75 - THE GLOBALIZATION OF SOCCER: AN ANALYSIS OF THE BUSINESS STRATEGIES AT THE END OF THE TWENTIETH CENTURY.

ALDO ANTONIO DE AZEVEDO (*); PAULO HENRIQUE AZEVÊDO (**)
(*) PhD in Sociology from the University of Brasilia (UnB) and Professor at the School of Physical Education of UnB; (**) PhD in Health Sciences from the University of Brasilia (UnB) and Professor of the School of Physical Education of UnB.

Businesses and Sports in the World

Globalization has expanded businesses throughout the world, and, at the moment, there has been a considerable interest of big businesses in sports. World soccer has also undergone globalization, which may be noticed in the investment in confederations, federations, clubs and athletes. Business sponsorships and partnerships have fueled the changes in the economic basis of this sports management.

Sponsorships and partnerships have been fundamental in sports financing recently. Sports have become increasingly dependent on private investments. As a matter of fact, major world sports events have such a social impact because they are organized under marketing strategies.

In the Eighties, these initiatives climbed fast, and in the Nineties, the following figures show their importance in the world. According to CORNWELL (1995), there was a significant increase in the amount of money used in sports sponsorships worldwide, going from US$ 2.3 billion in 1989, to US$ 9.6 billion in 1993. STOTLER (1997) states, in 1995, this sum reached US$ 13.2 billion. Out of the latter, sponsors invested US$ 5.4 billion in the United States; US$ 3.6 billion in Europe; US$ 2.5 in the Pacific; US$ 700 million in Central and South Americas; US$ 1 billion elsewhere.

Sponsorship is then a means to purchase and exploit an association, an event, a team, or an outstanding athlete, for the sake of marketing and communication. Therefore, it may be defined as a corporate communication event or tool, along with publicity, public relations, sales promotions, etc. Its main objective is to improve the messages, sometimes resorting to emotional components so as to mark an image or convey information. Consequently, this strategy corresponds to what WEBER (1994) described as to socially affective action.

The dynamics of sponsorship deals is based on the exchange between an advertiser (sponsor) that seeks to associate its trademark to the consumers' spirit in a sports event, or to a team, or even to an athlete (sponsored). So, this biunivocal correspondence is characterized by the exchange in profits or direct and immediate incomes, such as money, assets and services rendered by the company, and communication and visibility opportunities the sponsored ones allow.

It is also worth mentioning that a lot of the money invested in sports sponsorships goes toward professional teams and the most renowned world events, for example, the Soccer World Cup, the European leagues and the Olympic Games. After all, they are the ones that draw the attention of the largest audiences in the world, both as direct spectators, or indirect ones, through television, radio, press and the internet.

According to POZZI (1998), this rising relevance of sports in the media may be noticed, for example, in the costs for the broadcasting rights of the Olympic Games, which have come from US$ 2.2 million paid by BBC in 1948, to US$ 3.6 billion paid by NBC, until 2008.

This value increase may be seen in the broadcasting rights of the Soccer World Cup, which rose from US$ 320 million for the 64 games in France 1998, to something around US$ 1.2 billion in 2002 (Japan and South Korea), and US$ 1.3 billion in 2006 (Germany).

European soccer was also included in this big business circle. In 1987, the Italian clubs signed a 3-year contract of US$ 706 million for TV broadcasting. In Spain, the major clubs earned up to US$ 60 million a year in television rights, 90% of which is used to hire outstanding players, many of them from Brazil.

Back in the Eighties, British soccer, which is considered the richest in the world, faced a crisis that was worse than the one Brazilian soccer has been in. The creation of the Football Association allowed clubs, instead of the federations, to take care of the organization, the events, and also the championships and tournaments; besides contract negotiations with sponsors and with Television, which have become considerably important.

POZZI (1998) points out the soccer business that grew out of that crisis raised the average audience in the matches, and allowed the clubs to remodel their stadiums and offer shares in the stock market. Manchester United, for example, has an annual revenue of US$ 90 million, while clubs such as Brazil's Grêmio, from Porto Alegre, makes around five times less (US$ 20 million).

World soccer business potential has attracted other companies interested in sponsorship deals. In spite of that, in Brazil's case, the dynamics of the soccer business relationships in this decade shows that there was not a massive investment from national companies and mainly from major foreign companies into Brazilian soccer. Local factors such as the disorganization in the championships and the lack of professionalism on the side of the Brazilian Soccer Confederation (CBF), the state federations, and even the clubs themselves make up the largest obstacle to the capitalist shock.

Sponsorships in Brazilian Soccer

Historically, the financial importance of Brazilian soccer in the Country only achieved new grounds in the Seventies and Eighties, due to the 1970 World Cup Title, as well as to the sale of talented players to other countries. HELAL (1997) and MACK (1980), for example, showed that in Europe, Countries have tended to manage soccer as a business enterprise since the Seventies, whereas in Brazil, this did not happen. Business was reduced to buying and selling players, and revenue from matches, which was ebbing.

The Eighties were marked by a huge economic and administrative crisis for the clubs, due to the growing number of transfers by Brazilian players to foreign clubs, seeking a much more professional, organized, and serious side of soccer. Although these transfers generated profit for Brazilian clubs, they were not enough to solve the crisis. Debts that were run up by local management, considered amateurish and ignorant as to knowledge and practice of business management, drove the clubs to “bankruptcy”, which can be seen even clearer nowadays.

Sponsorship deals in Brazil started in the Eighties, with Volleyball. Sponsorship deals in Soccer only started in 1983, after determination number 2/83, which abolished article 183 of Executive Law number 228, of August 25th, 1977, by CND (The National Sports Council), which forbade advertising on the team jerseys. The biggest event of the time was the sponsorship deal between Coca-Cola and thirteen big clubs taking part in Copa União. They would later form the “Clube dos 13”, representing the elite of Brazilian soccer. It must be pointed out that this elite was in an administrative crisis that caused financial chaos in the clubs.

In the Nineties, Brazilian soccer finally started following the global march by enterprises, which not only searched for new consumer markets for their products and services, but also acted in the specific soccer market.

According to BRUNORO & AFIF (1997), the enterprises act in sports *marketing* in various ways, aiming strategies at the following segments: a) sponsoring one or more clubs; b) sponsoring static publicity; c) Sponsoring matches on TV; d) Sponsoring events. Taking these basic forms into consideration, the most common examples in Brazilian soccer at the end of the Twentieth Century

were: Sponsoring one club (TAM: São Paulo, UNICOR: Santos, etc.); Sponsoring several clubs (Coca-Cola, in Copa União - 1987); Joint efforts between marketing and sports events (The Brazilian National Team and Brahma, the N. º 1) and the partnership between Palmeiras and Parmalat.

Due to the secrecy of these sponsorship deals and partnerships, even nowadays, little do we know about their dynamics and transparency in Brazilian soccer. However, it is impossible to abstract the economic interest by the enterprises in the visibility of their specific consumer markets by using soccer and, in some cases, even by interfering in the management, structure, and organization of soccer in the clubs.

The Partnership Palmeiras-Parmalat

Business mentality and the high level of organization in European soccer showed that being the best on the field did not mean being the best in professional, financial, or administrative fields. Until today, few Brazilian clubs have training centers and a staff of professionals in their technical and administrative boards. Their choices are still based on practical experience, tradition, and interests. On the other hand, some enterprises have felt the need for a more effective participation than sponsorship deals pure and simple.

This way, the possibility of business management in this structure of Brazilian soccer would happen, initially, by the initiative of investors. Consequently, sponsorships and partnerships started being part of the calendar of big clubs.

From this point on, we can observe two consequences: a) the establishment of an exchange between capitalist enterprises and professional soccer, due to market interests and, consequently, b) the start of a new exchange of power, causing conflicts between rational business management strategies, a characteristic of the great capitalist enterprises, and the traditional model adopted by the clubs.

The first consequence is directly linked to the fact that Brazilian soccer holds a privileged and growing position in the entertainment business, which moves a huge amount of financial resources. It is impossible to calculate the amount of money involved in soccer-related businesses in the Country.

Still on this topic, CBF itself closed the biggest sponsorship deal in the history of Brazilian sports with Nike, a transnational company that deals in sporting goods. CBF has given Nike exclusive rights not only to exploit the National Team uniform, but also political and administrative power to interfere in the dates for friendly matches, due to its financial interests. Recent discoveries about some clauses in this secret Nike-CBF sponsorship deal show the clear interference by the company in the structure of CBF.

The second consequence of the economic instrumentalization of soccer is the relationship between entrepreneurs and team bosses. In this new arena, the actors (entrepreneurs and team bosses) have started to fight not only for economic power, but also for "symbolic power." The latter, according to BOURDIEU (1989), grants symbolic authority to those who hold it.

Those companies which first invested in Brazilian soccer stuck to printing their logos on the team jerseys. At times, the marketing director in the company did not even know the president of the sponsored club. After all, in a sponsorship deal, there is no major involvement by the sponsor in the sponsored club.

Partnerships started because of the need for a bigger involvement, and also because of interest in the soccer market by the companies. We can point out the co-management process, a typical partnership model in Germany. According to TRAGTEMBERG (1989), the notion of co-management refers to the balance of powers, in which we can find co-decision.

The pioneer partnership, the most well-known and daring attempt to professionalize and modernize Brazilian soccer management, by a private company in the Nineties, was the joint effort between dairy company Parmalat do Brasil S.A., a subsidiary of Italian Multinational Parmalat, and Sociedade Esportiva Palmeiras (SEP), of São Paulo.

During seven years of partnership, the company made the club its biggest advertising object in Brazil. Its gross revenue increase from R$ 220 million in 1992, when the partnership started, to more than R$ 1 billion in 1998.

The participation of the company in the management of the club's soccer department was the main innovation brought by the partnership, thus being called "Co-Management." It worked with the presence of a sports director, who was hired by the company, and one of the vice-presidents of the club, also seen as innovation if we consider the traditional structure of soccer as well as appointed team bosses.

Parmalat implemented new concepts, such as budget control and resource management, aiming to achieve some kind of economic rationalization, according to WEBER (1994), in order to characterize economic goals for capitalist enterprises.

Investment in players, besides placing Palmeiras in the finals of all the championships in the decade, in which we can highlight the Taça Libertadores da América title in 1999, paid off well due to the sales of many players. This proves that its marketing strategy broke the barrier of business communication and turned into a business. Out of a total of R$ 35 million which were invested during the seven years with the club, the company made R$ 30 million net, which represents a profit margin of 85%.

The co-management partnership Palmeiras-Parmalat was ended and served as a model which marks two phases of soccer-related business and economics for Brazilian clubs: "before" and "after."

Before this partnership, the São Paulo Futebol Clube (SPFC) had signed a sponsorship deal with TAM (Marília Air Transports). In february, 1997, for example, the Excel-Econômico Bank established an agreement with Sport Club Corinthians Paulista (SCCP) in similar circumstances to co-management. However, it did not achieve the same success as the partnership between Palmeiras and Parmalat. Although all the financial operations belonged to the company, the autonomy of the soccer department in the club was kept.

In April, 1999, SCCP signed a deal with a private North American group called Hicks, Muse, Tate & Furst Incorporated, thus creating a new company called "Corinthians Licensiamentos Ltda," and definitely entering the club-enterprise era, as predicted by the Lei Pelé (Law 9,615 - 1998).

These agreements, supported by a contract, had tense moments, conflicts, and resistance between entrepreneurs and team bosses as long as contract lasted. They were determining factors in the duration of these contracts.

Nowadays, these agreements do not exist any longer. Nevertheless, new enterprises have taken that position, in spite of the financial crisis faced by Brazilian clubs.

Conclusion

The problem which was dealt with in this article, its historicity, strategy, and examples, show the huge business potential involved in World Soccer. At the end of the Twentieth Century, there was an increase in world soccer businesses, in a special way, highlighting the interest and insertion of big enterprises in this market.

Taking sponsorship dynamics, partnership dynamics, company goals and interests into consideration, a change in the management of Brazilian clubs is expected in the future. If it remains the same, without the scientific and strategic knowledge of entrepreneurial management, the financial and administrative crisis should increase, generating local conflicts and resistance.

Finally, the present article highlights the need for professional management within the clubs, as well as huge investments on the part of enterprises.

Bibliographic References

AZEVEDO, Aldo A. *Dos velhos aos novos cartolas:* uma interpretação do poder e das suas resistências nos clubes, face ao impacto das relações futebol-empresa. Brasília, 1999. Tese (Doutorado em Sociologia) - Instituto de Ciências Sociais - Departamento de Sociologia, Universidade de Brasília, 344p.

BOURDIEU, Pierre. *O poder simbólico*. Tradução de: Fernando Tomaz. Rio de Janeiro: Ed. Bertrand Brasil S. A., 1989.

BRUNORO, J.C. & AFIF, Antonio. *Futebol 100% profissional*. São Paulo: Ed. Gente, 1997.
HELAL, Ronaldo. *Passes e impasses: futebol e cultura de massa no Brasil*. Rio de Janeiro: vozes, 1997.
MACK, Ricardo. *Futebol-Empresa: a nova dimensão para o futebol brasileiro*. Rio de Janeiro: Palestra Edições, 1980.
POZZI, Luís F. *A grande jogada: teoria e prática do* marketing *esportivo*. São Paulo: Globo, 1998, 279p.
SILVA, Alfredo José. "Os objetivos do patrocínio ao desporto". In *Desporto*. Jan/Fev/Mar., 1999.
TRAGTEMBERG, Maurício. *Administração, poder e ideologia*. São Paulo: Cortez, 1989.
WEBER, Max. *Economia e sociedade: fundamentos da sociologia compreensiva*.Tradução de: Regis Barbosa e Karen Elsabe Barbosa. Brasília, DF: EdUnB, 1994.

Newspapers

Folha de S.Paulo, de 29 de Abril de 1999. C5-6.
Folha de S.Paulo, de 9 de Janeiro de 1997, p.3-8.
Folha de S.Paulo, de 31 de Janeiro de 1999, p.3-8.
Gazeta Mercantil, de 16 de junho de 1999, p. C-6.

THE GLOBALIZATION OF SOCCER: AN ANALYSIS OF THE BUSINESS STRATEGIES AT THE END OF THE TWENTIETH CENTURY.

ABSTRACT

This paper aims at analyzing the strategies and effects of the globalization of the Brazilian economy on sports, especially soccer, at the end of the Twentieth Century, taking into consideration the worldwide relevance of the aforementioned process. There is a focus on soccer due to the amount of accounted businesses and the massive investment by corporate sponsorships and partnerships, which were surveyed in then published books and newspapers. The strategies for sponsorship and partnership deals include, not only the financial transfer in exchange for the trademark publicity, but also television broadcasting rights and even shares in the stock market in richer countries, such as Britain. In Brazil, a peripheral country with low level of investment in sports, soccer went through remarkable moments in the Nineties, when the soccer-business relationship took up rising importance. This was due to soccer being a great product for companies, the chance to solve the clubs' emerging crisis, which was caused by local administrations, but also by tensions involving such administrators and entrepreneurs, struggling for the (economic) power of soccer. As a result, this study suggests soccer clubs need a professional management so that the relationships with companies may be better and more frequent.
KEY-WORDS: Globalization - Soccer - Business - Administration of the Sport.

LA GLOBALISATION DE FOOTBALL: UNE ANALYSE DES STRATEGIES COMMERCIALES A LA FIN DU VINGTIEME SIECLE

RESUME

Ce papier vise à analyser les stratégies et effets de la globalisation de l'économie brésilienne sur les sports, surtout football, à la fin du vingtième siècle, qui prend en considération la pertinence mondiale du processus susdit. Il y a un centre sur cotisation du football au montant de firmes estimées et l'investissement massif par parrainages corporatifs et sociétés en nom collectif qui ont été inspectées dans les livres alors publiés et les journaux. Les stratégies pour parrainage et affaires de la société en nom collectif incluent, pas seul le transfert financier en échange de la publicité de la marque, mais aussi télévision qui diffuse des droits et des actions paires dans la Bourse des valeurs dans les pays plus riches, tel que Grande-Bretagne. Au Brésil, un pays périphérique avec niveau bas d'investissement dans les sports, le football est entré à travers moments remarquables dans les Années quatre-vingt-dix, quand le rapport football-commercial a pris l'importance croissante. C'était dû à football qui est un grand produit pour les sociétés, la chance de résoudre l'émergeant crise des clubs qui a été causée par les collectivités locales mais aussi par tensions qui concernent de tels administrateurs et des entrepreneurs, lutter pour le (économique) pouvoir de football. En conséquence, cette étude suggère que le football matraque le besoin une gestion professionnelle afin que les rapports avec les sociétés puissent être meilleurs et plus fréquents.
MOTS-CLEF: Globalisation - Football - Commercial.

LA GLOBALIZACIÓN DEL FÚTBOL: UN ANÁLISIS DE LAS ESTRATEGIAS DE LA EMPRESA AL FINAL DEL SIGLO VEINTE

RESUMEN

Este trabajo tiene por objetivo analizar las estrategias y las efectos de la globalización de la economía brasileña sobre deportes, el especialmente el fútbol, al final del siglo veinte, tardando into consideration la relación mundial del proceso mencionado anteriormente. Hay un enfoque sobre el fútbol atribuible a la cantidad de account empresas y la inversión enorme por los apadrinamiento corporativos y partnerships, que fueron examinado en libros entonces/luego publicados y periódicos. Las estrategias para el patrocinio y la sociedad que los tratos incluyen, no sólo la transferencia financiera a cambio de la publicidad típica sino también la televisión que transmite derechos de suscripción e incluso acciones en el mercado de valores en países más ricos, como Gran Bretaña. En Brasil, un país de dipositivo periférico con el nivel bajo de la inversión en deportes, el fútbol se fue a través de los momentos extraordinarios en el nineties, cuando la relación de la fútbol - empresa tomó la importancia creciente. Esto era atribuible al fútbol siendo un fenomenal producto para compañías, la oportunidad de solucionar la crisis apareciendo de los clubes, que era causado por los gobiernos locales, pero también por las tensiones involucrando a tales administradores y empresarios, luchando por el poder (económico) del fútbol. Por consiguiente, este estudio indica que los clubes del fútbol necesitan una profesional dirección con el propósito de que las relaciones con compañías podrían ser mejores y más frecuentes.
PALABRAS CLAVE: la empresa - globalización - el fútbol - administración del deporte..

A GLOBALIZAÇÃO DO FUTEBOL: UMA ANÁLISE DAS ESTRATÉGIAS EMPRESARIAIS NO FINAL DO SÉCULO XX.

RESUMO

O presente artigo teve por objetivo analisar as estratégias e os efeitos do processo de globalização da economia sobre o esporte, em especial, o futebol, no final do século XX, tendo em vista a relevância que o referido processo assumiu mundialmente. Especial atenção aqui é atribuída ao futebol, em razão do grande volume de negócios contabilizados e investimentos maciços de patrocínios e parcerias empresariais, fruto de levantamentos realizados em livros e jornais publicados na época. As estratégias de patrocínios e parcerias incluem no seu bojo, não apenas o repasse financeiro em troca da divulgação de uma marca, mas direitos de transmissão de televisões e até ações na bolsa de valores, nos países ricos, como no caso do futebol inglês. No Brasil, país periférico e de pouquíssimos investimentos no esporte, o futebol teve experiências marcantes na década de 90, do século XX, quando as relações futebol-empresa assumiram relevância crescente. Tal importância se justificou pelo grande produto que o futebol representou para as empresas, a possibilidade de solucionar a crise emergente dos clubes, causada pelas administrações de dirigentes locais, mas também pelas tensões que envolveram esses dirigentes e os empresários, na luta pelo poder (econômico) no futebol. O resultado do estudo sugere que os clubes de futebol necessitam de uma gestão profissional para que as relações com as empresas se aprimorem e intensifiquem.
PALAVRAS-CHAVE: Globalização - Futebol - Empresa - Gestão do Esporte.