



FROM NATIONAL TO INTERNATIONAL – THE LEVERAGE OF A SPORTS CLUB BRAND



A CASE STUDY OF SPORT CLUB INTERNACIONAL

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| <i>TITLE</i> | From National to International – The Leverage of a Sports Club Brand: A Case Study of Sport Club Internacional |
| <i>ABSTRACT</i> | Sports clubs position themselves as brands in order to capitalize the emotional feelings they generate. This study examines sports clubs as entities and well-managed organizations, and takes into consideration all the challenges a club undergoes to achieve strong brand equity. To gain further recognition and expand its brand besides the national market, clubs need to internationalize. The purpose is to investigate the internationalization through a conceptual approach, illustrating it through the case study of the Brazilian football club <i>Sport Club Internacional</i> . |
| <i>RESEARCH QUESTION</i> | How does brand equity affect sports clubs in their internationalization process? |
| <i>PURPOSE</i> | The purpose of this study is to examine and understand how sports clubs develop their brand equity in their process of internationalization using a football club as a case study. |
| <i>METHODOLOGY</i> | This thesis uses primary data and existing literature to establish its findings. Qualitative analysis was carried out with managers of the case study club. |
| <i>CONCLUSION</i> | Brand equity was proved to have an essential role in the internationalization process of sports clubs. A club's identity, positioning and all its marketing actions must be aligned and targeted in a whole project aiming to internationalize the brand. |
| <i>KEYWORDS</i> | branding, sports, football, clubs, internationalization, equity, Internacional, Brazil |

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GLOSSARY

| | |
|-------------------|---|
| Copa Libertadores | Most important football championship for clubs in South America, equivalent to the UEFA Champion’s League in Europe |
|-------------------|---|

ABBREVIATIONS

| | |
|--------|----------------------------------|
| [S.C.] | Sport Club |
| [F.C.] | Football Club |
| [CRM] | Customer Relationship Management |

1 INTRODUCTION

This section will provide a brief introduction of the subject, followed by the purpose and research problem that will be studied and the research question that will be answered.

1.1 Background

Football is nowadays considered a very profitable business within the entertainment industry. This has led football clubs to act as well-structured organizations and use managerial strategies as one of the tools to build a strong brand and maintain a leading position not only in championships but also in the regional, national and international market (Ratten, 2011).

When dealing with clubs as brands, fans do not only enjoy the football team, but they also contribute with the consumption of several other products and services created by the club. Meaning that clubs deal with fans as consumers of the brand and not only short-time supporters (Couvelaere & Richelieu, 2005). This is a prospect for clubs to invest and manage sponsorships, televising and licensing rights, memberships, ticket games among other services in order to build a strong enough brand that enables them to go through performance cycles (ibid).

During the past few years, sports brand have been commercialized in an international scale and in order to compete in today's global market, football clubs have become progressive service sellers, which made them able to compete with other leisure or entertainment activities (Strategic Direction, 2014). One of the successful experiences is Manchester United, which has the most valuable sports franchise and created fans worldwide based on their connection to the club and its history and not only on geographical areas (Ratten, 2011, p. 765).

Football clubs nowadays have become more aware regarding their expansion capability, which led them to work on capitalizing their brand to expand it abroad of its locality. Yet, they couldn't have fully achieved the internationalization while maintaining local identity and fan loyalty (Richelieu, Lopez, & Desbordes, 2008, p. 30).

1.1.1 Case Study

The brand in this study will be the Brazilian football club *Sport Club Internacional*. The club was chosen due that it holds an important regional and national authority since it holds a strong cultural, social and economic capital and is undergoing a process of internationalization (Albino, Carrieri, Figueiredo, Saraiva & Barros, 2009).

Founded in 1909 in the city of Porto Alegre and most known as *Internacional* or simply *Inter*, the team is one of the most important clubs in the Brazilian football scenario (Albino et al, 2009, p.93). Also known as “*The People’s Club*”, it has historically been connected to the lower and excluded classes of society. This characteristic has helped in building the club’s identity, which is now connected to the interaction with its stakeholders (ibid, p. 92).

Internacional is considered to be one of the most valuable clubs in Brazil and although is not based in the most populous regions in the country it is in the list of clubs with top national revenues, and has a fan legion of around 6 million people (Barbosa, 2014; Prima, 2014). The most recent research by Futebol Melhor (2015) shows an impressive number of 130,204 paying members in the club’s assets which makes it the leader in the American Continents and the 6th most successful in the world in these terms, only behind European teams (GloboEsporte.com, 2015).

Internacional’s biggest rival is Grêmio and confront themselves in the derby known as *Gre-Nal*, which the renowned football magazine *FourFourTwo* classified as the 7th biggest rivalry in the world (FourFourTwo, 2014).

Elected by Discovery as one of the five most impressive football stadiums in the world (Sánchez, 2014), *Internacional*’s home, the Beira-Rio Stadium, hosts up to 56,000 fans in football matches (Internacional.com.br, 2015). The stadium was home for most of the latest championships won by the team and also hosted all the five games held in the city of Porto Alegre for the 2014 FIFA World Cup. Localized in a pleasant area in the city, the stadium plays a vital role in its marketing activities and acts as a temple for its fans (Sport Club Internacional, 2013, p. 29).



Figure 1 – *Internacional*’s Beira-Rio Stadium (Sport Club Internacional, 2015)

Internacional’s football team is the club’s most important asset and holds a large national and international trophy gallery (Oliveira, 2014). The team is a multi-champion, being the only Brazilian team to lift all the possible trophies and one of the few football teams in the world to never go to second division (GloboEsporte.com, 2014). In the latest 10 years, the team has won 7 state championships, 3 continental championships, 2 continental super cups, and the FIFA Club world cup in 2006 to sum up with other tournaments won in Japan and in the United Arab Emirates* (Sport Club Internacional, 2015).

*See Appendix 1 for the table with most relevant titles

Internacional has succeeded to reinforce and expand its brand. Interested in an international expansion, the club has recently been engaged considerable projects to expand its brand globally (Sport Club Internacional, 2013, p. 34). With the responsibility of seeking new supporters, club members and also promoting social actions the club established a worldwide network of consulates (ibid). Acting in a similar way to diplomatic presences, the club's consulates which are found in over 30 countries worldwide have the mission to watch over the brand's symbols, history, image and its reputation. (Bueno, 2015).

The club has also engaged in establishing a partnership with other teams to form a strategic global alliance (Sport Club Internacional, 2011). Composed by eight international football clubs from different continents it supports the development of marketing actions besides acting as an opportunity to develop new markets for their brands and products. (Carlomagno, 2013, p. 33). Furthermore, the club has recently assigned a representative in Europe to research information, exchange experiences and implement succeeded actions of important clubs (Sport Club Internacional, 2015).

1.2 Problem Statement

Global brands are considered nowadays the most important assets for a sports team. According to Bauer, Sauer & Schmitt (2005), the brand identity is what provides the product with direction and meaning. Branding in sports, especially in football, is being applied as a short time approach, leading teams to have many theater-goers who are only there to watch interesting matches and not assuring continuity (Thomsen, 2013). Accordingly, football clubs started to concentrate more on long term managerial strategies, which require more organization and professional skills in the club's administrative workforces (ibid).

In a highly competitive market, sports teams as a brand constantly work on being innovative to reach their fans, while positioning themselves against other teams and within varied entertainment offerings (Mullin, Hardy, & Sutton, 2000). Some sports nowadays are very popular all over the world because of wide media coverage, but still there is a limited number of studies and literature related to branding in international sports (Ratten, 2011, p. 764).

More precisely in South America, football clubs do not benefit from a large share of financial revenues as in Europe (mainly because of worldwide coverage and audience) which leads to a big difference when applying the concepts of brand equity in their own internationalization process (Geromel, 2013).

Internacional's administration shows through Carlomagno (2013) its awareness on the previously mentioned situations and emphasizes on the production of resources off the pitch to collaborate to the success of the team as well as the club. These marketing actions reflect the club's culture and identity and act in an attempt to expand and strengthen the existent link between the fans and the club (Albino et al., 2009). Taking into consideration the importance and strength of the club in the regional and national football and the capability of achieving considerable international success based on its achievements, the club is not yet concrete on its branding activities in their international expansion (ibid).

The approach is to highlight the marketing activities that the club is currently following in its international expansion and compare it to the theories and models that will be studied in the theoretical framework of this research. The models are presented by André Richelieu (Richelieu, 2004; Richelieu et al, 2008) and the author will discuss the transcending of the club from the local to the international market and its alignment with the construction of a global brand according to theory.

The benefits of brand equity when internationalizing a sports brand have been mentioned in previous studies. However, there are insufficient works that apply those strategies to actual cases. The author wishes to explore this gap in sport branding literature concerning the internationalization branding process of a relevant team in the football setting. The importance of this study is that besides being useful, it will be of the few that were focused on this area and applied to an actual club that is in the core of an internationalization process.

1.3 Research Question

With the idea of researching the internationalization process of a sports team brand, the author will analyze the phenomena of how the club develops its brand equity and achieve a global brand through a standard process of internationalization. For this, the author formalized the following question:

- How does brand equity affect sports clubs in their internationalization process?

1.4 Purpose

The purpose of this study is to examine and understand how sports clubs develop their brand equity in their process of internationalization using *Internacional* as a case study. This study aims to describe how the club actually positions itself and all the performing actions that lead it to become global based on a conceptual point of view of brand equity. Using mostly Richelieu's contributions to the area (Couvelaere & Richelieu, 2005; Desbordes & Richelieu, 2012; Richelieu et al, 2008; Richelieu, 2004), brand equity and the international process will be analyzed.

2 THEORETICAL FRAMEWORK

As for the following chapter, following a brief introduction on concepts of brand and brand equity, the author will describe brand equity concepts directed to the specific sports and football setting. Furthermore, to introduce the reader to the international aspect, the author uses global clubs as an extension to the theories. Finally, the author will present the two models that discuss brand equity and internationalization used in this research, as well as the conceptual framework.

2.1 Brand

A brand is the reflection of a product or a service in the eyes of the general population. According to Kotler, Filiatrault, & Turner (2000), the brand intends to differentiate a company's goods or services from the competitors' by creating a word, a sign, a symbol, or a combination of these tools. Solid brands differentiate themselves among other competitors using a unique attribute that makes the brand special among the other competitors, such as Volvo representing safety, or Harley Davidson motor bikes that has freedom as its unique specific characteristics (Kapferer, 2004)

In addition, a brand can be identified as the promise that a company makes to its customers (Lewi, 2005). It is also defined as the total emotional experience that a customer has with products or services of a certain company (Kapferer, 2004)

Brands are viewed as the name or the logo that inspires the buyers (Kapferer, 2004). The inspiration is generated through brand personality; an emotional value from the customers towards the brand, which affects their preferences and handling (Aaker, 1997).

2.2 Brand Equity

When it comes to measuring the power and value of a brand, marketers tend to analyze the brand equity (Kotler et al, 2000). Brand equity has been discussed by Ross, Russell and Bang (2008) as the incremental cash flow resulting from a product with the brand name versus another product without it. According to Keller (1993) brand equity exists when the consumer has strong and unique associations and is familiar with that brand.

Brand equity is defined by Aaker (1997) as a set of assets and liabilities that adds or subtracts value from the company's products or services. With high brand equity, several advantages are presented to sports clubs; holding a strong identity, establishing a solid positioning, and implementing marketing actions (Richelieu, 2004). Furthermore, brand equity is divided into four categories, which build up what it consists of (Aaker, 1997). These categories are; brand awareness, perceived quality, brand associations and brand loyalty. Used by various researchers in their approach to brand equity (Keller, 1993; Kapferer 2004), these categories, except perceived quality, which is not relevant in sports, were also covered by Richelieu (2008) in the internationalization model that will be used in this study.

2.3 Brand Equity in Sports

According to Richelieu (2004), in order to position a team as a strong brand in the market, it is essential to exploit this strong emotional commitment that sports generate. In order for them to advertise their success and development, football clubs attract their fans, seducing them and bringing them closer to the club by making them a part of the club (Mullin et al, 2000). Financial success can be achieved by improving the emotional connection between the club and the fans; the more happy and satisfied the fans are, the more merchandising products will be sold and the more support the team will get (Chaudhuri & Holbrook, 2001).

McAlexander, Schouten, & Koenig (2002, p.172) furthermore exalts “The more each relationship is internalized as part of the customer’s life experience, the more the customer is integrated into the brand community and the more loyal the customer is in consuming the brand”.

It is essential for a club to combine the intangible and tangible benefits of being a fan (Burton & Howard, 1999). When it comes to the intangible, it refers to the emotions lived with the club (at the stadium, celebrating titles, or participating in communities), while the tangible is game results, stadium facilities and product merchandising (ibid).

When reaching an advanced level of brand equity, global clubs receive considerable possibilities of brand choices, which allow them to sell different types of products that are coming from the same brand (Aaker, 1997). Football clubs have a tendency to investigate the strength of their brand equity to be able to invest in different types of marketing tools and strategies. To build a strong brand, they act based on the club’s positioning (ibid).

Brand equity reflects the brand value in the eyes and minds of the fans as well as the potential fans by creating a relationship that will preserve the fans close to the brand both emotionally and physically. Additionally, a club’s brand equity leads their fans to contribute physically, emotionally, and financially to support the club when winning as well as losing (McGraw, 1998).

Global clubs constantly reach and maintain solid brand equity by investing in players, the club’s facilities as well as the club’s publicity in order to improve the brand equity nationally and internationally. International clubs invest in the above fields, leading them to being successful both athletically (by the quality of the players) and financially (Bauer et al., 2005).

Global clubs compete against each other in a strongly tough competitive environment due to the fact that football clubs improve their brand equity by improving their reaction timing (Shivakumar, 2014). In order for these clubs to succeed by focusing on the growth obtaining time, global clubs started reaching out and touching the heart and mind of potential customers faster (ibid). In today’s marketing situation around the globe, it is the faster who beats the other not the bigger, indicating that it is not about the size of a firm rather than its response and reaction timing (ibid).

Additionally, a well-structured brand equity leads global clubs to gain profits which will keep them developing and expanding more (ibid). Furthermore, global football clubs create this emotional connections based on solid strength of the brand equity that headed these clubs to position themselves strongly into the targeted market (ibid).

According to Richelieu (2004), football clubs have an exceptional capability of creating a tougher emotional commitment to their fans a lot more than any other industry. By capitalizing on this emotional relationship, a professional team builds strong brand equity (McGraw, 1998).

Football fans usually see their favorite football club as a reflection of them. In other words, when the team is successful, they feel that they are successful, and when the team is failing, they feel that they are failing (Waltner, 2000).

2.3.1 Brand Equity in Global Football Clubs

Popular clubs are the ones that managed to gain a wide global publicity throughout the years. Global popular football clubs are mainly big European clubs due to the fact that the top ten popular football clubs are European (Real Madrid, Manchester United, Juventus, etc.) (Jackson, 2014)

Although it became tough for popular clubs to keep their fans associated when the team is losing or not performing properly, they are still capable of making the customers live, feel, and experience different emotions and feelings whether inside the football stadium on the match day or outside during their everyday life (Keller, 1993). Despite the results of the football team, whether winning or losing, global clubs constantly maintain a level of emotional satisfaction toward the fans, supported by branding strategies on the national and international level (Richelieu, 2004).

Additionally, football clubs that hold a global brand lean towards positioning themselves better against other teams. When it comes to professional sports such as football, the emotional reaction from fans is immediate and stronger than any other aspect, except religion and politics (Couvelaere & Richelieu, 2005).

Nowadays, having a strong, solid, and well popular football brand is seen as the most valuable asset to football teams as it represents the real assets of football clubs (Bauer et al., 2005). When it comes to the company's assets in the case of football clubs, fans' love and support cannot be achieved with money, therefore, this emotional aspect continues to be the most important asset to the club (Keller, 1993).

According to Mullin et al (2000), football fans spend their money, time, and energy supporting a football club, therefore, football clubs deliver a positive atmosphere that make the fans get emotionally connected to the brand worldwide (Bauer et al., 2005). Popular international football clubs collect the profitable benefits of fans purchasing the clubs merchandise, such as jerseys and souvenirs, as well as creating a solid brand image in their countries, which enhances local investors to create associations and sponsorships with the club (Beech & Chadwick, 2007).

2.4 Building the Brand Equity in Sports

In this following model (*Figure 2*), the steps of how a sports team builds its brand equity are shown. According to Couvelaere & Richelieu (2005), the strength of a club's brand equity determines its position in the international scale (*Figure 3*), which will be explained in the next chapter in details.

In this chapter, the author will analyze the steps to build a sports team brand equity as stated by Richelieu (2004).

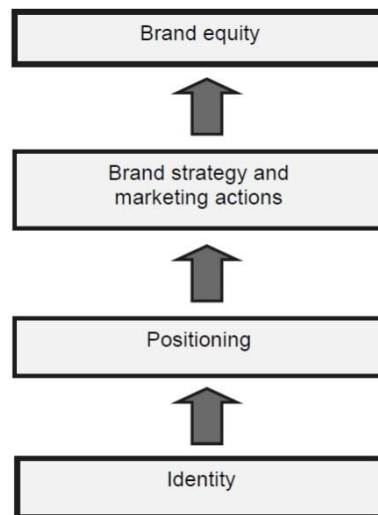


Figure 2 – Framework for building sports teams' brand equity (Richelieu, 2004)

This model deals with the construction of brand equity through the three step process defined by Couvelaere & Richelieu (2005). These are:

1. Defining the identity of the sports team
2. Positioning the sports team in the market
3. Developing a brand strategy and marketing actions

The author will then use this model to analyze aspects regarding the brand equity of the case study club. Following the reader will find theoretical concepts of each one of the three steps.

2.4.1 Identity

Here the brand's attributes and values will be analyzed along with the coherence between the values of the sports team and the perception of the fans. The core of the brand identity is created by the business itself and that is how the managers and marketers wanted the brand to be seen like (Kotler et al, 2000).

Brand identity is different from other brand features, since it is what the consumers actually think of the brand, feel about it as well as how they remember it when it is mentioned. When the brand identity and brand image do not match, it means that the brand will struggle more when expanding (ibid).

Kapferer (2004) argues that brand identity reflects the strength of the brand and is also the specific features within the brand that comes across the minds of the consumers when the brand is mentioned. These features give the brand its definition (ibid).

Kapferer (2004) continues to describe the brand identity by declaring that the brand identity is the relationship between the company, i.e. the club, and the customers, i.e. the fans. Consumers often describe a brand connected with one feature that it has, such as innovation, quality, price etc. Furthermore, (ibid) argues that brand identity is strongly connected to the brand customer's reflections and opinions and can be the elements and features of a brand such as symbols, logos or any special distinction.

2.4.2 Positioning

Along with the identity, positioning represents the strategic construction of the brand (Couvellaere & Richelieu, 2005). To position the brand in the market and promote its values, a clear and differentiated identity is essential, especially due to the service characteristics of brands in sports mentioned in the introduction chapter (ibid).

Global football clubs constantly seek global expansion. In order for the clubs to grow globally and be considered as international clubs, these clubs follow a group of actions that improve their brand positioning around the world (ibid). The marketing positioning is the group of activities and process that identify targeted market opportunities and challenges. Club positioning refers to the current position that a club has chosen to supply the needs of customers in the segment that the club targeted (ibid).

In order for football clubs to achieve a unique positioning in the targeted markets, decent marketing actions has been chosen by these clubs that gave them a differential advantage among their same level football clubs as they present the competitors. By achieving an advanced brand positioning, global football clubs have managed to reveal their customers' demands as well representing the fans opinions and ideas about their club (Richelieu et al, 2008).

Football clubs measure their brand position globally by comparing their sales figures in their national country with the ones that have been made outside it. The more merchandise sold globally, the more the football club is positioning itself among the global competitors around the world. Additionally, sponsorships, partnerships and investors play a major role for global football clubs' internalization process (Schilhaneck, 2009).

A strong brand positioning for global football clubs means that the football club itself is unique in the minds of its own fans. Brand position refers to the art and actions that global football club apply in order to make the brand be seen as a separate part from other competitors (Keller, 2001).

2.4.3 Brand strategy and Marketing Actions

In the actions taken by the club's administration, the internal and external "catalyst factors" and constraint and moderating variables in leveraging a sports team brand will be analyzed as described by Richelieu (2004) and presented in details in *Appendix 3*.

The catalyst factors consist of tools that help the club reach a stronger level of brand equity. Internal Catalysts belong to or are controlled by the sports team, such as sales of merchandise, commercial partnerships and its involvement within its community. External Catalysts are the ones outside the club's control, such as market size and technological advances (ibid).

Constraints are factors that prevent a club from leveraging its brand, such as decrease in loyalty from fans and the phases of professional sports leagues. Moreover, moderating variables are uncontrolled factors that exerts an impact on the club's brand equity, such as legal frameworks and resources. Such measurement tools make it possible for the clubs to develop the brand and marketing strategies to seek strong brand equity. Richelieu et al (2008) mentions that the identity and brand positioning of football clubs are features that need to be clarified before the football club move forward with the brand strategy. On the other hand, the main contributions from brand identity and positioning are brand awareness (Keller, 2001).

Schilhaneck (2008) argues that the external branding areas of global football clubs have let those clubs free to transmit the value intention unrelated to the performance of the players and the achievements of the club. According to Richelieu et al. (2008), global football clubs recognize a group of factors that either adds value to the brand building process or strength and power to the brand equity.

2.5 The Internationalization Model

The internationalization model (*Figure 3*), which is used by the author in this section, deals with the stages of internationalization. According to Couvelaere & Richelieu (2005), the strength of the club's brand equity determines a club's position in this model.

This model is formed by 4 stages plotted in a crescent curve which will be referred to as a pipeline. These 4 ascendant stages are the Local, Regional, National and International.

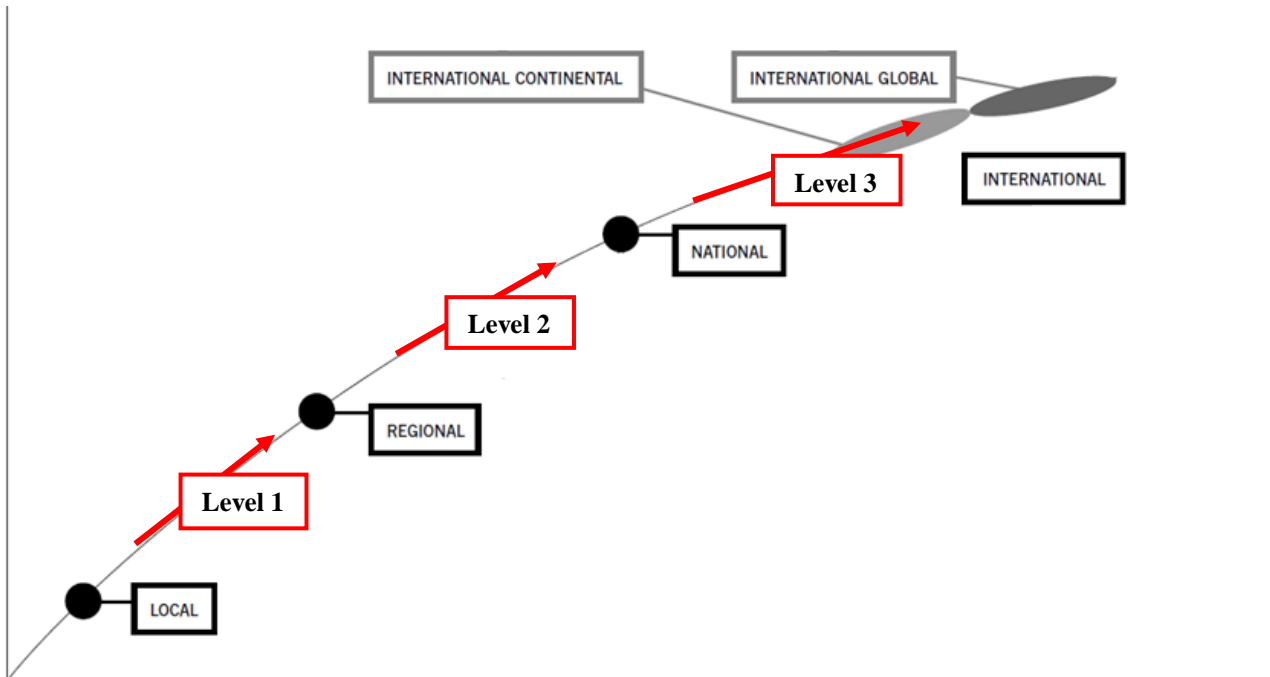


Figure 3 - Model of the internationalization of a sports team brand (Adapted from Richelieu et al (2008))

According to Richelieu et al (2008) for a club to internationalize it is crucial to develop and leverage its brand equity through these stages by levels. The key to international success is done by working on branding tools, depending on each stage and its objectives, clarified as follows in levels as shown in red *Figure 3*;

- Level 1 – Moving from Local to Regional – Build and perpetuate the brand
Using brand image, building fan loyalty
- Level 2 – Moving from Regional to National – Reinforce the national positioning
Using brand loyalty, increasing brand recognition
- Level 3 – Moving from National to International – Export and globalize the brand
Using brand awareness, increasing brand awareness

2.5.1 Level 1 - Local to Regional

Kapferer (2004) describes the brand image as the actual opinions, reflections, and view of the customers towards the brand. Furthermore, brand image contains the feelings and the emotions that consumers have towards their brand, as it presents their beliefs, values and needs. Kapferer (2004) continues on describing the brand image as an emotional subject, rather than a physical aspect that customers may touch or feel. And therefore, successful global brands always maintain their brand image positive and unique, in order for them to compete against global competitors (Kapferer, 2004).

According to Bodet & Chanavat (2010), global football clubs work on their brand image by spreading positive values that are presented by the club itself, such as charity activities and investments to help building the infrastructure in third world countries.

According to Couvelaere & Richelieu (2005) important means to leverage the brand from the local to the regional brand stage are CRM (any type of marketing oriented relationship with its fans), a strategic construction of the brand and its social identity.

2.5.2 Level 2 - Regional to National

Customers favor a brand and become loyal to it as it represents the customer's values and needs with its product or the service (Aaker, 1991). Keller (1998) contends that brand loyalty is connected together with the brand equity, stating that a high level of loyalty delivered towards a brand, which leads clubs to develop more advanced brand equity.

Aaker (1991) argues that there are five different stages and levels of brand loyalty, where each one requires different challenges and actions from the companies and organizations.

The bottom category includes customers who have no emotional feelings, neither negative nor positive, towards a certain brand. Instead, the customers located in this category search for quality, values, entertainment etc., rather than comparing brands in order to become loyal to one. This category fits football fans that watch and support a football club for the sake of football, not for the sake of the team.

The second segment of customers includes customers with positive feelings toward a specific brand, yet they are very open on the other competitors and they are most likely replacing brands whenever they find a better satisfaction level offered by another brand. This segment contains football fans that support and favor one team, yet are strongly vulnerable to change if their team started to have negative results.

The third segment includes the group of consumers who are pleased with the brand; however, those customers might change their attention toward another brand if the competitor managed to offer them a unique feature that is missing in their brand. This category includes football fans that are happy and satisfied with their favorite club results', but who are open to change the club if they found even better results offered by another competitor.

The fourth category includes loyal consumers who love their brand and are loyal to it based on details such as brand symbol, logo, and previous experiences. This category includes football fans that are loyal to a team based on their love toward one practical player, coach of the team, or the logo and the color of the team.

The fifth and top category includes the consumers that are committed to the brand, simply due to the fact that they see themselves in the brand. When it comes to the top category of football fans, this category includes extremely loyal fans that are highly loyal to the club and will never change their love and passion toward the clubs regardless of negative results.

Brand loyalty in football is considered to be one of the most important factors that sport teams seek from their fans. Furthermore, brand loyalty is one of the factors that Richelieu stated in the internalization model that will be used in this study. The more loyal the fans are to the brand, the more solid and developed the team will be. In football, having the support of loyal fans is considered to be one of the high value assets. A consistent support from the fans during a football match on and off the pitch is achieved by maintaining a high satisfaction level which will make fans loyal to the brand, represented generally by the club's logo (Conrad, 2006)

2.5.3 Level 3 - National to International

According to Richelieu et al (2008), the international stage consists of two separate parts; the international continental and the international global. To get to these stages from the national stage, clubs create partnerships and build strong relations with new and existing stakeholders. The affection forces and the power that a brand contains in the minds of its consumers are defined as the brand awareness (Aaker, 1991). (Ibid) claims that the efficiency of the brand awareness can be measured by several marketing tools, such as:

- Measuring the promotions effectiveness in the mind of the general publicity
- Obtaining high revenues refers and proving an effective brand awareness
- Immediate brand recognition is a sign of solid brand awareness

There are several associations of a brand that sum up to the immediate recognition of a consumer, which leads to a consumption decision (Aaker, 1996). These brand associations are distinguished and varied in attributes, benefits and attitudes (Kaynak, Salman, & Tatoglu, 2008).

According to Aaker (1996), customers are being exposed to more brands nowadays. Firms' competition battle towards developing their brand awareness consists of the following methods:

- Global brands create a decent level of brand awareness that is being represents as an asset. Big organizations have a competition advantage when they enter multiple markets. The already successful markets back up the brand awareness within the weak markets.
- Global brands invest in several marketing channels such as sponsorships, advertisements, tours, and promotions (Aaker, 1996). Apollo Tyres tripled their brand awareness due to a sponsorships contract that were signed between them and Manchester United (Warburton, 2015). This case example clarifies the power of brand awareness and how did global football clubs use it to improve their revenues.

Keller (1998) argues that global brands developed their brand awareness by creating a goal that can be seen as the promise that a brand make to its own consumers. Global football clubs such as Football Club Barcelona promotes that the club is not a greedy club, which made the club hold the “UNICEF” name in the last decade in return of two million US Dollars offered to charity matters (Rogers, 2013). Not surprisingly, the club had a sponsor that paid 30 million euros for its name to be advertised on the main jersey and UNICEF’s name was literally sent back (Rogers, 2013). This decision cost the club a number of potential fans that desire to support a football club that is keen to keep its moral values within its brand values.

Concerning the internationalization of the sport itself there are some factors that determine the success according to the context. The type of sport, the management system or the league and the experience concept within the game are the three potential elements that influence the success of internationalization (Desbordes & Richelieu, 2012, p. 39). An important influencer in order to grow a brand internationally is the management of the league and how its teams are promoted (Richelieu & Pons, 2006).

According to Couvelaere & Richelieu (2005), the means to leverage the brand from the national to the international brand stage are:

- International strategic partnerships (equipment makers, distributors, media)
- Tours or tournaments abroad
- Hiring of international stars
- Website tailored for different countries and languages
- Opening of stores abroad

2.6 Conceptual Framework

To understand how brand equity affects the internationalization process, the conceptual framework will be merging the two previous models (Brand equity model + the internationalization model). By taking into consideration the internationalization that the club is undergoing, the author will analyze the relevant actions and compare and align its brand equity with the internationalization process.

In this following model (*Figure 4*) the author combined the two previous models. In order for a sports club to internationalize through the pipeline, a strong brand equity is essential to leverage the brand through the levels. This model shows the significance of building a strong brand equity in every level of the internationalization process. The brand has to work on its identity, positioning and develop marketing actions and strategies in all the stages of its expansion.

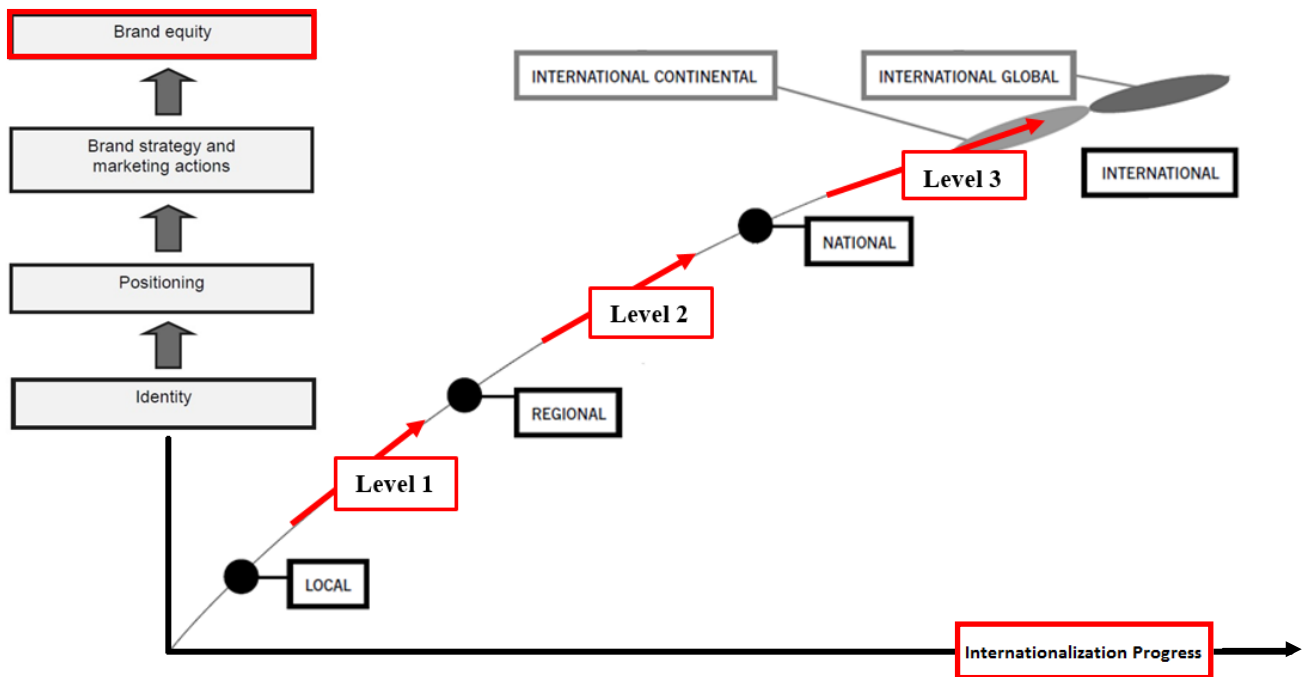


Figure 4 - Conceptual Framework (Adapted from Richelieu (2004 & 2008))

3 METHODOLOGY

This section will provide an explanation of how the study was conducted and the data collected. By using the conceptual framework based on the theories that are deconstructed, the author gave a literature based view of the concepts to operationalize the model. With the results of the data and its analysis the author reached a conclusion to answer the research problem.

3.1 Method and Research Design

Inspired by Richelieu's researches on the area (Couvelaere & Richelieu, 2005; Richelieu et al, 2008; Richelieu & Pons, 2006), the author decided to investigate the topic of sports branding in an international aspect, specifically the internationalization process of a football club's brand.

The research was based on two previous studies where Richelieu was co-author; "*Brand Strategy in Professional Sports: The Case of French Soccer Teams*" and "*The internationalization of a sports team brand: the case of European soccer teams*". The first study is more focused on questioning the branding strategies and analyzing how four French football teams have tried to position themselves as strong brands by building on their brand equity. On the other hand, the second study analyzes the internationalization aspect of the clubs and concentrates on three football teams. This study contains the model of internationalization of a sports team brand, which will be used and discussed in the next chapter. In this model, the author will position the club as the fourth member, discuss its activities and finally analyze them. The conceptual framework was applied to study the Brazilian club Sport Club Internacional. Through the development of the club's brand equity (*Figure 2*), the author analyzed the alignment of the club's position in the internationalization model (*Figure 3*).

The refinement of the research idea was settled in previous accordance with Alessandro Dreyer (Club's European Representative). With this study the author hopes that the analysis will give valuable results as well as be able to advise practitioners and expose future recommendations.

The author has examined the club's strategies and actions by using the brand equity model as a reference on how to leverage the club's position in the international setting. The author considered up-to-date information based on reliable articles, websites and magazines to understand and analyze the club's brand in the conceptual framework (*Figure 4*). By comparing the two most important continents in football (Europe & South America), empirical data was analyzed and discussed through conceptualization to be able to conclude on crucial aspects to answer the problem, another important factor when using a qualitative analysis (Saunders et al, 2009, p. 482).

3.2 Case Selection

The area of brand equity was chosen because of its connection to the process of building a strong football club's brand, which the author intended to study. As for the investigation, the study aimed to analyze and understand how in real life a sports club develops its brand equity in order to internationalize its brand. This was an exciting topic for the author to complement his knowledge about football in general. As stated in Saunders et al (2009, p. 22), choosing a topic that is of genuine interest is crucial for the decision, since a topic in which one is not very interested will lead to failure in producing the best work. Another important aspect was having access to the required information through the author, since proper data is essential to the continuity of the project (Fisher, 2007).

Impressed by the number of paying members that *Internacional* has, the author decided to study this area of brand equity in relation to the internationalization process the club is undergoing. The target of this study directs to how and with what attributes brand equity acts in this process. This matched with all the characteristics of the procedure the club is undergoing and was central to the determination. The author finally decided on researching how a strategically built brand equity works on leveraging the brand through the internationalization pipeline. By finding those, the author approached the research in a deductive format as stated by Saunders, Lewis & Thornhill (2009, p.117)

3.3 Data Collection

In order to measure the presented data, the author used the qualitative method. According to Saunders et al (2009, p.482), this is considered the best research method when willing to analyze non-numeric data retrieved from open-ended questions.

By the mean of interviews, the author assessed the theory that has been implanted in the previous chapter. The interviews were the best way to assess the information, since the empirical data required important and detailed observations coming from trusted sources regarding the club (Cooper & Schindler, 2013). The author needed to understand facts instead of having quantitative information that deals more with frequency of phenomena (ibid). The author analyzed the team's marketing actions and brand strategy to manage to extract the essence of the primary and secondary data, reinforcing the use of long term strategies (Pellemans, 1999). The need to understand the reasons for some of the club's decisions and attitudes taken by some managers also emphasizes the research to be exploratory with a qualitative methodology (Saunders et al, 2009, p. 328).

3.3.1 Primary Data

This study was conducted based on empirical findings from *Sport Club Internacional*. This football club is undergoing a process of internationalization with its brand and has managerial practices and a history of successful marketing actions that made the author select it as his case study.

Since the method of this research is qualitative, the primary data consisted of interviews. These were conducted through Skype or WhatsApp calling service since the respondents were based in Brazil and France, which is why personal meetings could not be established. One of respondents answered through a written document sent by email because of administrative reasons in the club's policy.

The author used in-depth interviews with the club's employees as primary data, which were semi-structured in character. This allowed the author to ask sub-questions and penetrate on some aspects they found relevant. Besides being the most recommended method, these type of interviews also provided the manager with an opportunity to reflect on events and give ideas right away without having to write anything down (Saunders et al, 2009, p. 482). Semi-structured interviews were used to directly discuss with the interviewees, obtaining the most detailed information on their opinion, information, and descriptions or examples of the case study club (Bryman & Bell, 2011, p. 467).

The interviews were recorded (with the previous knowledge of the interviewee) to assure full concentration on the dialogue and to have the possibility of re-listening everything to avoid biased records or annotations. This way the analysis could occur during the interview and not only after it (Saunders et al, 2009, p. 485). In order to ensure a proper and wider discussion, all the interviewees were contacted in prior to ensure their full availability for the research. Each interview had a duration of approximately fifty minutes and was conducted with smooth pace and a clear conversation in Portuguese.

Since in a qualitative study smaller but more focused samples are used rather than larger ones (Cooper & Schindler, 2013) the author selected the most relevant positions of the managers in the club's administration so that they fit with the investigation and have a vital role with their evidence. Their different job positions were chosen carefully so that they could present valuable information from different perspectives. A semi-structured questionnaire with open ended questions was applied, very focused on the topic but with different approaches according to their understanding of the theme. One of the interviewees (Jorge Avancini) recently left his job at the club, but since he held the vice-marketing presidency for more than 14 years and was responsible for the latest marketing achievements at the club, so his contribution to this study was considered to be extremely valuable.

The interviewees and their positions were as follows;

- Mr. Jorge Avancini - *Ex-marketing vice president*
- Mr. Luiz Henrique Nunez - *Club's 2nd vice president and vice-president of marketing & media*
- Mr. Alessandro Dreyer - *Club's advisor in Europe.*

3.3.2 Secondary Data

Secondary data related to previous researches was collected through a number of sources available to the author. This data consisted of theoretical propositions and the models of Richelieu that deal with the brand building process (generally and specifically for sports) and the internationalization process (Richelieu, 2004; Richelieu et al 2008). The sources used were literature (books and files), peer reviewed articles and academic journals made available through the University Library. Keywords were used to search websites such as Google Scholar and ScienceDirect to gain a wide picture of the theories and models used in the researched area; examples are: *brand equity in sports*, *football brands*, *international brand equity*, and *sports branding tools*.

3.3.3 Secondary Empirical Data

The club's official website was the main source of general information concerning the club itself. Some important data related to the branding position of the club was collected from a research done on the club's corporative identity constitution process by Albino et al (2009). Since football and sports in general are a very dynamic topic, the information found here was intended to be the most updated as possible. Sports publications and club's official website were frequently checked for updates. Included were renowned football and sports magazines with their online versions, and articles related to the sports business.

"FourFourTwo" and "The Guardian" were relevant sources in order to clip important information related to football in Europe and were used mostly as a comparative matter. Some sources such as European clubs official websites and blogs were found irrelevant and discarded since information was bias most of the time. Well-known and distinguished sports websites of the Brazilian media were used to understand the context in which the case study club was operating in. "Lance!Net", "Placar", "GloboEsporte" and "Exame" provided some of the reliable fonts of evidence to this research. To complement the primary data, the author also examined online interviews with the case study club's members and daily news related to the scenario in which the club is encountered.

3.4 Operationalization of the Model

All the questions asked in the interviews are found in *Appendix 4* and details on the relation of the questions to theory are found in *Table 1*. The color of the questions column in *Table 1* indicate the interviewee to which the question was asked. The operationalization followed the same structure as the conceptual framework model. Since the brand equity attributes are found in all levels of the model, its factors of identity, positioning and marketing actions are also found in every level of the operationalization.

Since all the basic information regarding the club has already been obtained through official publications (website, journal, publications), the questions asked in the interviews were specifically on the club's understanding of the market and its actions to deal with it. The types of questions were divided according to the conceptual framework.

First the author asked questions related to the club's understanding of its local and regional position in the market and within society, and how the identity is related to its actions. Then the focus was on the club's actual projects and issues related to future expansions and their considerations on marketing actions. Finally there was a discussion the issue of its national brand equity and its internationalization process, to retrieve information on how the club is positioning itself at the international scenario and about the marketing actions they apply to improve their brand equity.

3.4.1 Level 1

To see in a narrower dimension what values managers want the football team to have, question 1 was asked. This was based on Kotler et al (2000) and intended to analyze the manager's view of the club's identity. In accordance to Kapferer (2004), question 2 was questioned about brand perceptions in the mind of the fans when the brand itself is mentioned.

By analyzing the implementation of a CRM system from another football club that is considered to be global, the author wanted to analyze how the club's wants to position itself towards its fans applying brand positioning from other clubs to represent their ideas, so question 3 was asked. The system in this case is a software that helps fulfill the capacity of the stadium and keep fans attached to the club. This is part of the CRM mentioned by Couvelaere & Richelieu (2005).

To understand the emotions of a fan towards the club stated by Kapferer (2004) and compare the differences between the two most important continents in football, question 4 was asked.

Question 5 was asked in order to understand the marketing strategies that were followed by the club to position its brand among other competitors in the entertainment industry.

3.4.2 Level 2

To compare the effectiveness among paying members and fans and based on the emotional benefits stated by Keller (1993) and Richelieu (2004) question 7 was proposed.

When analyzing the added value to the brand building process (Richelieu et al, 2008) through their contact with European clubs (since most important and popular clubs are in Europe), it was asked

about the international alliance - “team of the world”. With question 8, the author aims at understanding how the club is exchanging valuable information regarding other global clubs to implement back in its marketing actions.

In Richelieu’s (2004), internal catalysts and constraints are presented to act within the club’s marketing actions. The following 4 questions were asked accordingly.

To get an overall picture of how the club deals with the approach of fans to their physical facilities question 6 was presented.

Question 14 was proposed to see if there is any involvement with the community or even social activities.

To understand where and how the team’s merchandise are being commercialized, question 15 was asked.

Question 16 was to understand how the club deals with the life cycle of sports leagues and the team itself.

3.4.3 Level 3

As mentioned earlier in the theoretical chapter, according to Cheng et al. (2005), marketing strategies differ from one country or region to another. Question 9 was made to understand if whether the club takes advantage of being in South America or it simply sees the whole globe as one “other” market.

To match the concept of globalizing the brand by customer demand from outside the country as stated by Richelieu (2008), it was asked about the revenues outside the national market (Question 10)

To understand and link the club to its uniform provider (Nike) as an alliance in the internationalization process according to Beech & Chadwick (2007), question 11 was proposed.

As mentioned earlier in the theoretical chapter, according to Beech & Chadwick (2007), football clubs need a strong financial investment in order to be able to bring decent players, partnerships and sponsorship which in return attract more fans. The author desired to know the club’s vision regarding the involvement of a massive investment that supports the club financially in its internationalization. For this question 12 was asked.

Stated by Couvelaere & Richelieu (2005) as one of the means to help in internationalizing the brand, matches and tournaments abroad are essential to the club’s international expansion. Question 13 was presented to understand the absence of *Internacional* in those challenges.

| Stages | Factors Used | Detail <i>Theoretical foundation</i> | Questions |
|----------------|---|---|---|
| Level 1 | Identity, Brand Image, Brand Association | Values <i>Kotler (2000)</i> <i>Kapferer (2004)</i> | 1 |
| | Identity, Brand Image | Brand Perception <i>Kapferer (2004)</i> | 2 |
| | Positioning, Brand Loyalty | Emotions <i>Aaker (1991)</i> <i>Conrad (2006)</i> <i>Kapferer (2004)</i> | 4 |
| | Positioning, Brand Awareness | CRM Systems <i>Richelieu (2003)</i> <i>Couvelaere & Richelieu (2005)</i> | 3 |
| | Positioning, Brand Image | Brand Differentiation <i>Keller (2001)</i> | 5 |
| Level 2 | Marketing Actions, Brand Awareness, Brand Association | Physical Facilities Community Involvement League's Cycle Sale of team's merchandise <i>Richelieu (2004)</i> | 6 14 15 16 |
| | Marketing Actions, Brand Associations, Brand Image | CRM Systems, Commercial Partnerships <i>Richelieu (2008)</i> | 8 |
| | Marketing Actions, Brand Associations | Emotions <i>Keller (1995)</i> <i>Richelieu (2004)</i> | 7 |
| Level 3 | Internationalization, Brand Awareness | Market Size <i>Aaker (1991)</i> <i>Cheng et al. (2005)</i> | 9 |
| | Internationalization, Brand Awareness | Sale of team's merchandise <i>Richelieu (2008)</i> | 10 |
| | Internationalization, Brand Awareness | Sale of team's merchandise Commercial Partnerships <i>Beech & Chadwick (2007)</i> <i>Aaker (1996)</i> <i>Richelieu (2004)</i> | 11 |
| | Internationalization, Brand Awareness | Brand exposure <i>Beech & Chadwick (2007)</i> <i>Couvelaere & Richelieu (2005)</i> | 12 13 |

Table 1 – Operationalization of the model

3.5 Reliability and Validity

In the evaluation of a business research, the reliability and validity are crucial criteria (Bryman & Bell, 2011). Furthermore, accuracy and trustworthiness in the collected data brings validity and ensures legitimacy (ibid). The reliability of the results is ensured firstly by acquiring information directly from employees working in relevant job positions in the case study organization. As indicated in Fisher (2007, p. 295), the degree of hierarchy in an organization is one of the characteristics that ensure validity in qualitative data.

Another important issue regarding the interviewees is that they were aware of the fact that this research was based on descriptive statements. According to Saunders et al (2009, p.157), this ensured that the answers provided by them were not bias to benefit their institution. As stated in Bryman & Bell (2011), all interviews were preliminary discussed between the author and the interviewee so that no erroneous or unethical answer was used in this research.

To increase validity, the author mainly relied on distinguished journals and peer reviewed articles such as “Journal of Marketing”, “European Journal of Marketing” and “The Business of Sports”. Data regarding specific subjects of sports and football was retrieved from specialized and renowned magazines, blogs and websites such as “The Guardian Newspaper” and “FourFourTwo”.

4 RESULTS

In this section, the reader will find all the empirical data collected, apart from information (secondary empirical data) that the author found relevant for the topic and which will help understand the problem. The author followed the same order of the conceptual framework to present the results. From the interviews it was pointed out the most important factors discussed towards brand equity and the internationalization approach. All the information here will help discuss and conclude this study.

Along with the results, some aspects regarding the institution and its expansion are mentioned so that the reader is more familiar with the current situation of the club and football in general. Following this, the author will present the results according to the steps of the conceptual. The last names will be used to refer to the interviewees.

4.1 Level 1 – From Local to Regional

When Avancini initiated his work at the club (January, 2000), he found an unhealthy club filled with problems. Physical structures were in a bad shape, there was no cash flow, and its football team was coming from a very catastrophic performance, being almost relegated to inferior divisions. The major problem of the club was the lack of funds. The club had no major resources or incomes, and of the few it received they were absorbed directly by the football team, which prevented the administration to work on the brand. The club also did not assume its financial responsibility having over 5000 protested payment bonds, and staying for a period of five months without paying its employees. At this time the club had 5000 paying members. Avancini describes “*Internacional was seen as disreputable in the market, mainly because of low performance of the football team, bad previous administrations and low credibility as a financial institution*”. All of these issues were affecting the club’s identity in the fans’ minds leading to having a very low self-esteem, and also prevented the club from forming new fans.

The bad football performance in the 80s and 90s erased the club from people’s minds, and although managers thought that the club was known everywhere, this was not the case. In Brazil, the club was already known, however, outside the country, the club was barely known. It was at that time considered merely a regional club.

Usually between the ages of 8 and 10 years, children will confirm the option for the team they cheer, and most of the times it is the winning team that attracts them, which affects future fans. The club began a project to regain the self-esteem of the fans. At that time there were no social networks, and internet was just on its initial era, therefore buzz marketing was done to promote the club.

Aware of the changes that the 2014 FIFA World Cup has yielded for all the Brazilian football community, the club by its marketing department is engaged in developing a continuous relationship between the market and its brand. Moreover, all the investments that have been and are being done by

the club on its people and infrastructure have a very important goal; to treat the fans not only as supporters but also as partners and customers of the football team and the brand itself. (Sport Club Internacional, 2015). The club is also aware of its importance within the community and has an institution that is in charge of dealing with this section. The FECCI (*Internacional's* Educational and Cultural Foundation) has as a mission to provide its community with helpful benefits through social, educational and cultural actions (FECCI, 2015).

4.2 Level 2 – From Regional to National

The club's administration is aligned with the corporate branding strategy that is emphasized by Schultz, Antorini, & Csaba (2005) in which the corporation develops its reason for existence from the relationship it establishes with its stakeholders and the society it belongs to. The club's quality policy emphasizes the demand for development through the continuous improvement of its internal processes by appreciating its employees, members, fans and business partners (Sport Club Internacional, 2015).

The Beira-Rio Stadium is one of the major assets of the club. However, as a branding tool the stadium might only generate income from the gaming revenue (match tickets) since as the president Vitorio Piffero argues all the "match day features" were handed over to the partner in the reformation of the stadium - *BRio*, which means that everything sold to the fans on the game days will not be the club's private asset (Piffero, 2015). This includes naming rights of the stadium, parking facilities, events and VIP services. The Rolling Stones will be performing on the stadium on the 10th of November of this year, but *Internacional's* revenues from that will be nothing except the indirect promotion of its stadium (Hammes, 2015).

One of the most important tools used to improve the stadium's occupancy is a software that acts as a CRM system. Dreyer states that F.C.Barcelona's CRM model that *Internacional* wanted to implement was only related to stadium issues. Still its implementation was not successful due to limitations in the club's own system, and also due to technological and historical facts. Yet, Dreyer emphasized: "*This year this project returned, but it is not 100%. Yet, we are now in a research process of European clubs but not with a specific case study. We cannot implement the same strategy used in other clubs because the way people see football is different*".

In 2005, the club had achieved 30.000 members. With better football performances, fans from around Brazil were becoming supportive to the team, making the club gain more notoriety. Behind these aspects there are historical facts, famous players that were formed at the club and the team's playing style. In 2006, the club won its first continental championship and started working to position itself as the second team in the heart of fans of other clubs. The fans self-esteem was rescued and now the club had 50000 members. Everything was helping, including the administrative unit that was on a continuous project of 14 years. All the projects were given continuity and this was crucial to the marketing activities. Avancini exalts "*Strategic planning was never done before as it was done by Internacional and it was the first time a football club was doing a long term strategy. We planned things for a period of over 10 years*". What most helped the club reach this level without money was basically the help of the 5000 members at the beginning and the good performance of the football

team. At this moment the club realizes the importance of its members, and works ceaseless on this aspect.

The club also noticed a high rejection to the rival club Grêmio, who caused an impression of being aggressive and arrogant and were always engaging in fights. The football fans perceived the rival team as complicated, began to feel comfortable with *Internacional* and sympathizing with the club. The club has always been admired as friendly and easily to live with, it was indeed in the heart of the fans. This issue helped the club position itself in the national market, and try to seek internationalization through a different positioning strategy than other clubs.

Dreyer stated an important aspect regarding the differences between fans behavior between Brazil and Europe, as he mentioned that *“In Brazil, fans are totally attached to passion. Brazil is more passion, Europe is more love”*. In Brazil the fan will attend matches, be a member, but he wants an immediate return. Furthermore, *Internacional* faces complications when dealing with fans as compared to European clubs *“In Europe the person feels he/she is part of the team and not only in winning phases. Football in Europe is different, in Spain there are two big teams, in Germany and France two or three teams, while in Brazil you have 10 teams that can be champions in the same year. If in Europe the fans do not have this love relationship, small clubs would collapse”*. According to Dreyer, there is a percentage of fans which he called “winning fans” as they support and follow the club only when the club is winning. This affects the fan loyalty that the club faces, as these “winning fans” are members only because of the winning period. The club now is seeking members that never before thought of being one.

Additionally, the club worked on changing the members’ mind, so that even if the football team performs in low levels for some intervals they keep their contribution to the club. Results in the pitch are only a consequence, and if they feel disappointed manifest their dissatisfaction through votes in the club’s election, social media, or in the stadium. Avancini says what the club wanted to tell its members was: *“Never stop paying your membership. If you stop contributing, the club cannot grow”*. The success of *Internacional* was the awareness of the fans to get involved with the club as a real partner, not only having affective emotions but also making them become conscious that they cannot demand any results. The club understands the best thing it offers is the feeling inside the stadium, but the members cannot fit there. It is extremely important to have good performances with the football team and win championships, but it is even more important to help the club. For this the club demands a cultural change, asking its members to be more rational. Nunez confirms; *“A sequence of bad results of the football team cannot end the relation between member and the club”*.

The goal of the club is to work with members. All the marketing actions and promotions that the club worked on were to suit the members. If you are not a member you do not have benefits. Simply, the club followed this strategy precisely everywhere, giving priority always to its members. All the last big events the club was present in was attended exclusively by members. The club is seeking to position itself among the top 3 clubs worldwide in number of paying members by aiming at 200.000 members till the end of 2016.

4.3 Level 3 – From National to International

Internacional has its marketing strategies supported financially on two pillars. The first and most important one comprises of the continuous increase of partners (mostly as paying members) and honours (mostly as titles in the football team). The second pillar is composed of resources from sponsorships, broadcasting rights and the license permission of the club's brand to commercialize its products. (Albino et al, 2009, p. 98)

An important aspect to recognize is the financial situation that the Brazilian football is undergoing. The football clubs have a debt of over 1.2 billion US Dollars with the federal government (Reis, 2015). *Internacional* although not in a bad shape compared to other big clubs, still owes around 50 million US Dollars (ibid). This is a major barrier when the club intends to use its resources to invest in a strong brand equity and its internationalization strategies.

Participating in four out of the last six Copa Libertadores, the team is very active in the South American football. As the author conducted this research, the team has qualified for the semi-finals in this year's *Copa Libertadores* (Fox Sports, 2015). In a recent ranking by *Placar* (Redação Placar, 2015) a renowned football magazine, *Internacional* was considered to be the most successful champion in number of official titles in Brazil.

“Internacional wants to have the biggest possible number of members, but we are conscious that the club needs to win titles and give members more and more benefits. This way we would be able as any other organization to sell our products and services”. This statement by the club's vice president Nunez confirms *Internacional's* reliance on its fans and members. Still, the administration is aware that it needs to reach an equilibrium between attracting new members while maintaining the actual ones. To attract new members *Internacional* works on understanding the consumption habits and cultural aspects of its fans and what benefits they would like to have. On the other hand to maintain its actual members, the club works to offer the best possible products and services, serves them well and works on meeting their expectations to keep them loyal. Basically the club wants its members to understand that the benefits of being a member are much more worth than the monthly price they disburse, this way being helped by the club and also contributing with it.

The level of infrastructure in the city also plays an important role in attracting those members and enhancing resources. It affects directly the occupation of the stadium as it involves important services such as transportation. Indirectly it affects by having trained personal and structuring fans that are capable of understanding the club's attitudes.

Concerning the TV broadcasting as a tool of national and international expansion, *Internacional's* football matches can be completely followed by a pay-per-view system, but internationally the coverage is still lacking development. There is still a big difference between the South American and European championships that are broadcasted in other parts of the world that follow football such as Africa, Asia and the Middle-East.

Internacional wants to be financially sustainable and does not want to depend on sponsors, broadcasting rights or the transfer of football players to maintain itself as a healthy club. All the administration of the club changes with years, but the members and fans stay.

Financial power has significant differences also when it comes to make comparisons between Brazil and Europe. Yet, Brazilian teams have a competitive advantage over regional South American teams. According to Dreyer, Brazilian fans follow their idols since they play in Europe and buy their jerseys. While South American fans now tend to follow their favorite players which started playing in Brazil. He states: *“South Americans are seeing their idols playing in Brazil, on the other hand, Brazilians consume products (mostly jerseys) of European teams because their idols (most of them who play in the national team) are playing in Europe”*.

Internacional has Nike Company as its uniform provider. The club tried making an internationalization strategy through its business model considering the worldwide coverage of Nike Company, but they were not interested at all. *“Most probably Nike Company entered the football market in Brazil because of the 2014 FIFA World Cup, and other business strategies but not with the intension of helping Internacional to grow”* says Avancini. But still, Nike Company has some projects that could benefit the club, as Dreyer complements *“Nike Company has a project to expand to the Chinese market because of their high consumption. The idea is opening stores for Brazilian teams. Since the Chinese market is huge if only 0.1% of the market get to know Internacional, it will be relevant, while if in Argentina 10% like the team it is totally irrelevant”*

To expand internationally clubs need to have relevant sales outside the national market. But these figures at *Internacional* are not so easy to get since this information is shared along with Nike Company, but they are probably irrelevant to the overall sales.

Another important aspect regarding International expansion is the football calendar as it prevents many important marketing actions from launching. Dreyer says: *“The Brazilian and South American football calendar is very bad, a team cannot make excursions to play abroad because they are in different phases of the championships”*. These issues deal with actions that are controlled by football federations and so are outside the range of responsibility of the club. Still the club can work on other internationalizing tools mentioned previously.

Internacional participates in the “A Team for the World” global alliance of clubs. This project has as marketing objectives to develop the brand image of the clubs, search for new business opportunities, attract new sponsor and to host international events (Sport Club Internacional, 2011). But Dreyer reveals; *“This project never worked as planned”*. For an alliance to be successful for *Internacional*, it requires to have teams that are less powerful so the club can generate revenues and continues *“There is a similar project going on now which I cannot reveal”*.

Concerning investors in the club, which would be a heavy financial support, they would act differently than in Europe. The main reason is that in Brazil all clubs are big, either they are huge or small. In Europe there are small or medium sized clubs that are able to receive an investor without relevant rejection. If this comes to happen in Brazil it would be in not less than 20 or 30 years. The club also tried working as an audience seeker, when it hired an international star in 2012 to increase brand awareness beyond its national limits. Diego Forlan was hired after being chosen as the best player in the 2010 FIFA World Cup in South Africa. Although it was a successful achievement for the football team, as a marketing campaign to expand the club’s brand it was not as successful, since the club did not explore him as a marketing tool.

Finally as a basic tool to interact with fans, *Internacional* uses the social media and its official website. The club's website is not fully available in other languages, however it provides its visitors with valuable information about the club in English, Spanish, Italian, German, Japanese and Mandarin (Sport Club Internacional, 2015).

5 ANALYSIS

In this section, the reader will find the author's analysis of the primary and secondary data results presented in the previous chapter. The analysis is based on the conceptual framework model presented in the theoretical framework. The major focus is on Level 3, where brand equity will be analyzed in accordance to the leverage from national to the international level.

5.1 Level 1 – From Local to Regional

Although *Internacional* has existed for more than one hundred years, its brand identity started to be built only after the arrival of the new millennium. *Internacional's* brand image and brand values went through a lot of difficulties through the past decades. On the other hand, *Internacional* was perceived in Brazil as a friendly club that attracts fans who like to watch football, and support their team in a non-violent way. Despite that, the global brand image was absolutely absent and nobody outside Brazil knew about the club's logo, brand image and values. The team didn't have a winning spirit as it was going down through lack of resources and of financial support. In 2007, the club decided to work on the global aspect by strengthening its brand image and adding valuable aspects to the current values of the club. The first action that the club did was creating a new logo that represents the clubs theme and colors in a more flawless way to the global market. By noticing the absence in the international market, the club added the name of the club and year of foundation so it can be at least known by its name and recognized by others. By modifying the logo, the brand started to become more attractive as an image to the international market. This new strategy increased the attention given to the brand values that the club delivers to its current fans as well as to attract potential fans according to Bodet & Chanavat (2010).

Internacional is aware of the fact the age of 8-10 years old is considered to be the ideal age that young children start following and falling for a club. After that age, kids, teens and adults, will most likely be attached to a certain club and they might support this and only this club till the day they die. Therefore, *Internacional's* marketing actions consists of spreading positive brand values among young children such as the fair play, friendly fans, and being a club that is away from aggressive and intense support, in order to affect the mind of those young children, turn them into loyal members and fans to the club in the near future, as explained earlier by Kapferer (2004).

5.2 Level 2 – From Regional to National

The club is currently adapting characteristics from several CRM systems to be able to form a new software model that fits the club's needs towards a higher attendance at the stadium. Instead of focusing on adapting a strategy that F.C.Barcelona applied, the club is now implementing a particular system that helps improving the club's image in its fans' and members' minds. When it comes to measuring the loyalty level of *Internacional's* fans, the majority will be categorized as the third category of fans according to Aaker (1991) which includes fans that support the team when winning, but they are not loyal. A weakness was spotted for the brand positioning as the majority of fans are not

deeply loyal to the club since they don't support it in weak performance cycles. This fact according to Conrad (2006) is affecting the brand positioning as he argues that by having more loyal fans, whether the team is winning or losing, the more solid the brand identity will be. Still this is a cultural issue, and it affects all other football and sports clubs in the national market and not only *Internacional*.

Internacional differentiates among other football clubs by focusing on gaining more members and set this goal as the first priority target to achieve. The club decided to reach 100,000 member by the 100th anniversary in 2009 in order to differentiate the brand among other regional competitors by being the first South American club to achieve this amount of members. This goal was successfully achieved in that year and it gave the brand the needed support to differentiate itself in the whole continent, as discussed by Keller (2001).

5.3 Level 3 – From National to International

According to Richelieu (2004), the infrastructure and the physical facilities within the stadium plays an important role to attract the fans and maintain them satisfied. The findings matched with the theory as Dreyer explained the actions and strategies that the club follows in order to provide a comfortable environment to watch the matches, since it is still very far from standards even of small clubs in Europe. Furthermore, the club is working on developing the surrounding physical facilities that affects the fans such as the transportations facilities to and from the stadium. These marketing strategies will bring positive outcomes to the club.

Internacional's marketing actions always get formed and designed for the members, more than for the fans. The club always matches the member's needs, wants, and demands as its first priority. Therefore, the club managed to be the biggest club in South America and the sixth worldwide in members' amount. By attracting a huge number of members and keeping them satisfied, the fans felt like they are getting treated in a negative way that requires more attention and support from the club towards them. In big events, the club can only permit members to enter and buy events tickets due to capacity limitations. This strategy is narrowing the financial gaps that the club is facing, yet, according to Richelieu (2004) it is increasing the gaps between the club and the real fans and supporters that stand behind their team and travel with it to support it despite its field performance.

The single negative outcome as a result of the global alliance "A team for the world" was that the club itself did not believe in this alliance to promote its values and brand image. This alliance focused only by the marketing department since it was part of the plan of internationalization of the brand mainly from a marketing perspective.

Internacional's marketing actions focuses on creating a new perspective for their members. This new perspective pretends to work with remodeling fans' attitudes towards the club when negative results appear. The club's strategy is to let fans express their hate and anger feelings towards those negative results through proper channels such as elections, social media, and even in the stadium itself. Having said that, the club biggest problems after negative results is that a big part of the members stop paying their monthly and annual fees, as an expression of their anger towards the club. The club always motivates its members not to stop paying the fees as its leads to a decrease in the financial support resulting in economic deficiency, which ultimately leads to more negative outcomes from the team as

stated by Richelieu (2004). Eventually it can be deduced that it is a chain of continuous events in which the members have the ability to control its beginning.

As previously mentioned, according to Aaker (1991) the geographic location has been seen as an important part of measuring brand awareness. In which, brand analyzes the statistics of merchandise sales geographically, which leads the marketers to understand the brand's weak and strong geographic areas based on the revenues. As for *Internacional's* case, being in South America forced the club to lose the competition position against European, as the results of the interviews showed that the club suffers from the huge gap between the financial powers of football clubs in Europe when comparing them to South Americans clubs. Despite this fact, *Internacional* has gained a competitive advantage against regional competitors in South America due to the fact that Brazilian teams are considered to be the wealthiest clubs in South America. This unique feature has given *Internacional* a strong brand awareness in South America but not in Europe or other markets, due to the fact that European teams are financially able to attract famous Brazilian players while *Internacional's* financial capacity is far away from those players' prices and salaries.

Furthermore, *Internacional's* sales revenues outside Brazil are irrelevant to the national sales. In other words and according to Richelieu (2008), *Internacional* is currently not following an expansion strategy that could increase brand awareness and brand recognition outside of the local, regional and national market.

At the moment, the club is fully aware of the fact that by expanding its target market, two positive outcomes will be achieved; 1- Global brand awareness and recognition, 2- Increasing the sales of merchandise by increasing the number of potential consumers (For example: jerseys, training gears, souvenirs, key chains, etc.)

When it comes to the sales of merchandise *Internacional's* strategies has been emerging since ten years. As a commercial partnership *Internacional* is currently having a collaboration with Nike Company. At the moment, the club is currently seeking international profits by selling the club's merchandise abroad, despite the fact that their approach to benefit from Nike Company's global presence is not properly developing. Nike Company was not interested in Brazilian teams due to the fact that when it comes to football their main focus is on European football clubs.

Internacional's global expansion relatively relies on the strength of their partners and how precise are the marketing strategies being applied. Nike Company's current strategy regarding football stores is to focus on the Chinese market, mainly due to their high population and consumption habits. The Chinese market is considered by *Internacional* to be the upcoming targeted market, in which, the club seeks global expansion and global brand awareness. The other option for the club is to revise the goals of global expansion with the current partner.

Internacional is not currently able to receive financial support by attracting investors or stakeholders. The opportunity to have the club's stocks being sold to a group of investors is not legal for football clubs in Brazil. The other investment option is to have an investor that owns the club and explores by investments. Although, the size of the clubs in Brazil make it more attractive for investors than most of the clubs in Europe, the culture and mentality of the fans won't accept the idea of having an investor owning their club.

The above two reasons led the club to be financially behind when compared to European clubs by being less able to sign famous players, as well as modifying and improving the infrastructure of the club such as the stadium, parking spaces, VIP areas, etc.

The club is fully aware that global tournaments, championships, cups or even friendly matches are considered to be one of the most effective marketing tools that marketers apply when taking a sports brand from national to international recognition (Beech & Chadwick, 2007). Concerning this aspect, there is a problem with the football calendar in which the club cannot force changes immediately. Only after 2006, when the club started to lift many international trophies and make appearances internationally it was clear that their brand equity was developing. But still there is no continuity in this process.

Television broadcasting is a crucial tool to improve brand awareness both nationally and internationally. Internationally, the coverage of the championships *Internacional* plays is improving, but is still not comparable to audiences that European championships cover. Although the club does not have full control over broadcasting disputes, it can collaborate to export the national championships to increase audience abroad.

To expand internationally clubs need to have relevant sales outside the national market and at *Internacional* they are irrelevant to the overall figures. The club is not taking advantage of its brand in the continental market. One of the main problems is that the Brazilian superiority in the South American football as a financial issue is still in progress. This means that the club has to wait for a long period of time to benefit from continental market. Still, as shown in the following *Figure 5*, the club is beginning to cross the national borders when analyzing its expansion from a brand perspective.

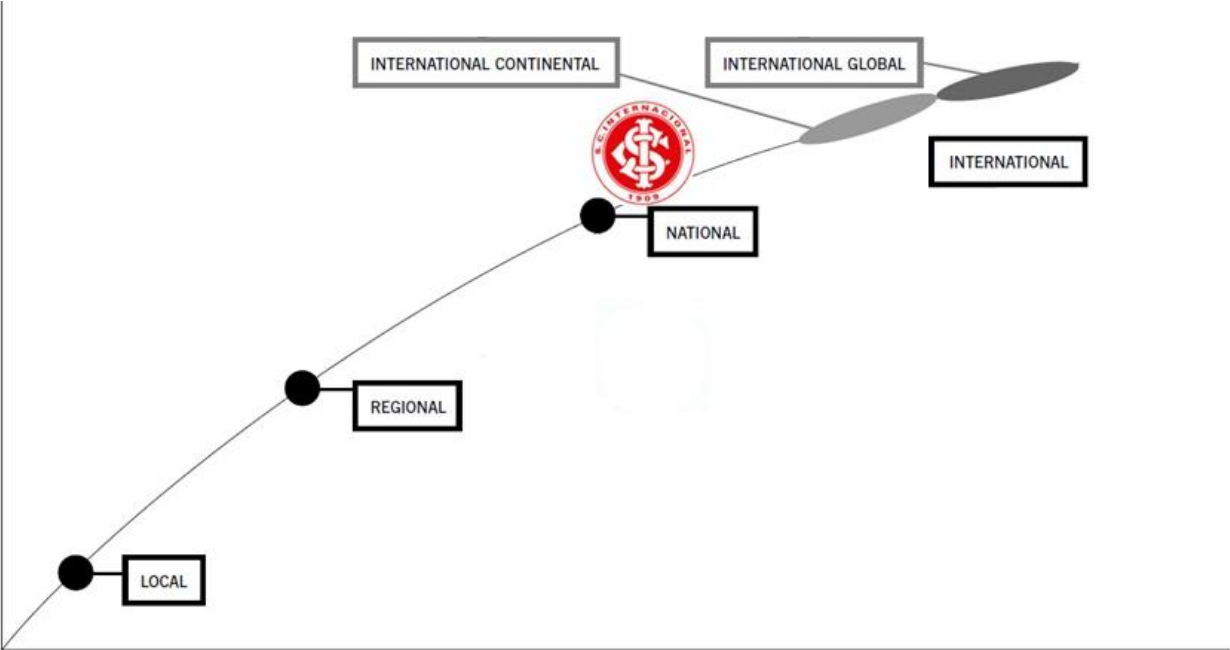


Figure 5 – Position of the case study club Internacional in the model

6 CONCLUSION, RECOMMENDATIONS & LIMITATIONS

In this section, the author will conclude the research and propose their recommendations to the practitioners, present their suggestions for future researches, as well as present the limitations.

6.1 Conclusion

It was shown from the results and analysis of this study that for a sports club to leverage its brand from the national to the international level, they should follow different marketing activities, actions and strategies. This research revealed that the improvement of a club's image, positioning and the brand recognition at the national level are essential for an expansion towards the international level.

This research has concluded that one of the most important factors that affect the brand's international performance is the brand equity efficiency level. In other words, the author concludes that the strength of a solid brand equity level drives and supports an international recognition. The desired international positioning for sports clubs cannot be achieved without a highly qualified and already progressed brand equity level managed from lower levels.

An internationally directed brand equity represents an essential role in the internationalization process for sport teams in general and for football clubs specifically. This study highlighted the importance of having an efficient level of brand equity when used and applied by sport teams to protect and develop their level of brand awareness globally. All the factors within the brand equity affect the building of a strong brand, but when it comes to internationalize, brand strategy and marketing actions are the essential attribute. A sports club needs to follow a strategic plan in order to internationalize.

Football clubs collect positive revenues in a form of developed international branding. Since their brand equity has developed and reached a higher position within the international scale, clubs need to specify their brand awareness strategy. As for the brand loyalty, football clubs that get a solid amount of support from their fans, achieve higher positioning in the international setting.

As for the case study of this research, the author has exposed that the marketing actions *Internacional* follows at the moment are not directly affecting the club to reach the international market. This study has showed that *Internacional* is still considered to be a national brand that has been engaged in important marketing activities, but still did not develop a concrete branding strategy to reach an international sports team brand status. The author concludes that the current marketing actions that the club is performing at the present time are not specifically planned to reach the international position that the club is seeking. The club did not develop a concrete branding strategy to internationalize its brand. This indicates that the club is not yet achieving the targeted positioning at the international continental and international global level.

6.2 Recommendations

6.2.1 Practitioners

Internacional's historical facts and values are not yet well explored in its region. *Internacional* must to be in a solid position in its region and within its community in order for the club to be able to form a national awareness and be respected globally. Additionally, the club needs to consider all the sports context that is surrounding the club in order to achieve major results in its marketing campaigns. These include social activities, educational campaigns and varied products and services related to football. All the steps that lead to valuable brand equity needs to be directed to the international market when expanding globally. When seeking to expand internationally, the club needs to use its actions as a complement to a whole strategy instead of separated actions.

Due to the fact that commercial partnerships help expanding football clubs globally, it is strongly recommended that the *Internacional* reviews the agreement with its uniform supplier since it can improve the mutual benefits and in the future be a strongly active partner in the process of internationalization.

The author recommends the club to take advantage from its geographical context and the financial gaps between its national and continental market. *Internacional* can begin a gradual expansion within its continent to become a “global continental” football club.

6.2.2 Future Research

As this study only investigates internationalization in football it is suggested that the next stages of researches in this area can focus on other sports and verify the possibility of generalizing the internationalization of a brand in any sports. Furthermore, studies can specialize within contexts of specific regions and countries.

Furthermore, a similar study done with a quantitative analysis can be used to extract information from fans and members, having visions from another point of view.

6.3 Limitations

Not many studies have been done on the internationalization of a sports team brand. This has limited this research and led theories to be concentrated on few authors. Moreover, this study was based on a football club with a specific case study, so results might not be applicable in teams of other sports or in the internationalization of other football team (Fisher, 2007). Nevertheless, although it is impossible to demonstrate that these findings are applicable in other settings, Shentton (2004) claims that the results of the study could at least be valuable in other sports settings.

The football club of this case study was on an important challenging phase in its calendar, and this restricted the contact with the designed personal. The solution was to choose fewer people with higher administrative rankings to avoid some interviews and concentrate on getting valid and trustworthy information.

The small number of interviewees was a problem when analyzing deeper information considering specific issues that only designed job positions within the club might have, such as financial, structural, or future planning. Some information regarding the club's actual and future plans was confidential, making it difficult to get a full answer from the interviewees.

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APPENDIX 1 – HONOURS OF THE FOOTBALL TEAM

| Most important and relevant titles conquered by Sport Club Internacional (Wikipedia, 2015) | | | |
|--|--|---|--|
| International Titles (Official) | International Titles (Friendly) | National Titles | Regional Titles |
| FIFA Club World Cup [2006] | Viña del Mar Tournament (Chile) [1978, 2001] | Brazilian Championship [1975, 1976, 1979] | State Championship (Gauchão) [1927, 1934, 1940, 1941, 1942, 1943, 1944, 1945, 1947, 1948, 1950, 1951, 1952, 1953, 1955, 1961, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1978, 1981, 1982, 1983, 1984, 1991, 1992, 1994, 1997, 2002, 2003, 2004, 2005, 2008, 2009, 2011, 2012, 2013, 2014, 2015] |
| Libertadores Cup [2006, 2010] | Joan Gamper Trophy (Spain) [1982] | Brazilian Cup [1992] | |
| South American Cup [2008] | Costa do Sol Tournament (Spain) [1983] | | |
| Recopa Sudamericana [2007, 2011] | Costa do Pacífico Tournament (Canada) [1983] | | |
| Suruga Bank Championship [2009] | Kirin Cup (Japan) [1984] | | |
| | Rangers International Tournament (Scotland) [1987] | | |
| | Wako Denki Cup (Japan) [1992] | | |
| | Dubai Cup (United Arab Emirates) [2008] | | |

Table 2 – Honours of the football team

*[Year(s) of the achievement(s)]

APPENDIX 2 – PAYING MEMBERS RANKING

| Ranking of football clubs worldwide by paying members (Terra, 2015) | | | |
|--|----------------------|---------------|----------------|
| Position | Club | Country | Paying Members |
| 1 | Benfica | Portugal | 270,000 |
| 2 | Bayern Munchen | Germany | 238,000 |
| 3 | Arsenal | England | 225,000 |
| 4 | Real Madrid | Spain | 206,500 |
| 5 | Barcelona | Spain | 154,000 |
| 6 | Internacional | Brazil | 130,000 |
| 7 | Porto | Portugal | 125,000 |
| 8 | Borussia Dortmund | Germany | 111,000 |
| 9 | Internazionale | Italy | 105,900 |
| 10 | Manchester United | England | 100,000 |
| 11 | Palmeiras | Brazil | 82,700 |
| 12 | Grêmio | Brazil | 80,000 |
| 13 | Atletico Madrid | Spain | 73,500 |
| 14 | Corinthians | Brazil | 72,300 |

Table 3 – Paying members worldwide ranking (football clubs)

APPENDIX 3 – VARIABLES IN BUILDING AND LEVERAGING A SPORTS TEAM BRAND

| Catalyst factors | Constraints and “moderating” variables |
|--|--|
| <p style="text-align: center;"><u>Internal catalyst factors</u></p> <p>“Fans bonding with the team”</p> <ul style="list-style-type: none"> ▪ Entertainment experience for the fans ▪ Team’s involvement in its community ▪ Physical facilities <p>Marketing actions</p> <ul style="list-style-type: none"> ▪ On-field jerseys ▪ Sale of team’s merchandise ▪ Players’ management ▪ Promotional campaigns ▪ Commercial partnerships ▪ Customer Relationship Marketing programs (CRM) | <p style="text-align: center;"><u>Constraints</u></p> <p>Fashion</p> <ul style="list-style-type: none"> ▪ Trend phenomenon <p>Decrease in loyalty</p> <ul style="list-style-type: none"> ▪ Decrease in customer loyalty toward brands ▪ Less and less loyalty from the players toward their team <p>Life cycle of sports leagues</p> <ul style="list-style-type: none"> ▪ Maturity or decline phase of professional sports leagues <p>General entertainment offering</p> <ul style="list-style-type: none"> ▪ Competition from other entertainment alternatives |
| <p style="text-align: center;"><u>External catalyst factors</u></p> <p>Market size</p> <ul style="list-style-type: none"> ▪ Access to a large fan base and lucrative TV deals <p>Industry changes</p> <ul style="list-style-type: none"> ▪ Merger of sports with the entertainment and communications industries <p>Technological advances</p> <ul style="list-style-type: none"> ▪ Development of new means of communications | <p style="text-align: center;"><u>“Moderating” variables</u></p> <p>Legal framework</p> <ul style="list-style-type: none"> ▪ Centralization in managing the league’s brands ▪ Legal status of the team <p>Finances</p> <ul style="list-style-type: none"> ▪ Resources of the team <p>On-field performance</p> <ul style="list-style-type: none"> ▪ Winning! |

Table 4 – Catalyst factors, constraints and moderating variables in building and leveraging a sports team brand (Richelieu, 2003)

APPENDIX 4 – INTERVIEW QUESTIONS

Questions are separated in the same order of the operationalization (*Table 1*). The colors of the questions reflect to the interviewee with the same color as follows.

| Name | Title | Date – Duration |
|---------------------|-------------------------------------|----------------------|
| Alessandro Dreyer | Advisor in Europe | 27/04/2015 – 54 min |
| Jorge Avancini | Ex-Marketing Director | 12/05/2015 – 47 min |
| Luiz Henrique Nunez | Vice-president & Marketing Director | 05/05/2015 – Written |

Table 5 – Interview Participants

Level 1

1. What values do you want to be present in the football team so that they are perceived by fans?
2. What is the pictures that you want your fans to have when the club’s name is mentioned?
3. What was the actual marketing model that the club wanted to implement from FC Barcelona?
4. What are the main differences in your point of view between the emotions towards a football club by a Brazilian fan compared to a European fan?
5. In what way do you do differentiate your club among other global clubs?

Level 2

6. How important is the city’s infrastructure when looking to the club’s local success?
7. What is the club’s priority to expand further (Members or Fans)?
8. What are the managerial benefits that the club is having from the international alliance it has formed in “A team for the world”?
14. What social activities Internacional performs within its community?
15. In what sectors is Internacional mostly working to boost sales of products and services?
16. How does Internacional work to keep fans & members during the hard times of the team?

Level 3

9. Does the club take into consideration the continental aspect of being in South America when working on the internationalization of the brand? How is this relevant?
10. How much of the sales figures of Internacional are made abroad (outside Brazil)?
11. Is there any agreement to use the uniform provider as a partner when expanding?
12. How important is it in your opinion to have an influential investment in the club in order to reach a global status?
13. How is it possible to establish more frequent periods of international friendlies (or small tournaments) to help in the expansion of the brand name abroad?

