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Real Madrid Football Club: Applying a Relationship-Management Model to a Sport Organization in Spain

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Real Madrid Football Club is today the richest sport team in the world and the third most valuable sport brand, according to the latest rankings (e.g., Deloitte, 2010; *Forbes* 2009). This scholarly commentary proposes the application of a relationship-management model of building long-lasting relationships with fans as the main key of Real Madrid's success. Results of this study highlight that, under the presidency of Florentino Pérez, a public relations approach has been integrated into every strategic decision including the recruitment of players with media appeal; the use of event planning, Internet, social media, promotional tours, and publications; and the display of Real Madrid's own audiovisual media. The adoption of this model has proven successful despite poor sports results.

Keywords: public relations, soccer, branding

On July 6, 2009, the Real Madrid Football Club pulled off an incomparable public relations feat. The team hosted an event built solely on emotions and values that attracted 80,000 people and live news coverage around the world. It achieved all this without spending a single advertising dollar, thanks to heavy preevent coverage on national radio, TV, and press fueled by heated public interest. If the practice of public relations has been accused of providing no cash value, the Real Madrid event—the official public presentation of newly acquired player Cristiano Ronaldo—offered a shining example of the opposite. By providing quality content, a good story, and excitement and entertainment for the media, all based on the power of the Real Madrid brand to generate emotions and propagate values such as greatness and spectacle, the club used public relations to further its brand, strengthen its connection with its core publics, and generate real and immediate monetary gain.

The presentation was constructed around Ronaldo as not just the most expensive player ever acquired (Real Madrid paid 95 million euros for him) but as an archetype: He was the hero and the warrior, recruited to retrieve Real Madrid's lost glory with such seemingly unachievable goals as winning the European Cup. Not only Spain's media but also global media got the message: Live international news

coverage of the event spanned from CNN to Al-Jazeera, from Mexican and African broadcasters to Romanian TV. Real Madrid's downtown Bernabeu Stadium began filling up hours before the presentation was scheduled to begin at 9 in the evening on a hot summer night. The team kept fans in their seats with pumping music and replayed images of Ronaldo signing his Real Madrid contract and scoring for his former team, Manchester United. When the team president, Florentino Pérez, dressed in his usual impeccable blue suit, walked onto the makeshift stage with Alfredo Di Stefano (the octogenarian who is still considered the most important player in Real Madrid history) at 9:09 p.m., the crowd went wild. Pérez offered uninspired words of welcome and gratitude to fans, but the lack of originality went unnoticed by the adoring crowd, who regaled their president with applause and shouts of "Florentino! Florentino!"

Pérez then invited Eusebio, the Portuguese soccer legend, to the stage to receive his compatriot Ronaldo, whose name was then chanted by the entire stadium in unison. Ronaldo offered a similarly boilerplate statement: "I am very happy to be here; when I was a kid my dream was to play for Real Madrid" (20minutos, 2009). He then tossed the ball about and did a few moves around the dirt-brown stadium (the grass was being reseeded). The crowd went crazy. One fan jumped the fence and hugged Ronaldo. Other people tried to do the same until the player was finally ushered off the field amid the growing chaos and into the pressroom.

I attended this event with 10 American study-abroad students. During the event, my students—not ardent soccer fans themselves but noticeably impressed and moved by the devotion and excitement of the Real Madrid fans—asked numerous questions, took photos, and shot video footage. They had heard the name Real Madrid; a 106-year-old, member-owned soccer club with an estimated 93 million fans worldwide (Quelch, Nueno, & Knoop, 2007) is hard to ignore. Yet none of them had ever heard of Ronaldo, at the time the standing winner of the prestigious Golden Ball award from French sports newspaper *L'Équipe*. After the presentation, some students were impressed enough to consider buying a Ronaldo Real Madrid T-shirt, despite the \$160 cost. Real Madrid sold more than 3,000 T-shirts that day at the stadium alone, totaling some \$480,000 (Giovio, 2009). For many of my students the impromptu trip to the Ronaldo presentation was a highlight of their 10-day study-abroad tour and the one most boasted about to friends back home on their return. In the fall, when I announced the trip for the next summer, some parents called to ask me if we would attend a Real Madrid event. I offer this firsthand anecdote to more fully illustrate the power over even non-soccer fans of the Real Madrid brand and the team's astute use of public relations in efforts such as the Ronaldo presentation.

In the annual ranking by the consulting company Deloitte (2010), Real Madrid was listed as the richest soccer team in the world, with total revenues of 401.4 million euros. *Forbes* rated Real Madrid the third most valuable sports brand after the New York Yankees and Manchester United (Van Riper, 2009), despite the team's lack of sports success in recent years (Real Madrid won its last European Cup in 2002). In most of the business analysis about Real Madrid's success, we find an important number of public relations strategies categorized as marketing strategies. The term *public relations* is, in fact, absent in most business articles about the team. In this article, I argue the importance of Real Madrid's relationship-management strategy in the construction of its brand and financial success.

Theoretical Framework

In modern practice, public relations is understood as a management function. One of the most normative definitions comes from Grunig and Hunt (1984), who defined public relations as “the management of communication between an organization and its publics” (p. 6). Cutlip, Center, and Broom (1994) described public relations as “the management function that identifies, establishes, and maintains mutually beneficial relationships between an organization and the various publics on whom its success or failure depends” (p. 6). In this sense, there is a clear connection between public relations and the sports world. Changes brought on by globalization and in the media landscape have transformed sport teams into increasingly complex organizations that need to build and maintain relationships not only (though certainly mainly) with their fans but also with other audiences including shareholders, governments, and sponsors.

The success of sports organizations is based not only on sports success but also on financial success, which forces them to rethink the approach they have traditionally taken to relating with their fans—a mixture of spectacle and sentimentality provided once a week during match time. This unidirectional approach, which only required fans’ attention as a source of revenues via ticket sales or TV ratings or subscriptions, had to change in recent times because of new rules imposed by the economy of attention with its multiple offers of leisure. To maintain a committed mass of fans, the promise of a good match by the sport organization is no longer enough. Now, a more continuous and sustainable relationship, less dependent on sport success and where fans are permanently engaged, is required. In this new situation, “organizations and publics also need to find an equilibrium, a middle position, between the desired outcomes of each” (Dozier, Grunig, & Grunig, 1995, p. 48). In the world of sports, fans mainly want entertainment and a sense of pride at a reasonable financial cost and attention commitment, while sport organizations want basically the same but have to reconcile that with long-term managerial aspects such as a professionalized managerial structure that guarantee financial viability. Here is where the use of symmetrical public relations enables sport organizations to effectively use communication “to negotiate with both publics and dominant coalitions to reach a position (outcome, relationship) in the win-win zone” (Dozier et al., 1995, p. 49). Ledingham and Bruning (2000b) examined the relationship-management paradigm that captures the Real Madrid general management view. The relationship-management notion describes public relations “as the management of relationships between an organization and its key publics (Ledingham & Bruning, 2000a, p. 56). As a management function, public relations would be responsible for wealth creation and, with misuse, for its loss. In two different studies, Ledingham and Bruning (1998) and Bruning and Ledingham (1998) demonstrated that the quality of the relationships between individuals and organizations can act as a predictor of consumer behavior. Grunig and Huang (2000) suggest that when public relations builds relationships with strategic publics, not only does the organization save money, but it also helps “the organization make money by cultivating relationships with donors, consumers, shareholders, and legislators who are needed to support organizational goals” (pp. 32–33). This view of public relations applies to the unpredictable business of sports, where it is crucial to maintain the brand image and a certain level of revenues despite a lack of success in sport competitions.

This strategic long-term relationship-management approach squares particularly well with what is called in the business literature the protoimage of the firm, or PIF. This approach views the long-term prosperity of the firm as based on having a clear image of what the essence and values of the organization are and should be (Kase, Sáez, & Riquelme, 2005). Real Madrid, under the leadership of Pérez, has all the characteristics associated with a PIF model. First, it has a set of emotional values that have to be shared with the fans, including honesty, discipline, fighting spirit, leadership, tradition, and nobility (Martínez-Jerez & Martínez de Albornoz, 2004). Second, it has the long-term objective of eliminating debt and building a solid financial base (Kase, Urrutia de Hoyos, Martí Sanchís, & Opazo Bretón, 2007). Third, it has the development of communication tools, as well as new products, to increase the financial turnover. The relationship-management approach takes into consideration the business impact of brand building.

This scholarly commentary also deals with the distinction between marketing and public relations. The discussion about the rivalry or complementarities of marketing and public relations is not new. Indeed, it dates back to the 1970s, when public relations employed persuasive models, making public relations and marketing look more alike. Kotler and Mindak (1978) highlighted the increasing importance of public relations in the marketing mix and emphasized their concomitances. However, after all, they still considered public relations a technical support function for marketing. The concept of the symmetrical public relations approach that surged in the 1980s certainly clarified the different purposes of both disciplines. Harris (1993) defended public relations leadership in the development of integrated communications, but his definition of marketing public relations as “the use of public relations strategies and techniques to achieve marketing objectives” (p. 21) left unclear whether the marketing field was reinventing itself as public relations (Hutton, 2001).

One of the most important and clarifying events concerning this discussion was the colloquium between public relations and marketing educators and practitioners at San Diego State University in 1989. After a day of debate, the marketing definition differed considerably from Grunig and Hunt’s (1984) and Cutlip et al.’s (1994) definitions of public relations that gave a major role to the process of building and sustaining relationships. The marketing group defined marketing in different terms:

The management process whose goal is to attract and satisfy customers (or clients) on a long-term basis in order to achieve an organization’s economic objective. Its fundamental responsibility is to build and maintain markets for an organization’s products or services. (Wilcox & Cameron, 2006, p. 18)

By the end of the event, even scholars such as Kotler had expanded their definitions of public relations and communication management (Dozier et al., 1995). Considering the new definition, we can appreciate some fundamental differences between marketing and public relations. While “the marketing function should communicate with the markets for an organization’s good and services,” public relations practitioners “should be concerned with all the publics of the organization” by building relationships (Grunig, 1992, p. 20). Or, in other words, public relations is concerned with building relations and generating goodwill toward the organization; marketing professionals are more concerned with sales and treating their publics as “customers” or “clients” (Wilcox & Cameron, 2006, p. 18). This

distinction considers marketing persuasive by definition and public relations, from a relationship-management perspective, as not persuasive.

In recent times, some scholars (Hopwood, Skinner, & Kitchin, 2010; Stoldt, Dittmore, & Branvold, 2006) have extolled the role of public relations in the sport industry. These new approaches acknowledge overall the strategic importance of relationship building for sport organizations. They make a distinction between sport public relations and sport marketing. For Stoldt et al. (2006), “by definition the marketing function does not address publics outside the organization’s target markets” (p. 4), whereas public relations engages publics such as employees, investors, and regulators. Stoldt et al. make a second distinction: public relations focuses on the broader concept of relationships, whereas marketing focuses more on exchanges. Hopwood (2010) makes a distinction between sports marketing public relations, based on relationships and communication, and sports marketing, grounded in monetary transactions and promotions (p. 65). I agree with these distinctions that pose, in the case of Real Madrid, relationship building with fans as a first priority and commercial success second to guarantee the viability of the sport project. In other words, fans need to be treated like stakeholders to become customers.

Methodology

In light of the growing importance of sports public relations, this scholarly commentary offers a public relations perspective on one of the world’s leading sports clubs, Real Madrid Football Club. It analyzes the role played by the relationship-management strategy based on content creation and integrated business decisions in Real Madrid’s branding and economic success. The examined periods are the first (2000–2006) and second (2009 to present) presidencies of Pérez, whose management model is considered in business literature as marketing based. To examine this topic I both reviewed the relevant literature (e.g., interviews with Real Madrid top managers, newspaper articles, expert and academic blogs and articles) on Real Madrid’s business and marketing model and conducted a content analysis of Real Madrid publicity, informational, and mass-media materials (e.g., Realmadrid.com, Real Madrid TV).

A Public Relations Perspective on Sport Business Management

Florentino Pérez, a construction tycoon included on *Forbes*’s list of the richest men in the world, came to Real Madrid in mid-2000 after being elected by a majority of its members. He set out to build a professional organization in which the entire strategy was “subordinated to achieving the objective of creating a debt-free, profitable firm. Even the sporting strategy of the team could conceivably take second place to this basic objective” (Blanco Callejo & Forcadell, 2006b, p. 61). Since then, business literature on the Real Madrid business model as an example of successful sports organization has abounded (Blanco Callejo & Forcadell, 2006a, 2006b; Martínez-Jerez, 2006; Quelch et al., 2007; Urrutia de Hoyos, Kase, Martí Sanchis, & Opazo Bretón, 2006). All the authors cited have acknowledged that brand and content have determined Pérez’s strategy “to transform a traditional football club

into a modern sports-mediatic organization” (Blanco Callejo & Forcadell, 2006a, p. 41). José Angel Sánchez, Real Madrid’s general marketing director during the first Pérez presidency, has defined soccer as a “business of contents” (Campos, 2002, p. 236). However, perhaps as a reflection of Real Madrid’s organigram, in which the communication department is completely separated from the marketing area (Martínez-Jerez, 2006), none of these articles mention the concept of “public relations,” much less “relationship management” or “sports marketing public relations,” instead equating marketing with the creation of content.

According to the 2004 report *Global Football Monitor*, Real Madrid had at that time a potential base of 490 million followers (Martínez-Jerez, 2006). The goal of Real Madrid’s strategy, to convert all these potential supporters in the world from fans to customers, has been based on the construction of relationships with aficionados through the provision of content and entertainment. In many cases, this perspective meant the subordination of the club’s sporting strategy to the club’s global strategic decisions. Sánchez’s own words exemplify a classical public relations approach to relationship building: “We understand that the relationship with the fans is triangular, that is to say, it is mediatized by the media, and it is the way it should be” (Real Madrid TV, 2008, p. 3). He compares Real Madrid with a movie company. “We turn down the lights and people dream” (Quelch et al., 2007, p. 2). For Sánchez, what makes Real Madrid different is that it is something more than just a football club. “It is the entertainment aspect. In contrast to movie companies (that take months to produce a new film), Real Madrid makes a movie every day” (Urrutia de Hoyos et al., 2006, p. 12).

The use of entertainment as bait to attract audiences for other purposes is by no means new. It was the foundation of marketing in traditional media (such as radio, television, and print), where companies pay to have their messages delivered to audiences captured by entertainment and news program content (King, 2005, p. 74). But in the world of Spanish sports, where football clubs have a cultural identity, Real Madrid’s management vision of football as a show to attract spectators with a high level of disposable income represented a huge novelty. This phenomenon may not be new in an American context, where supporters are more accustomed to thinking of sports as mere spectacle (indeed the idea of sports franchises is completely foreign to the Spanish, as well as the European, mentality). Real Madrid’s strategy can be better understood in opposition to the strategy of its archrival, Barcelona Football Club, which works to build relationships with its “faithful” supporters emphasizing its Catalan identity and using devotional communication (Xifra, 2008).

Real Madrid, in turn, considered offering “infotainment” as a feature of its identity, especially as sports audiences become ever more global and adept at watching sports. Real Madrid accomplished this mostly by feeding the media good stories starring its lead players, stories that fostered suspense, excitement, and emotion. This use of storytelling is not only restricted to the provision of entertainment for the media, but it is also used in multiple forms in direct contact with aficionados as a way to translate emotions into cash value.

Attracting and retaining football players with a significant media impact was considered key to this strategy (Blanco Callejo & Forcadell, 2006b). “The ‘movie’ we are selling,” Sánchez noted, “is worth more if, say, Tom Cruise is in the lead” (Quelch et al., 2007, p. 11). Another pillar, although minor, was promoting the club’s “nursery,” that is, its young-players program, to reinforce Real Madrid’s Spanish

cultural identity (Blanco Callejo & Forcadell, 2006b, p. 54). This strategy was baptized as “Zidanes and Pavons,” or a combination of worldwide football celebrities (personified by Zidane, a French superstar) and good and courageous local players (Pavón, a modest Real Madrid player raised in Real Madrid’s lower ranks).

This strategy ended up being much more focused on the Zidanes, ultimately more appreciated by the fans, than on the Pavons. Central to the plan was the recruitment in Pérez’s first presidency of the so-called “Galácticos,” high-profile players such as Zidane, Figo, and Beckham, and Ronaldo and Kaká in his second presidency. Figo, a former star of Barcelona Football Club, was the most expensive player of his time, and Beckham was Manchester United’s superstar at the time of his acquisition and a social phenomenon beyond the world of sports. More recently, Pérez spent upward of 140 million euros in the midst of a global economic recession to buy Kaká of A.C. Milan and Cristiano Ronaldo of Manchester United, the latter then the most expensive football player in the world. The motivation behind these acquisitions cannot be explained using sports logic but only as an effort to reinforce the dream and build relationships with Real Madrid fans. After this operation, *The New York Times* wrote,

Perhaps more than any other sports executive in the world, Pérez plays to the crowd, not just in Madrid, but also to the 200 million or so Real Madrid fans in the world, whom he expects to pay \$120 for a Kaká shirt or buy a ticket to watch Ronaldo. (Thomas & Burnett, 2009, ¶ 4)

In a way similar to the Hollywood movie industry, which seeks products that cross all types of cultural and political borders, Pérez (2009) has positioned Real Madrid “as a meeting point for people with very different ideologies, races, religions, and cultures.”

Furthermore, to play or coach for Real Madrid it is not enough to be good or even excellent at your job; there are further requirements such as being spectacular. Sánchez emphasizes,

In our team we have to buy a specific type of player, we have to play in a specific way. This is the idea of Real Madrid that is in the mind of past generations, the team that they saw and that earned great admiration. (Campos, 2002, p. 239)

It is true that historically Real Madrid aficionados put as much stock in watching a good game as in winning. It is not infrequent in the Real Madrid stadium to see the crowd criticize coaches and players even after a victory. For that purpose, Real Madrid has shown a predilection in general for spectacular players beloved by fans who are newsworthy even when they are not playing. Real Madrid “Galácticos” not only were capable of a good game in the stadium but also were charismatic characters capable of providing good stories and entertainment for the fans outside the football stadium. Players such as Beckham or Ronaldo are also metrosexual sex symbols. They are permanently the focus of attention for a variety of reasons: scoring a good goal, having an affair, painting their nails black, shooting underwear commercials for Calvin Klein or Armani, and so on.

The hiring of the coach was another brand attribute. Despite two domestic-league titles, a European cup, a European Super Cup, and a World Club Cup in four seasons, the modest and soft-spoken Vicente del Bosque was considered a

low-profile coach by Real Madrid management in contrast to the “galactic players.” Indeed, among other reasons, he was not renewed by the club because Pérez, “invoking contingency theory, felt that the globalization of football demanded a coach who could speak English and did not look as if he fallen out of bed straight into a Keystone [K]ops movie” (Allen, 2006, ¶ 8).

Indeed, the detonator of Real Madrid’s decision to change coaches was the prioritization of relationship-building imperatives over sporting arguments before an important event. Beckham’s signing was announced only a week before the decisive match that gave Real Madrid a victory in La Liga. Some Real Madrid players made their discomfort clear with the decision. Pérez was accused of taking decisions based on image-making reasons. “It was a real error in communication,” noted Ignacio Urrutia, professor at the Instituto de Empresa.

They should have waited until the championship was over in order to avoid getting people upset. But there was so much anticipation, they had to announce the news, and Manchester is quoted on the stock exchange so they couldn’t wait until the news leaked out. (“Football Team,” 2003, ¶ 11)

Ultimately this incident probably convinced Pérez of the need to work with a coach more sensitive to business decisions.

After Del Bosque’s removal, Real Madrid did not win any more titles and Pérez presented his resignation in 2006. Real Madrid won only one domestic title with Pérez’s successor, Ramón Calderón, who in his 3 years at the helm of the club adopted a less fan-oriented management style. Despite the lack of sports success during his last years, Pérez was reelected for a second mandate in 2009, offering Real Madrid members the same management model based on “a spectacular team, a stable and passionate sport project and a stronger economy” (Pérez, 2009), or in other words, a sense of pride and belonging among fans fostering their desires.

Real Madrid’s overall strategy to expand and enhance the relationships with its fan base has been brought about through the implementation of six public relations tactics: event planning, Real Madrid TV, the club’s Web site, the use of social media, the organization of tours, and the editing of targeted publications. It is important to point out that all these tactics are not unique to Real Madrid. Several English Premier League clubs (particularly Manchester United), as well as clubs in the European leagues, have used them as part of their relationship-building efforts during the last decade but perhaps not with the same level of success.

Event Planning

In Pérez’s era, Real Madrid put great effort into using new approaches to transform conventional events into massive events. For example, according to the idea of considering players Hollywood superstars, Real Madrid gave a new dimension to the way new players were presented. The traditional use of press conferences only played a minor role. Instead, Real Madrid transformed these traditional acts of protocol into massive events that could be watched by millions of spectators across the world, beat audience records, and consolidate the club’s legend of leadership and success.

The pioneer event of this kind was Beckham’s presentation to Spain. His arrival, with his wife Victoria Beckham (a fashionista and former member of British pop

band the Spice Girls), received extensive TV coverage from the time his plane landed at the Madrid airport until he underwent (partially live) the standard medical checkup. Afterward, some 1,100 journalists (500 were allowed in, 600 more were outside) attended Beckham's press conference in Madrid, which was timed at 11 a.m. the next day to make the evening news broadcasts in Asia, where Beckham was particularly popular. A Spanish newspaper breathlessly described the events as one of the most important things to have happened to Spain in a decade. The event had the world's second-largest live TV audience ever, after Princess Diana's funeral (Hatfield, 2003, p. 20). Furthermore, these types of events were important not only in terms of relationship building with the aficionados but also as a source of revenues. The sponsorship of the medical test by Sanitas, a leading Spanish private health insurance company, paid Real Madrid 360,000 euros for televising Beckham's medical test ("Beckham," 2003). On the day Beckham was officially presented as a Real Madrid player, the club sold 8,000 shirts, earning \$750,000 (Blanco Callejo & Forcadell, 2006b).

The contrast between the importance of this event and the amount of information generated by Beckham during his years spent in Real Madrid, where every aspect of his life was a constant source of information (his search for a new house, his wife's movements, and his alleged romances), made Real Madrid popular even in places where football was not as popular, such as the United States. Nevertheless, for several years, Beckham did not command a regular starting position on Real Madrid's all-star team.

This path was followed and somewhat expanded in the presentation of superstars Kaká and Ronaldo in 2009. Both were massive events, conceived as ways to be in touch with the fans, as well as make them part of the scene as a reflection of Real Madrid's grandeur. The centenary celebrations of Real Madrid, founded in 1902, also represented a succession of public relations events to enhance the Real Madrid brand by linking the club to values such as social concern, art and culture, and universality. Some examples were the launch of a new Real Madrid anthem with an operatic style sung by tenor Plácido Domingo, a professed Real Madrid fan and an international star; an homage to Hispanic football in New York playing against Mexico's national team; and another match against a worldwide FIFA (Federation International Football Association) team as an act in celebration of Worldwide Football Day at Bernabeu Stadium.

In sum, providing direct access to Real Madrid fans to events that for a long time were private or reserved for the media achieved two objectives. First, it fostered the relationship between the fans and the club, particularly its President Florentino Pérez; second, it projected Real Madrid greatness across the planet, which considerably increased media and merchandising revenues.

Audiovisual Media

Real Madrid Television has been pivotal in Real Madrid's strategy to become a content provider. It is considered "a strategic tool for content management within the club's business model" (Blanco Callejo & Forcadell, 2006b, p. 57). Real Madrid TV is an example, in this digital era, of how organizations develop their own media channels to reach their publics with a content that cannot be manipulated by outside

media and that create a relationship of exclusivity between the organization and its fans. It is also an example of how other traditional communication tools can be used by organizations, in a model of vertical integration, to serve journalists with additional authorized information sources.

Real Madrid's own TV station, launched in 1999, provides more daily content on Real Madrid than any other media: 16 hr of daily coverage from the training grounds, including training, football, and basketball matches (Real Madrid also has a basketball team); player interviews; and historical highlights. This channel can be seen in more than 90 countries, and there are agreements that enable it to be seen in an English or Spanish version (Real Madrid TV, 2008). Real Madrid games are the most popular pay-per-view content in Spain (Quelch et al., 2007). Real Madrid TV's function as content provider is to build relationships not only with the Spanish fans but also with fans outside Spain, enabling them to have a means to help finance Real Madrid activity. "RealmadridTV has basically two functions. One is communication and a second one is to promote our products, our services, and our contents outside Spain," Sánchez has said (Real Madrid TV, 2008, p. 1).

Real Madrid TV is probably the most underused communication tactic in Real Madrid. If, as Pérez has manifested on several occasions, Real Madrid finally gets open access as a broadcast channel (and not a pay channel as it is now), it will considerably increase its power to engage fans, as well as to promote products. In 2005, Real Madrid also produced the first official movie of a soccer team, *Real Madrid. La película*. It combined fictional and real stories and included the participation of Real Madrid stars such as Beckham, Zidane, and Ronaldo. The movie was premiered in the Real Madrid stadium and released in theaters in Spain, as well as in European and Asian countries.

Realmadrid.com

Managers have described Realmadrid.com as a community creator, also ideal for reaching more inaccessible fans. It has been a substantial part of Real Madrid managers' strategy to enable a "one-on-one relationship" with each fan via mobile telephone, TV, wireless Internet, and so on. In November 2003, Real Madrid struck a significant 4-year deal with Spain's major telecom provider, Telefónica, to deliver Real Madrid content over Internet, broadband, and mobile services. The content base is conventional—mainly interviews of players, live feed, club news, and the option of product purchase or activating the Real Madrid card that gives Real Madrid fans (particularly from outside Spain; 60% of visitors come from abroad; Kase et al., 2007), exclusive access to Real Madrid products, promotions, and magazines.

According to a Brazilian specialized site on football economy and finances (Futebolfinance.com, 2010), Realmadrid.com was the second most visited Web site among the official Web sites of soccer clubs (Manchester United was number one), with 271.6 million visitors in 2009. The important volume of traffic generated has positioned Realmadrid.com as an important source of revenues where advertising accounts for nearly 75% of sports Web site revenues, nearly half from sponsors (Quelch et al., 2007).

Social Media

The use of social media is also an aspect in which Real Madrid has highlighted the importance of engagement and providing fans with great content. Real Madrid has been a pioneer in the use of social media in comparison with the traditional English Premier League clubs. Real Madrid's innovative approaches to social media involve the synergies and the relationship with the Real Madrid Web site. Since its launch, Real Madrid's Facebook page has been a success. It has built up over 1.2 million fans, with an average of around 3,000 new fans joining every day (Read, 2010). In its beginnings, Real Madrid's Facebook page started as a way for the club to test fan interaction, but later it developed into a powerful tool to direct traffic to *Realmadrid.com*. Oscar Ugaz, Real Madrid's online marketing and digital business manager, has emphasized the use of Facebook "as a way to drive people to news and pages on the website that they may otherwise not see" (Read, 2010, ¶ 6). That does not mean that Real Madrid relies only on its own social-network pages; instead "the strategy of the club is to go where the traffic is. We distribute Real Madrid content and build the Real Madrid brand through the media that the people are using," Ugaz said (Read, 2010, ¶ 7).

Real Madrid's online communication strategy has been moving people from Facebook to club-affiliated membership programs to generate revenue via permission marketing. This strategy also includes offering paid membership programs to build a large database of fans affiliated with the club. One of the most valuable uses of social media for Real Madrid's communication management is to test content, gain feedback, and understand things from their fans' perspective. "The fan says what is cool or not, if they like this video or not" (Read, 2010, ¶ 9). An example of a fan-feedback application is the inclusion of links to the club's online shop on Real Madrid Facebook pages.

Real Madrid's success in the use of social media has been to think of each fan as one person and not so much as publics or stakeholders. This approach has been particularly successful in promotions that have adequately contextualized creating genuine conversations among Real Madrid fans. An example was the production of special video content for one of the player's birthdays that was followed by a 24-hour jersey sale. Ugaz explained:

The key to the success of this promotion was great content which created conversation amongst our fans, we didn't just say here is the player's shirt you can buy it here—we created engagement and interest, via the content, which then sent traffic back to the online store and created conversions and shirt sales." (Read, 2010, ¶ 12)

A good portion of Real Madrid's successful content creation in social media has been the freedom given to the players. Real Madrid is not only much more relaxed about this aspect than some Premier League clubs but also than most companies. "We don't have a specific policy regarding players using social media to communicate with fans," said Ugaz (Read, 2010, ¶ 16).

Real Madrid's social-network strategy also expands to Twitter. With more than 300,000 followers, its microblogging account provides information to Real Madrid fans in three languages (Spanish, English, and Arabic). In an interview with *Europa Press* (2010), Ugaz described three information strategies: direct narrations of Real

Madrid games, resending Facebook traffic to more specific content such as on Real Madrid's Web page, and the follow-up of fans' "retweets" to deliver the messages created in the communication department (§ 4).

Tours

Real Madrid management has also tried to optimize the spectacular dimensions of its assets, such as the stadium or the trophy room (Real Madrid is the number one soccer club in the world, according to the FIFA), as a way to solidify the Real Madrid legend. The creation of organized tours, where fans can witness the places where Real Madrid glory takes place, offers the club an opportunity to story-tell and dramatize the most important events of Real Madrid's history. Indeed, the tour makes the Real Madrid stadium, with almost 700,000 visitors every year, the second most visited museum in Madrid (Robledo, 2010, ¶ 1), trailing only the internationally famous classical painting collection at the Prado Museum.

Publications

Real Madrid's content strategy also consists of more traditional methods, such as magazine editing for targeted audiences. Real Madrid publishes eight different publications, not only as a way to maintain relationships with targeted fans but also to provide value for their money as Real Madrid card holders or game attendees. The publications include

Hala Madrid (Go Madrid) for Real Madrid members and fans

Hala Madrid Jr. for younger fans

Grada Blanca for people who attend the soccer matches at the Real Madrid stadium

Grada Baloncesto for Real Madrid basketball spectators

Revista de la Fundación, a publication that describes the social activity of the Real Madrid Foundation

Tiempo de descuento, an exclusive supplement for *Hala Madrid* and *Hala Madrid Jr.*

Boletín socios, with information on Real Madrid's management for club members

Veteranos, by the association of former Real Madrid players (Realmadrid.com, 2010)

Overall, the success of all these tactics would not have been possible without a relationship-management approach that has permeated every aspect of Real Madrid's strategy more than any other European club. As just one example, Manchester United sold Cristiano Ronaldo knowing it would be a great disappointment for the club's fans. Something similar can be said about AC Milan's sale of Kaká despite the desires of the *tiffosi* (fans). In contrast, Pérez considered that enhancing and expanding the relationships with fans was worth paying any price for these players, knowing it was a long-term investment.

Conclusions

This scholarly commentary highlights the applicability and effectiveness of public relations' relationship-management philosophy in the management of sports organizations. Real Madrid has won only one domestic-league title in the last 5 years and yet it has substantially increased its revenues and brand value during this period. This can be understood as an accomplishment of Real Madrid's strategy to grow its brand by fostering relationships and expanding its fan base. This strategic use of public relations has enabled Real Madrid management to protect its brand from the uncertainty of sporting results. The business/marketing aspect has also certainly been important during this period, but it has been mainly a beneficiary of the successful implementation of a relationship-management approach. In other words, Real Madrid has a great brand because it has built a relationship of trust with its fans, not because the fans like or buy Real Madrid products. More than 60% of Real Madrid revenues still come from broadcast and pay-TV, as well as match day and competitions (Quelch et al., 2007).

It should be noted that the competition on the field is still the most critical facet of Real Madrid. Pérez is now criticized as having made too many decisions without listening to the advice of sport management professionals and relying too much on a marketing approach instead (Urrutia de Hoyas et al., 2006). This conflict between the excellence in relationship management and sports results may not be sustainable. In the past, Real Madrid audiences have shown their loyalty to Real Madrid based on the high expectations created first by the "Galácticos" and second by successful and megaexpensive stars such as Kaká and Cristiano Ronaldo. But titles and wins are also needed. The lack of titles makes some fans and journalists more critical of Real Madrid management. They tend to emphasize aspects such as overexposure and excessive commercialization. However, I think that the relationship-management approach should help avoid this. Indeed, it has increased not only Real Madrid brand value but also fans' and members' support of Florentino Pérez as president. In contrast to English soccer clubs, where billionaires own clubs, the Real Madrid president has to be democratically elected. Real Madrid belongs to its 85,000 members, not to the president, because Real Madrid is not an enterprise but a sport society. Pérez was mainly chosen because of his philosophy to meet fans' desires in a viable way, not because he has supported the club with his money. Thus, the pressure of the social mass can force elections, as has happened in the past, if they are unhappy with the president. So far, despite insufficient results, Real Madrid fans support Florentino Pérez's management because the club (and he himself) has been known to meet their expectations.

Nonetheless, the urgency to win sports competitions is there. Pérez seems to have understood that, bringing in a new coach, Mourinho, who has won European cups with English and Italian teams. Mourinho is also a polemic coach whose outrageous statements will likely add something to Real Madrid's storytelling dimension, but his more subdued on-field style will be a change for Real Madrid fans. For this season, Real Madrid has also brought in hardworking players but no new "Galácticos." Winning seems to be a priority now. In the future, the challenge will be to find a balance between the content/entertainment approach and the need for success on the field. It may have been a wake-up call for Pérez when ousted coach Vicente del Bosque led Spain's national team to victory at the FIFA World Cup tournament in the summer of 2010. Regardless, future studies can build on this

scholarly commentary by analyzing the differences in relationship-management approaches with other important European soccer clubs (e.g., Manchester United, Chelsea, Milan, Bayern Munchen) or sports organizations with brand strategies (e.g., ATP, NBA). Such investigations will initiate discussions about and better practices in the areas of sport communication, sport public relations, sport marketing, and sport management.

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