean national tournaments were obtained for the years 1990 to 2002. Because of the hierarchical structure of the data, a multilevel model approach was taken to estimate the effects of several factors hypothesised to influence attendance in Chile. In addition, the model aimed to isolate multiple unobserved sources of influence on attendance such as habitual persistence and heterogeneity.

The paper is organised as follows. In the following section we provide a brief review of factors that influence attendance as they may relate to Chilean soccer. Next we discuss the proposed model, then present the data and results. Finally we provide conclusions and suggestions for future research.



Factors that influence professional soccer attendance in Chile

There are several factors identified in the sports attendance literature relating to American, European and Australian sport that have been found to influence attendance at professional sporting events. Schofield (1983) classified them into four broad groups: (a) economic variables, (b) demographic variables, (c) game attractiveness variables, and (d) residual variables. Because the focus of this study is professional soccer tournaments in Chile, this section reviews factors within Schofield's classification related to the Chilean soccer context.

Economic factors

Admission price

According to microeconomic theory, admission price is expected to exert a negative influence on attendance. However, previous research has shown mixed results regarding the signs of price coefficients. For example, Baimbridge et al (1995, 1996) found positive and significant price elasticity coefficients in professional rugby and soccer, whereas other research has indicated a negative price elasticity in rugby, soccer, cricket and American football (Alchin & Tranby, 1995; Borland & Lye, 1992; Dobson & Goddard, 1995; Hynds & Smith, 1994; Simmons, 1996; Welky & Zlatoper, 1994).

These mixed results might, in part, be the result of examining admission price rather than looking at the total cost of attendance, which includes costs associated with parking, transport and purchase of food. As several studies have suggested (Borland & Lye, 1992; Dobson & Goddard, 1995), it is more likely that total cost is what matters to sports fans; however, total cost is rarely included in studies investigating attendance due to the difficulty of obtaining the measures of total cost across clubs. Another explanation for the mixed results is that price can also be subjectively associated with quality (Dodds et al, 1991). It is not unusual in cross-

sectional analysis to see winning teams or teams with more tradition charging more for admission. Finally, estimation issues – such as aggregation bias, ignorance of temporal dynamics and heterogeneity – can also be a reason for these mixed results.

Notwithstanding the mixed results regarding the influence of price on attendance, there is growing evidence that demand for professional sports matches is inelastic. As shown in Carmichael et al (1998), recent estimates of price elasticity across several studies ranged from $-.59$ to $+1.10$.

A recent study conducted in Chile indicated that the demand for professional soccer may also be price inelastic, given that increases in price from 1990 to 1997 have not dramatically influenced attendances (Claro 1999b). The study further explained that those who attend soccer matches are the real soccer fans – those who will support their teams regardless of price.

Competition

Competition refers to the availability of other sports teams or entertainment alternatives in the same locality. For example, Baimbridge et al (1995) and Baade and Tiehen (1990) used the number of sports teams in the same city as a measure of competition for NFL and MLB teams respectively. As Schofield (1983) and other related research (Baade & Tiehen, 1990; Zhang et al, 1997) noted, the availability of other major sports attractions in the same area has a significant negative impact on professional sports attendance and gate revenue.

Professional soccer in Chile is mainly concentrated in eight out of the 12 regions that divide the country geographically (Claro, 1999c). As shown in Table 1, there were seven professional soccer teams concentrated in the Metropolitan region, two teams in each of regions V and VIII, and one team in five other regions in 2002. This concentration of teams mainly in the Metropolitan area can be partially explained by demographic and population growth as well as by how soccer originated in Chile. As with other South American countries, in Chile soccer was first introduced during the 1880s by British merchants



Professional soccer attendance in Chile

TABLE 1 Geographical distribution of Chilean professional soccer teams playing in first division seasons 1990-2002

REGION/SEASON	90	91	92	93	94	95	96	97	98	99	00	01	02
I	1	-	-	1	-	-	-	-	1	-	-	-	-
II	1	2	2	2	2	2	2	2	1	2	1	1	1
III	1	1	1	-	2	1	1	-	-	1	-	-	1
IV	1	2	2	2	2	2	1	2	2	2	1	1	1
V	2	2	1	1	1	1	1	1	1	-	2	2	2
METROPOLITAN	5	5	5	6	5	5	6	6	5	6	7	7	7
VI	1	1	1	1	1	1	1	-	-	-	1	1	-
VII	-	-	-	-	1	-	-	-	1	1	-	1	1
VIII	4	2	3	1	-	2	2	2	2	2	2	2	2
IX	-	-	1	1	1	1	1	1	1	1	-	-	1
X	-	1	-	1	1	1	1	2	2	1	2	1	-
XI	-	-	-	-	-	-	-	-	-	-	-	-	-
XII	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	16	16	16	16	16	16	16	16	16	16	16	16	16

Note: Chile is geographically divided into 12 regions plus the Metropolitan region.
Source: Claro (1999c) and CDUC (2005).

who were either established in Chile or were occasional business travellers along the South American route of commerce (Guttmann, 1994; Oliven & Damo 2001). Therefore, port cities that facilitated foreign influence, like the port city of Valparaíso, were instrumental in soccer's development. For example, it was in Valparaíso that: the first soccer game in Chile took place among students of a renowned British school at the time, in 1885 and 1886; the first soccer club, The Valparaíso Football Club, was established, in 1889; and the oldest club still in existence today, Santiago Football Club (later called the Santiago Wanderers), and the first regional soccer association were founded (Modiano, 1997).

Given the concentration of teams in just a few cities in Chile, it is expected that the availability of many competing soccer teams in the same vicinity would negatively influence attendances. However, it is also

important to note that where rivalry exists between two teams in the same locality, attendance may actually increase as a result, especially for those games when rivals play each other. Based on the results of a study investigating baseball attendance (Baade and Tiehen, 1990), competition between baseball teams in the same city was found to have a negative but statistically insignificant influence on attendance. In this study, the authors concluded that fans build loyalties for a particular baseball team and therefore different teams can coexist in the same vicinity.

In another study, competition between English Premier League soccer clubs located in the same vicinity was found to exert a positive and statistically significant influence on attendance (Baimbridge et al, 1996). The positive influence was interpreted as the impact of close rivalry, which acted as catalyst for increased attendance.



Attractiveness factors

Team quality

There are several variables related to team quality that can influence attendance at professional games. The quality of a team has been normally measured using percentage of games won in a season (Carmichael et al, 1998; Hansen & Gauthier, 1989; Marcum & Greenstein, 1985; Welki & Zlatoper, 1994), league standings (Baade & Tiehen, 1990; Dobson & Goddard, 1995) and dummy variables to account for recent pennant race winners (Baade & Tiehen, 1990; Dobson & Goddard, 1995), and support exists for the notion that percentage of games won in season and league standings have a positive influence on attendance within the same season (Dobson & Goddard, 1995).

Division

A related concept to attractiveness is the division in which teams play. The Chilean League has experimented continually during the past 10 years with the way the national championship is organised. Today the tournament includes 20 teams in the first division and 12 teams in first division 'B' (the former second division), which are under the umbrella of the ANFP. In addition, there is a third division, which falls within the structure of amateur soccer.

Professional soccer in Chile follows a promotion/relegation system across the divisions, where the first division comprises the best teams and players, followed by first division 'B' and then the third division. Regulations allow each team in the first division to register up to four foreign players and each team in first division 'B' to register three foreign players. For the first-division teams there are two tournaments or phases, Apertura (opening) and Clausura (closing). Each of these tournaments lasts approximately five months and includes a classificatory and a play-off round. Teams participating in the first division are organised into four groups of five teams each. The two best teams in each group,

i.e. those with the best performance – expressed in points¹ – qualify for the playoff rounds. The winners of both the Apertura and Clausura tournaments win the right to participate in Copa Toyota Libertadores de America, which is the South American winners' championship. The two teams to obtain the least cumulative scores in the classificatory phase of both the opening and the closing tournaments are relegated to the first division 'B' (ANFP, 2006a).

The first division 'B' tournament is organised in two phases. The first is the classificatory phase. Teams that qualify for the first to eighth places in the classificatory phase play a tournament championship. The winner is the team that accrues the best performance – expressed in maximum points obtained. Teams with the best and second best scores are promoted to the first division. Teams classified as ninth place and below play the relegation tournament. The team with the least score is relegated to the third division (ANFP, 2006b).

Given that professional soccer in Chile is organised into three divisions, which vary in the quality of games and players and in levels of attendance, it is expected that teams belonging to the first division have higher attendances than teams in lower divisions. Therefore, there should be a tremendous incentive for teams to be promoted to or remain in first division.

Cumulative team success in international competition

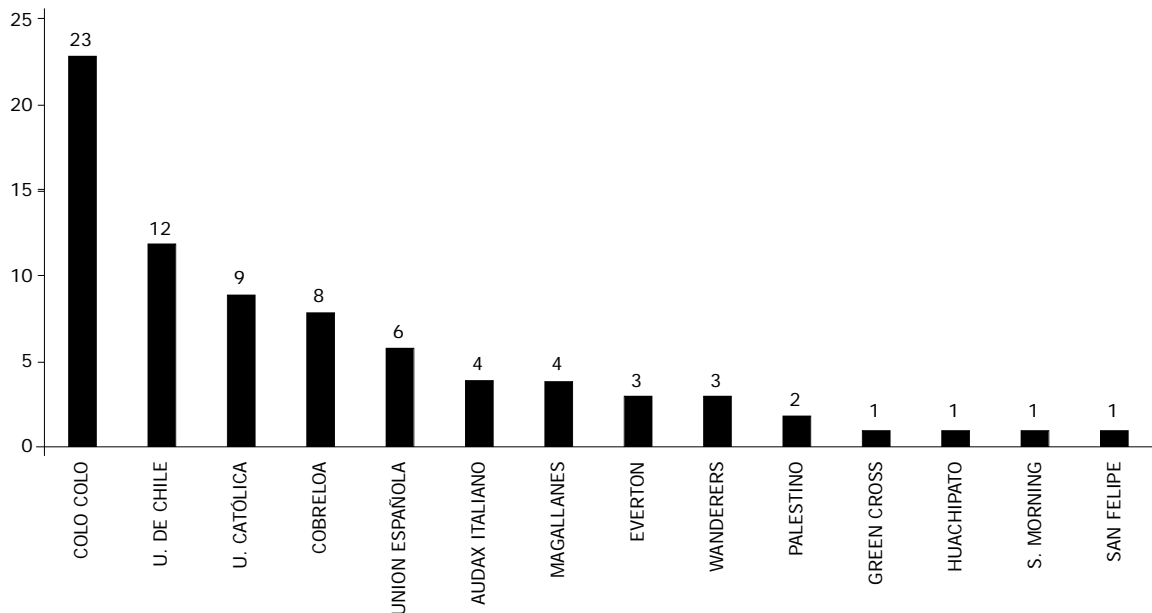
With regard to team success, professional soccer in Chile is characterised by a lack of competitive balance in the first division league. A few teams, namely Colo-Colo, Universidad de Chile and Universidad Católica, have accounted for most of the titles. Colo-Colo has been by far the most successful team in Chilean soccer history. The club won a total of 23 titles between 1937 and 2002 (see Figure 1) and is the only Chilean team that has won the prestigious Copa Libertadores de América (1991). Colo-Colo is ranked the number one Chilean team for an all-time cumulative performance in international competition

¹ Three points for a win, one point for a tie and zero points for a loss.



Professional soccer attendance in Chile

FIGURE 1 Number of first-division championships by professional Chilean soccer teams, seasons 1933-2005



Source: Claro (1999a); ANFP (2003); and CDUC (2005).

by the South American Football Confederation CONMEBOL (ColoColo.cl, n/d; CONMEBOL, 2006). Universidad de Chile has won 12 national titles between 1940 and 2004, and has played 14 times at the Copa Libertadores de América, reaching the semi-finals twice, in 1970 and 1996 (Universidad de Chile, n/d). Universidad de Chile is ranked number three for all-time performance in international competition by CONMEBOL (CONMEBOL, 2006). Finally, Universidad Católica has won nine national titles, a second place (1995) and been semi-finalist three times (1960, 1966, 1969) in Copa Libertadores de América, and won the Copa Interamericana in 1994 - a cup played between the champions of Copa Libertadores de América (South America) and the winners of CONCACAF's Champions' Cup (North America, Central America and the Caribbean) (La Católica.cl, n/d). Universidad Católica is ranked

number two for all-time performance in international competition by CONMEBOL (2006). Table 2 shows the CONMEBOL all-time ranking of Chilean professional soccer teams.

Notwithstanding the success accrued in the soccer field, Colo-Colo and Universidad de Chile have been known to be financially unstable. Both clubs have been declared bankrupt due to unpaid accumulated debt. Many observers believe that the bankruptcy of Colo-Colo in 2002 was a clear symptom of the old fashioned way in which Chilean soccer has traditionally been administered -with great passion but a very poor sense of business (Huambachano & Guidotti 2004). Until the mid-1970s most professional soccer teams were funded by the money they obtained from gate receipts and an amount obtained from the government through the sports lottery or Polla Gol. Colo-Colo secured its first big



TABLE 2 CONMEBOL all-time ranking of Chilean professional soccer teams, seasons 1960-2005

PLACE	TEAM	POINTS	CTL	SC	CMMS	CC	RC	CIA	CGS
1	COLO-COLO	533	394	52	48	4	20	1	
2	UNIVERSIDAD CATÓLICA	431	336		80			15	
3	UNIVERSIDAD DE CHILE	250	190		52	8			
4	COBRELOA	216	206		4	6			
5	UNIÓN ESPAÑOLA	118	114						4
6	WANDERERS	48	36		12				
7	O'HIGGINGS (*)	46	44			2			
8	PALESTINO	44	44						
9	D. CONCEPCIÓN	36	32			4			
10	RANGERS	20	20						
11	U. CONCEPCIÓN (*)	20	12		8				
12	COQUIMBO	16	16						
13	SOBRESAL	12	12						
13	EVERTON (*)	12	12						
13	HUACHIPATO	12	12						
13	MAGALLANES	12	12						
13	SAN FELIPE	12	12						
18	OSORNO (*)	4			4				
19	AUDAX ITALIANO	2				2			
	TOTAL	1,844							

Source: CONMEBOL (2006)

CTL: Copa Toyota Libertadores de América; SC: Supercopa João Havelange; CMMS: Copas Merconorte/Mercosur/Sudamericana; CC: Copa Conmebol; RC: Recopa Sudamericana; CIA: Copa Interamericana; CGS: Copa ganadores de Copa. (*) These clubs are not included in the present study.

sponsor in 1980, Cerveza Condor, a local beer company. In 2005 the administration of the club was sold to a private group named Blanco y Negro S.A. (BNSA) and floated on the Santiago stock exchange. In June 2005 BNSA obtained US\$31.7 million from the sale of stocks (Economía y Negocios online, 2006).

Win-loss record

Percentage of games won in a season has been an important variable of team success that has been found in many previous studies to influence attendance (Carmichael et al, 1998; Marcum & Greenstein, 1985; Hansen & Gauthier, 1989; Welki &

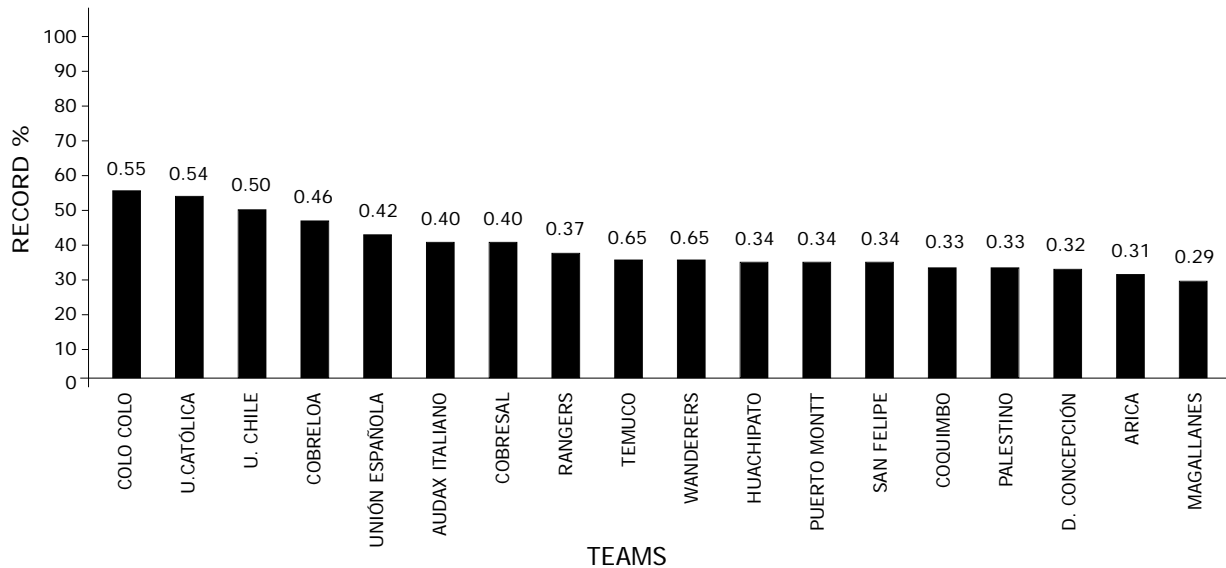
Zlatoper, 1994). Win-loss record is a variable that changes over time, within and across seasons. The win-loss record averaged in the years 1990-2002 are shown in Figure 2, revealing that Colo-Colo, Universidad de Chile and Universidad Católica have each won at least half of their matches during this 12-year period.

Pennant race winner

Another measure of team quality is the pennant race winner. This refers to national title winners for the first division (Baade & Tiehen, 1990; Dobson & Goddard, 1995). In Chile only a few teams have ever won national titles. From 1990 to 2002 Colo-Colo won



FIGURE 2 Average win/loss records of Chilean soccer teams, seasons 1990-2002.



Source: ANFP 2003.

seven national titles (1990, 1991, 1993, 1996, 1997 Clausura; 1998 and 2002 Clausura), Universidad de Chile won four titles (1994, 1995, 1999 and 2000), Universidad Católica two titles (1997 Apertura and 2002 Clausura) and Cobreloa (1992) and Wanderers (2001) one title each.

Because these national title winners, especially Colo-Colo and Universidad de Chile, have much higher attendance levels (a combined average of 285,000 per year) than clubs at the bottom of the first and lower divisions (a combined average of 77,000 attendees a year), a variable is needed to account for such differences. Following Dobson & Goddard (1995), a dummy variable can be used to indicate the shifts in attendance levels between the title winners and non-title winners.

Both Dobson & Goddard (1995) and Baade & Tiehen (1990) found a positive impact of pennant race winners on attendance.

Residual preference

Stadium capacity

Stadium capacity can influence attendance through perceived crowdedness in the stadium (Borland & Lye, 1992). Larger stadia may be perceived to be better facilities and less likely to be crowded. Another issue related to stadium capacity is the constraint it imposes on attendance when games are filled to capacity, which may require different estimation techniques to account for a censoring effect. However, when Welki & Zlatoper (1994) employed a Tobit model, which accounts for the censoring nature of attendance, they found no differences between the Tobit model and Ordinary Least Squares (OLS). In addition, Dobson & Goddard (1995) asserted that it is unlikely that capacity affects the estimation of average attendances across seasons. A brief examination of the average attendance levels across seasons for each club in



TABLE 3 Cross-sectional demographic information of Chilean soccer teams that participated in seasons 1990-2002

CLUB	YEAR FOUNDED	STADIUM CAPACITY	POPULATION (MUNICIPALITY) HOME TOWN	OTHER TEAMS IN THE VICINITY	STADIUM OWNERSHIP
ARICA	1978	17,786	186,488	NO	NO
AUDAX ITALIANO	1910	8,500	365,674 a	YES	NO
COBRELOA	1977	20,180	138,402	NO	NO
COBRESAL	1979	20,752	18,589	NO	NO
COLO-COLO	1925	62,500	112,535 a	YES	YES
CONCEPCIÓN	1966	35,000	216,061 b	YES	NO
COQUIMBO	1957	15,000	163,036	YES	NO
HUACHIPATO	1947	10,000	250,348 b	YES	NO
MAGALLANES	1897	28,500	148,220 a	YES	NO
PALESTINO	1920	28,500	85,118 a	YES	NO
PUERTO MONTT	1983	12,000	175,938	NO	NO
RANGERS	1902	17,020	201,797	NO	NO
SAN FELIPE	1958	13,162	64,126	NO	NO
TEMUCO	1965	20,390	245,347	NO	NO
U. DE CHILE	1927	77,000	163,511 a	YES	NO
U. ESPAÑOLA	1897	28,500	148,220 a	YES	YES
U. CATÓLICA	1937	12,000	249,893 a	YES	YES
WANDERERS	1892	18,500	275,982 c	YES	NO

Source: Instituto Nacional de Estadísticas (2003), World Stadiums (n/d). Asociación Nacional de Fútbol Profesional (2006c)

Notes: Most stadia do not have individual seats. Thus numbers of maximum capacity reflect a close estimation.

a This municipality is within the largest city in the country (Santiago) with a population of 4,668,473.

b This municipality is within the second largest city in the country (Concepción) with a population of 912,889.

c This municipality is within the third largest city in the country (Valparaiso) with a population of 876,022.

Chile and its respective stadium capacity shows the average attendance well below capacity. For example, during 1990 and 2002, the average attendance per game for Colo-Colo was 9,943 spectators, which corresponds to 16% of the total capacity of its stadium. On the other hand, Universidad Católica, with one of the smallest stadia in the league (12,000 seats) and an average attendance of 5,680 spectators per game, was able to fill its stadium to only about 46% of its capacity. The stadium capacity for the 18 teams included in this study is shown in Table 3.

Stadium ownership

In Chile only three clubs own their stadia, Colo-Colo, Universidad Católica and Universidad Española (see Table 3). The majority of the stadia are owned by municipalities. For example, Universidad de Chile plays its home games at one of the largest stadia in Chile, the National Stadium of Santiago, with a seating capacity of 77,000, to accommodate more than 300,000 fans that the team traditionally draws each year (Claro, 1999a). The National Stadium is the property of Chiledeportes, the national sports



governmental agency, and costs the club approximately US\$10,500 per game (Corporación de Fútbol Profesional de la Universidad de Chile n/d).

Given that the majority of the stadia in Chile are owned by municipalities, it is possible that the private clubs that own their stadia are more motivated to generate revenues from their stadia and have more flexibility than public entities to plan and implement marketing plans. Therefore, due to the possible increase in motivation and flexibility to manage a stadium, clubs that own their stadia may experience higher attendances than those that do not.

Tradition

For historical reasons the top three soccer clubs in Chile – Colo-Colo, Universidad de Chile and Universidad Católica – have stronger fan attachments than other clubs. Colo-Colo, for example, has been referred to as the "team of the people". During the 1990s two surveys indicated that Colo-Colo was the favourite among Chileans; it obtained a 49% preference among all the Chilean clubs in the country and 44% preference among clubs located in the capital Santiago. The same survey found Colo-Colo the favourite (53%) among those pertaining to the lower socio-economic strata (Claro, 1999a). Universidad de Chile, which represents a non-religious, non-partisan, educated, professional middle class within Chilean society, was favoured by 24% of the population; and Universidad Católica, traditionally associated with the more affluent, professional and educated segments of Chilean society, was preferred by 20% of the population (Claro, 1999a).

In keeping with Carmichael et al (1998), club age can be a proxy for tradition. The older the team, the more time it has had to solidify a fan base in its city and the more attractive it might be to the home fan. However, in Chile, the most popular teams are not the oldest. There are at least six other soccer teams in the study that were older than Colo-Colo, Universidad de Chile and Universidad Católica (see Table 3). Therefore, tradition as measured by age may not be a significant factor influencing attendance in Chile.

Demographics and other factors

Municipality population

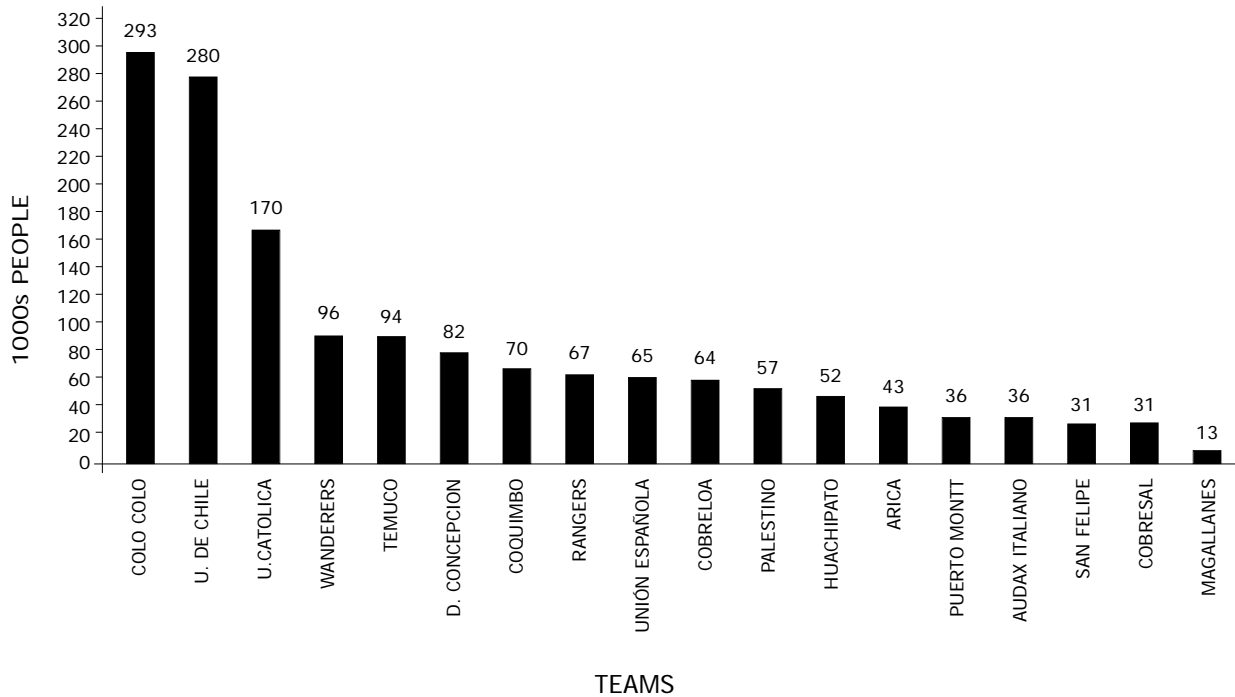
As shown in previous research, attendance can be a function of the size of the market in which the team is located (Baade & Tiehen, 1990; Baimbridge et al, 1995, 1996). Teams in highly populated cities tend to have higher attendance than teams in less populated cities. In terms of relative size, the population of municipalities hosting Chilean soccer teams ranged from 18,589 to 365,674. These are relatively small cities for professional sports when compared to South American cities such as greater Sao Paulo, Brazil, which has approximately 19 million people, or North American cities such as New York City and Los Angeles. However, seven of the teams examined in this study are located in the Metropolitan region of greater Santiago, with a total population of 4.7 million; two teams are located in the area of greater Concepción, with a population close to 1 million; and one team is located in the city of Valparaíso, with a population of 876,000 (Instituto Nacional de Estadísticas 2003 – see Table 3).

Habitual persistence

Previous research has also identified the presence of structural state dependence in attendance behaviour, which should not be ignored. Structural state dependence is the influence of prior attendance on future attendance after accounting for the aforementioned observed economic, demographic, attractiveness and residual factors that also influence attendance. In the marketing literature on brand choice, state dependence is explained by loyalty, habit, states of inertia (e.g. when past purchases of a product are positively associated with future purchases of the same product) or variety seeking (e.g. when past purchases of one product are negatively associated with future purchases of the same product) (Allenby & Lenk, 1994; Erdem, 1996; Keane, 1997; Seetharaman, 2005). One source of state dependence is usually measured by including attendance of previous periods ('lagged' variables) as predictors in



FIGURE 3 Average attendance of Chilean soccer teams. Seasons 1990-2002.



Source: ANFP 2003.

the model. For example, Borland & Lye (1992) found a positive lagged attendance coefficient in their study of Australian rules football, and stated that this finding supports the notion of habitual persistence in attendance behaviour. On a technical note, because lagged attendance as a source of state dependence is a function of past observed factors such as team quality and price, current attendance is also related to previous values of observed factors.

Another source of state dependence is based on factors unknown to the researcher which influence attendance over time. This source of influence has been also referred to as 'habitual persistence' of type II (Seetharaman, 2005) or 'purchase feedback' (Allenby & Lenk, 1995) in the marketing literature. Examples

of such influences could be culture, community influence and other unobserved factors that may lead to continuous attendance. Such influence is usually observed through the presence of serial autocorrelation after accounting for observed factors. Note that this second source of state dependence does not depend on past observed factors.

Unobserved heterogeneity

Another pattern of behaviour that is important to capture is the variation between teams beyond that already understood through observed variables. A traditional approach to account for sources of unobserved variations or team-specific effects is the estimation of team-specific intercepts and/or slopes.



Professional soccer attendance in Chile

TABLE 4 Descriptive statistics for attendance gate receipts and win/loss records

TEAM	ATTENDANCE PER YEAR (000S)				GATE RECEIPT PER YEAR (MILLIONS - CHILEAN PESOS)				GATE RECEIPT PER PERSON PER YEAR (CHILEAN PESOS)				WIN/LOSS RECORD			
	MEAN	S.D.	MAX	MIN	MEAN	S.D.	MAX	MIN	MEAN	S.D.	MAX	MIN	MEAN	S.D.	MAX	MIN
ARICA	41	17	80	19	28	14	53	28	682	148	905	395	0.31	0.09	0.50	0.17
AUDAX ITALIANO	36	17	68	15	59	45	153	59	1457	616	-	527	0.40	0.06	0.50	0.30
COBRELOA	64	17	103	45	119	40	185	119	1978	748	-	648	0.46	0.07	0.57	0.33
COBRESAL	31	13	51	11	35	30	102	35	1234	926	-	226	0.40	0.14	0.63	0.10
COLO COLO	298	111	489	123	490	235	981	490	1655	450	-	841	0.55	0.09	0.73	0.40
CONCEPCION	82	20	109	52	107	55	248	107	1275	407	-	657	0.32	0.11	0.53	0.20
COQUIMBO	70	13	90	49	89	36	149	89	1267	408	-	404	0.33	0.10	0.53	0.20
HUACHIPATO	52	18	84	13	50	32	101	50	909	411	-	456	0.34	0.14	0.61	0.10
MAGALLANES	15	3	17	8	16	7	27	16	1087	389	-	568	0.29	0.09	0.50	0.20
PALESTINO	57	19	87	28	79	46	210	79	1381	467	-	657	0.33	0.06	0.47	0.23
PUERTO MONTT	38	16	58	11	52	49	150	52	1283	781	-	449	0.34	0.12	0.57	0.13
RANGERS	67	23	103	34	68	38	152	68	968	332	-	495	0.37	0.18	0.63	0.07
SAN FELIPE	31	21	75	11	41	44	157	41	1153	441	-	489	0.34	0.08	0.47	0.21
TEMUCO	102	28	150	40	133	63	209	133	1261	487	-	459	0.35	0.11	0.60	0.20
U. CHILE	280	79	453	184	538	253	-	538	1872	458	-	-	0.50	0.16	0.77	0.23
U. ESPAÑOLA	65	19	101	37	107	30	154	107	1708	444	-	962	0.42	0.09	0.57	0.27
U.C.	170	67	280	73	359	198	711	359	2057	616	-	-	0.54	0.09	0.70	0.37
WANDERERS	96	35	185	52	122	70	296	122	1241	482	-	688	0.35	0.16	0.67	0.10

However, a more correct approach is to treat the coefficients as a random parameter that follows a continuous distribution across soccer teams. One of the main advantages of the random-coefficient approach is parsimony, where only an additional error term is added to the model for each parameter as opposed to adding as many coefficients as there are teams under the traditional approach (Kreft & De Leeuw, 1998). An important distinction of this source of influence from structural dependence is that unobserved heterogeneity accounts for variance between clubs not accounted for by observed factors, whereas state dependence accounts for variance over time.

Methodology

Data

For this study, data consist of yearly observations for a total of 18 teams that participated in the Chilean professional tournaments between 1990 and 2002. The 18 teams included in the analysis represented between 56% and 93% of the total teams played in first division, and between 18% and 55% of the teams played in first division 'B' in any single year, and were selected based on the availability of data. Table 4 shows the teams' descriptive statistics for attendance, win-loss records and real price (gate receipts by total attendance). Given that the sample



TABLE 5 Description of predictors

VARIABLE	DESCRIPTION
(LOG) ATTENDANCE	LOG OF ATTENDANCE AT YEAR T FOR CLUB J
(LOG) ATTENDANCE (T-1)	LOG OF ATTENDANCE LAGGED ONE PERIOD (HABITUAL PERSISTENCE)
(LOG) PRICE	LOG OF AVERAGE REAL PRICE (IN CHILEAN PESOS, INFLATION ADJUSTED) FOR CLUB J IN YEAR T. REAL PRICE IS THE TOTAL GATE RECEIPTS BY TOTAL ATTENDANCE IN THE SAME YEAR (BORLAND AND LYE, 1992).
WIN-LOSS RECORD	PERCENTAGE OF GAMES WON BY TOTAL GAMES PLAYED FOR CLUB J IN YEAR T
DUMMY (WIN)	DUMMY VARIABLE 1 = CLUB WON THE FIRST DIVISION NATIONAL TOURNAMENT AT YEAR T; 0 = CLUB DID NOT WIN THE NATIONAL TOURNAMENT AT YEAR T
DUMMY DIVISION A	DUMMY VARIABLE 1 = CLUB IS IN FIRST DIVISION AT YEAR T; 0 = CLUB IS IN EITHER FIRST DIVISION B OR DIVISION C
CUMULATIVE INTERNATIONAL SUCCESS	NUMBER OF CUMULATIVE POINTS ASSIGNED BY CONMEBOL FOR INTERNATIONAL COMPETITION BY CLUB J.
DUMMY (CLUB OWNS STADIUM)	DUMMY VARIABLE 1 = CLUB OWNS STADIUM; 0 = THE CITY OWNS THE STADIUM
DUMMY (COMPETITION)	DUMMY VARIABLE 1 = AVAILABILITY OF OTHER SOCCER CLUBS IN NEARBY VICINITY; 0 = NO AVAILABILITY OF OTHER SOCCER CLUBS IN NEARBY VICINITY
MUNICIPALITY POPULATION	POPULATION OF CITY IN WHICH TEAM J RESIDES (IN THOUSANDS)
STADIUM CAPACITY	THE SEATING CAPACITY FOR STADIA (IN THOUSANDS)
AGE	LOG OF THE NUMBER OF YEARS TO DATE SINCE CLUBS WAS FOUNDED

was composed of teams that played in either the first division or first division 'B', it provided an adequate cross-section of teams for analysis.

Data were collected from the archives of the ANFP and from the management office of Club Deportivo Universidad Católica, both in the city of Santiago (ANFP, 2003, CDUC 2005). Additional information regarding city population, stadium capacity and ownership of the facility was collected from multiple sources (ANFP, 2003, 2006c; Instituto Nacional de Estadísticas, 2003; World Stadium, n/d).

Measures

Attendance

The dependent variable used in this study was the log of attendance at year t ($t=1... 12$) for club j ($j = 1... 18$). Figure 3 indicates that the average yearly attendance per team ranged from 298,000 (Colo-Colo) to 13,000 (Magallanes). Three teams

(Colo-Colo, Universidad de Chile and Universidad Católica) averaged close to 250,000 spectators per year. Universidad de Chile was the team with the highest turnout, with 453,000 spectators attending its games in 1995 (ANFP, 2003). Most of the teams examined in our study showed an average attendance close to 56,000 per year (see Figure 3).

Factors

Measures of 11 factors hypothesised to influence attendance were operationalised based on the literature review of professional sports attendance.

Model formulation

Because the data obtained is hierarchically structured with variables describing variation over time (e.g. win-loss record) and variables describing the clubs (e.g. stadium capacity), a linear mixed model is adopted to allow for heterogeneity and state dependence to be



TABLE 6 Model estimates

VARIABLE	EFFECT	MODEL 1 (FIXED EFFECTS)		MODEL 2 (MIXED MODEL)		MODEL 3 (AUTOREGRESSIVE MODEL)		MODEL 4 (MIXED MODEL + AUTOREGRESSIVE ERROR)	
		ESTIMATE	<i>t</i>	ESTIMATE	<i>t</i>	ESTIMATE	<i>t</i>	ESTIMATE	<i>t</i>
INTERCEPT	B1	1.3868*	2.59	1.7011	2.19	1.773	1.91	2.0356	2
(LOG) PRICE	B2	-0.08239	-1.22	-0.04524	-0.72	0.09842	1.21	0.008114	0.11
WIN-LOSS RECORD	B3	0.7462**	3.01	1.0049***	4.24	1.2157***	5.5	1.2063***	5.37
DUMMY (WIN)	B4	0.3909***	3.94	0.379***	4.3	0.2528***	3.48	0.2949***	3.8
DUMMY (DIVISION A)	B5	0.5461***	6.42	0.7121***	8.34	0.774***	8.11	0.8003***	8.7
CUMULATIVE INTERNATIONAL SUCCESS	B6	0.00051	1.65	0.000797	1.11	0.001328	1.57	0.001195	1.21
DUMMY (CLUB OWNS STADIUM)	B7	0.02724	0.32	0.06376	0.27	0.2303	0.83	0.1323	0.4
DUMMY (COMPETITION)	B8	-0.1977*	-2.45	-0.2862	-1.36	-0.4357	-1.77	-0.3711	-1.28
MUNICIPALITY POPULATION	B9	0.001465***	3.76	0.002329*	2.36	0.003799**	3.29	0.003307*	2.43
STADIUM CAPACITY	B10	0.006863**	2.9	0.01253*	2.18	0.02227**	3.33	0.0193*	2.45
(LOG) CLUB AGE	B11	0.04855	0.78	0.04572	0.27	0.00314	0.02	0.02297	0.1
(LOG) ATTENDANCE (T-1)	B12	0.5036***	9.31	0.2461***	4.13	-0.1142	-1.89	-0.0177	-0.29
AUTOREGRESSIVE ERROR	R	-	-			0.7744***	13.28	0.4409***	3.62
INTERCEPT	G	-	-	0.06941*	1.96			0.1285*	1.87

CHI-SQUARE (LRT)	-	29.9(PR<.001)	28.5(PR<.001)	40.3 (PR<.001)
-2 LOG-LIKELIHOOD	208.7	178.8	180.2	168.4
AIC	210.7	182.8	184.2	174.4
AICC	210.7	182.8	184.2	174.5
BIC	214	184.6	185.9	177.1

*** P<.001 ** P<.01 * P<.05

examined. The most general form of the mixed model is formally described as follows:

$$y_{tj} = X_{tj}\beta + Z_{tj} \gamma_j + \epsilon_{tj} \quad (1)$$

$$\gamma_j \sim N(0, G)$$

$$\epsilon_{ij} \sim N(0, R)$$

where y_{ij} is the natural log of attendance at year t for club j ; X_{tj} is the model matrix with variables described in Table 5 for year t and club j ; β is a vector of fixed effect parameters associated with X_{tj} ; Z_{tj} is the model matrix for the random effects for observations in club j and year t ; γ_j is the vector of

random effect coefficients for club j ; ϵ_{tj} is an error term for year t and club j ; G is the covariance matrix for the random effects; and R is the covariance matrix for the errors in j th club.

In order to capture state dependence among the error terms, the error covariance matrix, R , was defined as a first order autoregressive structure, with parameter ϵ , such that $E(\epsilon_t \epsilon_{t-s}) = \epsilon^s \epsilon^2$. For random effects, the covariance matrix, G , was specified as a block diagonal, $I \epsilon \rho^2$. The inclusion of random effects and structure of covariance matrices were determined by comparing goodness of fit statistics for different model specifications to determine



which one seems to fit best. Our results indicate that the best-fitting model was the one that allows clubs to differ in their intercept terms with a first order autoregressive covariance matrix for attendance.

The performance of the model described above was compared to three rival models: (a) a fixed effects-only model (Model 1); (b) a mixed model with random intercepts (Model 2); and (c) an autoregressive repeated measures model (Model 3). Four fit statistics were used to compare the models: (a) a likelihood ratio chi-square test, which shows model significance over a null model with only a constant; (b) deviance, which is minus twice the log likelihood of the model; (c) Akaike Information Criterion (AIC), which accounts for the number of parameters in the model and, hence, serves as a penalised fit measure to prevent overfitting; and (d) Bayes Information Criterion (BIC), which is another, more stringent, penalised fit measure than AIC. In general, better models will have smaller values for deviance, AIC and BIC. All models were estimated using the SAS PROC MIXED program, SAS version 9.1.

Results

Table 6 presents the results of the four estimated models. As shown in Table 6, Model 4, which includes both the random intercepts and serial correlation, is the best-fitting model, with lower deviance, AIC and BIC values and higher chi-square values. Because it was the best-fitting model, the presentation of results will be focused on Model 4.

The significance of random intercepts ($\gamma = 0.129, p < .05$) indicates heterogeneity in the average values of attendance among clubs. Recall that one of the best clubs in Chile, such as Colo-Colo, has an average of 298,000 spectators a year in comparison to Magallanes, which has only 13,000 (see Figure 3). Allowing the model to capture differences in intercepts resulted in a model that best reflected the differences in attendance between clubs.

Table 6 reports that the impact of real price on

attendance was not statistically significant ($\beta_2 = .008, p = .912$). There are at least two plausible explanations for this result. First, based on Claro (1999b), Chilean soccer fans do not seem to be price-sensitive; therefore, any increase in price made little difference to attendance, after controlling for other factors. Second, it is possible that total price as opposed to real price (admissions) is what is important to Chilean soccer fans. Notwithstanding its statistical insignificance, the estimated price coefficient corroborated with previous studies on other sports in the US and Europe (Carmichael et al, 1998). Therefore, this result contributes to the growing evidence that demand for attendance at professional sporting events seem to be price inelastic.

As one would expect, team quality, as measured by win-loss records ($\beta_3 = 1.206, p < .001$), indicators of pennant race winner ($\beta_4 = 0.295, p < .001$) and division level ($\beta_5 = 0.800, p < .001$), shows positive impact on attendance. Furthermore, larger population ($\beta_9 = 0.003, p < .05$) and stadium capacity ($\beta_{10} = 0.019, p < .05$) lead to higher attendance levels. These results also corroborate previous findings that winning tournaments, playing in the highest division, playing in large populated cities and large stadia, and higher win-loss records lead to higher attendance.

Although the estimates of age, competition, international success and stadium ownership had the expected significance, they were not statistically significant. Age, as a proxy for tradition, seems to exert no influence on attendance in Chile. As mentioned earlier, there are younger teams and older teams showing relatively equivalent attendances.

International success did not explain attendance beyond the impact of other team quality measures. International success did not suffer from multicollinearity², especially because the points assigned to each team by CONMEBOL relate to success in international competitions such as the Copa Libertadores de América, not the Chilean League. As shown in Figure 3 and Table 2, teams like Cobreloa, 10th in average attendance in the Chilean



League (see Figure 3), is ranked fourth by CONMEBOL.

With regard to competition, this study corroborated with the notion that teams can coexist in the same vicinity (Baade & Tiehen 1990). Therefore, given the presence of loyalty associated with club support in Chile, substitution between teams was not found to be significant.

Finally, in relation to state dependence, findings show support for habitual persistence based on factors unknown to the researcher, such as culture, community influence and other unobserved factors, that may possibly explain continuous attendance.

Conclusion

The purpose of this study was to determine the influence of several factors on attendance at the Chilean National soccer tournaments between 1990 and 2002. The model estimated accounted for state dependence and heterogeneity effects that isolate multiple unobserved sources of influence on attendance, to capture better model estimates than if only one or neither of these influences were estimated.

Results indicate that many factors derived from the literature that has examined attendance at professional sporting events in North American and Europe were also influential in Chile. This sheds some light on our understanding of attendance in Chile. In summary, attendance at professional soccer in Chile tends to be driven by team quality, size of home city, stadium capacity and habitual persistence.

However, there were factors such as admissions price, stadium ownership, international success and team age that were not found to exert an influence on attendance in Chile. It is possible that some of these factors may be insignificant because of a lack of marketing efforts to leverage them. As Chadwick

(2006) contended, many sports organisations' marketing efforts are still overly dependent on team success on the field. As noted before, even the success accrued in the soccer field by the top three clubs in Chile does not provide financial stability. Therefore, potential marketing opportunities that may exist in relation to stadium ownership (e.g. event promotion), team tradition and international success (e.g. branding) might be overlooked. With appropriate resources, branding and promotions are potential avenues to explore.

Another interesting finding of this study was that the number of competitors in the same vicinity was found to have no significant influence on attendance. Following the conclusions of Baade and Tiehen (1990), one plausible explanation for this finding is that Chilean fans may build loyalties for particular teams, hence different teams can coexist in the same vicinity. This contention is supported by a survey of Chilean fans (Claro, 1999a) which suggests that Chilean teams appeal to distinct groups of individuals belonging to different socio-economic groups. For example, the survey indicated that Colo-Colo was the most preferred team among those pertaining to the lower socio-economic strata, whereas Universidad de Chile represents a non-religious, non-partisan, educated, professional middle class and Universidad Católica has been traditionally associated with the more affluent, professional and educated segment of Chilean society. Given this social stratification of Chilean soccer fans, Chilean teams located in the same vicinity should identify ways to leverage competition. One strategy would be to explore and motivate rivalries among teams of the same vicinity so as to potentially exert a positive influence on attendance (Baimbridge et al, 1996).

Future studies should attempt to understand the greater influence of other measures of tradition on attendance and should attempt to gather match-level

² Variance Inflation Factors (VIF), which measures the degree of collinearity among variables, were below 4 for all variables. According to Hair et al (1998, p.193), VIF values greater than 10 indicate potential multicollinearity.



data. Although match-level data were impossible to obtain for this study, some evidence exists (Dobson & Goddard, 1995; Simmons, 1996) that disaggregated analysis such as an analysis of whether match-level data combined with a higher number of clubs investigated may allow more flexible modelling approaches to disentangle multiple sources of influence on attendance. In addition, match-level data may better dissect the relationship between attendance and competitors from the same vicinity, especially among Metropolitan teams. Another interesting area for future investigation is the examination of sources of state dependence in South American soccer. As mentioned previously, tradition, loyalty and team identification may be sources of influence of prior attendance for future attendance.

Notwithstanding the limitations of the data available for analysis, this study adds to the literature by examining attendance in a context largely ignored – South American sport. It is hoped that this study will motivate other investigations to further our understanding of the intricacies of attendance of professional sports in South America.

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Economic impact of support in Spanish professional football

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Abstract

This paper explains the concept of support as an economic driver of football. It begins with a theoretical approach to the concept of support and a review of the literature relating to support, fan typology and factors that determine attendance at stadia. Next, factors that influence support are explained and a schema for a model of support is proposed. Finally, an analysis is carried out of the influence of attendance on revenues in Spanish professional football clubs.

Executive summary

The level of support for a football club is a key variable for club revenues and, of course, determines most other revenues, either directly, via ticket sales for example, or indirectly, through activities such as merchandising, sponsorship and even the sale of television rights. The concept of support is therefore worth examining. In this paper we take a theoretical approach to support. We explore the relationship between attendance (as a proxy of support) and

performance on the pitch, and enumerate different typologies of fans. We review the literature on elements that influence attendance and suggest a model to explain support.

Taking Spanish professional football as our reference, we then analyse the relationships between attendances and sporting revenues. Previous work has looked at the demand for football, factors that influence attendance in English football (Cairns, 1990;



Dobson & Goddard, 1992; Simmons, 1996; Peel & Thomas, 1996; Szymanski & Kuypers, 1999; Dobson & Goddard, 2001), in international football (Baimbridge, 1997; Falter & Pérignon, 2000; Koning et al, 2001) and in Spanish football (García & Rodríguez, 2002). However, there are no studies exploring the influence of attendance on revenues and we think it worth checking empirically to see whether attendance influences sporting revenues.

We acknowledge that there are many forms of support recognised by football clubs and that, for example, football can be 'consumed' in ways other than by attending matches, such as via television or the internet, but our focus is on live attendances at football. We have chosen to examine average attendances (ATT) for a whole season. Analysis of a whole season is undertaken because many sources of revenue, such as those from TV rights, advertising and sponsorship, depend on deals that cover one or more years.

The fact that the sample consists exclusively of Spanish professional clubs does, of course, partly dictate the nature of our findings. The methodology used is mainly Ordinary Least Squares (OLS) regression. The sample included all teams (20) in the Spanish first division and 13 from the second division during the 1999-2000 season. Only 13 Second Division teams were analysed because it is extraordinarily difficult to get the financial statements of Spanish clubs. Indeed, it is common for Spanish clubs to delay presentation of their annual accounts to the Spanish equivalent of Companies House (the UK register of companies).

Finally, we highlight some implications the model could have for managing the value chain related to support in a professional football club in Spain.

The concept of support in football

The Football Supporters' Association¹ defines 'support' as "a lifelong and unchangeable commitment" (FTF, 1999; 4.3). Therefore, we are dealing with a concept that implies a loyal affection. We have to differentiate between two levels within this love of football; usually one follows as a result of the other, but it is possible that one exists without the other. First, we can talk about support for football in general, as a sport and a spectacle. Here, the supporter identifies with a particular team. However, it is possible to find people who support a club without being attracted to football in general (in this case passion is prevalent). There are also people keen on the sport who do not support a specific club (in this case, entertainment is dominant). From the point of view of the economic value of a club, the most influential fans will be those who support a particular team, because they provide the main revenue streams.

Football supporters are not consumers in a traditional sense, because football support is an expression of passion and loyalty to a club. The relationship between a fan and his or her club belongs to a different order and magnitude to that of other brand loyalties. The decision to support a particular team is quite different from choosing to shop at one store or another. Sir John Smith, in an FA report², affirmed that the football fan probably supports a club "almost from the cradle to the grave" (FTF, 1999). Football support goes beyond loyalty. Fans of specific clubs feel that the club belongs to them, that it is partly their property, regardless of whether they are shareholders or members. They should, perhaps, be viewed as guardians of the club rather than owners.

A fan's loyalty has an irrational component. The relationship between supporters and their club is

1 The Football Supporters' Association (FSA) was founded following the Heysel Stadium disaster in May 1985. It provided a strong and united voice for football fans to defend the game at a time when their image was tarnished by hooliganism. The FSA merged with National Association of Football Supporters' Clubs (NAFSC) in 2002 to become the Football Supporters' Federation.

2 Quoted in 'Football, its values, finances and reputation', February 1998.



exceptional because fans do not necessarily need success on the pitch. Victory is desirable but not a condition for their support. Fans do not normally change allegiance if their team loses or performs badly – or even if their support is exploited and abused. Nevertheless, short- and long-term components of this ‘irrationality’ should be distinguished. Mellor (2001) explains how the success of great teams attracts fans. Historical sporting success helps – this could be termed “historical sporting capital”. The club management needs to be aware of this concept to create value for the club. At the same time, teams recruit new fans during their glory days, and these supporters will often continue to support the team through thick and thin.

However, not all fans have the same degree of elasticity in their support during bleak times on the pitch. Supporters, such as those of Atlético de Madrid, have demonstrated a loyalty to their team that could be qualified as admirable. In the 2000-01 season, when the team was playing in the Spanish second division, average attendance at their matches was clearly higher than at most first division clubs. Derbaix et al (2002) define the ‘good’ fan as “the one who is faithful and supports his team even in bad times”. However, there are other supporters, labelled “fickle” by Porter (1992), who require good results in order to continue following the team.

From a marketing perspective it is necessary to segment the fanbase to identify the types of supporters to target through marketing objectives. Academics have segmented the football fanbase into categories in different ways, often according to patterns of supporter behaviour (such as degree of loyalty, identification, method of ‘consuming’ football). Tapp and Clowes (2000) segmented fans into fanatics, regulars and casuals. In a later article, Tapp (2004) differentiates between four types of fans: fanatics, repertoire fans, season ticket holders and casual fans. Giulianotti

(2002) divides spectators into supporters, followers, fans and flâneurs. This types of segmentation is now becoming widespread and more sophisticated as customer relationship management marketing strategies are increasingly applied to football. While it is important to take these typologies into consideration, for the purpose of our study we do not need to work with such classifications. Rather, we need to take into consideration the diversity of football fans: support is more inelastic for some than for others. The dichotomy is more complex than a simple division, as has often been made in the UK, between ‘old’ fans (traditional, identity-driven) and ‘new’ fans (consumer spectators).

It is important to note that for some fans, attendance at the stadium might depend on variable factors. It is useful for clubs to understand what these factors are because, as mentioned earlier, the valuation of a club depends at least partially on the size of its fanbase.

It is also worth taking into consideration a club’s potential market size if we are going to regard the fan as a potential customer or a shareholder. While market size is a significant determinant of a club’s revenues³, a team with a small market size can be competitive if its supporters have a sufficiently high elasticity with respect to the club’s results (Vrooman, 1995). This approach might be extended to the ability to obtain funds other than through the usual revenue streams, via shareholders. Ruyter & Wetzels (2000) analyse this phenomenon and conclude that ‘the social rule of reciprocity’, as well as the level of effect and the ‘perceived efficiency degree’ stimulate fans to feel a duty to support their club financially by buying its shares. The FA Report on English Football (mentioned above) concludes that supporters are the main asset of a successful club because their support will translate into tickets, merchandising, television revenues and so on. However, this is also the case for less successful

³ Budget, capacity of stadium and number of season ticket holders are three elements which determine a club’s size. The last two factors are more geographically limited. However, the budget might be higher even if the club is located in a relatively small town if, by playing well, it attracts television revenues and sponsors. TV deals in Spain are not negotiated centrally.



clubs because in times of financial difficulty they tend to organise and lead the club's fight for survival (FTF, 1999).

Support has an important local component, especially in Spain, where medium and small cities typically have one football club which acts as its symbol and represents its flag. So it is natural that a link exists between the football club and the local/regional population. It is difficult to imagine European clubs moving to another city as the North American franchises do⁴.

On the other hand, it is important to point out that in a global market, discussions of market size should not be limited to the population in close proximity to the football club⁵. Many clubs look to extend their markets through success in international competitions and via other means such as pre-season tournaments abroad. However, for most Spanish clubs, attendances are largely drawn from within the region in which the club is located.

Normally, the support that fans give to their club represents an inelastic demand with respect to price because fans will continue attending or buying club products irrespective of the price. However, since attendances are not static, there must be variable factors which influence attendance. Some of these factors are now considered.

What affects support?

Szymanski and Kuypers (1999) outline the historical evolution of attendances at stadia in England. They describe the rise in attendances after the Second World War, which coincided with a fall in ticket prices and a popularisation of leisure activities. However,

between 1953 and 1977, while the population grew wealthier, average attendance dropped. This phenomenon contrasts with Veblen's well known hypothesis (1966) regarding "leisure classes", first described in 1899. He claims that sports, and games in general, were more or less the preserve of the ruling classes. It should be borne in mind that this hypothesis was posited more than a century ago and that since then sport has become accessible to the general public. However, for many, sport is still a commodity that is accessed only when basic needs are covered. McElgunn (2002) highlights this point. He states that when incomes rise with a simultaneous relative decrease in the price of basic products, fans have more disposable income to spend on attending matches or buying sports products. They also tend to spend more free time attending or watching sport live or on television. Hoehn and Szymanski (1999) go further when they claim that football has essentially become a working-class distraction offered at affordable prices for middle-class entertainment.

Cocco and Jones (1997) maintain that the support for a particular club, measured by attendance at specific home matches, depends on the underlying demand within that city. Specific factors relating to its location include local income levels, population size etc. The specific characteristics of the club also impact on attendance.

Falter and Pérignon (2000) employ an econometric model that explains attendance at a particular match using socio-economic, football-related factors. They also cite 'incentive' variables (including the time of year and whether or not the match is televised).

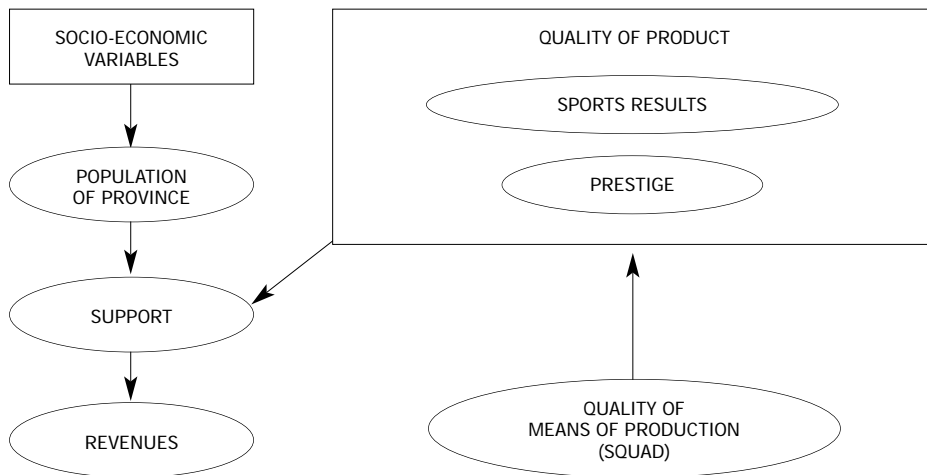
García and Rodríguez (2002) employ a similar model. They break down the football variables into those that consider the expected quality of the match and those

4 A useful introduction to this issue can be found in a paper written by Cocco and Jones (1997). In Spain, Toledo F.C. was sold to the Ivercom company on 10 June 2003. Toledo F.C. was renamed Ivercom. The club moved to Murcia with the intention of replacing Cartagonova football club. A problem arose when the RFEF (the Spanish Football Association) objected to the move. Ivercom subsequently fought the relegation of Cartagonova for failing to fulfil administrative requirements (Marca, 13 August 2003). In England, the case of London club Wimbledon moving to Milton Keynes in 2002 and becoming established as the Milton Keynes Dons (known as MK Dons) is unlikely to happen again because the club failed to attract a large fan base.

5 For example, some estimates suggest that the number of Real Madrid FC fans around the world is 70 million (Marca, 21 June 2001).



FIGURE 1 Schema of model of support for Spanish football



that measure the uncertainty of the result. Indeed, uncertainty of outcome is deemed by many academics as one of the most fundamental factors in professional sport if competitive balance is to be achieved and the interest of fans maintained (Morrow, 2001).

Baimbridge (1997) and Koning et al (2001) work with analogous models for explaining the demand for international football competitions using economic, demographic and geographic variables.

Taking such material into account, Barajas (2004) demonstrates that support is influenced by the quality of the playing squad through the quality of the product (measured by the sports results and the prestige of the club) and the size of the population where the club is located. In addition to the level of support, such variables have a relevant role in determining club revenues. These relationships are shown in Figure 1.

According to this study, attendance is mostly explained by the population of the province (or even the town) where the club is located, with adjustments made for the effect of the presence of several clubs in one area. The purchasing power of the population, and factors such as educational level, tradition and other socio-economic indices would be expected to

have repercussions on the degree of support for a club, but they are shown as not relevant. On the other hand, a good squad, analysed via wage costs and player depreciation, will attract people to the stadium. The third step leads to conclusions about the degree of relationship between success on the pitch and support (measured by attendance). We can state that support is largely explained by team performance on the pitch.

Incidence of attendance in sporting revenues

According to the Football Task Force, support is the main asset of a particular club because it is the origin of matchday, media and commercial revenues (FTF, 1999). Directly or indirectly, the fan is key to most of the club's revenue streams (Deloitte & Touche, 2000). Supporters are the natural consumers of products related to the club. They buy the tickets and merchandising. Moreover, they are the potential target of the sponsors and advertisers. TV companies are interested in broadcasting matches with a great atmosphere and full stadium. Teams with good



support have more television appeal than those with weak support. However, there is no empirical evidence that links support and turnover. While Szymanski & Kuypers (1999) analyse attendance and income in professional English football, they do not study the relationship between the two variables. Morrow (1999) refers to the demand for football by drawing on previous work regarding the variables that affect attendance. He does not analyse the extent to which attendance explains football club revenue. Matchday takings are a direct consequence of price and attendance, but he does not analyse any explanation for other incomes. Finally, Dobson & Goddard (2001) also offer a thorough analysis of the demand for football attendance, but they do not study the relationship between attendance and sporting revenues. Furthermore, these studies, and others previously quoted, analyse English football, but there are no papers concerning the impact of attendance on revenues in Spanish football.

Therefore, following the conceptual model shown in Figure 1, we test the hypothesis that attendance influences sporting revenues. To do this, we employ the ATT as a proxy for support. This proxy is the independent variable. We use several revenue variables as dependent. It means that they will be explained by attendance or support. These dependent variables relate directly to sporting activity following the criteria established in the specific accounting rules for the sports industry in Spain⁶. The variables that we use are sporting revenues (SR; the sum of all the other revenues, though calculated differently for each club), matchday and pools monies (MDP), television rights (TVR), advertising (ADV) and number of season ticket holders (STH). We have used an OLS regression for testing the relationship among the different variables. This kind of model is used for similar analysis by a significant number of authors (Baimbridge, 1997; Cocco & Jones, 1997; Falter & Pérignon, 2000; García & Rodríguez, 2002).

We have worked with a sample that consists of all football teams in the Spanish first division (20 teams)

and 13 from the second division during the 1999-2000 season. The scale of the sample reflects the availability of financial statements. It is necessary to point out that clubs have to send their annual accounts to La Liga, which cannot disclose them without the permission of the club. Those clubs that are listed as companies have to register their financial statements in the Spanish equivalent of Companies House in England. Nevertheless, it is common for clubs to delay the fulfilment of this duty. (We had to exclude Real Betis because the club did not register the financial information that we use as variables in our study. The club contracts the operation of its core business to third-party companies which results in a set minimum amount being guaranteed to the club, plus a percentage of the additional income achieved.)

The economic data has been extracted from the annual accounts of each team and the data regarding attendance was collected from www.european-football-statistics.co.uk.

A summary of the most significant output is shown in Table 1. First, it highlights the existence of a direct, positive, high (except on tickets and pools – MDP) and statistically significant relationships between attendance and the different variables of revenues. Income from tickets (MDP) provides the lowest level of insight, the reason being the lack of information about this revenue source in some clubs. Also, it is important to take into account that the money that clubs receive from pools is absolutely independent of match attendance. Each first division club has a share in the percentage of revenue from pools that goes to professional football. For that reason, all clubs in the same division have an equal pools revenue.

It is important to point out that television rights revenues have a high correlation with attendance. This means that clubs with a loyal fanbase of regular attendees will probably have a high level of demand for the broadcast of matches. They will, therefore, be in a strong position when negotiating deals with the media.

A similar situation is apparent for advertising and sponsorship. Logically, companies contracting an

⁶ In Spain sporting companies and clubs have to present their accounts following the General Plan of Accountancy adapted for sporting companies.



TABLE 1 Summary of regression between attendance and revenues

DEPENDENT VARIABLES	<i>F</i> ²	<i>t</i>	<i>sig</i>
SPORTING REVENUES (SR)	0.862	13.704	0.000
MATCHDAY AND POOLS (MDP)	0.424	4.455	0.000
TELEVISION RIGHTS (TVR)	0.890	14.752	0.000
ADVERTISING (ADV)	0.748	8.944	0.000
SEASON TICKET HOLDERS (STH)	0.874	13.954	0.000

Independent variable: ATT

advertisement look for a high level of impacts among their target audience. The bigger the target audience, the more they are willing to pay. The number of impacts can be measured by two criteria. First, direct exposure; higher attendance implies more people have seen the advertising in the stadium. Second, indirect exposure; higher attendance suggests a larger television audience and a subsequent increase in the number of impacts.

- 1 developing strategic alliances with other clubs or entities that allow for mutual benefit;
- 2 exploiting parallel business that attracts the population segment not present at the stadium;
- 3 creating spectacles or events that bring the club closer to the population when the team does not play.

Implications in the management of the value chain

The level of support for a football club is a key variable for matchday revenue and also determines most other club revenue streams. For this reason, it is worth analysing the concept of support in more depth. It highlights the existence of a direct, positive, high (except tickets and pools – MDP) and statistically significant relationship between attendance and the different variables affecting revenues. Because football club management cannot act on socio-economic variables (because the sociological context of a club depends on the city in which it is located), the management must plan to increase attendance through other means.

Attendance can be increased by implementing complementary actions before or after the matches in the following ways:


In addition, club management could develop programmes with city officials to generate mutual benefits. When a club is successful, the city benefits from significant national and international visibility, which can generate tourism and potential investments. Sport can also become a driver of local wealth.

Football club management needs to nurture the playing squad for two reasons. First, it is the players who achieve sporting success and generate the interest of the fans. Second, it is the star players who generate hopes and desires that attract new fans. Management should, therefore, recruit a squad that guarantees high performance and the assurance of attendance at the stadium. The problem in football is that not all clubs can triumph. At the end of the season, there is only one league winner, four qualifiers for the Champions League, two qualifiers for the UEFA Cup and the three lowest clubs are relegated to the Second Division. For this reason, clubs should create a communications campaign that transmits compatible



hopes and realistic objectives to the fans.

Finally, one of the key ingredients in the recruitment of fans is the club's history. The ability to present past successes, moments of glory (including heroic defeats) is a challenge for management. This is a part of a club's image and is relevant to any initiative that increases the level of interest and income. The way in which this image is managed will influence the strength or weakness of the brand that will in turn determine the clubs' ability to acquire new sponsors.

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Book review

The Elusive Fan Reinventing Sports in a Crowded Marketplace

By Irving Rein, Philip Kotler & Ben Shields
Publisher: McGraw Hill Higher Education (1 Jul 2006)
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Reviewed by Paul Kitchin

The *Elusive Fan* by Rein, Kotler and Shields is a welcome contribution to the growing body of work on the marketing of sport, essentially a survival guide for sports properties looking to reconnect to their traditional supporters and consider new ways of appealing to potential fans.

The book is organised into three sections. The first looks at the 'elusive' fan and explores how fans connect to sports properties and brands, drawing on consumer behaviour theories and relevant research. (The discussion on generations of sports fans is a welcome contribution.) The second part examines methods of connecting, or reconnecting, to the elusive fan. Brand research – and how non-sports brands connect – forms the basis of the authors' ideas for sport and their creation of a rational model for branding transformation. This, then, is the crux of the book. Part three looks at methods for sustaining brand connection, using a number of cases of effective sports branding, and concludes with a discussion of six drivers for successful sports brands. This serves as a reminder of how sports properties must interact and reinvent themselves in order to maintain fans and access new markets.

An interesting read, importantly, this book offers a critical perspective on the marketing of sport. The number of sports marketing texts covering the basics of sports marketing should now have peaked, so this move towards specifics is timely. The *Elusive Fan* also

attempts a more international focus on sports properties, despite the North American base of the authors. The international examples are most welcome even if the main examples are still US-based. The global connectedness of marketing practitioners and academics gives us the opportunity to increase the accuracy and detail of our case studies, and we should look to capitalise on this to ensure greater focus and insight. Indeed, this book would have benefited by wider international support and appeal.

There are two significant drawbacks to this volume. The first arises from the misapplication of marketing principles to the unique aspects of sport. The second is a lack of appreciation for the sociological aspects of sport and, importantly, of sports consumer behaviour.

Mullin's work on the unique aspects of the sports market draws attention to the expert nature of sports consumers, and it is this 'expertise' that could lead to conflict when looking to reinvent brands and create 'dramatic realities' to the point where traditional fans might be alienated. This could be viewed as a calculated risk, considering the riches on offer from global markets if re-branding is successful, but for how many sports properties is this a real option? We can't all align ourselves with Barcelona or the New York Yankees. Although the authors are not blind to this risk, stating that news generated by sports properties still needs to be critical, it does appear to conflict with the general transformation process they are presenting.



One area not covered sufficiently is the lack of application for the competitive nature of the sport and leisure market. The authors present the dilemmas facing the sports fan with money to burn and limited time to allocate, but what of the examples used? Sports such as athletics struggle in well-developed sports markets because the competition from other activities is so intense. Unless there is a family, or significant other, connection to the sport, it is unreasonable to believe that a sport can simply reinvent its brand messages and connection points and attract new fans. Furthermore, athletics simply does not have the glamour and appeal it once did – with the exception of the Olympics and the World Championships. Channelling public monies, as do many countries outside the US, to reinvent the brand could be considered an irresponsible use of public funds. If we are to view sports properties as brands and believe that sport can be managed as a business, then we need to admit when certain brands are no longer viable as mainstream products. The book does not appear to present adequately this type of dilemma facing sports managers.

By applying the principles of traditional branding to sporting properties we also ignore some of the basics of branding theory. Many non-sports brands are focused on specific market segments – they even try to prevent other segments from adopting their products for fear of weakening the brand's appeal to the intended market. Most sports would never want to limit themselves to certain segments. The invention of Twenty20 cricket was not designed to exclude traditional cricket followers; the focus on attracting families to English Rugby League was not intended to decrease the number of working class males (their traditional fans) attending. Sports properties need to be broad in their communication activities and this makes branding more difficult than it is for non-sports brands. Hence the North American focus of this book may not translate that well to some sports played in other countries.

Finally, despite ever-increasing support for the idea, this reviewer believes that an individual is not a brand.

Daz is a brand. It is a brand of washing powder. It is targeted at a specific segment of the washing powder purchasing market. Maria Sharapova is not a brand, nor is David Beckham, and despite his brilliance, neither is Tiger Woods. They are purely and simply wonderfully talented athletes. Individuals have reputations built of their personalities, not brand values, and if we try to attach brand-forming moments, or dramatic realities, to individuals, then we are over-stepping the mark and commodifying and cheapening something that should be appreciated – despite the commercial opportunities they may appear to present. This is a small point in the context of a complex book, but still important for the direction of sports marketing.

Although sociology is not always a welcome topic in discussions on the business of sport, it seems foolish to believe that by ignoring it we will achieve better business returns. The basis of sport, and hence its business, is a sociological and cultural practice that has developed over many years. Although the culture of sport is still only beginning to accept business practices, it is the internal cultures of sports properties that need to reinvent themselves if they wish to connect to their fans. These are the discussions at the heart of the zone of uncomfortable debate, and although sometimes not welcome in 'can-do' management philosophy, they nevertheless should be included in discussions on attracting fans to sport.

In conclusion, the ideas presented in this book are original and thought-provoking, and the examples of success used here are viewed over increasingly long periods of time. This is a welcome contribution to sports marketing literature and the authors should be commended by practitioners and academics. At the very least, all parties interested in sports marketing should be encouraged by the fact that Philip Kotler is finding it a worthy cause for research and investigation that may further contribute to raising the profile of our industry segment.