



Interview with Orlando Salvestrini

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NW: Orlando, when I have visited Argentinian matches it is clear how different the occasion is compared to football in other countries. For you, what makes Argentinian football so different from say European football?

OS: There are several key reasons. One of them is linked to the economic history of Latin America. It is one of underdevelopment and economic crisis and this has had a significant impact on Argentinian football and its supporters. High unemployment and inflation are not the best climate for running this type of business.

The fans also appear to be very different from those that I have seen at European games. When we talk about 'futbol' it is giving people a channel into which they place their hopes and their passion. Football therefore becomes even more important not only for Argentinian fans but also for the government. I think that a typical football fan at the stadium on a Sunday afternoon, psychologically feels safer.

Football also appears to be more of an event for an Argentinian fan, an event which has two components. These are passion and show. In some cases the show

is important in order to balance or even offset the intense passion of the spectator. The passion of our supporters is such that there is always the danger that it can boil over and become dangerous and there doesn't seem to be a logical explanation for this type of behaviour. As a result of the economic crisis and the value of our currency, clubs are almost obliged to sell their best players overseas in order to balance their books. In selling their best players, there is an impact on the show element of the game in Argentina. Invariably, most of the best players are sold to European clubs, and during the World Cup nearly all of the Argentinian squad played for European teams. When you walk into an Argentinian game you are instantly aware of the passion, the colourful environment, which is very positive, and the negative aspect of the game which is the dangerous, illogical behaviour of fans. Take my own team, Boca. On the one hand there is this intense passion which is beautiful to see, but sometimes it is threatening. I think that if people haven't experienced this then it can be difficult to understand. You can confirm this can't you?



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NW: Yes. I went to one of the Copa Libertadores games and the atmosphere was intense. It made the hairs stand up on the back of my neck and it seemed that everybody in the ground wanted to contribute to the spectacle, and I was in a seated area! Talking specifically about Boca Juniors, what do you think are its key brand attributes?

OS: Let's start with the role of the supporters, which for us is very important. We carried out some research to compare the socio-economic background of our fans with those of other clubs in Argentina. We found a high percentage of upper-middle class fans, a low percentage of middle class fans and then a high percentage of working class fans. Other clubs had a much higher percentage of middle class fans. It would appear that our working class and upper-middle class fans have no problem in showing their love of the Boca brand by wearing Boca colours. A Boca fan will almost wear club colours in an exaggerated way in order to show their passion. They paint their faces, wear wigs, wear yellow and blue clothing and carry scarves and Boca banners. The Boca brand therefore stands for loyalty, identification with the club and identification with other fans who make up the Boca tribe. It also represents an escape from some of the economic and social problems that people face on a daily basis.

NW: What would you say is Boca's global appeal?

OS: Boca is a global brand in its own right, and as a result of winning the World Club Championship on three occasions, it is one of the most important clubs in the history of football. Boca attracts fans from all over Latin America and many of its fans have emigrated overseas in search of a new life. Boca's games are shown to audiences of 40 million people in China and regularly shown on Japanese television. Perhaps our biggest overseas following is in Mexico and the USA, principally in Los Angeles, Miami and New York, where Boca has a presence through

televised games. The main problem for us is that we do not have a global commercial presence, compared to clubs like Real Madrid, Juventus, Barcelona, Manchester United, Milan and Chelsea. Football people globally are aware of Boca's heritage and the importance of the classic derby which we play against our great rivals River Plate. Gavin Hamilton wrote about this game in the Observer in April 2004 and said that it was possibly the most passionate derby in the world. We are also recognised by the fact that we are an Argentinian club and through the respect that people have for our national side. We have a global icon in the form of Diego Maradona, who not only is a global ambassador for us but also typifies the passion that I talked about earlier. Diego Maradona and Boca Juniors are inextricably linked. We know also through the hits on our website that we have a significant global presence. It is this global appeal that we are looking to further develop with an increased media presence.

NW: How do the TV contracts negotiated in Europe compare to those signed in Argentina?

OS: It is clear that we need to renegotiate the TV deal signed by the Argentinian Football Association (AFA) in order to bring more money into the game. Boca Juniors are on television nearly every weekend, and during the week in cup competitions, but this isn't reflected in the money we receive as part of the deal. With more money we can keep some players, put on more of a show and then look to compete in world markets. The new TV deal signed in the Premier League is likely to mean that more Latin American players will be sold to British clubs, which will further weaken our squad. If you compare our TV revenues with an equivalent club in the UK, like Arsenal or Manchester United, who also play in the Champions League, they are insignificant.

NW: Faced with the need to generate more revenue, where will your future income come from?



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OS: We expect to gain income from the sale of international TV rights, some tours to overseas markets to promote the club and through sales of club merchandise overseas. Every July and August we will embark on overseas trips in order to develop our relationship with overseas fans. Ticket sales in Argentina average only about \$8 or £4, compared to the £30–£40 for the Premier League. While we attract big crowds, our total revenue from tickets is minuscule compared to all clubs in the Premier League and even the Championship. We are also continuing our international expansion and have set up an international division to help increase our presence and maximise revenue in overseas markets. While we don't want to have to sell players, we are confident that we will continue to develop excellent players through our development centres. We are proud of our ability to spot and nurture young talent.

NW: You spent some time living and working in the United States and I know that you admire the way that professional sports leagues are run, but what can we learn from their sports business?

OS: I think it is important to bear in mind that professional sport in the USA also benefits from lucrative TV deals. Nevertheless, there are other things to admire about sports marketing there. Their philosophy is clearly based on managing consumer relationships as a way of generating loyalty. They seem able to attract new fans to their sports. American people appear to be more mobile in the pursuit of their careers and are attracted by the sports brands that have been created and seem to be less loyal to

their hometown clubs. In order to compensate for the lack of passion from their fans, they are very good at putting on a show. They are as much event managers as they are managers of sports clubs. The facilities are probably the best in the world and we can learn a great deal from their sports clubs and their innovations in loyalty management schemes.

NW: Can you tell us more about the changes at Boca Juniors over the past ten years? I understand that you have enjoyed considerable success.

OS: Yes, we are very proud of our achievements over the last ten years. We have enjoyed ten consecutive years of positive cashflow and increased our net equity by 859% from around \$4 million to \$40 million. Our marketing revenues have increased by 286% from \$2 million to \$8 million, with a 47% increase in new members from 40,000 to 58,000 and an increase in season ticket holders of 111%, from 7,000 to 15,000. We set out a clear plan to turn round the club and we are pleased with the results so far, but there is still a long way to go. You also have to bear in mind that our clubs are owned by members, so it isn't currently possible for private investors to buy our clubs and inject capital.

NW: I know that you have invested a considerable amount of time in developing merchandising at the club, but are you able to share the results with us?

OS: Certainly. As I said earlier the Boca brand has a huge following and we have set in place merchandising strategies to enable more people to buy Boca merchandise. Our research tells us that of all the football merchandise sold by Argentinian clubs, we sell an incredible 75% or around \$70 million. We have around 115 licensees, an increase of 56% in three years and a range of 935 products. We have a dedicated merchandise truck that travels around Argentina selling merchandise to Boca fans, a fleet of licensed taxis, a themed club bar, retail outlets and even our own cemetery! Our museum has also



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received 800,000 visitors in about 5 years. We also have a co-branding agreement with Warner Bros so even Bugs Bunny is a Boca supporter and wears a Boca Juniors shirt. As I said earlier, we are planning to further develop our merchandising.

NW: There has clearly been a significant increase in your revenue, but how are you faring in your battle against piracy?

OS: It is sometimes difficult for people to understand the scale of the problem that we face in Argentina. It is possible that for every official product sold there is a counterfeit good sold. We saw this as a problem which we had to tackle. We launched an advertising campaign in which we pointed out to fans that counterfeit goods cost the club lost revenue, and asked them to make us aware of any counterfeiting operations. We appealed to their love of the club and gave them a dedicated number for them to report pirated goods. We knew that it was better to educate our fans about counterfeiting rather than simply tell them not to buy it. We also pointed out that profits made from merchandise are used to buy new players. Our fans have become our 'brand guardians', or put another way, we have 17 million spotters in Argentina. We have had some success but the battle continues. It appears to be a much bigger problem than clubs encounter in Europe and the rest of the world.

NW: How important is sponsorship to Boca Juniors?

OS: It is very important, just as it is for all sporting organisations. Sponsors want to work with attractive football brands and are interested in the media exposure they receive. We are entering a new phase in sponsorship. It is noticeable how many clubs in the UK now call their sponsorship managers 'relationship managers', which reflects these changing relationships. We have had success with sponsors but without a greater media presence it is harder to leverage the size of our sponsorship deals. As we

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increase our global presence, we are sure that we will be able to increase sponsorship revenues. Our biggest partner is Nike, and while we attract big shirt sponsors our income from these deals is much lower than those secured in more developed economies. We are aware of what we could achieve. So watch this space.

NW: What do you think the future holds for football clubs around the world?

OS: I think that the biggest challenge is to maximise TV revenue, while at the same time selling every ticket in the stadium. There are very few clubs who seem able to do that at present, and certainly Manchester United is one of those teams. I think that increased TV exposure will lead to a fall in attendances at games as we have witnessed in Spain, Italy and Germany and to a certain extent in the United Kingdom.

The new stadia of the future will probably hold around 40 to 50,000 people. There might come a time when people are admitted for very low entrance fees to make the game more of a spectacle for the global TV viewer. I know that some Premier league sides already offer heavily discounted tickets for some of their less attractive league games and I expect this trend to continue. We can't rule out the possibility of an international club competition similar to the European Champions League and the Copa Libertadores in South America, but again this is likely to be driven by TV companies. I am amazed at the number of live games that are shown on TV every weekend just in the UK. I wonder if this will have an impact on live attendances.



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NW: Given that TV revenues are the biggest sources of income for many European football clubs, do you think that so many televised games will have an impact on stadium attendances? After all we have seen attendances fall in Italy, Germany and Spain.

OS: I think that the future of football is in television. Somebody once told me that in the future, sports will be played in television studios, and the stadia will only hold a few thousand people. I personally don't believe that this scenario will help the game, but it will be similar to the NBA, where most people watch on TV. I think that attendances will eventually start to fall.

NW: From your visits to the UK, what are your impressions of the English Premier League?

OS: I have enjoyed the games that I have watched in England at Manchester United and at Tottenham. It was interesting to see a brand new stadium at Arsenal and compare it to an older stadium like the one at Tottenham. I have also visited a number of grounds

and everything seems to be very well organised. I think also that the TV contracts are very well negotiated and give your clubs a big advantage in the global football market.

NW: You talked about the ownership of Argentinian clubs. Do you think that there will come a time when the structure of the clubs changes to allow private ownership and private investment?

OS: Our clubs are set up as not-for-profit and many people work on a volunteer basis, only contributing a few hours a week. This means that it is very difficult to take decisions, other than through a vote. It would be good to be able to restructure the organisation of the club, but this is unlikely to happen.

NW: Well Orlando, thanks for taking the time to talk to me and enjoy the rest of your stay in England, and good luck with your future projects at Boca Juniors.

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