

# Real madrid business model

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- What is the Real Madrid business model? Is it unique?

The Real Madrid business model is unique as it changed 360 degrees the concept of sports. They focused on converting Real Madrid into the new Disney of sports. The club has been owned by its cardholding members and non-cardholding members. A network of fans has promoted the club's name and ensured the flow of information. At first, by realizing that they can become content providers, Real Madrid aimed to be the best soccer club in the world. As a matter of fact the Real Madrid brand was desired to turn into an international brand.

In order to be able to achieve this, its managers identified the following brand drivers: "(1) size of audience; (2) frequency with which the audience engaged with the brand, as a measure of commitment; (3) socio-demographic characteristics of the audience; and (4) bridges (usually in the form of local fan associations) that could be built to link the brand and the audience". To get a large audience, passionate about soccer required a commitment to good players, commercialization of the brand and distribution of content (players and games). Real Madrid needed time and financial flexibility, in order to bring the top players and a variety of channels to bring the club's brand on the market.

For financial flexibility, Real Madrid managed to do the rezoning of the club's old training pitches, recapturing exploitation rights sold off to various operators and licensees, setting up a stand-alone legal entity for management purposes, receiving a loan from Caja Madrid and pursuing opportunities for licensing and sponsoring of its products. To assemble is

team of winning players, Real Madrid drew superstars like Zidane, Beckham, Figo, Brazilian striker Ronaldo, team captain Spanish forward Raúl, and Brazilian defender Roberto Carlos as well as goalkeeper Iker Casillas.

The selling concept was that only the superstars can draw new superstars. In terms of brand and content, Real Madrid expanded the reach of its Real Madrid TV, developed RealMadrid.com and 1 on 1 fan relationships (mobile, TV, internet), and distributed its Real Madrid merchandise through its own stores and retail networks. In order to capitalize on its inner strengths, Real Madrid expanded to Asia and North America by gaining as much elasticity on their brand.

- Who are Real Madrid's customers? How is the market segmented?

The Real Madrid's customer are its supportive fans, cardholding and non-cardholding members. They have a love relationship with Real Madrid as they support only the winners and care about their hobby needs.

- Who has more power – Real Madrid or the players?

Real Madrid has an empowering brand power as they set up a leadership flag for quality soccer teams. The players pay for themselves, but as long as they don't have a leading brand to promote them, they won't grow on popularity and increase their royalties.

- What risks does Real Madrid face?

Real Madrid cannot capture superstars overnight. The churn rate cannot be controlled. New wealthy investors offer higher salaries to the superstars.

Overexposure and excessive commercialization receives already enough criticism. Also in the end soccer is an uncertainty game.