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**NEW PLAYERS IN THE FIELD: SPORTS WEB RADIO IN BRAZIL**

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## **Abstract**

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This objective of this master's thesis is to investigate the business models adopted by two sports web radio exclusively dedicated to football clubs from São Paulo, Brazil. The emergence of new and cheaper production and delivery technologies allows amateurs and enthusiasts to create, repurpose and distribute content that attracts increasing attention from the audience. As a result, small media companies start facing threats and limitations posed by long-established firms and regulatory bodies that seek to put a lid on their participation.

The operations of the case study companies selected for this thesis are addressed through a framework built around the participatory culture theory advanced by Henry Jenkins, studies focused on the economics of Internet radio and researches focused on football fandom. The analysis of the managerial practices of Rádio São Paulo Digital and Web Rádio Coringão are performed with the use of the Business Model Canvas, a hermeneutical tool developed by Alexander Osterwalder and Yves Pigneur.

Thus, this research aims at developing a better understanding of how sports web radio are changing the dynamics and interactions between football fandom and sports coverage in Brazil, and how these new media firms apply different business models, create revenue streams and provide innovative value propositions to specific customer segments.

The results of this qualitative research indicates that while new platforms like Internet radio offer opportunities for greater user participation and enable the

flow of alternative content, they still fall behind traditional media companies in terms of developing stronger business models that provide them with more stable revenue streams and better conditions to take advantage of their various partners, two essential conditions for achieving self-sustainability.

**Key Words:** media convergence, media management, business models, participatory culture, football fandom, radio, web radio, internet radio, Brazil, fan culture

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This thesis is dedicated to Kati, Erja and Piipo. It is also dedicated to José Mario and to the memory of Yone Lofreta.

*"É que a bola corre mais que os homens..."*

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# 1 INTRODUCTION

## 1.1 Purpose of the Study

Throughout the years, radio has undergone an evolutionary process that led to the rise of multiple technologies from stereo frequency modulation (FM) to satellite broadcast. In the media convergence age, "delivery technologies become obsolete and get replaced; media, on the other hand, evolve" (Jenkins, 2006, p.13). Internet-based radio, as a result of this continuous process, has emerged as an alternative to established services like analogue radio, becoming a new player in the media field.

Operating in a market characterized by relatively low entry barriers, web radio can be easily established when compared to more complex forms of broadcasting (Muhlenfeld, 2002). Besides that, it allows more new entrants (Wall, 2004) and further enhances media-fan relationships and participatory practices by opening avenues "for two-way dialogue with supporters to discuss issues surrounding clubs" (Cleland, 2011), as is the case of the sports web radio stations investigated in this thesis. These small firms embody "new models or participatory culture" (Jenkins, 2006) that blur the frontiers between consumers and producers, drawing on methods traditionally used by established media companies and adopting innovative content production and distribution solutions to reach a growing audience of football fans.

As Jenkins (2006, p.148) notes, "fan works can no longer be understood as simply derivative of mainstream materials but must be understood as themselves open to appropriation and reworking by the media industries". Examples of this abound, including the surge in the number of fanfictions, amateur movies and music mashups produced by fans and then repurposed to suit the demands of the market. In the sports media field, for instance, the old tradition of writing, editing and distributing football fanzines precedes the establishment of a more sophisticated medium like Internet-based radio.

This study explores the managerial practices, operations and business models of two online radio stations in order to develop a better understanding of the dynamics underlying the professional routines and participatory interactions of net-only radio dedicated to sports coverage. This does not mean excluding the increasing impact of new platforms and social media on football broadcasting, but rather adopting a narrower focus on the activities performed by Internet radio stations and, consequently, shedding some light on their consequences on the use social networking websites by these

Picard (2000) defines business models as conceptual descriptions and interpretations of a firm's operations, the revenue sources necessary for its survival and the potential benefits obtained for different stakeholders inside and outside the company. Because business models and market structures have a significant impact on the potential of online radio (Balzis & Barboutis, 2013), it is also important to examine how the selected case companies are affected by issues involving broadcasting rights, competition between platforms and audience engagement.

This thesis investigates the emergence of sports web radio within the media management field by looking at the cases of Web Rádio Coringão and Rádio São Paulo Digital. Its objective is to contribute to the development of media convergence theory. For this, it is necessary to identify how these small companies build their business models, develop different value propositions and diversify their revenue streams. Likewise, this study is set out to examine how the interactions between markets, football fandom and sports coverage are altered by the consolidation of Internet radio stations in Brazil.

This investigation is of interest to the media management field because online radio favors entrepreneurship, stimulates competition (Leung, 2015) and welcomes new competitors (Wall, 2004) to an increasingly consolidated radio industry (Ren & Chan Olmsted, 2004). Moreover, web radio provides diversity in terms of content and interaction (Ibid, 2004), admitting new forms of consumption (Wall, 2004, p. 42) by an audience of early-adopters (Rose & Lenski, 2008) and young adults who are less keen on tuning in to traditional radio (Albarran et al., 2007).



Nonetheless, there is a clear under-usage of the potential of web radio that needs to be addressed (Reis, 2014). Internet radio stations still find it difficult to become self-sustainable as business entities (Ren & Chan Olmsted, 2004). Frequently, they operate without steady revenue streams and fail to create viable subscription or advertising models (Ibid, 2004; Ha & Ganahl, 2004; Reis, 2014). Hence, the importance of this thesis, which explores the business dynamics of two online radio stations performing in the ever-changing field of sports media, lies not only in revealing the intersections of football fandom and new media but also in understanding the potentialities and limitations of these web radio stations and expanding the research on the economics of Internet radio.

Besides the recognized gaps on the study of online radio adoption observed by Lin (2009) and on the levels web radio audience participation highlighted by Stark and Weichselbaum (2012), I noted a scarcity of studies focused on sports web radio, its managerial practices and economic performances. In her investigation of the "relationships between the changing socio-economic setting of contemporary Brazil and dislocations in football supporter cultures", Vimieiro (2015) analyzes the case of Web Rádio Galo as an entity that has ceased to be a subculture phenomenon to move into mainstream practice. Nevertheless, Vimieiro's work is not dedicated to understanding the managerial and financial aspects of this type of Internet radio station, features that are central to this thesis.

Finally, I have worked for over five years in the media sector in Brazil and, as a football fan himself, he witnessed an increasing debate about issues like broadcasting rights and the expanding control of media corporations over traditional football routines, which occur in parallel with the development of new communication platforms created by fans and enthusiasts. I also recognizes the importance of football beyond its economic reach, regarding it not only as one of the centrepieces of the contemporary Brazilian society but also as a fundamental element in the maintenance of its social tissue. More than this: football fans represent one the many sectors of the civil society that resist the authority of modern institutions; a sector that is "organized from the bottom up, and resolves its problems at the local level, through the free association of citizens" (Scruton, 2014) in little platoons of volunteers that "follow their own internal impulses" (Ibid.).

## 1.2 Structure of the Research

This thesis is built upon a framework that combines Henry Jenkins' theories on participatory culture, studies about football fandom developed, among others, by Roberto DaMatta, Matthew Guschwan, Raymond Boyle and Richard Haynes, and researches on the economics of Internet-based radio stations conducted by several academics including Chris Priestman, Wen Ren and Sylvia Chan-Olmsted.

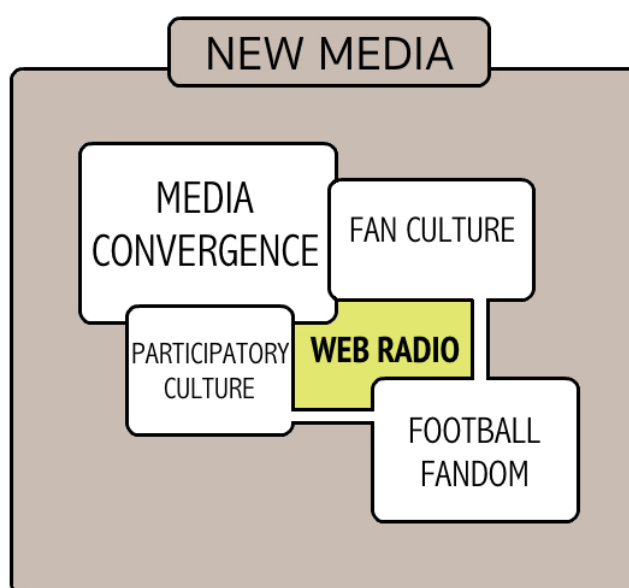
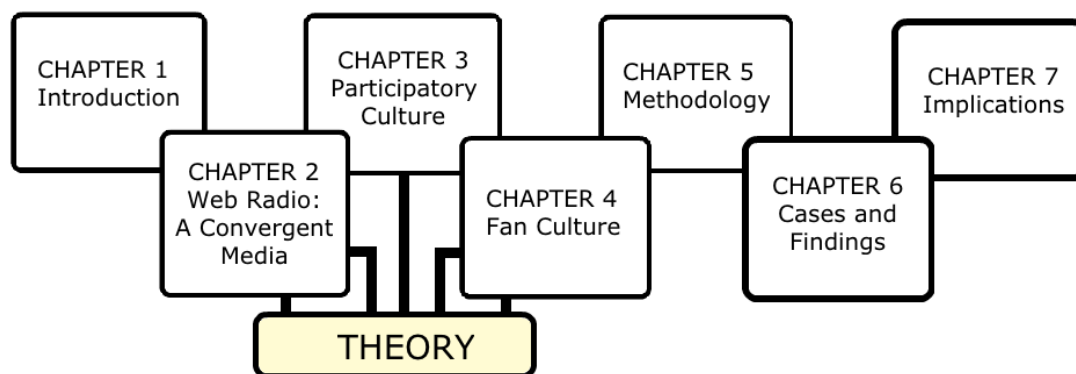


Figure 1: The Elements of the Theoretical Framework

I chose the case studies of Web Rádio Coringão (WRC) and Rádio São Paulo Digital (RSPD), two small net-only radio stations based in the city of São Paulo, Brazil, and dedicated to cover the activities and performances of two individual football clubs in the region: SC Corinthians and São Paulo FC, respectively. When choosing the case study companies, I took into account not only their expressive audience reach and participatory practices but also the fact that both have been operating continuously for over five years. The decision also takes into consideration the fact that WRC and RSPD are the main sports web radio in São Paulo. In comparison with the other stations dedicated to football clubs in the same area, they are the ones adopting the most professional practices and spending more time streaming live content.

This research is organized into seven chapters. The introduction is presented in Chapter 1. Next, Chapter 2 features a theoretical discussion of Internet radio as a new media phenomenon, providing an overview of its developments and uses. Chapters 3 and 4 extend the theoretical framework to studies on participatory culture and football fandom, respectively. They demonstrate how football fandom has evolved and responded to new media routines. Chapter 5 illustrates the methods used to collect and analyze the data obtained through desk research and semi-structured interviews with WRC and RSPD general managers. Chapter 6 introduces the cases of Web Rádio Coringão and Rádio São Paulo Digital and explores the nine building blocks that compose the Business Model Canvas tool with which the findings are obtained and, later in the same chapter, discussed. Finally, the implications and research recommendations are disclosed in Chapter 7.



*Figure 2: The Structure of the Thesis Research and its Theories*

While the implications will be more relevant to professionals working in the growing field of digital and Internet-based radio, they will also contribute to media managers engaged in projects and operations that draw on participatory practices, especially to those acting in the sports industry. They show that new media companies based on audience participation and co-creation can benefit greatly from user engagement but that this is not enough to take on established organizations that have a firm control on the media industry. Neither members of the audience are prepared to completely abandon traditional broadcasting models in favour of new and more participative platforms.

Furthermore, this thesis adds to previous researches focused on the integration between participatory culture and football fandom, by expanding the work of

Vimieiro (2015) on the role of sports web radio in modern football cultures in Brazil through the adopting of a managerial approach to this type of media enterprise.

## **2. RADIO: AN EVOLVING TECHNOLOGY**

### **2.1 The Multiple Facets of Radio Broadcast**

The emergence of web radio as a new form of delivering audio is one of the latest development in a medium that has been evolving since its first commercial transmission in the 1920s. The "oldest of the time-based media in the home" (Tacchi, 2000, p. 290), radio has a "surprisingly strong grip on the intimate" and is known for its intimate, personal, trustworthy, exploratory, live and immediate characteristics (Edmond, 2015, p. 1568). Mendelsohn (1964) notes that radio provides news and information, enables the direct participation of the public in different events, can alter the mood of the listener, keep boredom at bay and offer companionship. This is possible thanks to the ability of radio to stir the feelings of listeners, and to its "emotionally evocative and reassuring" features (Tacchi, 2000). Another important aspect of radio lies in the possibilities of interaction that have arisen with request shows and phone-in sessions (Coyle, 2006). Moreover, local news coverage and the provision of weather and traffic information form the backbone of terrestrial radio stations in most countries (Albarran et al., 2007), including Brazil.

However, traditional radio, notably in the western world, tends to be characterized by restrictions imposed by "station managers' rigid, formatted and often mainstream music selection" (Baker, 2010, p. 132), raising questions about content diversity and the consequences of industry consolidation. According to Albarran et. al (2007), these two factors, along with the excess of commercial interruptions, are responsible for the homogenization of radio programming and rank among the most evident negative perceptions about radio. Baker (2010) observes that the potential of audience participation and feedback in the traditional radio industry is restricted to a small number of options, a limitation that has been challenged by new forms of radio broadcasting advanced by cross-media platform experiences that aim to meet the demands of young audiences through new media technologies. This is especially

relevant for this thesis because user participation plays a central role within the activities promoted by Internet radio stations that are devoted to sports, the focus of this case study.

Thus, with the rise of new communication technologies radio becomes subject to "complex cross-media practices" (Edmond, 2015) that make it possible for more people to produce content that was earlier restricted to a small group of professionals; this attracts new audiences whose interests have been underrepresented or absent in traditional radio. As a pervasive network of networks, the Internet provides tools and platforms for flourishing "programs generated by people's enthusiasm, passion and need for the sociable, conversation-oriented character of making and listening to radio" (Priestman, 2004). For Ren and Chan-Olmsted (2004), web radio not only offers opportunities for more diversity in terms of content and interaction, but also encourages entrepreneurship and helps to boost competition in the highly consolidated radio sector. For many decades, listeners have been confined to a finite number of AM/FM stations available on the dial, but new digital platforms offer "a boundless number of options for 'radio'" (Rose & Lenski, 2008, p.1). Furthermore, researchers have found that younger audiences and listeners who are disappointed with over-the-air programming have been gradually replacing traditional radio with new audio technologies (Arbitron, 2007; Book & Grady, 2005; Albarran et al., 2007).

One of the main innovations introduced by such technologies is precisely their ability to draw on media convergence to explore interactive possibilities, and thereby to provide a "promising alternative" (Anderson, 2012) to long-established technologies. In terms of audio, Stark and Weichselbaum (2013, p.187) understand convergence as "the third and most recent major radio change" following portability in the 1960s and the switch to digital format in the 1980s, and Reis (2014) points to the appropriation of visual resources by Internet radio technology as one of its main advantages in relation to analogue radio – a medium that is limited to linear broadcasting of audio content and that has been relegated to a secondary plane in most regions of the developed world.

The competition between terrestrial and digital radio, amplified in recent decades by the increasing fragmentation of the audience and the emergence of new platforms, has

expanded the possibilities of radio development (Anderson, 2012; Ala-Fossi, 2010b: 45). Thanks to high-speed wireless broadband access, Internet radio, once limited to desktop computers, has become accessible to wider audiences in a greater number of devices from mobile phones and tablets to television sets and car stereo systems.

In this section, the dynamic and evolving nature of radio has been presented. From its first commercial transmission at the beginning of the twentieth century to the adoption of streaming technologies in the 1990s, radio has always been known by its ability to adapt to technological shifts and by its pervasiveness. The following section discusses how the multiple facets of radio have been subject to debates regarding their "radioness" qualities, focusing on how web radio is coded and interpreted by different authors.

## **2.2 Web Radio: In Search of a Definition**

As the pioneer in the use of Internet radio in 1993, the United States is "home to the most fully-fledged net-radio industry in the world" (Baker, 2010, p.126). With the rise of embryonic radio technologies in different countries, the dispute around the definition of radio in the context of new media studies is "now an open question for debate" (Anderson, 2013, p.194). For Tacchi, "a global definition of the meanings and uses of 'radio' cannot be assigned" because of the different way the medium is used across the globe; thus radio should be understood on the basis of "what it is at a given time, in a given context of use and meaningfulness" (Tacchi, 2000, p.292).

However, some researchers disagree with this argument. Priestman (2004) states that the differences between "radio as conversation" and "radio as music distribution", also called "radio jukebox", should be taken into account, as well as the fact that although both are produced with similar equipment and received through the same devices they should not be considered the same. He argues that "the absence of the sociable plus the emphasis on the listener's own music selection" (Priestman, 2004, p. 86) on radio jukeboxes defines it as a more un-radiolike medium than radio as conversation. But, again, this is debatable. Although Muhlenfeld (2002) draws attention to the absence of textual contributions on most of the Internet radio stations in Germany, for example, there has not been comparative research to draw any generalizable conclusions.

In the case studies explored in this research, both Web Rádio Coringão and Rádio São Paulo Digital offer a wide variety of talk radio shows spanning from football live commentary to panel discussions with academics, media professionals, players and fans. Moreover, most of their music programs are curated and presented by DJs and include the jingles and host banter that characterize the "theater of the mind" behind every professional radio station (Field & Hartel, 2001).

Another important distinction is the one between net-only radio, the object of this research project, and simulcast. Net-only radio can be defined as "stations using streaming technologies to webcast programs that users can listen to only through the Internet" and whose content is devised to circulate exclusively on the Internet (Ren & Chan-Olmsted, 2004, p.7). Simulcast is "the streaming of traditional radio on the Web" (Stark & Weichselbaum, 2013, p.187); in other words the reuse of content originally broadcast on the airwaves by terrestrial radio stations.

In this research, Internet radio, interchangeably called online radio and web radio, will follow the definition given by Priestman (2004, p.86) of radio as conversation, a medium that "involves people speaking . . . music - live or from published recordings - and combinations with other sounds (and silences) that make meaning". This implies disregarding automated music channels and streaming services such as Last.fm, Pandora and Spotify. In doing so, I intend to narrow the focus of the study in order to prioritize radio stations focused on regular shows, human-curated content and audience participation, such as the cases of the companies investigated in this research.

This section examined the main differences and similarities between the various types of Internet radio, from stations fully dependent on automated systems to those relying on human-curated content. The next section covers the technical characteristics and the content production possibilities for web radio stations along the lines of the case companies investigated in this thesis research.

### 2.3 Web Radio: Technical Innovation and Content Production

One of the main assets of Internet radio is its unlimited space to operate free from most of the regulatory constraints affecting terrestrial radio. Before the appearance of net-radio in the mid-1990s, radio broadcasters were subject to public authorities and regulators responsible for the parceling out of licenses to use electromagnetic spectrum (Black, 2001; Priestman 2004), or to the high costs of satellite operations. The consolidation of Internet and mobile technologies combined with the falling costs to manufacture desktops and handheld devices capable of receiving audio signals delivered online, have provided a virtually infinite number of radio channels (Priestman, 2004), which in turn deliver a higher diversity of content. For example, research conducted with radio professionals from Portugal indicates that the majority of respondents largely agree that the Internet provides a greater diversity of news sources (Bastos et al., 2012). In Brazil, Vimieiro (2015) revealed how online radio stations dedicated to football clubs bring new methods of reportage and narratives into the sports media field.

Nevertheless, some limitations from the webcaster perspective should be taken into account. High bandwidth and appropriate streaming capacities, as well as modern computers and servers, are necessary to set up a web radio station (Ha & Ganahl, 2004; Emert, 2001; Muhlenfeld, 2002). Also, building and maintaining functional websites and mobile applications imply costs to webcasters. For users, a high speed Internet connection is necessary to a satisfactory experience, while specific software applications may be required for rebuilding the audio content from individual data packets sent by the webcaster (Ha & Ganahl, 2004). Also, Internet radio needs more bandwidth if they are faced with an increase in the number of listeners. Therefore, access to mobile or fixed-line broadband makes listening to Internet radio a more expensive activity in comparison to the use of common radio receivers (cf. Menduini, 2007; Baltzis & Barboutis, 2013). This is a factor that should be observed by webcasters who may want to offer a greater diversity of quality content to compensate for the extra cost implied in Internet radio reception. And this is pertinent to Brazil, especially, because the country has the most expensive mobile broadband services in Latin America (GSMA, 2013) and also taking into consideration that 75% of the



Brazilian households do not have access to high-speed connections at home (Akamai, 2016).

Operating in a highly competitive arena and free from the restraints of limited radio spectrum frequencies, Internet radio stations tend to follow "less conservative directions" by offering a "considerably more radical and progressive" range of programming (Ren & Chan-Olmsted, 2004; Baker, 2009; Baltzis & Barboutis, 2013). Researchers agree that net-radio promotes more diversity when compared to traditional over-the-air radio. For Wall (2004, p.33), Internet radio technology "encourages very different forms of institutionalization, broadcast practice and listening cultures". Similarly, Albarran et al (cited by Lin, 2009) notes that "a wide variety of listening choices" ranks among the most important user gratification aspects for streaming audio.

Diversity is not the only advantage web radio has over traditional media. Webcast programs transmitted in real time can reach global audiences, a feature that cannot be replicated by free-to-air TV channels whose programming has a more domestic approach.. This is a very important characteristic for Internet radio stations focused on sports coverage, such as the case of the case companies studied in this thesis, because one of their target audiences are listeners located outside the coverage area of terrestrial radio stations and local TV channels. Furthermore, webcasters can store and provide on-demand shows that can be retrieved by users on another occasion. Ha and Ganahl (2004, p.77) define on-demand as "a transmission method that offers content based on a specific request from consumers at a time convenient to them". When combined with appealing live streams, this technology can give Internet radio a slight edge over the few terrestrial stations that have not developed their content online yet, such as the case of some AM stations.

Also, Ren and Chan-Olmsted (p.21-22) observe that net-only radio stations are "more motivated to provide innovative, interactive web contents to encourage audience loyalty" because their operations are limited exclusively to the Web, hence they cannot afford to only simulcast or repurpose their content as traditional over-the-air stations often do. Furthermore, net-only radio tends to rely on specialized content to attract niche audiences in sufficient numbers to launch programs that otherwise would

not have a chance on the airwaves, but whose high quality cannot always be guaranteed due to the high costs of production (Ha & Ganah, 2004).

Considering the expenditures on computers, servers and broadband connection, the entry cost of Internet radio is still considered low when compared to over-the-air stations – however, the reduced costs of operating a net-only radio station can be affected by a sudden expansion in the number of listeners. In most countries, terrestrial stations need to apply for a license before investing in professional equipment. According to the National Telecommunications and Information Administration, an agency of the United States Department of Commerce, the cost to set up a complete local-production public radio station involves transmission systems, test equipment, on-air, news and production control rooms and several other services and supplies, running around US\$ 930,000 for Class A transmission systems based on FCC specifications (NTIA, 2011). For smaller stations (e.g. LPFM whose construction permits have already been issued by the FCC), the expected expenses can run under US\$ 15,000 (Prometheus Radio Project, 2008).

The relatively low barriers to market entry can be attractive for new entrants willing to start an online radio enterprise (Wall, 2004; Muhlenfeld, 2002); they can "facilitate the decentralization and de-professionalization of media production" (Leung, 2005, p. 44) and promote the delivery of original content and alternative music that are not the norm in the traditional radio industry (Priestman 2002b; Baker, 2010). It is important to remember that despite the requirements that users have access to high-speed Internet, the production of content for net-only radio also takes advantage of the relative freedom to operate without the limitations caused by electromagnetic spectrum regulation and transmission faced by terrestrial radio stations (Baltzis & Barboutis, p. 53).

There are downsides, however. Because web radio stations need to build their audience from scratch they are compelled to seek a variety of revenue sources other than the traditional advertising model adopted by terrestrial stations (Palumbo, 2002). From monetary sponsorship and merchandise sold through online stores, to subscription fees and exclusive pay-per-view services, web radio need to explore

different sources of revenue to become a sustainable business (Ren & Chan-Olmsted, 2004).

Ting and Wildman (2003) suggest that Internet radio needs to offer an alternative to visual advertising on their websites and develop accurate audience measurement methodologies, two aspects that keep some advertisers from investing in web radio. The authors also believe that advertisers are wary of Internet radio audiences overlapping with the audiences of over-the-air radio, where the bulk of their investments are placed. Moreover, a large number of stations that operate only online lack steady revenue sources and struggle to put forward profitable advertising income models while owned and managed "by individuals rather than organizations" (Ren & Chan-Olmsted, 2004). Our case study companies face similar challenges, hence the importance of this thesis to investigate their key resources, value propositions and revenue streams, which will be explored in a later chapter of this research.

## **2.4 Web Radio Audiences**

In the previous section, the peculiarities of web radio content production and its technical characteristics were examined. The discussion about this new media platform continues in this section as the intersections between Internet-based radio terrestrial radio audiences are assessed.

Studies on the impact of Internet radio in the United States conducted by Arbitron and Edison show that "people who listen to digital radio platforms do not spend less time listening to AM/FM radio" (Rose & Lenski, 2008, p. 4), therefore advertisers would have no reason to be doubtful about the negative impact of a possible overlapping of audiences across platforms. The same studies indicate that most of the Internet radio listeners are likely to continue to tune in to over-the-air stations with the same regularity. However, Edmond (2015) explains that radio audiences are shifting between media platforms not only to gain access to contents and information about particular topics but also to assume a more participative role in the broadcasting experience.

Although similar in many respects, Internet radio audiences are usually more selective regarding the content they want to consume than traditional radio audiences (Baltzis & Barboutis, 2013). They also demand more diversity of programs and better audio quality (Stark & Weichselbaum, 2013), which might explain the focus on "smaller but more intense communities of interest" (Priestman, 2002) among web radio stations. For Priestman (2002, p. 137), Internet radio audiences should be understood as niche audiences that "work that bit harder to find niche content, because they are dissatisfied with the mainstream". He identifies two major advantages of web radio over traditional stations: the interactive potential enabled by technical features inherent to the online environment in which they operate and the possibility to focus on topics that would attract a relatively small number of listeners — in terms of broadcast audience. While the former can be witnessed by the emergence of technologies that go beyond traditional request and phone-in shows, like online communities of listeners, chat rooms and studio webcams (Stark & Weichselbaum, 2013, p. 188), the latter means a greater offer of niche-oriented content focused on less popular musical genres and local affairs that do not receive an extensive coverage on traditional radio.

In her study of modern football cultures in Brazil, Vimieiro (2015, p. 242) identified eleven net-only radio stations, each of them focused on a single club. She noted that their activities are "particularly creative by providing alternative approaches that enrich and pluralise the sports-media environment". Instead of emulating traditional over-the-air broadcasters, these online stations provide "new frames and narratives that place ordinary supporters at the centre of the stories" (Ibid, p.58). Besides that, they engage in different types of reportage that are less dependent on ordinary journalistic practices, adopt unconventional perspectives of sports-oriented coverage and "recreate the passionate and literary style of Brazilian sporting chronicle that was disappearing as a result of the increasing rationalization of both the football sector and sporting journalism" (Ibid.).

Moreover, by studying a web radio station launched by Atlético Mineiro followers in 2011 and other "collective communities" created by the club's fan base, Vimieiro (2015, p. 282) concluded that football supporters are employing new technologies to expand the debate about their fannish experiences and to frame their cultures in

significant ways. These collaborative initiatives have led them to confront the established concept of "legitimate knowledge" embedded in the sports media industry and to question traditional media companies and their norms (Ibid).

However, despite exploring the participatory activities of Web Rádio Galo, Vimieiro's work is not interested in Internet radio as a media enterprise. By approaching Web Rádio Coringão and Rádio São Paulo Digital from a managerial perspective in order to comprehend their business processes and practices, this research fills a gap on the literature of Internet sports radio.

## **2.5 Web Radio as a Convergent Media Platform**

Considering that the case companies investigated in this thesis were born out of a media convergence environment where new and old technologies overlap and interact to create a profusion of emergent platforms, it is important to examine how web radio is inserted in this dynamic terrain, which is focus of this section. But first, it is necessary to understand how Henry Jenkins defines media convergence as a departure "from medium-specific content toward content that flows across multiple media channels. . . toward multiple ways of accessing media content, and toward ever more complex relations between top-down corporate media and bottom-up participatory culture".

Throughout the years, radio has undergone an intense process of experimentation, both in form and in content. This began with the consolidation of technologies based on the digitalization of analogue signals (e.g. digital audio broadcasting transmission, or DAB), which is a tool that "can be used in blurring market boundaries for implementing expansive business strategies and more market-oriented policies" (Ala-Fossi, 2016, p. 265).

Internet-based radio takes advantage of practices common to radio broadcasting by exploring the possibilities offered by online distribution, thus increasing content diversity and the potential of audience participation. Media convergence changes the interactions between established technologies, markets and segments (Jenkins, 2014)

and its effects are visible in the radio industry where "old ideas about 'radioness' are shaping the future of the radio beyond radio" (Edmond, 2015, p. 1569).

The digital revolution paradigm assumed that traditional media would be largely replaced by emergent media but the convergence paradigm understands new and old media as twin forces interacting in increasingly complex ways (Jenkins, 2004). Over time, Internet radio has drawn on media technologies that had been foreign to the radio milieu in order to amass an audience willing to explore the interactions between different platforms. Despite the predominance of sound, textual and visual features are increasingly present on the websites of net-only stations in the form of video reports, photographs and text-only news (Reis, 2014). But as illustrated by Bastos (2012), this poses a challenge to journalists accustomed to handling sound content with an aural audience in mind and who now need to develop and perfect multiple skills associated with different fields of journalism and entertainment production.

Priestman (2002) notes that the possibility of streaming video content in real time by setting up a camera in the recording studio not only demands technical knowledge and extra resources but also raises questions about whether moving pictures contribute to the overall radio experience. He points out that digital convergence needs to be considered carefully and that radio stations should decide whether or not to offer video resources on their website based on target audiences. This is a very important issue for webcasters because listeners are increasingly making use of mobile applications to stream their favorite shows, which means that only a small portion of them has time to "attend to visually demanding activities" (Priestman, 2002, p. 49) like following a lengthy video.

For Neumark, cross-platform practices embraced by Internet radio need not to follow production methods adopted by traditional radio; instead they need to make use of their unique affordances in terms of time and space (2006, p. 222). These affordances can be seen in the form of on-demand content retrieved by users at any time from the radio website, or from distribution platforms such as Soundcloud or Mixcloud. The BBC World Service, for example, offers updates of stories extracted from daily shows and then uploaded to its channel on Soundcloud, while the São Paulo-based Rádio

Jovem Pan provides streaming of its large archived multimedia content on its own website as well as on several YouTube channels and side-channels.

When traditional media companies like the BBC and Jovem Pan embrace practices that have been common to net-only stations (i.e. offering on-demand streaming and downloads) and Internet-based stations assimilate and adapt the language and procedures common to established broadcasters, we have evidences of a convergence process that "involves both the way media is produced and a change in the way media is consumed" (Jenkins, 2006, p. 211). Anderson (2006) cites the example of the National Public Radio (NPR), whose content can be consumed via terrestrial and satellite broadcasting, streaming services, podcast feeds and even e-mail transcriptions, to argue that distribution across multiple platforms is the exclusive path to reach a big potential market.

Another important aspect of media convergence is the intense cooperation and interaction between media industries. Magazines and newspapers rely heavily on multimedia content adapted from radio and TV technologies to set up their own podcasts and Web TV channels. The case of Vice Media, which started as a lifestyle magazine before growing into one of the most dynamic broadcasting companies in terms of cross-platform distribution, illustrates the potential of this kind of collaborative strategy. In the past two decades, Vice has dramatically increased its presence across several media by partnering with a diverse range of outlets such as The Guardian, The Huffington Post, CNN and HBO. In Brazil, Radio Estadão, owned by Grupo Estado, which publishes the newspaper O Estado de São Paulo, maintained a partnership with the sports television channel ESPN between 2007 and 2012.

Finally, Jenkins (2006) points to the "migratory behavior of media audiences" as the last element of the media convergence theory. Contemporary audiences are determined to seek their favorite type of entertainment in a multitude of ways, exploring different content channels and platforms offered by established media companies and grassroots outlets. Furthermore, it is important to note that the adoption of alternative media forms is more common among radio listeners who are deeply disappointed with the kind of programming offered by terrestrial radio stations (Book & Grady, 2005 as cited in Albarran et al., 2007, p. 5), which, in turn, begin to

see changes in their consumer patterns as members of the audience shift towards novelties provided by new entrants.

This chapter covered Internet radio as a new media phenomenon based on the convergence of different technologies that are adopted and repurposed by amateurs and professionals alike in order to reach both local and global audiences. On the producer side, online radio offers a new platform to promote and explore a wide array of content that has not been traditionally covered by terrestrial stations. Likewise, media consumers benefit from greater diversity in programming and from new radio experiences provided by webcasters. This is how the case companies researched in this study, as new entrants in the media arena, have attempted to build a sustainable business model. This thesis investigates their common practices and operations in order to establish how web sports radio are making use of new media technologies and participatory action and the degree of success they have experienced; it also addresses the gap noted above in the study of online sports radio as a viable business entity. Thus, comprehending the dynamics of Internet radio is the focus of this investigation. The next chapter examines how audiences are assuming an important role in the new media industry by altering the structure of established means of communication and organizing around emergent and disruptive platforms.

### **3 PARTICIPATORY CULTURE**

The thesis argues that new forms of participatory culture are enabled and expanded by the emergence of convergent technologies like Internet radio. Before exploring the distinctive characteristics of football fandom, which is one the pillars of the case companies investigated in this research, it is necessary to develop a better understanding of the dynamics of audience participation in the media industry.

This chapter begins with an overview of the concept of participatory culture as explored by Jenkins in his studies of media convergence. This is important because web radio is one of the many platforms that draw on user participation to generate content and to offer alternative channels to those provided by established media companies. The limits of participatory engagement are then discussed in the following



section, where different types and degrees of audience participation are highlighted and analyzed.

### 3.1 From Passive Audiences to Creative Networks

Henry Jenkins (2013, p.2) calls attention to "different groups deploying media production and distribution to serve their collective interests", such as fans getting together to expand the universe of comic book superheroes through fanfictions, and computer programmers modifying the original content of video games in order to create or reshape characters. The interactions between radio enthusiasts and football fans focused on the promotion a new paradigm for sports coverage, as described in this thesis research, is another pertinent example.

The possibility of introducing new topics of discussion in the mediated debate and the chance of reaching global audiences through online channels attract not only music fans but also sports aficionados who, organized around common interests, have started their own stations and developed them into small media companies. Despite their distinct business models, revenue streams and value propositions, the core element that ties web radio stations together is their focus on participatory culture practices. Therefore, exploring these activities is fundamental to obtain a proper understanding of the phenomenon being investigated here.

The term *participatory culture* was first defined as "the cultural production and social interactions of fan communities" (Jenkins, 1992), and later expanded to accommodate new practices involving participatory journalism, which can be explained as the news work carried out by professional journalists and amateur citizens and modeled after commons-based peer production (Bruns et al, 2007). This overlapping of media production and consumption reveals the appearance of a far-reaching convergence culture centered on a more "participatory and interactive engagement between different forms and industries, between people and their media, as well as between professional and amateur media makers" (Deuze, 2007, p. 472).

As a result of this overlapping, digital media have developed into recyclable, transferable and adaptable contents used in the production of new goods and

experiences that may never be fully completed (Miller, 2011). One example of this is *Defense of the Ancients (DotA)*, a modification of the game *Warcraft III: Reign of Chaos* developed by fans with a map maker tool bundled on the digital download of the popular title published by Blizzard Entertainment. The game has received several updates since its release in 2003, and each of them is the product of the collaboration of many users who share different skills in the creation of tailored scenarios, missions and items.

A similar level of mutual cooperation is found at companies like the radio stations studied in this thesis. Sports fans are usually avid consumers of official merchandise, season tickets and pay-per-view packages. But they are also engaged in collaborative activities that go beyond football firms, such as writing and publishing fanzines, maintaining mailing and forum lists, updating online communities and providing content to web radio stations, whose existence depend on the coordination of several competencies brought in by fans and collaborators.

For Jenkins (2013, p. 297), participatory culture should not be understood as a recent phenomenon since its history can be traced back to the consolidation of fandoms, media activism and political and social militancy, all of them expressions of "much older forms of folk cultural production and exchange". When participatory culture is executed by communities and networks rather than by individuals detached from larger groups, the resulting content is more likely to transcend the geographic boundaries where these groups operate and reach new territories.

Schäfer (2001, p. 41) explains that audiences are no longer restricted to interpreting media texts, but are beginning to adopt a productive approach towards media content. Jenkins (2013, p.162) gives the example of podcasting, a technology that restored radio as a participatory medium by giving different groups the possibility of producing and distributing radiolike content. As amateurs and consumers use new technologies to contribute their own content and express their concerns over industry consolidation, long-established institutions and practices are reshaped. In the same way as radio has been affected by the emergence of podcasting and Internet radio, cinema and TV face the expansion of popular video-sharing platforms like YouTube

and Vimeo that are similarly enabled by falling costs for movie production equipment and post-production software.

This chapter started with an examination of the different degrees and types of user participation in the media field. One essential element of this thesis argues that distinct levels of participation and engagement are fundamental to the survival of emergent media companies like net-only radio stations. Next, the constraints to participatory action and their consequences are highlighted. This is especially relevant to this study considering that small media firms like Web Rádio Coringão and Rádio São Paulo Digital have been forged by football enthusiasts willing to attract fellow fans to new platforms that not always offer the proper channels for effective participation at the user level.

### **3.2 Restrictions and Shortfalls to Participatory Action**

When approaching participatory culture, there are important criticisms that need to be taken into account. Fuchs and Sandoval (2010) argue that new platforms providing vehicles for active participatory engagement are neither powerful enough to liberate audiences from the constraints imposed by the control over the means of production of information held by media conglomerates, nor are able to erase the boundaries separating producers and consumers. According to Jenkins (2013), their potential lies in offering an affordable mechanism for grassroots communities and active members of the audience to handle, create and distribute digital media, and thus to rework the meaning of cultural participation – and ultimately to hold sway over the circulation and production of content. But, naturally, it is up to individuals to decide what they want to do and find useful to pursue. Also, he emphasizes that participatory culture has a more extensive history in political and cultural discourse than the shorter lifespan of particular technologies or platforms, and therefore it is necessary to exercise caution when accessing it from a collaborative point of view. Moreover, "participation often involves some degree of imbrication into commercial logics" (Jenkins, 2013 p.175)

Participatory production processes initiated by alternative media cannot simply confront corporate media control. According to Fuchs and Sandoval (2010), small-

scale participatory media tend to remain marginal and reject professional organization, creating thus the conditions for a fragmented public sphere and curtailing their chances to secure the necessary resources to maintain their operations and thereby to attract public attention

Another problem that ensues from the lack of financial stability is that continuous creation and delivery of media services are compromised by the "self-exploitation of media producers, low-cost production techniques and the usage of alternative distribution channels" (Fuchs and Sandoval, 2010, p.4). Thus, alternative media relying on participatory models – and whose operations are detached from the structures of a business economy – risk becoming unprofitable "individualistic spaces of withdrawal" for as long as they last, which often is not very long. Finally, as also noted by the authors:

Giving ordinary people a voice by opening up access to media production is not enough for a truly democratic media system to emerge. Participation remains very limited if people can only talk but are not heard.

This thesis takes no normative position on the issue of participation. That is not to say it is unimportant in normative terms, or that participation is not a pre-requisite to what is being investigated – in part, at least. It is to say that there is little useful to be gained by expecting all users to participate or striking a critical tone for those that choose not to be engaged in these ways at all. In short, participatory culture includes choosing not to participate and to participate in various ways and different degrees.

Therefore, I follow Schaefer (2011) who suggests that participatory culture should be divided into two modes of participation: explicit and implicit participation. The first is caused by intrinsic or extrinsic motivation and cannot be reduced to altruistic reasons, critical activism or anti-hegemonic attitudes. It is intimately linked to technology appropriation and to the development of technical competence. Implicit participation is focused on user habits and does not depend upon conscious activities of cultural production, which means that users are not required to participate in social networks or to engage with each other to have access to platforms that are fed by user-generated content, for example; these platforms are beneficial to the users to the extent that they

are capable to provide the means necessary to initiate preferred and desired activities. The case companies here studied fit this mode because their raison d'être is to transform the passion and engagement of their collaborators into sustainable businesses.

Another important distinction is made by Carpentier, who separates content-related participation from structural participation. While the former is related to participation in media production processes, the latter refers to procedures linked to decision making processes. Both assume that users are actively engaged in explicit participatory routines that "allow citizens to be active in one of the many (micro-) spheres relevant to daily life and to put their right to communicate into practice" (Carpentier, 2007a as cited in Fuchs and Sandoval, 2010, p. 3).

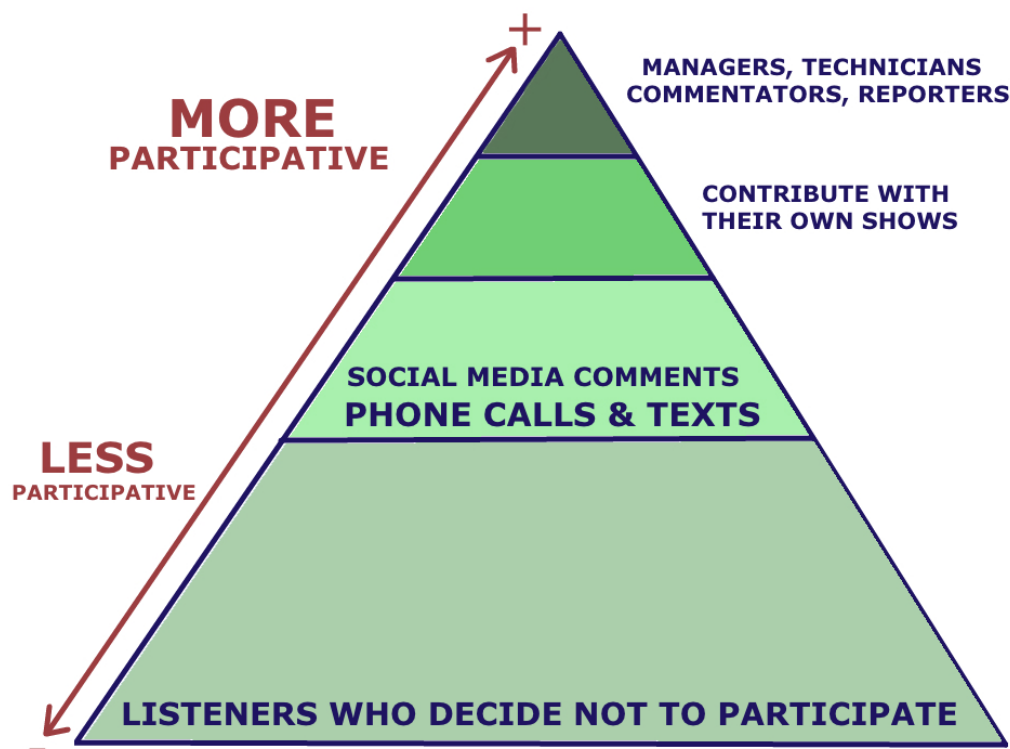


Figure 3: The Four Levels of Audience Participation on Sports Web Radio (Author Own)

This chapter addressed the importance of the concept of participatory culture within the media convergence field, explaining that new media tools and interactive platforms enable grassroots communities to organize around shared interests and launch companies and entities that represent a shared devotion among their members. It has also been presented a critique based on Fuchs and Sandoval, who argue that

media firms based on participatory action tend to have problems with professional organization and management practices. This is particularly important for our research because the core activities of the companies studied in this thesis are centered on the work of amateurs and media enthusiasts.

In the previous sections, the phenomenon of participatory culture and its limitations were introduced in relation to new media practices enabled by dedicated fans such as those behind Internet-based radio stations. This is paramount to the development of this research, as both case study companies are products of the media convergence process that favors participatory action. As discussed in Chapter 2, web radio is a kind of technology that allows a greater degree of individual and collective engagement, hence the importance of comprehending the possibilities and limitations of user participation in the new media arena.

Also, as Jenkins (1992) noted, the emergence of fandoms is intrinsically bound with the origins of participatory culture, therefore understanding how fans are organized in different groups and how they extend their influence to sports and media affairs is imperative to grasp their activities. In the next chapter, we cover how fan culture can take different forms under the new media environment and how football fans in different countries are moving from passive spectators to active creators.

## **4 FAN CULTURE**

This thesis is limited to study how participatory culture, as expressed by fannish practices of football supporters, is realized through the advancement of new technologies based on media convergence, such as Internet radio platforms. In order to make sense of the importance of fandoms in the contemporary media environment, it is crucial to grasp their main characteristics and to make a distinction between how different fan communities act to promote their causes and interests.

In this chapter, the constitutive elements of fandoms and their main embodiments are described in Section 4.1. Next, the intersections and differences between fans and consumers are highlighted in Section 4.2. After that, the relationships between

football fandom, one the core elements of this thesis, and new media are outlined in Section 4.3. Finally, Section 4.4 explores how different football fan communities are reacting to the increasing commodification of the game.

#### 4.1 The Rise of Fandoms

Participatory platforms have been widely used by groups of fans as meeting points where they formulate coordinated answers to media texts, cultivate common interests and reinforce a marked sense of social solidarity. In the context of media culture, Jenkins (2013, p.166) makes a distinction between fans and fandoms by describing the former as individuals who have developed an emotional relationship to a particular media franchise, and the later as groups of enthusiasts "consciously identified as part of a larger community to which they feel some degree of commitment and loyalty" and who aim to shape the processes and decisions made by the media industries regarding their objects of devotion.

Ferris and Harris (2011, p.131) argue that the concept of fans surpasses that of consumers thanks to the deep connections most fans have with their objects of interest, which are often commercial products or commercialized phenomena, and because of the relationships developed with both their idols and with other enthusiasts. Hills (2002) describes fans as highly articulate individuals capable of producing abundant information about their fandom, and whose participation in communal activities characterizes them as integrated viewers and readers. Nevertheless, taking part in fannish activities is only one of several characteristics that define fans, who may also need to adopt a particular identity modeled by personal and emotional experiences (Harrington & Bielby, 1971 as cited in Duffett, 2013, p. 26) and demonstrate a strong bond with their objects of devotion, which can be expressed, for example, "through a recognition of style or creativity" (Duffett, 2013).

Early influential research by Fiske (1989) indicates that fans take advantage of the multiple meanings embedded in popular media texts to build alternative accounts and understandings of such materials. Thanks to the "strong forms of attachment" that characterize fan communities and individuals, fans should not be understood as mere members of the audience but as active contributors (Fiske, 1989 as cited in Cleland,

2011). Moved by the wish to rank high in niche communities or to test their technical skills, many fans produce content or distribute texts already published in the media – a practice called curation. They also aim to express themselves through the creation, reinterpretation and discussion of such materials (Jenkins, 2013, p.34). For instance, Schäfer (2011) cites an online platform dedicated to the Star Wars movies that provides discussion forums, audiovisual resources and news on upcoming releases, conventions and meetings related to the popular franchise. In addition to that, fans are encouraged to make their own Star Wars films. Some of these renditions are notably amateurish, but others display outstanding technical and cinematographic achievements.

This illustrates how far some fans can go "to explore and participate in fannish practices" (Hills, 2002a, p. 161) and to "transform personal reaction into social interaction, spectatorial culture into participatory culture" (Jenkins, 2006, p.41), which is one of the defining aspects of fandom. This fan culture characteristic is relevant to this research because the case study companies are made by and for passionate fans. As discussed in later sections of this study, football fandom has long had an important role in the evolution of new media services. Sports fans are early adopters of emerging communication technologies, which are often incorporated by them as tools to interact with other supporters and as instruments that allow them to have a more participatory approach in the media industry field (Boyle & Haynes, 2004; Dixon, 2011).

However, the notion of fandoms, and likewise the conception of fans, cannot be reduced to a single definition because they involve "different experiences, concern different practices and mean different things in various contexts" (Duffett, 2013, p.4). Jenkins (1992, p.3) argues that fandoms emerge as a reaction to particular historical circumstances, a view shared by Hills (2002) who calls attention to the organic relation between fandoms and the deep changes that invariably occur in the contemporary consumer culture. With continual developments in the media culture industry, new public figures and fan practices gain increasing recognition, an indicator that fandoms can "create social structures, ecologies, rituals and traditions of their own" (Duffett, p. 2013, p. 17).



In the next section, the links between fandoms and consumer practices are examined. This is an important issue for this thesis because football fans are often associated with avid consumers not only of merchandise but also of news content related to their favorite clubs, which is, after all, the main product offered by the Internet radio stations studied in this thesis.

#### **4.2 Fans as Specialist Consumers**

The participatory stance that characterizes fan culture is often opposed by an idealized view of obedient audiences spreading official texts and viral messages devised by marketers (Jenkins, 2013, p. 34). To a certain extent, media fans might "resemble ideal brand consumers" because many of them are eager to purchase newly-released products and merchandise, maintain collections and take part in promotions (Cayiechi, 1998, p. 62 as cited in Duffett, 2013). But Hills (2002, p. 4-5) points out that the fan condition is a contradictory one since they can be seen either as specialist consumers, as evident in the case of those who acquire every possible item related to their object of interest, or as agents of "ant-commercial beliefs" whose participatory practices are related to the very capitalist dynamics they so often claim to resist and therefore "are likely to be censured within the fan culture concerned".

According to Jenkins (2013, p.35), the interests of media corporations and the aspirations of media fans run in parallel but never completely intersect because even companies who have a favorable approach to audience participation are ambiguous about the level of control they should give to their audiences. Since fans have a complex and passionate relationship with their object of devotion, they tend to engage, at least initially, in a "labor of love" that is detached from commercial interests (Jenkins, 2008).

However, these activities many times put them on a collision course with media companies. The motivation underlying this parallel economy of sharing – the gift economy – is rarely linked to any financial gain but rather with the fan's willingness to help other members of the community to enjoy his favorite texts (Duffett, 2013, p.23). Fans compile, organize and distribute digitized versions of old record albums through peer-to-peer file sharing services, run public screenings of rare movies, write

and review fanfics and filk music – a genre whose songs are based on original soundtracks of fantasy and science fiction movies – and modify the content of video games in order to express their dedication to particular fandoms or to gain a participative role within their niche communities.

For Jenkins (2013, p. 35), these activities can be understood as "the direct goal of participatory culture" or, in some situations, as a byproduct. Fans, as the football supporters who make up the audience of the web stations studied in this thesis, are considered both "target consumers for new products and franchises" and "niche markets that represent the residue of a culture first facilitated by mass marketing" (Hills 2002a, as cited by Duffett, 2013). This is in line with Crawford's view of the sports fans condition as one defined by a consumer act that would require them to be seen ultimately as consumers (Crawford, 2004, as cited by William, 2007).

Nonetheless, the audiences of Web Rádio Coringão and Rádio São Paulo Digital are largely composed by loyal fans that might not want to demonstrate a direct enthusiasm for economic consumption *par se*, at least not in speech, as observed by Duffett (2013). With that in mind, Internet radio stations dedicated to football coverage like WRC and RSPD prioritize terms like "fans", "supporters" and "*torcedores*" over the traditional "audience" and "listeners", thus stressing that football supporters should not be classified neither as "consumers of a leisure product" nor as "legitimate participant[s] of the game" (Taylor, 1992, as cited by Brown, 2002, p. 54).

As football becomes increasingly more integrated in the capitalist society, with clubs seeking to expand their brands to foreign markets and looking at their supporters not only as faithful followers but also as stakeholders, partners and investors, fans of the game seem to have increasingly less choice regarding their status as consumers brought in a highly commodified setting. This reflects, for example, Hodgson's view of European football as "a modern-day example of 19th century capitalism — where the strong thrive and become ever-more powerful, many just get along, and the weak get left behind" (2012).

### 4.3 New Media and Football Fandom

Thus far, this thesis has discussed fandom as a media and entertainment phenomenon and disregarded the many other manifestations of fan culture outside the media realm. For instance, Duffett (2013, p. 3) claims that "sports fandom remains the most accepted model of fandom in our society" and that it differs profoundly from media fandom as an object of study due to its distinct tribal and competitive-based mentality. The devotion to a particular club can take precedence over all other interests in the fan's life, shaping his identity profile (Porat, 2010) and providing room for enduring associations. When institutionalized, formal alliances rest on rules, hierarchies and procedures that regiment the bearings of their members and provide them with a source of enjoyment and pride (Scruton, 2014) that is deeply based on local and national settings. (Boyle & Haynes, 2004, p. 160).

In her study of football supporters in England, Wolfson (2004) pointed out that the outcome of a football team is not nearly as important to its followers as their identification as members of a group, hence not supporting a club is an option that is rarely considered by fans who see football teams as part of their social identities. For Porat (2010), traditional hardcore fans define their affiliations as an elemental aspect of their personality and behave as if they own not only the club but also the game. This is evident, for example, in the behavior of supporters who confront a board of directors on the premises of a club or break into training centers to demonstrate against the performance of players and managers, both of which are common practices among South American fans. Here it is necessary to look at how the words *fan* and *torcedor*, its equivalent in Brazilian Portuguese, convey different types of emotion. According to anthropologist Roberto DaMatta (2006, p.114):

The *torcedor* is distinguished from the "fan"... because he goes beyond the admiration for the team. The "fan" is identified with a team; but the *torcedor* stays with and by the team, mixing himself, physically, with the players, symbols, gestures and trajectory. The fan is dedicated to a sectorized and always positive appreciation; but by cheering [*torcer*] his team, the *torcedor* immediately roots against [*torce contra*] the opponent.

For Giulianotti (2002), football spectators can be classified into four ideal-type categories, as indicated in the Figure 4 bellow.

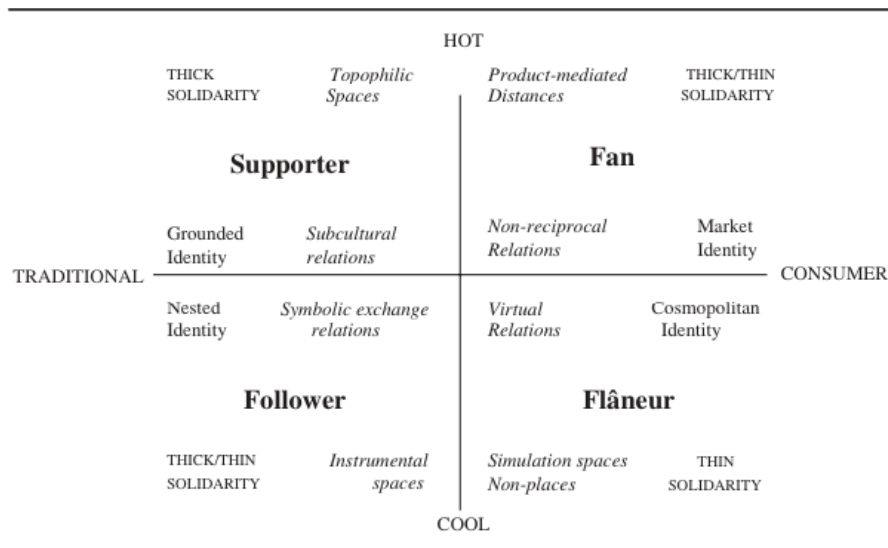


Figure 4: The Four Ideal-Type Categories of Spectator Identities (Giulianotti, 2002)

The **supporter** (top left corner) demonstrates a deep-rooted investment in the club that is marked by strong personal solidarity and financial support (e.g. purchasing official merchandise and season tickets). For example, terms like "mother" are attached to the clubs by football followers in South America, who are in turn called their "sons" or "children". In Brazil, Corinthians supporters display a large banner with the words "Tu és religião" (*You are religion*) during the matches. "Supporting a club is a lived experience, rooted in a grounded identity that is reflected in an affectionate relationship to the [football] ground that is regularly revisited" (Giulianotti, 2002, p. 33). Ultimately, supporters can join hooligan firms, a phenomenon that has caused intense debates in countries like Brazil, with the *organizadas*, and Argentina, with the *barra bravas*, due the violence of these organized entities.

The next idea-type is the **follower** (bottom left corner), who keeps himself up-to-date on the latest news about his club but also on other teams, players and leagues. Because followers are usually instigated by complex social and cultural meanings, they tend to dismiss commercial values in favor of the maintenance of old traditions and costumes. For example, many followers of Clube Atlético Juventus, a small club

based in a former industrial district of São Paulo, are known by their commitment with the "Against Modern Football" movement. They also celebrate the old ties with the Italian community and factory workers who helped to establish the club in 1924.

In contrast, a market-centered set of relationships characterizes how *fans* (top right corner) experience their favorite clubs and players. "The fan's strength of identification with the club and its players is thus authenticated most readily through the consumption of related products" (Giulianotti, p. 36). Although both fan and supporter share a strong identification with their clubs, the former has looser ties with the teams when compared to the latter. Finally, the *flâneur* (bottom right corner) shows a detached and distant relationship with football clubs and is more likely to watch the matches on TV or on the Internet. This detachment often keeps the flâneur from displaying intense social solidarity with fellow spectators and explains why they acquire less merchandise than the other ideal-type categories.

Because it is fundamental for media companies to have a solid knowledge of their target audience, firms like the ones studied in this thesis need to understand how different kinds of fans behave and consume sports-related content. Based on that, they should also be conscious of the risks and advantages of focusing on a single club, a decision that may cause them to rethink how to deliver news in terms of bias and impartiality. As DaMatta mentions above, the Brazilian fan, or *torcedor*, is physically incorporated into his team and naturally roots against the opponent. Thus, new media companies as Internet radio stations, e-zines and other websites dedicated to cover the activities of individual Brazilian clubs often draw on the opinion of seasoned *torcedores* to match the expectation of other fellow enthusiasts, thereby "opening avenues for fans to engage with the game in new ways and to experience new forms of communication" (Boyle & Haynes, 2004, p. 158).

According to Boyle & Haynes (2004, p. 138), "football has held a centre stage in the evolution of new media services in the UK and beyond" because an expressive number of sports fans are early adopters of innovative communication and information platforms. Similarly, Dixon (2011) revealed that younger football fans in the UK have assimilated new media technologies into fandom practices and used them to reach and interact with other fans both inside and outside the virtual space. In

Brazil, the major clubs and leagues have invested in new channels of communication with their fans through Facebook, Instagram and Twitter accounts, and exclusive videos posted to YouTube channels.

In several occasions, however, fans have mobilized on social media to challenge decisions concerning their teams. After being targeted by discontented fans on Facebook and other social media, Santos FC had to persuade a former sponsor to replace the bright orange of the logo displayed on the kits worn by the players with the colors traditionally associated with the team. In 2016, a similar episode caused the health insurance company Prevent Senior to remove its colors from the logo stamped on the shirts of São Paulo FC. The same club would be forced to sack forward Getterson dos Santos just five hours after he signed a loan deal with the Brazilian side. The decision was made to contain enraged fans lashing out on São Paulo FC social media, complaining that the new hire had posted offensive messages to the club on his old Twitter profile five years before he was offered a contract.

In his case study of organized groups of football supporters in Italy and their potential to create and promote branded commodities, Guschwan (2012) has compared the S.S. Lazio Irriducibili fans to an *active* model of participatory culture, while Cleland (2001) investigated how new media platforms have fostered a "two-way dialogue with a number of *active supporters*" and provided them with tools to enhance the discussions around their football clubs, such as the web radio The Villan, established by the English team Aston Villa in the hope of promoting a direct link between fans and the club through phone-in programs. A similar conclusion has been reached by Dixon (2012), for whom new technologies are expected to draw audiences beyond traditional communities of taste to the football fandom crowd, and by Boyle and Haynes (2004), who believe that behind interactive new media lies a "desire to provide content that transcends the linear reception of analogue television into a more dynamic, active participation of the user" and therefore to transform the way football is conveyed.

This section discussed the relation between football fandom and new media as an expression of participatory culture. Inclusive platforms like e-zines, discussion boards and Internet radio stations are used by sports enthusiasts who seek to engage with other fellow fans and who want to have a more active voice in the decisions

made by football club boards of directors. As discussed in Chapter 3, some of these emergent ventures are beginning to offer an alternative to traditional media companies in terms of sports coverage. But because a good number of new entrants in the field of sports media fail to hold a significant share of the market and therefore to attract investment from advertisers (Boyle & Haynes, 2004, p.158), understanding the behavior of their target audience – football fans like themselves – is essential in the process of developing a solid business model.

#### **4.4 Football Fans and the Commodification of the Game**

Despite being characterized by notions of loyalty and passion, football is a highly commodified sport (Brown, 2002) that has been continuously extended as a mass spectacle where world-class players perform roles similar to those of cinema and TV stars, and therefore reveal the increasing similarities between media and sports fandom (Duffett, 2013). Crawford argues that being a sports fan is fundamentally a consumer act, hence fans should be, above all, understood as consumers (Crawford, 2004 cited by Williams, 2007). Discussing the commercialization of the Premier League, Lee (2004) claimed that the football supporter experience has been sanitized and anaesthetized by an "entrepreneur-driven enterprise culture" forged during the 1980s in England.

Issues related to sports commoditization have been at the center of debate in Brazil since the country hosted the football World Cup in 2014 and the Summer Olympics in 2016. The conversion of traditional stadiums into modern and standardized arenas, and the construction of new venues at the cost of US\$ 2,6 billion, have become a financial burden to many teams who found no alternative but increasing ticket prices, a decision that led many fans across the country to demonstrate inside and outside the venues. This example illustrates how the idea of football as a popular game has been seriously challenged by issues of power and control that bring into question "the position of the game in society, and especially the nature of contemporary football fandom" (Brown, 2002, p. 2).

Boyle and Haynes (2004, p. 139), provide a further analysis of the commercialization of the game by looking at the ties between football and new media:

At the heart of this process is the increased commodification of football fandom with new media services establishing new relationships between the interests of global capitalism and football as a form of popular culture. Crucially, the relationship between football and new media is viewed as being increasingly intertwined in a complex web of relationships between football authorities, players and agents, sponsors and advertisers, the media, telecommunications companies and fans.

Despite the increasing commercialization of professional football, fans of the game remain extremely participative and engaged in socio-occupational practices. For instance, Kittleson (2004, p. 225) argues that Brazilian fans remained supportive of the national team despite the corruption charges against local politicians and sports institutions that led to a wave of violent demonstrations before and during the 2013 FIFA Confederation Cup hosted by the country.

Indeed, football is a complex industry and a dynamic activity that draws on modern capitalism as much as on practices of traditional reciprocity, which are an indispensable condition for meaningful sociability among individuals (DaMatta, 2006). Discussing the impact of protests against football managers in Great Britain and the politicization of football's fan culture, Brown (2002) highlights the difficulty "to think of any other industry where those at the bottom of the hierarchy have been able to overturn the running and ownership of what are multi-million pound enterprises". This shows, among other things, that sports fans are not passive spectators and consumers; when organized around common causes or interests, they can turn entities like football firms and enterprises like Internet radio stations into active institutions capable of challenging the power and influence of football associations and broadcast rights-holders.

This chapter introduced and discussed the characteristics and practices of fan culture, one of the main components of media convergence. It also explored how football fandom has developed its own rituals and routines, becoming an essential element in the lives of millions of fans around the globe. The integration between new media technologies and football fandom provides devotees with platforms through which



they can not only support their favorite clubs but also question the decisions made by powerful bodies like football associations and media corporations, and distribute their own content, which are some of the cornerstones of the Internet radio stations investigated in this thesis. Before examining how these companies are seeking to change the relationships and interactions between established and new technologies used in the coverage of sports events in Brazil, it is necessary to describe the methods adopted in this research.

## 5. METHODS

This Chapter discussed the methods used for assessing the routines and rationale of Web Rádio Coringão and Rádio São Paulo Digital. The objective of this thesis study is two answer the following research questions:

- How do these online stations develop their business models, generate revenue streams and offer different value propositions to distinct customer segments?
- How is the consolidation of web radio stations altering the dynamics and interactions between football fandom and sports coverage in Brazil?

### 5.1 Philosophical Paradigms

This section covers the philosophical paradigms I hold throughout the process of data collection and analysis. These paradigms, also called 'world views', are "general philosophical orientation about the world and the nature of the research" brought into the study by the scientist (Creswell, 2014, p. 7). Their relevance can be observed in the choice of approach for the exploration (qualitative, quantitative, or mixed methods). In this research, I embrace the post-positivist paradigm.

Post-positivism has unfolded from logical-positivism, the most prominent philosophical school in the United States in the post-war period (Okasha, 2002, p. 78). Logical positivists regarded science as an utterly rational activity whose "questions could be settled in a fully objective way". They also believed in the primacy of the context of justification, or "the means by which the scientist tries to justify his theory

once it is already there". This may involve verifying a theory and seeking relevant evidence, for example (Ibid, 2002 p. 78-79).

Post-positivists favor grounded claims that help produce a consistent statement used to interpret the object of study or to characterize a causal relationship of interest (Phillips & Burbules, 2000; Creswell, 2014). Post-positivism is firmly based on the theory-ladenness of observation; hence all the conclusions drawn in this thesis are construed according to elements ingrained in different theories. McGinn (1981, as cited in Zammito, p. 83, 2004) argues that for post-positivists "what constitutes the evidence for science makes no claim to be prior to theory, or prior to inference, but unashamedly makes use of descriptions involving, sometimes, highly sophisticated, scientific concepts."

The deterministic philosophy behind post-positivism concedes that causes establish effects or results; therefore, the issues approached by post-positivists require them to locate and appraise the principles that affect and determine outcomes. Nevertheless, post-positivists do not believe scientists can be positive in claims of knowledge when investigating human behavior and actions because knowledge is conjectural and antifoundational (Creswell, 2014, p. 7). Precisely for this reason, I am primarily concerned to demonstrate the impracticability of dismissing a hypothesis rather than trying to prove it. In doing so, they appeal to qualitative methods like critical multiplism, or triangulation to benefit from various descriptions of a singular event (Franklin, 1997, p. 248).

However, this perspective does not go without criticisms: adepts of the transformative worldview approach argue that post-positivism introduces constitutional laws and theories that ignore pressing issues related to marginalized individuals or social groups that are affected by power imbalance and social injustice (Creswell, 2014). Furthermore, Zammito (2004, p. 14) argues that post-positivism "deflates the pretense of philosophy to stand above and to dictate to the empirical sciences", which ends up thrusting both philosophy and empirical enquiry "into profound perplexities about standards of appraisal".

## 5.2 The Logic of the Study

In this thesis, I employ abductive reasoning to move frequently between the empirical world, the theoretical framework and the case analysis, an exercise that is possible thanks to the "systematic combining" approach developed by Dubois and Gadde (2002). Systematic combining is a "non-linear, path dependent process of combining efforts with the ultimate objective of matching theory and reality" (ibid., p. 556). Matching is a fundamental element in this research due to the instability of the environment in which our case study companies operate. Internet radio coverage of sports events is a new phenomenon in the media business field and is subject to continuous debates in terms of broadcasting rights and exclusivity. Because the initial framework is constantly altered as a result of unexpected empirical findings and theoretical insights that arise over the research process (Ibid., p.59), the use of systematic combining as a strategy to assess this highly dynamic context is fit for this research.

In addition, Dubois and Gadde (2002, p. 558) explain that a tight and evolving framework is more desirable than a loose one because tightness indicates the extent to which the assumptions were formulated by the researcher, while mutability permits changes of the view of the theory caused by empirical observations – and vice versa. Ragin (1992, as cited by Dubois & Gadde, 2012, p. 1279) supports the use of evolving framework by claiming that "at best, theory provides an initial image, a vague starting point for looking at empirical evidence".

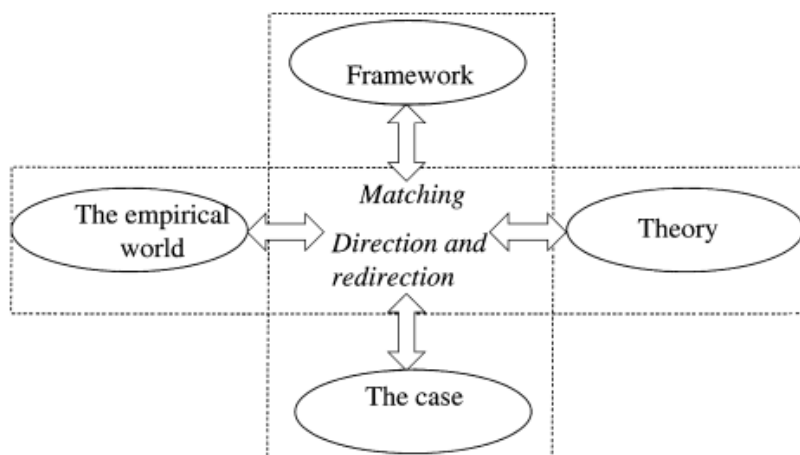


Figure 5: Systematic Combining Model by Dubois and Gadde, 2002

Abductive reasoning is a useful approach to refine research through "a critical evaluation of emerging constructs against ongoing observations" (Suddaby, 2006, as cited by Dubois & Gadde, 2012), and a helpful method in the study of new fields when seeking to develop new theories: "an abductive approach is fruitful if the researcher's objective is to discover new things" rather than confirm existing theories (Dubois & Gadde, 2002, p. 559). This is another advantage of relying on systematic combining given the fact that Internet sports radio is a relatively unexplored field.

Finally, the alternating movement between theory, empirical world and case research, common to systematic combining, facilitates the pursuit for deep and complex structures in the case study, which is harder to perform in research models based on linear and replicative approaches "where research issues, frameworks and case boundaries are formulated at the outset of the study" (Dubois & Gadde, 2012, p. 1283).

### **5.3 The Case Study Approach**

The case study approach is the most appropriate method for this investigation to understand how the researched companies are developing a sustainable business model for a net-only radio enterprise, and how web radio stations are altering the relationships and interactions between over-the-air and digital technologies, markets, football coverage and audience. This is due to the explanatory nature of the research problem, marked by "operational links needing to be traced over time, rather than mere frequencies" (Yin, 2009, p. 9), and therefore more likely to be answered through a case study approach.

Case studies are research techniques dedicated to capture the dynamics present within individual settings through the combination of data collection and methods that involve observations, interviews and questionnaires in order to provide descriptions and test or to generate theories (Eisenhardt, 1989, p. 534-535). Creswell (2014, p. 61) describes case studies as temporal explorations of a limited system by a comprehensive process of data collection comprising different sources of information rich in context. Their importance is also based on the need to comprehend complex

social phenomena while allowing the researcher to retain "the holistic and meaning characteristics of real-life events" (Yin, 2009, p. 4).

Provided that their relevant behaviors cannot be manipulated, case studies can be an efficient approach to investigate contemporary events (Ibid, p. 47) because they have an emphasis "on the rich-world context in which the phenomenon occurs" (Eisenhardt & Graebner, 2007, p. 25). This is particularly important in this research of web radio stations in Brazil given that online radio is a recent phenomenon in the media industry and a topic that calls for further investigation by academics and practitioners (Lin, 2009; Stark & Weichselbaum, 2013).

In order to understand how Internet radio has adapted to and changed the sports media market in Brazil, this research investigates the cases of two small Internet-based companies from São Paulo: Web Rádio Coringão and Rádio São Paulo Digital.

Multiple cases are "a powerful means to create theory because they permit replication and extension among individual cases" (Eisenhardt, 1991, p.620). Multiple case studies also lead to "better grounded, more accurate, and more generalizable" theories (Eisenhardt and Graebner, 2007, p. 27) and more compelling evidences (Herriot & Firestone, 1983 as cited by Yin, 2009).

Replication is important because single cases can be used to corroborate specific propositions and therefore to exclude chance associations, which contribute to the development of robust theories (Eisenhardt, 1991, p.620). This method consists of assessing each single case as a "whole study, in which convergent evidence is sought regarding the facts and conclusions for the case; each case's conclusions are then considered to be information needing replication by other individual cases" (Yin, 2009, p. 54).

Thus, the rationale behind the use of multiple-case studies claims for each case to be conscientiously chosen in a way that it either anticipates analogous outcomes or predicts contradictory conclusions (Ibid, p. 54). Whenever empirical cases are found to be conflicting, researchers must revise the initial propositions and conduct further tests with a different set of cases. In other words, the original theory needs to be

modified (Ibid.). Here, the abductive reasoning method is of great importance since it allows the researcher to navigate between the theory, the case study and the empirical world and therefore to make the necessary adjustments in the elements of the theoretical framework. These arrangements are essential to the formulation of consistent statements that provide a proper interpretation of the "situation of concern or that describe the causal relationships of interest" (Creswell, 2014), one the key assumptions of the post-positivist worldview, according to Phillips and Burbules (as cited by Creswell, 2014, p. 8).

#### **5.4 Data Collection and Analysis**

The author performed a throughout literature review before advancing to the processes of data collection and content analysis. This initial stage was fundamental to understand the dynamics of the new media industry in which sports web radio operate and to have a comprehensive view of the most recent researches on football fandom as a participatory culture phenomenon.

Next, the author resorted to desk research and collected preliminary data about the case study companies by assessing their websites, social media accounts and broadcasting schedules. Listening to their radio programs was another important step towards elaborating a better understanding of the firms' practices, and therefore to develop the questionnaire used in the interviews with their managers. This first set of data was hand coded in relation to the proposed theories and analyzed with the Business Model Canvas as a hermeneutical tool. The use of hermeneutics is justified by the possibilities of exploration and analysis of the object's idiosyncratic experiences of the world it provides through qualitative and non-directive interviewing methods (Montesperelli, 1998). Moreover, modern hermeneutics permits an effective analysis of verbal and non-verbal texts, which are constitutive elements of this thesis.

These companies were chosen because they are among the most listened-to online radio stations focused on football in Brazil; they also have been operating uninterruptedly for over five years, a period during which they have amassed an audience of thousands of listeners. Following the games and other shows on Rádio

São Paulo Digital and Web Rádio Coringão was fundamental to develop a better understanding of the type of content produced and promoted by these online stations. For Creswell (2014), gathering multiple sources of data is a common practice in qualitative study, which frequently involves obtaining information from observations, documents and audiovisual material. One of the most prevalent methods for data collection in qualitative research is the use of interviews.

This thesis relies on semi-structured in-depth interviews conducted with the general managers of Rádio São Paulo Digital and Web Rádio Coringão as the primary form of empirical data. By embracing the structured design, researchers gain consistency across multiple interviews. On the other hand, the unstructured method allows the interviewee to speak without restrictions and approach every topic he considers relevant (Myers, 2009). Semi-structured interviews, as adopted in this research, preserve the strongest characteristics of each method presented above by providing the researcher with the necessary structure to conduct the interviews, while making room for eventual improvisation. Moreover, they give the interviewee "the opportunity to add important insights as they arise during the conversation" and are considered the most popular type of qualitative interview design in terms of business and management research (Ibid, 2009, p.123).

The choice for in-depth interviews derives from the fact that both WRC and RSPD managers play many roles in their companies, and therefore the type and amount of information obtained from the interviews would require longer sessions instead of time-limited meetings. According to Yin (2009), in-depth interviews free the researcher to inquire the respondents about "the facts of a matter as well as their opinions about events". Besides that, interviewees can provide personal insights into different affairs, which can then be used in the formulation of further questions (Ibid, 2009). This view coincides with McCracken's (1988, as cited in Creswell, 2014) suggestion that respondents should be able describe their experiences during qualitative interviews.

I conducted the interviews in Portuguese, the official language of Brazil, and translated them into English himself. They were performed — and simultaneously recorded — through Skype, a voice-over-IP (VoIP) service because the author of this

study lives in Finland; they were later transcribed, and copies of the transcriptions were sent to each interviewee, who authorized their names to be used in this research and did not require any additional correction or modification. Each interviewee was consulted two times, with each individual session lasting approximately one hour. This was so because they had schedule constraints that limited the duration of the consultations.

The instrument used for the interviews was built from groups of questions organized into two questionnaires: the first one was composed by ten questions focused on information that could not be obtained through desk research, predominantly involving critical aspects in the formation of the companies and their activities. Therefore, they aimed at filling specific gaps noted during the secondary research process. The following questionnaire, used for the most part in the final interview sessions, contained fifteen questions regarding the economic and managerial practices common to sports web radio stations. In this particular case, applying the same questionnaire to both managers was possible thanks to the fact that they have similar roles and experience in their companies.

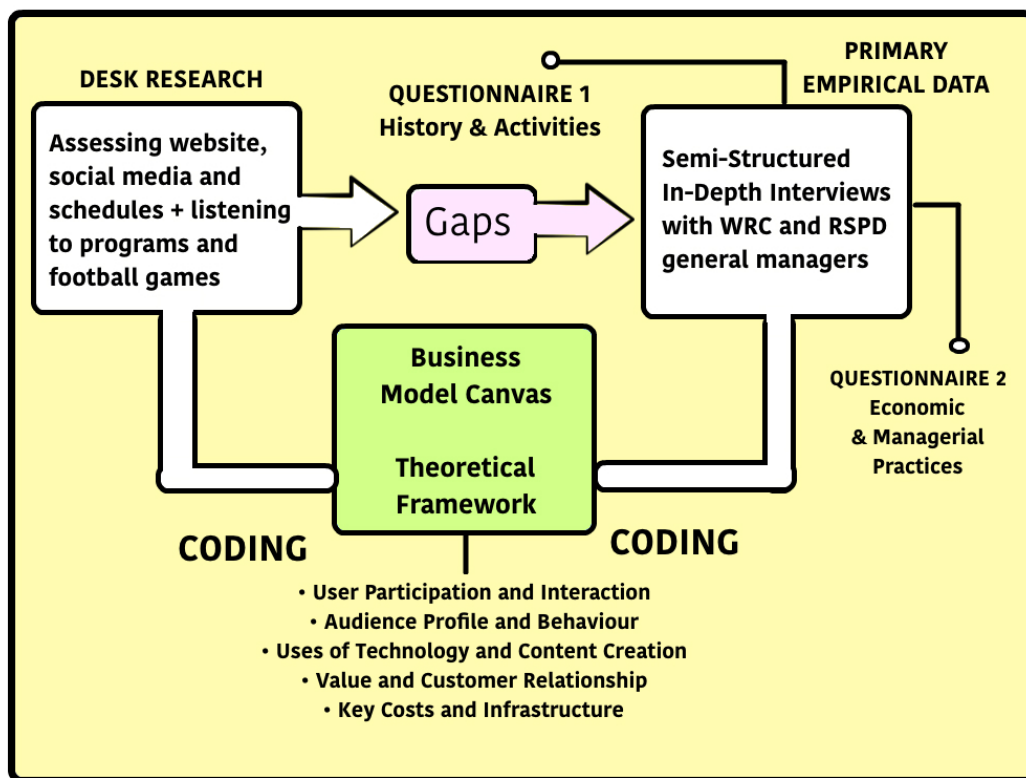


Figure 6: The instrument built to analyze the data obtained from desk research and interviews



The goal was to obtain a purposive sample including two key persons: Web Rádio Coringão and Rádio São Paulo Digital general managers. I took into consideration the size of the firms and the fact that both managers have been working for their respective Internet radio stations since their establishment, besides being the masterminds behind the creation of WRC and RSDP; their willingness to participate in this research and to collaborate with internal data about audience ratings were also paramount in the selection of the sample.

After the interviews were completed, the collected data was hand coded into a set of five categories (see Figure 6 above) related to the Business Model Canvas building blocks as well as with the elements composing the theoretical framework. Finally, the data gathered during the desk research — also coded into the same five categories— was attached to the set of information obtained from the interviews with WRC and RSDP managers in order to be compared and analyzed.

## **5.5 The Business Model Canvas as an Analytical Tool**

The Business Model Canvas (BMC) tool used to analyze the data collected through desk research and interviews describes, visually and systematically, how different elements of a business fit together (Magretta, 2002). Displayed on a single poster or sheet of paper, nine basic components of a business model are divided into two sections containing a "right-hand value and customer-focused side, and a left-hand cost and infrastructure side" (Osterwalder & Pigneur, 2010, p.228) with one of its building blocks, value proposition, positioned between them (Maurya, 2010). The BMC (see Figure 7) is an effective tool for illustrating, analyzing and contrasting both for-profit and non-profit business practices (Torquati et al., 2015).

For O'Neill (2015, p.454), "the Canvas is meant to be a living document, whereon entrepreneurs write out their assumptions and initial ideas, only to continuously update these thoughts with new information". It is also a concept that helps managers and researchers to reflect on different business models in order to create new strategic alternatives (Osterwalder & Pigneur, 2010). This has a significant importance to companies because the "choice and redesign of business models is key to business

success in start-ups" (Cestino, 2017) like the case firms studied in this thesis research, and also because only a small number of companies have a thorough comprehension of their existing models (Ibid.). Magretta (2002) notes that business models need to know who are their customers, what is valued by them and how the company can make money in the business.

Cestino (2017) divides business models in three concept categories: economic, operational and strategic. The first category defines the logic behind profit generation and involves, among others, revenue sources, expected volumes and pricing methodologies. The second one refers to the firm architectural configuration; it is "the design of key interdependent systems that create and sustain a competitive business" (Mayo & Brown, 1999 as cited by Cestino, 2017). The third and last category is linked to "the totality of how a company selects its customers, defines and differentiates its offerings, defines the tasks it will perform itself and those it will outsource, configures its resources, goes to market, creates utility for customers and captures profits" (Slywotsky, 1996 as cited by Cestino, 2017).

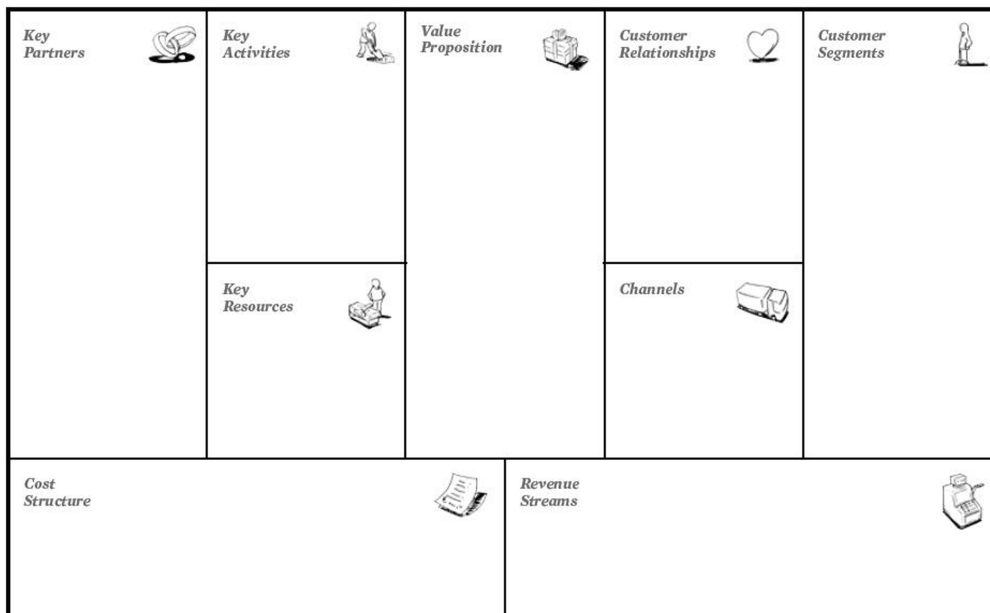


Figure 7: The Nine Building Blocks of the Business Model Canvas by Osterwalder and Pigneur

According to Osterwalder & Pigneur (2010), the nine building blocks forming the Business Model Canvas are the following:

- *Customer Segments*, or the core of any business model, describe the different organizations and groups of people a company wants to reach and serve.
- *The Value Propositions* are the package of products and services responsible for generating value for a particular Customer Segment and the motive why "customers turn to one company over another".
- *Channels* illustrate how a company delivers Value Propositions to its customers and involve communication, distribution and sales instruments.
- *Customer Relationships* range from personal to automated; they are built according to the characteristics of different Customer Segments.
- *Revenue Streams* are the money made by a company from its Customer Segments through advertising, subscription fees, and asset sales, for example.
- *Key Resources* are the fundamental assets necessary for the establishment and maintenance of a business model; they can be divided into physical, financial, intellectual or human resources.
- *Key Activities* define "the most important things a company must do" in order to keep its business model working properly. They fall into three categories: production, problem solving and platform/network.
- *Key Partnerships* are divided in four types: strategic alliances between non-competitors, cooperation between competitors, buyer-supplier relationships built to secure steady supplies, and joint ventures to establish new enterprises. This block represents the network of partners required to make a business model work.
- *Cost Structures* are the most important costs inherent in a business model; they can be calculated after the Key Resources, Activities and Partnerships are defined.

The Business Model Canvas was chosen as the instrument to assess the strategic thinking of the two case companies and to identify the outcomes of its business activities because it proposes that its various parts are interdependent. In short, the "individual elements prompt consideration of a business' full scope, while the layout encourages thought about how the pieces fit together" (Greenwald, 2012). Therefore, the BCM can provide theoretical implications for research in the economics of

Internet radio stations dedicated to sports coverage like Web Rádio Coringão and Rádio São Paulo Digital by pointing out how they generate value for themselves while providing value to their customers (Johnson et. al, 2008 as cited by Cestino, 2017). It can also demonstrate how these new media firms' competitive strategy is based on a choice of a different set of activities to "deliver a unique mix of value" (Porter, 1996 as cited by Cestino, 2017).

In this chapter, the methods used for collecting and analyzing the data gathered for this research were delineated. This thesis is focused on understanding the managerial practices and routines of Internet-based sports radio stations in the Brazilian media context. The following sections offer an in-depth overview of the case companies before providing the interpretations of the findings of this study.

## **6. CASES AND FINDING**

This chapter introduces the case companies explored in this thesis and presents the findings obtained from the methods discussed in the previous chapter. It begins with Section 6.1 providing an overview of the development of football in Brazil, and highlighting how it became one of the defining aspects of the Brazilian society. Then, Section 6.2 presents a panorama of the local radio market, an important step to understand the regulations and competitors that affect, directly and indirectly, web radio stations like WRC and RSPD. This topic is further developed into Section 6.3 that discusses the relations and dynamics between football broadcasting and the main actors in the Brazilian media sector.

In the sequence, Web Rádio Coringão and Rádio São Paulo Digital are introduced. Their partnerships, audience profiles and economic performances are discussed in different sections and across segments based on each of the Business Model Canvas nine building blocks. Finally, the conclusions are exposed and examined in the last sections of the chapter, which are set into three categories: limits to participation, threats and opportunities, and financial stability concerns.

## 6.1 Football in Brazil: History and Particularities

To understand the environment in which the case study companies operate, it is necessary to look at the history of football in Brazil to comprehend how the country became "the fatherland in cleats", a definition given by writer and journalist Nelson Rodrigues and later adopted as a national motto. For Brazilians, football is not only the most popular sport but also an essential component of the national culture (Kittleson, 2014, p. 14). Introduced by a British descendent, Charles Miller, in the 1890s, the game was initially practiced by members of the urban aristocracy and later embraced by other social classes. Despite a temporary ban on black players in the early years of the sport in Brazil, racial and social diversity have always been a mark of the game in the country (ibid., p, 22).

The success of the national team, known as *Seleção*, has greatly contributed to the popularization of the game. Brazil participated in the inaugural edition of the World Cup in 1930 and two decades later hosted the event for the first time, losing the final match to Uruguay. The first world title was won in 1958 in Sweden. Brazil is the only country to participate in all editions of the World Cup, and is the most successful team with five titles (1958, 1962, 1970, 1994 and 2002). The *Seleção* has also been very successful in other major competitions, winning the America Cup (8 times), the FIFA Confederations Cup (4 times) and the Summer Olympic Games (1 time).

Brazilian players have outstanding achievements abroad with eight FIFA World Player of the Year awards granted to five different recipients since 1991. According to a report published by the CIES Football Observatory in 2015, Brazil is a "truly global working force" and by far the biggest football player exporter in the world with 1784 professionals performing in major and minor leagues in almost every single country researched, surpassing Argentina, in second place, by 48% (CIES Football Observatory Monthly Report Issue N° 8, 2015). On the other hand, foreign players are underrepresented in Brazil in comparison to their presence in other Latin American leagues. For the CIES Football Observatory, this fact can be explained by the high number of players exported abroad and by a tradition among Brazilian clubs to favor local talents over foreigners.

Altogether, 776 professional clubs employ 11 627 players in regional, national and international competitions (CBF, 2016). At the national level, the two main tournaments are the Brazilian Championship A Series, also called *Brasileirão*, and a knockout competition called *Copa do Brasil* (Brazil Cup). The top six teams in the former and the winner of later qualify for *Copa Libertadores*, the most prestigious South American tournament. Second in importance is *Copa Sudamericana*, another continental competition organized by the South America Football Association (CONMEBOL). Both big and small clubs from Brazil also participate in regional competitions called *estaduais*. These leagues usually take place at the beginning of each year and involve only teams within the same state of the federation. The two most valuable regional leagues are the Campeonato Paulista (State of São Paulo) and the Campeonato Carioca (State of Rio de Janeiro), respectively (Pluri Consultoria, 2015).

| CLUB         | STATE          | FAN BASE (%) | FANS (TOTAL) | SEASON TICKET HOLDERS |
|--------------|----------------|--------------|--------------|-----------------------|
| Flamengo     | Rio de Janeiro | 18%          | 36.4 million | 97.183                |
| Corinthians  | São Paulo      | 14%          | 28.3 million | 106.556               |
| São Paulo FC | São Paulo      | 8%           | 16.2 million | 113.966               |
| Palmeiras    | São Paulo      | 6%           | 12.1 million | 126.355               |
| Vasco        | Rio de Janeiro | 5%           | 10.1 million | 9.449                 |

*Table 1: Brazilian football clubs with the biggest fan bases (Datafolha, 2014)*

Ranked the sixth strongest league in the world by the International Federation of Football History and Statistics (IFFHS), the Brazilian Championships A Series often has lower attendance figures than less traditional tournaments such as the Major League Soccer and the Japanese J1 League. The North American competition that involves clubs from Canada and the United States showed an average attendance of 21 692 fans per game in 2016, while the J League averaged 17 968 fans per game. In the same period, the *Brasileirão* had an average attendance of 15 188 fans. For comparison purposes, with an average of 42 636 occupied seats per match in 2016, the Seattle Sounders topped the MLS audience attendance ranking while SP

Palmeiras, who led the way at the end of the *Brasileirão 2016*, had a considerably lower average, with 32 470 occupied seats per game. The increase in the price of tickets, the violence associated with hooligan groups and the late kick-off times scheduled by the Brazilian Football Association (CBF) are among the main reasons behind the low attendance numbers in Brazil (Mello, 2011; Wassermann, 2013).

Brazilian football faces another critical challenge with the poor financial health of its clubs. According to a survey conducted by Itaú BBA bank, the twenty teams that participated in the Brazilian Championships A Series in 2015 had debts of nearly US\$ 1,5 billion (Capelo, 2016). Altogether, they owe US\$ 750 million in taxes, US\$ 480 million in bank debts, and have operating debts of about US\$ 270 million. The most indebted team in the country, CR Flamengo, had US\$ 176 million in debts in 2015. Specialists agree that decades of mismanagement led to bank and social security debts (Lopes, 2017; Somoggi, 2015). On the top of that, Brazilian clubs have made considerable investments in top-level players in the past years. In 2013, Corinthians signed forward Alexandre Pato in a US\$ 13 million deal, the second most expensive transfer in the history of the club. Likewise, São Paulo FC's two most expensive signings were made in the past five years.

The dire financial situation of football clubs in Brazil has caused them to be in arrears with salaries and payments; many teams have also been forced to dismiss members of the staff and players in order to reduce overall costs (Seto & Pereira, 2016; Leite, 2016). As a consequence of this tightening monetary policy, clubs have less possibility to hire top players and to prevent European and Asian teams from signing young promising footballers, two factors that have a great impact on the quality of the regional and national leagues.

When compared to the tournaments organized by UEFA, the competitions promoted by Conmenbol, the South American Football Confederation, make twenty times less profit than its European counterpart (Mundim, 2017, Dima, 2015), a clear evidence of the abyss separating the way football is managed in both continents. In Brazil, the main revenue sources of clubs come from broadcasting contracts, sponsorship deals, ticket sales and the transfer of players to richer markets in Europe and emergent countries in Asia. In 2016, the main Brazilian league, the *Brasileirão*, distributed

nearly US\$ 419 million in TV broadcasting rights among its twenty top-flight teams. This amount does not include revenues from pay-per-view, radio and Internet broadcasters, and is allocated according to the number of fans each club has and the sides' performance in previous seasons. Flamengo (US\$ 54,9 million), Corinthians (US\$ 54,9 million) and São Paulo FC (US\$ 35,5 million) have the highest contracts with Rede Globo, the biggest media corporation in the country and *Brasileirão* rights-holder until 2019 (Zirpoli, 2016). Major sponsors, those displayed on the front and back of the football shirts, generated US\$ 58.8 to the *Brasileirão* teams in 2016 (Ibope, 2016) while kit suppliers are responsible for another bulk of the sponsorship revenue stream. Flamengo enjoys a US\$ 10.5 million-per-year contract with Adidas, the highest deal of the Brazilian football (Zirpoli, 2016b).

This section looked at how football has become a truly national vocation in Brazil (Kittleson, 2004) through the achievements of the *Seleção* and the success of talented players at home and abroad. It has also been noted that Brazilian football is plagued by a seemingly unstoppable exodus of its best players, dwindling attendances and continuous corruption scandals that affected, among other things, the ties between major sponsors and the Brazilian Football Confederation (CBF) (Kunti, 2016, Conn, 2012; Ruiz, 2016). By proposing changes to football management and by searching for more inclusive broadcasting solutions, new enterprises are seeking to develop innovative ideas to capture emergent markets in the sports media industry (Boyle & Haynes, 2004, p. 145), which is the focus of the following sections.

## **6.2 Characteristics of the Radio Market in Brazil**

Just as it is important to comprehend the structures and processes that underlie Brazilian football in order to understand the context in which the case companies operate, it is also crucial to consider the main features of the radio market where Web Rádio Coringão and Rádio São Paulo Digital are inserted. The following section offer an overview of the Brazilian radio sector and covers relevant aspects involving local stations and their audiences.

Despite the emergence and proliferation of new technologies and social media platforms that offer increasingly popular alternatives for users to stay informed and



entertained, radio remains a widely pervasive media in Brazil. According to a report covering thirteen metropolitan areas in the country, radio reaches 52 million people, or 89% of that population, with the average radio listener tuning in for 4 hours, 36 minutes (Kantar IBOPE Media, 2017a). In the metropolitan area of São Paulo, 87% of the surveyed population listen to radio for 4 hours, 33 minutes on average (Ibid, 2017). Working men and women are the target audience that spends more time listening to radio in the Greater São Paulo region. In the national territory, 87,9% of the households have at least one radio device (excluding smartphones, MP3 players and similar gadgets) and 80% of the 29,9 million of cars in circulation in 2010 had a radio receiver (ABERT, 2011).

With 3 209 FM stations, 1921 AM stations and 4 641 community stations, Brazil has the second largest radio market in the Americas, being surpassed only by the United States (Ministério das Comunicações, 2014). According to the Brazilian Association of Radio and Television Broadcasters (ABERT), the number of FM commercial stations has grown 36% between 2005 and 2010 and the industry's revenue increased 18.5% in the same period (ABERT, 2011). The study also reveals that the majority of the radio stations in Brazil have limited range: 96% of the FM stations have operating power of 10 kW or less, while over 50% of the AM stations rely on 1 kW transmitters to reach populations of up to 150 000 individuals (Ibid, 2011). This indicates that smaller stations are predominant throughout the Brazilian territory. These figures, however, do not cover illegal (or "pirate") stations that are commonly found on the outskirts of big cities like São Paulo and generally linked to protestant Pentecostal churches and other religious groups (Vicente, 2012) or net-only radio stations similar to the ones addressed in this thesis research.

In terms of media advertising spending, radio has 3.8% of the advertising shares in Brazil, falling behind TV merchandising (6,1%), newspaper (11.7%), cable TV (12.6%) and free-to-air TV (55.1%), which amounts to nearly US\$ 1.5 billion for the 2016 period (Kantar IBOPE Media, 2017b). Altogether, 9 850 advertisers marketed 270 product categories in about 4,5 million commercial spots in 2016. Out of the total number of advertisers in Brazil, 46% marketed their products and services exclusively on radio (Kantar IBOPE Media, 2017a). Grocery retailers and wholesalers, social and cultural events, financial institutions, higher education schools, and government

agencies and departments are the top five radio advertisers in the country according to Kantar IBOPE Media.

Considering only frequency modulation broadcasting (FM), the most popular radio stations in the metropolitan area of São Paulo are Rádio Nativa FM and Rádio Band FM, both controlled by the same media conglomerate, Grupo Bandeirantes, and with an average of 186 000 listeners per minute in the 05h-0h period. These figures do not include online users who tune in to the radio through the web, a segment that would give Band FM a small advantage over Nativa FM (Talksat, 2017; Kantar IBOPE Media, 2017c). The leading radio stations in São Paulo, including Rádio Transcontinental, which ranks third among the most-listened-to stations in the region, are mostly focused on popular music and humor shows.

With regard to sports coverage, Rádio Joven Pan is at the top of the ranking with an average of 142 000 listeners per minute on the Sunday prime time (15h - 20h) against 92 000 listeners who tune in to 105 FM, the vice-leader. Its figures for the other football peak times are also expressive: 132 000 listeners on Saturday (15h -20h), 78 000 on Wednesday (21h) and 88 000 on Thursday (21h) against an audience of 72 000, 77 000 and 84 000 listeners, respectively, who prefer to follow the matches on Rádio 105 FM (Radio e Negócios, 2016; Kantar IBOPE Media, 2016).

### **6.3 Brazilian Media and Football Broadcasting**

Unlike cable and TV networks, radio stations in Brazil are not constrained by broadcast agreements and do not need to buy the rights to transmit football matches in the main leagues played in the country. However, both online and over-the-air radio have been banned from freely broadcasting major competitions like the 2013 FIFA Confederations Cup and the 2014 FIFA World Cup, both organized in Brazil. In those cases, the radio stations that did not acquire a license to air the games from GloboSat, who held the transmission rights, were forbidden to work from off-tube booths, an episode that led to a court case in which FIFA and GloboSat were authorized to charge other networks for the license to broadcast the aforementioned events (Jusbrasil, 2014).

But radio broadcasters also face restrictions imposed by football clubs. In 2012, Corinthians' marketing and communication departments began to restrain the access of journalists to their home matches alleging that new media vehicles like blogs and web radio stations had led to an increase in the number of media outlets covering the games, and therefore the process of registration of journalists interested in working as sideline reports would be controlled by the club (Beting, 2013). Since then, the major teams from São Paulo decided to adopt the same practice, requiring a pre-registration from journalists, photographers, TV and radio crews working at the matches. At the top of that, the Associação dos Cronistas Esportivos do Estado de São Paulo (ACEESP), or Association of Sports Writers of the State of São Paulo, is responsible for providing media professionals with the necessary authorization to cover the main competitions organized within the state limits.

One year after proposing a restriction to the number of reporters covering its games, Corinthians' departments of market and communication announced that the club was considering charging radio stations for the right to broadcast its matches (Beting, 2013), a decision that could have risked the participation of online and terrestrial stations in several competitions organized at home and abroad if it had not been aborted. In 2008, a similar episode had engendered a dispute between Atlético Paranaense, from Paraná, and local media outlets when the club began to demand a financial compensation from radio stations interested in covering its games. After facing boycott threats and several lawsuits, the most popular team of Paraná decided to abandon its plans to charge radio networks (Bonin, 2016).

These two examples point to the ambivalence of the article that regulates, among other things, the broadcast rights of sports events in Brazil. According to Article 42 of the Pelé Law (9.615/98), sports organizations have the right to "negotiate, authorize and forbid the capturing, broadcasting and rebroadcasting of the images of the spectacles or events in which they participate". For football clubs like Atlético Paranaense and other institutions, the term "image" goes beyond the visual perception acceptance, being intimately tied to the clubs' brand (Pombo, as cited by Bonin, 2016), which would in turn give them the opportunity to negotiate with radio stations in the same manner as they deal with cable and TV channels. The courts that ruled it unconstitutional, however, did not share this understanding.

Although remaining exempt from complying with the same laws that regulate other media vehicles, web and terrestrial radio stations also face restraints imposed by the highest governing body of football in Brazil, the Brazilian Football Confederation (CBF). Radio journalists and professional associations have made formal complaints against the limitations on the access of radio professionals to players and managers before and at the halftime of the Brazilian main league matches, claiming that the priority to interviews is usually granted to TV channels that hold the competition's broadcast rights (Madeira, 2016; Nogueira, 2016). After the first round of the 2016 Brazilian Championship A Series, for example, the Association of Sports Writers of Rio Grande do Sul (ACEG) issued a statement condemning the CBF's "imposition of restrictions on the professional practices of reporters from radio stations" (ACEG, 2016).

As for the interactions between radio and television in the Brazilian sports media arena, it has been long marked by animosity and disagreement. Monteiro (2007, as cited by Bonin et al., 2016) argues that if the first live broadcast of a football match on TV, transmitted in 1955, helped to boost the popularity of the game in Brazil, it also attracted many advertisers that had until then invested exclusively on radio. Another consequence of the consolidation of TV channels on the sports media business was the migration of radio professionals from radio stations to television networks (Ibid, 2016), a phenomenon that prevails to the present day.

Online sports radio stations, such as the case companies studied in this thesis, continue a tradition started in the 1940s by Emissora dos Esportes, the first Brazilian station entirely dedicated to sports coverage (Ortriwano, 1985). However, they also draw extensively on TV content to support and produce their own programs, especially when off-tube commentary is the only option to transmit matches that take place in distant venues. Moreover, the relationship between games shown on free-to-air, cable and pay-per-view TV and web radio audience figures is evident and plays an important role in the scheduling and coverage strategies adopted by online radio stations. This issue will be further discussed in a later section of this research.

## **6.4 First Case Company: Web Rádio Coringão**

The next sections present, through the conjunction of desk research and empirical data collected from interviews, the business model and operations of online radio station Web Rádio Coringão (WRC), one of the case companies researched in this thesis. The initial section has a short overview of Sport Club Corinthians Paulista (SCCP), the São Paulo-based football team to which WRC's is dedicated. It is followed by a review of the firm's history, main activities and financial structure, including its key partners and investors. Besides that, WRC's audience segments are outlined and its value proposition described based on information obtained from desk research and interviews with general manager Ginaldo de Vasconcelos.

### **6.4.1 Overview of Sport Club Corinthians Paulista**

The oldest and most popular football team in the city of São Paulo, Sport Club Corinthians Paulista (SCPP), popularly known as Corinthians, was founded in 1910 by five employees of São Paulo Railway Company, a British company that operated in Brazil until its nationalization in 1946. The club based in the Tatuapé district, on the east side of São Paulo, has individual athletes and teams participating in a wide range of sports from swimming to martial arts. However, football remains as the main activity of SCCP and its professional team has the second biggest fan base in Brazil with more than 28 million supporters (Datafolha, 2014).

Throughout its history, Corinthians has developed deep ties to local proletarian movements and attracted a legion of thuggish fans (McGrath, 2014) spread over several fans organizations, among which is Gaviões da Fiel, or The Hawks of Faithful, a hugely influential entity within the club. Corinthians is also one of the most successful teams in Brazil, boasting six national league titles, winning the Libertadores da América Cup in one occasion and the FIFA Club World Cup two times, among other major achievements.



Fans display a banner reading 'Black and White Faith' at Arena Corinthians (Photo: WRC)

Nevertheless, the behind-the-scenes life of the club has been marked by several corruption scandals over the years. In 2007, Corinthians was involved in a high-profile money-laundering racket involving Russian billionaire Boris Berezovsky and the club's main partner at the time, the London-based group Media Sports Investment (Phillips & Scott, 2007). A few years later, Corinthians' new stadium became one of the targets of a federal probe into a complex and extensive corruption case, with the Brazilian Supreme Court setting up to investigate "possible criminal practices associated with the construction of the Corinthians Arena" (Chade, 2016). The venue had a final cost of almost US\$ 520 million, about 300% over the initial budget (Mattoso, 2016). According to executives in charge of Odebrecht, the engineering conglomerate responsible for building Corinthians' new home, the arena was a "gift" to Brazil's former president Luiz Inácio Lula da Silva, a declared Corinthians fan charged with corruption by federal prosecutors (Carvalho, 2016).

#### **6.4.2 Web Rádio Coringão: History and Operations**

Web Rádio Coringão started its operations in São Paulo in 2009 when a group of four S.C. Corinthians fans set out to build an Internet radio station devoted to cover the sport activities of the club. Before that, they had participated as guests and hosts in

regular programs promoted by amateur online radio stations established by Corinthians supporters spread across the country. Unlike WRC, these web radio stations never had rigid program schedules nor covered the team's games; they merely provided a platform for fans and enthusiasts to discuss Corinthians' performances while the conversation was streamed through its website. However, one of the shows produced by Ginaldo de Vasconcelos, *Apenas Corinthians*, was later integrated into WRC's programming grid, outliving its original platform.

The shutdown of these amateur stations prompted some of their collaborators to adopt a more professional operating model based on journalistic practices. "We wanted to provide a professional sports coverage like the ones offered by the major radio stations", explains general manager Ginaldo de Vasconcelos. Thereby, Web Rádio Coringão began its activities with a team composed by fans and professionals with experience in traditional radio and other media outlets and dedicated to cover Corinthians' football activities; the musical programming has since been focused on classic rock and heavy metal. Together, WRC collaborators invested in the acquisition of suitable equipment such as mixing desks, servers and high-end microphones, as well as in the renting of studio facilities and the designing and maintenance of a functional website through which content is stored and streamed.

Already in its first year, WRC presented a partnership proposal to Corinthians' Marketing Department and a two-year licensing agreement was signed between both parts: Web Rádio Coringão had become the official Internet radio of Sport Club Corinthians Paulista. According to the contract, the club was entitled 40% of the radio's pre-tax operating profit obtained from advertising and other revenue sources. The compensation offered by Corinthians, however, fell short of the expectations of WRC managers, who counted on the club support to increase brand awareness among the fans of the team and to obtain exclusive information about the club's backstage. For Ginaldo de Vasconcelos, the agreement was "too onerous" and did not offer any real value to the company since the station kept facing a greater level of difficulty to interview players and managers in comparison to traditional media outlets like Rede Globo, for example.

In early 2012, a new board assumed office of Corinthians and Web Rádio Coringão managers were invited to discuss a new licensing deal with the club. According Ginaldo de Vasconcelos, Corinthians' Marketing Department conditioned the renewal of the contract on the radio stopping criticizing the performance of the team and its players. For WRC, this demand would compromise the station's credibility and affect the interest of the listener in its coverage. The proposal was rejected and Web Rádio Coringão ceased to be a licensed product of Corinthians, despite the fact that its logo is still present on the official website of the club. For Ginaldo de Vasconcelos, the end of contract did not affect the relationship between the club and the radio because WRC has never been given any prominence while the contract was in effect; on the contrary, the club has even turned down potential sponsors: "We are outside Corinthians, but are still covering the club, which is the ideal situation". After the end of the contract, in 2011, WRC changed its slogan from "the official radio of Corinthians" to "the official radio of Corinthians fans".

Since 2009, Web Rádio Coringão has streamed all the matches involving the professional football team of Corinthians and most of the games played by its futsal side. The online radio also provides sporadic live commentary of youth and women's leagues and other sports events where the club is represented by professional teams, as in the case of basketball competitions, and individual athletes, such as Mixed Martial Arts fights. Furthermore, cultural happenings promoted by the club and major events organized by fans are covered by WRC when they do not coincide with football matches. Among them are the participation of Gaviões da Fiel, Corinthians main *organizada*, in the yearly carnival parade in São Paulo, and public debates on themes linked to Corinthians' history and traditions.



| PROGRAM             | TOPIC CATEGORY                                       | TIME             |
|---------------------|------------------------------------------------------|------------------|
| Resenha             | Panel show focused on Corinthians news and analysis  | Fri, 20:00       |
| Debatimão           | Latest Corinthians news and panel discussion         | Mon & Thu, 20:00 |
| Timão Metal         | Heavy Metal show broadcast live from Santiago, Chile | Tue, 21:00       |
| Voz Mosqueteira     | Panel discussion with active audience participation  | Mon - Fri, 14:00 |
| Timão Universitário | News, stories and analysis produced by UnG students  | Mon, 13:00       |
| Web Debate          | Panel show broadcast with partner web radio stations | Thu, 20:00       |
| Onda Jovem          | Daily morning show produced by Rádio Itaquera FM     | Mon-Fri, 8:00    |

*Table 2: Main programs streamed by Web Rádio Coringão, which works uninterruptedly, in 2017*

WRC also provides a distinctive post-game coverage by interviewing only Corinthians players and managers. Thus, the web radio listener is spared from comments and analysis of the opponent team, a trait that has a great appeal among WRC audience, according to its managers. Likewise, because Web Rádio Coringão does not have the same time and commercial constraints as those faced by over-the-air stations, its coverage is not interrupted by commercial breaks or has a set time to end.

Underlying the transmission of every match or panel show, WRC audience will find a marked bias in favor of Corinthians, which is the main differential of Web Rádio Coringão according to Ginaldo de Vasconcelos: "Usually, the Corinthians fan wants to listen to the running commentary, the news report and the game discussion from the point of view of a Corinthians fan, and this helped us to grow a lot". For the WRC general manager, many football fans grew tired with a supposed impartiality of some football commentators who barely hide their support for a particular team during the play-by-play commentary: "Even when we speak against Corinthians, the fan knows

that we are doing so because this is our true opinion, and not because we root against the team, so we ended up increasing our audience precisely because of that".

#### **6.4.3 Web Rádio Coringão Partnerships**

Currently, Web Rádio Coringão relies on the work of 30 to 40 collaborators divided into teams of four to six professionals responsible for covering the several competitions Corinthians participates. About 90% of them have a journalism degree and many perform various functions including technical support, story pitching and music curation. For example, Ginaldo Vasconcelos, who has a background in engineering, is one of the responsible for the technical work during the streaming of the games, while Jorge Diaz hosts a weekly heavy metal show live from Santiago, Chile. The WRC general manager points out that most of his partners at Web Rádio Coringão aim to work in the sports media field, and that some of them ended up being hired by traditional media companies as radio and TV stations. The high turnover of collaborators and the limited number of teams keep WRC from covering a greater number of leagues and events, according to its managers.

For Ginaldo de Vasconcelos, WRC audience is interested in following less popular competitions like youth leagues or women's football, but covering such events with the same regularity demonstrated by the coverage of professional football games would require WRC to keep a much bigger team of reporters and technicians. However, it does not mean that Web Rádio Coringão simply ignores minor events that are not extensively covered by over-the-air stations and TV channels, but that priority is given to decisive matches or that WRC needs to resort to partners to retransmit the games. One example of this is the partnership with Rádio Esporte Web, an online station based in the city of Americana, where Corinthians women's basketball team is based. Due to the distance between São Paulo and Americana (130 km), and also because basketball and football matches often overlap, Web Rádio Coringão relay the games originally streamed by Rádio Esporte Web on its own website and mobile apps.

The same applies to futsal games that are not televised live and that take place in distant venues. In such occasions, WRC searches for local online stations streaming

the event in order to obtain their authorization to relay the match on its website. On the other hand, Web Radio Coringão's sports programming is integrally retransmitted by Rádio Livre Gaviões, an online radio established and controlled by Gaviões da Fiel, and whose musical programming differs from WRC for being focused on popular genres like samba and pagode. Web Radio Coringão managers are not concerned about content cannibalization; they believe this partnership to be an effective way to reach more listeners and an important asset to attract advertisers. Moreover, Radio Livre Gaviões covers WRC's costs with pay-per-view subscriptions, allowing them to produce off tube commentary for away matches, and some collaborators work for both stations. Similarly, a local community station based near Corinthians Arena, Radio Itaquera FM, relays all the matches played by Corinthians at home and away, and streamed by WRC. This is the only occasion when the content produced by WRC is broadcast over-the-air.

Web Radio Coringão also maintains a partnership with private higher education institution Guarulhos University, whose journalism department produces a weekly show called *Timão Universitário*, a project created by journalist, professor and WRC collaborator Vitor Guedes. The program, which is also streamed by the website of the university, aims to provide UNG students with a practical opportunity to develop a real radio show in the university studios. In return, UNG offers WRC a full journalism scholarship that can be used by one of its members.

Finally, Web Rádio Coringão teams up with Rádio São Paulo Digital, Web Rádio Verdão and Web Rádio Lusa for a weekly show focused on debating issues central to the four main teams of the city of São Paulo: Corinthians, São Paulo FC, Palmeiras and Portuguesa. *Programa Web Debate* is recorded every Tuesday at Web Rádio Verdão's studios and streamed live on the websites and mobile apps of the four participants as well as on its own YouTube channel. The idea behind the show, according to Ginaldo de Vasconcelos, is:

"To end the stigma that football supporters are a bunch of fanatics who only care about brawling with the opponent . . . After all, it feels like the union between the four stations makes up a big web radio; we [WRC] will never

lose audience to them because our listener will not tune in to their radio stations, so nothing better than supporting each other". (De Vasconcelos)

The Web Rádio Coringão director also believes that together, they have better chances to attract advertisers that may be skeptical about having their brands associated with a single football club. For this to happen, the web radio managers have discussed the creation of a single advertisement package that would allow a company to market its products and services throughout the four radio stations.

#### **6.4.4 Web Rádio Coringão: Audience Segmentation**

Despite a steady increase in the number of listeners over the years, Web Radio Coringão has limited information about the profile of its audience. The expansion of users listening to WRC on mobile devices has made it difficult to determine who tunes in to the station, according to the company's general manager. Because of this lack of data, mostly from partner services like Radios.com and TuneIn, which do not provide information on the users accessing their applications and sites, Web Rádio Coringão relies on information published by external sources about the demographics of Corinthians fans in Brazil. They assume that WRC reaches most of the age groups with the exception of elderly listeners who do not have access or know how to use the Internet or mobile devices.

Based on the metrics generated by Google Analytics, Web Rádio Coringão knows that approximately 50% of its website traffic comes from outside the state of São Paulo and that 2% to 5% of the visitors are located abroad. These figures can be explained by the fact that the vast majority of Corinthians games broadcast by free-to-air and cable TV channels are restricted to the state of São Paulo, hence Corinthians fans living somewhere else are either compelled to purchase pay-per-view services or to listen to the matches on the Internet. The same applies to supporters living abroad, who have even more limited options to follow the matches legally.

For Ginaldo de Vasconcelos, a large number of listeners prefer to mute the TV and listen to the live commentary on the web radio even when the game is broadcast live by free-to-air networks:

"Our audience does not believe in the big media; it is no longer guided by them and because of that it is always looking for an alternative. The audience that consumes TV all the time and is modelled by TV channels hardly ever listens to our radio shows". (De Vasconcelos)

In fact, the strong grip of media corporations on Brazilian football has been the target of several manifestations of discontent by fans and independent journalists. However, it does not follow that TV channels and other representatives of the big media are having problems with audience ratings as increasingly more people are following the games broadcast by Rede Globo, for example (Folha de São Paulo, 2016; Peccoli, 2017). Also, whether a game is broadcast by free-to-air or only by subscription television networks affects WRC's audience to a great extent (see Figures 7 and 8). Corinthians matches broadcast only on pay-per-view attracts more listeners to WRC's site and mobile apps than games transmitted by cable and free-to-air channels. For example, the WRC's site and apps were accessed by approximately 35 000 users on the day of the first Campeonato Paulista semi-final match against São Paulo FC, an event that was not broadcast by any TV channel with the exception of Premiere FC, a pay-per-view service controlled by Grupo Globo. One week later, when the same teams played the second and decisive match at Arena Corinthians, Web Radio Coringão had an audience of close to 14 500 users. On that day, the game was shown by free-to-air Rede Globo and other cable channels.

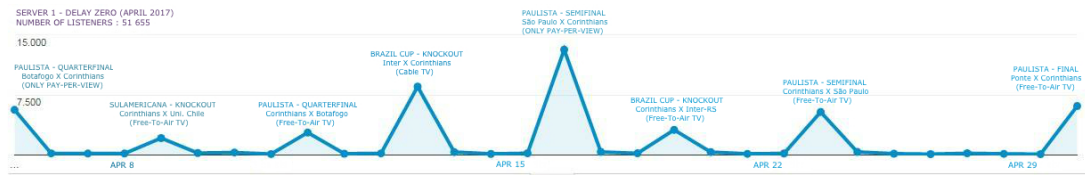


Figure 8: Number of listeners tuning in to WRC throughout April, 2017 (Server 1)

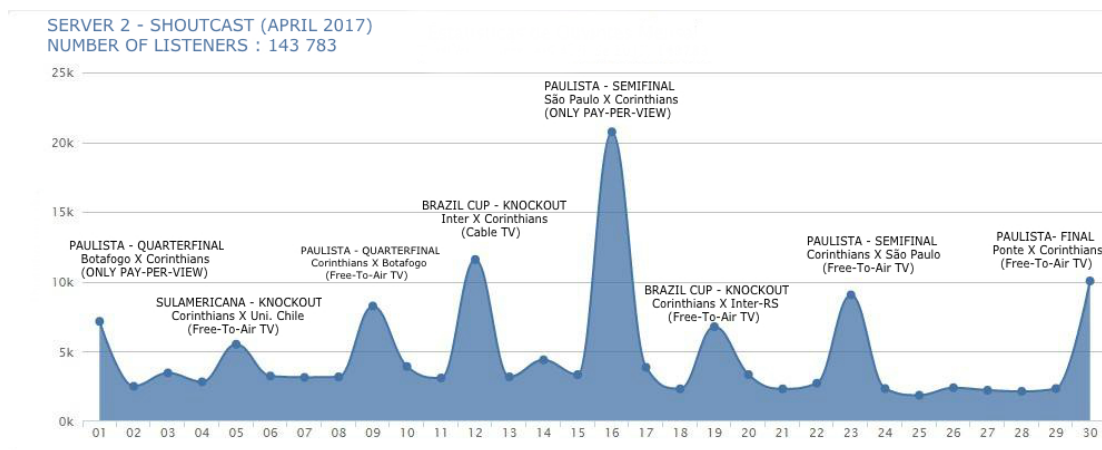


Figure 9: Number of listeners tuning in to WRC throughout April, 2017 (Server 2)

Another important factor that influences WRC's success in terms of audience is Corinthians' performance in the leagues it plays. Ginaldo de Vasconcelos notes that fans tend to tune in to Web Rádio Coringão more often when the team has either chances to win a competition, to secure a place in next season's Libertadores da América Cup or when the club is on the brink of relegation from a major tournament. On the other hand, whenever it sits in the middle of the table and has nothing to aim for, the audience seems to lose the interest in the matches. For this reason, WRC general manager believes that competitions like Sudamericana Cup, Copa Libertadores da América and Copa do Brasil, which have knockout stages or are single elimination knockout tournaments, are more appealing to fans.

Besides offering differentiated content to Corinthians fans across the country and abroad, Web Rádio Coringão has a strong presence on social media. As of June 2017, the online radio had 495 000 "likes" on its Facebook page, 154 000 followers on Twitter and 21 000 followers on Instagram. It is also boosting the content uploaded to its YouTube channel in order to explore the possibilities of this video sharing platform and making use messenger apps such as WhatsApp to offer an extra communication channel to its audience. The radio has a social media assistant

responsible for updating content to WRC's platforms on a continuous basis and to respond to users' comments and suggestions.

#### **6.4.5 Web Rádio Coringão: Economic Performance**

Although WRC's managers and collaborators are volunteers who work on their own free time, the firm has different operating expenses to keep the station running, which means that the company usually does not generate any profit to its collaborators and owners. Recurring expenses include but are not limited to studio facilities, ACEESP memberships, access to high speed Internet, domain name registration, web hosting services, equipment maintenance and transportation costs. As for the non-recurring costs, Web Rádio Coringão has invested in four mixing desks, professional microphones, receptors, cables, TV monitors, computers and two servers running round-the-clock.

Over the past eight years, WRC had several minor sponsors and two main advertisers: Yamaha and apparel manufacturer Lupo; both companies declined to renew with Web Rádio Coringão after the web radio opted out of its licensing agreement with Corinthians. Since then, small firms like online liquor store CluBeer have replaced big sponsors with ad insertions and banners on WRC's home page. Web Rádio Coringão also runs on the support of its audience by collecting donations through a crowdfunding platform, but this solution also needs to be complemented by manager's own money on a regular basis. Besides that, the radio has appointed a collaborator to seek new advertising opportunities and partnerships. However, Ginaldo de Vasconcelos acknowledges the difficulty to survive without stable revenue sources by pointing out that Rádio Santos FC has been shut because of the lack of investments and that Web Rádio Lusa has been struggling to keep afloat after losing Portuguesa's support: "In terms of audience, we are one of the biggest web radio stations in Brazil but we still have limited financial return". Furthermore, he considers that business owners and advertising agencies are reluctant to invest in smaller and segmented stations, and that major media outlets have a negative attitude towards web radio startups:

"There is no interest on the part of big media companies to see the emergence of new broadcasting technologies such as web radio, which is a remarkably democratic media. After all, you do not need concessions of any kind; anyone can make it happen if they work hard and start getting followers and listeners". (De Vasconcelos)

In the previous sections, the practices and operations of Web Rádio Coringão were clarified. In financial terms, the firm faces challenges common to a great number of Internet-based radio stations (Ren & Chan-Olmsted, 2004) despite growing audiences and attempts to diversify its revenue sources and to establish new partnerships. These problems are common to Rádio São Paulo Digital, the second case study company explored throughout the next sections. Both stations have favored professional practices in order to offer an alternative platform to football fans used to traditional sports coverage made available by terrestrial radio and TV channels; nevertheless, they are confronted by financial constraints that limit their potential to cover a greater number of events in loco or to provide a more diverse and rich programming.

## **6.5 Second Case Study: Rádio São Paulo Digital**

In the next sections, I examine the management procedures and business model of Rádio São Paulo Digital (RSPD), a web radio founded in 2011 by journalist Ricci Junior and devoted to covering the activities and performances of São Paulo Futebol Clube (SPFC). The first section offers a brief outline of the history of São Paulo FC, and is followed by an examination of RSPD's operations, services and financial conditions within the new media landscape. The data in this chapter was collected through desk research and interviews with RSPD's general manager Ricci Junior.

### **6.5.1 Overview of São Paulo Futebol Clube**

Based on the affluent district of Morumbi, in the southwestern region of the city, São Paulo Futebol Clube is the third most popular football team in Brazil, with over 16 million fans across the country (Datafolha, 2014). The club was founded in 1930 by members of two other multi-sport clubs: CA Paulistano and AA das Palmeiras. Three decades later, São Paulo FC inaugurated Cícero Pompeu de Toledo Stadium, popularly known as Morumbi Stadium, the largest privately owned sports venue in



the country. Like its main rivals in the state, Corinthians and Palmeiras, the club is active in several different sports like basketball, figure skating and judo.

Within the four lines of the pitch, São Paulo FC is the most successful Brazilian club in terms of international titles, winning three Libertadores da América Cup, one Sudamericana Cup and three world championships (one FIFA Club World Cup and two International Cups) over the past three decades. Besides that, São Paulo FC has six national leagues, being the only club to win three Brazilian Championship A Series in a row. Its main fans organizations, or *organizadas*, are Torcida Tricolor Independente (TTI) and Dragões da Real (DDR), both present in the stands of Morumbi Stadium as well as in the Anhembi Sambodrome, where they compete as official "samba schools" in the Carnaval parade.



São Paulo FC fans celebrate in the stands of Morumbi Stadium (Reproduction)

Despite its outstanding performance since the beginning of the 1990s, when the club won its first major international title, São Paulo FC has faced a series of political turmoil involving board members and high-level executives. In 2015, Carlos Miguel Aidar stepped down as SPFC president over corruption charges involving a sponsorship deal with sportswear maker Under Armour and allegations that he had "diverted money from contract negotiations with players away from official channels" (Kunti, 2015). Recent elections in the club have also been marked by allegations of

irregularities and maneuvers by opposition groups to impede the voting processes (Thadeu, 2011; Fernandez, 2017).

### 6.5.2 Rádio São Paulo Digital: History and Operations

Rádio São Paulo Digital (RSPD) was launched in 2011 by journalist and SPFC fan Ricci Junior as a sub-product of São Paulo Digital, a collaborative platform originated five years earlier and whose main objective was to offer São Paulo FC fans a channel to upload, share and discuss content related to the club. Before establishing RSPD, Ricci Junior had been involved in several multimedia projects including web TV shows and a daily podcast covering São Paulo FC, a project that was later incorporated into RSPD's programming. This expertise was essential in the building of Rádio São Paulo Digital, which streamed its first match in September 2011 from a booth located inside a restaurant at Morumbi Stadium. Since then, RSPD covered all the games played by São Paulo FC, often having former SPFC idols as guest commentators for matches played at home and away, when the games are usually offered as off-tube broadcasts.

Besides covering SPFC matches, Rádio São Paulo digital has a morning show dedicated to debating the latest news involving the club. *Tricolor em Notícias* relies heavily on audience participation. "It is a very dynamic programme. The listener contributes by sending comments and suggesting stories. The discussion is very rich and we see the same interaction throughout all the radio channels", explains general manager Ricci Junior. In its first years, the web radio set a broader focus, covering a wider range of sports and activities related to the club. Currently, though, the schedule is centred on São Paulo FC professional football team and complemented by a carefully curated music programming.

For Ricci Junior, this is a factor that sets Rádio São Paulo Digital apart from other online stations. As an amateur musician and former music journalist, the RSDP general manager prioritizes a meticulously crafted music programming focused on Brazilian pop music, blues, rock, and electronic. Furthermore, RSPD makes space for two shows dedicated to pop culture and cinema. The programs, mostly hosted by DJs

and enthusiasts, are streamed live or pre-recorded, on RSPD's website and mobile apps, having fixed places in the radio's schedule (see Table 3).

| PROGRAM                    | TOPIC CATEGORY                                              | TIME             |
|----------------------------|-------------------------------------------------------------|------------------|
| Tricolor em Notícias       | Latest São Paulo FC news                                    | MON - FRI, 11:00 |
| Musical Popular Brasileira | Brazilian music and interviews with local artists           | MON, 20:00       |
| Sinfonia Rock              | Classic Rock                                                | TUE, 23:00       |
| Estante do Wilson          | Geek universe from comic books to cinema                    | WED, 17:00       |
| Tigre Cast                 | Classics and movies in theater                              | THU, 18:00       |
| Web Debate                 | Panel show broadcast with partner web radio stations        | THU, 20:00       |
| São Paulo Dance Clube      | Live and recorded DJ sets with a different guest every week | THU, 21:00       |
| Encruzilhada Blues         | Blues                                                       | FRI, 20:00       |
| Arte e Louvor              | Contemporary Christian Music                                | SAT, 11:00       |
| Balada Retrô               | Top Hits: 1970s - 1990s                                     | SAT, 20:00       |

*Table 3: Main programs streamed by Rádio São Paulo Digital in 2017*

As of 2017, Rádio São Paulo Digital's staff is formed by fifteen professionals and collaborators working in different areas such as content production, technical support, marketing and commercial partnerships. The transmission of the games is made available through the work of five professionals, including one play-by-play announcer, one commentator, one technical operator and two sideline reporters. Since 2013, RSDP's content team is composed exclusively by journalists. For Ricci Junior, this decision was made to improve the level of professionalism of the radio, which had been previously compromised by collaborators without formal education or experience in the journalism field. He also explains that RSDP is recognized by São Paulo FC as any other media outlet, with the club providing them with a proper broadcast booth and access to players and managers in different areas of the stadium.

Nevertheless, traditional media companies are still hesitating to accept Rádio São Paulo Digital as a qualified competitor. According to Ricci Junior:

"Even today there are those who look daggers at us because they think anyone can start a web radio... But in fact it is not anyone who has a web radio with audience and it is not anyone who has an established web radio. Because in order to do so, it is necessary to be very professional and to have the same characteristics as a traditional radio station, it is necessary to have trained professional concerned about aesthetical and technical issues that are paramount. So, indeed anyone can start a web radio, but how they will reach the audience and keep attracting listeners day by day, based on quality content, is something that most of them do not know". (Ricci)

Ricci Junior also highlights the importance of handling privileged and inside information in a responsible way. For the Rádio São Paulo Digital manager, credibility is a key factor for the success of a web radio: "We would rather not take the risk; for us, there is no need to always break news". Instead, RSPD is more concerned about providing the audience with a channel to express their opinions, which is something that traditional media no longer offer, according to Ricci Junior:

There are those who have a focus on quality and information, and those who favor the number of accesses and the visibility [of the medium]. We oppose those who deceive the football fan, spreading rumor after rumor about players and managers . . . From the traditional outlets to blogs, this "I need clicks at any cost, I need accesses at any cost" culture is the same. Fans sites and blogs are acting exactly like the [traditional] media they so often criticize. We do not want to reach the listener by breaking news, by publishing incorrect information; we want it because we are a reliable platform. We have a big audience because we are an alternative but trustworthy media. (Ricci)

Indeed, rumours and gossips have as big a role on TV and radio sports programs as on discussion lists and forums maintained by fans, who discuss transfer rumours and hoaxes with the same passion dedicated to comments about their teams' performances. Another important aspect raised by Ricci Junior is the freedom Rádio São Paulo

Digital has to criticize the club and the fans, which is the "DNA of the radio", according to its general manager, who cites the case of a short-lived web radio launched by the São Paulo FC marketing department:

"They no longer exist because the fan is not stupid. The fan wants to listen to his voice [represented on the radio], not an institutional form of communication, where there is only space for compliments and everything is wonderful and it is not allowed to criticize the coach . . . Our staff has the freedom to speak out their minds". (Ricci)

It is important to note, however, that despite abandoning its web radio project, the club keeps a popular channel on YouTube with 450 000 subscribers, where there is, in fact, very little space for criticism. Concerning São Paulo FC's fans organizations, with which RSPD has a respectful and supportive relationship, they are also target of occasional objections: "In the same way we criticize managers and players, we criticize the *organizadas*. They are very important in the stands but our work is also very important to the radio listener", explains Ricci Junior.

### 6.5.3 Rádio São Paulo Digital Partnerships

Among the main partners of Rádio São Paulo Digital are two other sports web radio stations: Web Rádio Verdão and Web Rádio Lusa, with whom RSPD divides a studio in the western region of the city. By sharing the same working space and equipment, these stations have developed similar technical expertise, which led them to achieve the same standard in terms of streaming quality. However, to avoid problems with matches overlapping, they consider expanding the facilities in order to allow two simultaneous transmissions. The weekly show *Web Debate*, which has the participation of Web Radio Coringão, is broadcast from this studio, a feature that reinforces the level of collaboration among the sports web stations based in São Paulo. For RSPD manager, the benefits of this partnership extrapolates technical exchanges: "We are not competitors, we are convergent; the importance of working together is essential to the market". Like WRC manager, Ricci Junior believes in the possibility of introducing advertisement packages encompassing local web radio stations to attract potential investors.

Likewise, Rádio São Paulo Digital seeks partnerships with restaurants, bars and other businesses where the web radio team can set up a broadcast booth to provide off-tube commentary for matches played outside the city. The firm also relies on the collaboration of music and cinema enthusiasts to fill its schedule with shows dedicated to the different topics and genres. Moreover, it also has two partners abroad, one collaborating from Portugal and another from the United States, who feed the station with international news related to topics of interest to São Paulo fans like transfer rumors.

#### **6.5.4 Rádio São Paulo Digital: Audience Segmentation**

With the help of an analytical tool developed by American company IVC, Rádio São Paulo Digital has access to daily measurements of audiences across its multiple platforms. The instrument also makes it possible to check whether users are accessing RSPD on mobile devices like tablets and cell phones or from desktops, besides providing information about the operating system used by the listener, their location and the time spent streaming the content and browsing its website.

Thus, Rádio São Paulo Digital knows that about 50% of its listeners are located in the northeastern region of Brazil, 40% in the state of São Paulo and 5% to 7% abroad, mostly in countries like Japan, Portugal and the United States. These figures can be explained by the fact that most of the games played by SPFC are not broadcast outside the state of São Paulo. Hence, the substantial number of fans located in such areas has fewer options to follow the matches on TV and terrestrial radio stations. This can have an impact on the willingness of advertisers to pay extra for reaching segments of the audience located away from the state of São Paulo or from Brazil, where most of their products and services are offered.

On average, RSPD has an audience of 30 000 listeners on game days, but it can often reach over 50 000 listeners depending on the importance of the match, according to Ricci Junior. In 2015, a Libertadores da América Cup game between São Paulo FC and Cruzeiro pulled in a record audience of 80 000 listeners. However, these numbers drop to close to 6 000 listeners in days without matches. Similarly, the web radio

audience is affected when SPFC games are broadcast by free-to-air TV channels. In such occasions, RSPD has between 20 000 and 30 000 listeners. Ricci Junior believes that having the chance to watch the game on TV is not a decisive factor in the audience's choice of the platform, though:

I think it makes a difference, but from the moment the fan acquires the experience of listening to a web radio it might change his perceptions. He may be watching TV [and listening to RSPD simultaneously] and noticing a slight delay in the transmission, but he wants to listen to our commentaries on the match, he wants to know our opinion precisely because he is tired of listening the guy who will always be biased towards Corinthians. So, despite technical difficulties there is a differential, and based on that we attract our audience. There are many people who say: "notwithstanding the delay, I prefer to listen to you". (Ricci)

Delays between TV and web radio can be caused by different factors, including the connection speed of the user, the device on which he is accessing the content and whether he is watching the games on pay-per-view, free-to-air or satellite TV. Unlike Web Rádio Coringão, which has a dedicated server to avoid lagging behind TV broadcasts, Rádio São Paulo Digital does not make use of such technology.

Regarding the profile of RSPD audience, Ricci Junior considers that its average listener is more committed to the club than those who follow the games and discussions on traditional radio stations and TV channels: "To begin with, I believe they are more fanatic because they listen to a web radio and secondly, they cannot stand the traditional media coverage anymore". For the RSPD general manager, the impact of the performance of the team on the audience ratings is not significant. He explains that Rádio São Paulo Digital staff is oriented to keep providing quality content and bringing the audience up despite the outcome of the match: "Even when São Paulo is defeated, we need to give the fan what he is looking for, that is: entertainment".

Nevertheless, an unremarkable season can discourage many fans from following the matches and Ricci Junior admits that RSPD audience can be as low as 13 000

listeners on a game day if São Paulo FC comes from a sequence of mediocre performances. The importance and format of the tournament has greater influence on RSPD's social networks than on the number of listeners tuning in to the web radio, according to the station manager.

#### **6.5.5 Rádio São Paulo Digital: Economic Performance**

Since its first transmission in 2011, Rádio São Paulo Digital attracted several sponsors and commercial partners that became a fundamental source of income to the station. From deals to big companies like e-commerce business Netshoes to partnerships with São Paulo FC former sponsors like athletic apparel makers Reebok and Penalty, and manufacture conglomerate Toshiba, RSPD has benefited from a wide range of high and low investments, which clearly reveals a business-oriented approach. Moreover, the station has negotiated short-term contracts with businesses and services that operate inside Morumbi stadium like restaurants, bars, VIP boxes managed by different companies and primary ticket outlets.

These companies invest on website banners, ad insertion during the broadcast of the games and on Radio São Paulo Digital social networks. For Ricci Junior, it is important that advertisers have access to different partnership models; RSPD has proposed deals involving permutation of marketing activities, direct and indirect investments. Thus, small media outlets like sports web radio stations have better conditions to compete with big players amidst the worst economic recession in the history of Brazil (Gillespie, 2017; BBC, 2017).

Despite this unfavorable scenario, Ricci Junior believes that the Brazilian advertising market is undergoing deep changes that will favor alternative media like net-only radio. For this to occur, he highlights the importance of developing solid standards to measure the number of listeners tuning in to sports web radio stations, whose focus on segmented audience, he believes, is of interest to the market. According to RSPD manager, it is also imperative to persuade advertisers that web radio is a viable and trustworthy option in times of economic hardship: "Few [advertisers] have a realistic and global view of the tools the Internet offers".

In order to secure more advertisers and commercial partners, Rádio São Paulo Digital



counts on an experienced professional dedicated to develop and promote media kits and attract investors. RSPD implemented other forms of financing methods by setting up an online store where merchandise products can be purchased by fans and listeners, and by offering membership plans based on crowdfunding models. Finally, RSDP also generates incipient revenue with direct link monetization on its social media platforms, which saw a steady growth since the web radio was established. As for May 2017, Rádio São Paulo Digital had 504 000 likes on its official Facebook page, 90 000 followers on Twitter and 30 000 followers on photo sharing service Instagram.

Even though several investment models have been put forward by RSDP, the firm still depends on contributions made by its collaborators, a situation similar to that faced by other web sports radio in Brazil, as it was revealed in the case of Web Rádio Coringão. According to Ricci Junior, the costs involving Rádio São Paulo Digital operations (e.g., transport, equipment maintenance and upgrade, studio rental, ACEESP membership, utilities, etc.) are rarely covered by the revenues it generates.

In the last sections, the businesses operations and the managerial rationale of Rádio São Paulo Digital were introduced. It was possible to observe similarities and differences between RSPD and WRC in terms of management practices and content production too. While Web Rádio Coringão has developed closer ties with S.C Corinthians and its main fans organizations in the form of distribution partnerships and image licensing agreements, Rádio São Paulo Digital has followed a different path towards a complete independence from the São Paulo FC. Nevertheless, both firms recognize the importance of mutual actions that promote the value propositions offered by local sports web radio stations; they also share similar views regarding the need to leverage multiple revenue sources in order to become self-sustainable entities and about the importance of providing effective channels for user engagement and participation. By making use of the BMC as a hermeneutical tool, the following sections discuss the empirical findings regarding these new media companies. This is necessary for developing a more accurate comprehension of these firms' business models, and their strengths and limitations in face of the challenges posed by the new media industry.

## 6.6 Discussions

Based on information collected through desk research and through interviews with WRC and RSPD general managers, the next sections examines the business models and operations of online radio stations devoted to football and sports coverage in Brazil. The use of the Business Model Canvas tool designed by Alexander Osterwalder and Yves Pigneur, and introduced in Section 5.5, as an analytical instrument makes it possible to shed some light in their nine main strategic areas: Value Propositions, Key Activities, Key Resources, Key Partners, Cost Structure, Customer Segments, Customer Relationships, Channels and Revenue Streams.

### 6.6.1 Value Propositions

According to Euchner and Ganguly (2014), successful business models begin with a wish to answer an imperative customer need. While Osterwalder & Pigneur (2010, p.22) define value proposition as a "bundle of products and services that create value for a specific customer segment", adding that it is the "reason why customers turn to one company over another", Ching and Fauvel (2013, p. 30) draw attention to the "perfect fit between the customer segment and the value proposition". As multi-sided platforms, online radio stations such as the case companies investigated in this thesis need to attract two different but complementary sets of customers: audience and advertisers.

Internet-based radio stations dedicated to single football teams have unveiled a latent dissatisfaction with the sports coverage provided by traditional media outlets in Brazil and decided to step in and conceive an innovative idea for a new value proposition. For Web Rádio Coringão and Rádio São Paulo Digital general managers, football fans are growing frustrated with a supposed biased approach of TV channels and radio stations against their favorite teams and towards their rivals. They also identified a need to give fans a more participative role in the streaming of the games and the subsequent discussion of the matches. When following the broadcast of a game on TV or terrestrial radio, supporters of smaller clubs have no option but spending more time watching or listening to reports, analysis and interviews related to the opponent team than enjoying the coverage of their favorite club, whose limited fan base is less appealing to big media companies.

By offering a professional and free platform established and maintained by football aficionados, sports web radio seeks to create value for its first group of customers, the audience. Both Web Rádio Coringão and Rádio São Paulo Digital aim to be the voice of the fan on the play-by-play and live commentary fronts, but they also want to give him a voice to express his concerns, frustrations and delights in a manner and under conditions that no other medium is inclined to accept. Thus, sports web radio is no longer a mere alternative to those fans unable to follow the games due scheduling restrictions; it is an engaging and valuable service per se, leveraging on a free model that has consistently been an appealing value proposition (Osterwalder & Pigneur, 2010).

On the advertiser side, these online radio stations have catered to an active and segmented audience that can be reached by a fraction of the investments required to market a product on traditional media companies. Hence, web radio emerges as both a new opportunity for small businesses like bars and restaurants operating inside football venues to promote their services and as an additional channel for kit suppliers and shirt sponsors to expand their brand awareness among dedicated fans. As seen in sub-section 6.5.5, RSPD has attracted both types of advertisers with short and long-term commercial partnerships and permutation of marketing activities, which were possible because, among other things, companies like Web Rádio Coringão and Rádio São Paulo Digital operate in a mass customization context where products and services are tailored according to the needs of specific groups of customers (e.g. fans of a single football club), while companies preserve the benefits of economies of scale (Osterwalder & Pigneur, 2010).

For net-only radio stations devoted to sports coverage, this is a key factor towards developing a solid value proposition; as multi-sided free platforms, they require advertisers to generate enough revenues through advertising insertions and banners to cover the subsidies provided to their audience in the form of high quality content offered free from charge.

### 6.6.2 Key Activities

Key Activities are necessary for companies seeking to develop and provide value propositions to its customers. They describe "the most important things a company must do to make its business model work" (Osterwalder & Pigneur, 2010, p.36) and can be divided into three categories: production, problem solving or platform/networking. The first involves the processes of designing, producing and delivering products and services in significant amounts and/or of high quality. While the second is focused on finding new solutions to individual customer problems, the third and last category is linked to operations involving brands, networks, software, and matching making platforms related to service organizations (Ibid, p. 37).

In the case of sports web radio, content production, and platform management and promotion are among the firm's key activities. The crafting of superior quality content is achieved through a professional coverage of the team's performances and panel shows where fans have active roles as members of the audience and content makers. Although Web Radio Coringão and Rádio São Paulo Digital pay particular attention to their music programming, the core activities they perform are centered on football news and live commentary, which demand most of the time, effort and investment from collaborators and managers. Because of that, these companies seek a balance between in-house and external content production activities, which are executed or distributed by members of the audience or by partner institutions like universities and fans organizations. Some of these activities can be disrupted, for example, by partnerships with over-the-air stations in a way that WRC and RSPD audiences are no longer limited to streaming applications, but also have the possibility to tune in to analogue radios. This, in turn, may allow the companies to attract advertisers that are still skeptical about the benefits to market their products on net-only stations because they no longer have a single outlet to communicate and generate revenues, as indicated by Baltzis and Barboutis (2013).

As observed in the previous sections, however, financial and personal constraints inhibit the capacity of both companies to perform a greater number of activities, a problem common to Internet radio (Ren & Chan-Olmsted, 2004; Wall, 2004). Moreover, WRC and RSPD general managers acknowledge that virtually anyone can

start a sports web radio dedicated to football coverage, meaning that their key activities can be easily copied by potential competitors, a view shared by Wall (2004), who notes that the economics of Internet-based radio favors the continuous entrance of new players. Both managers also recognize that relying on the work of experienced professionals instead of counting solely on the collaboration of fans and enthusiasts reduces the threats to the quality of the content delivered to the audience, an aspect highlighted by Cook and Sirkkunen (2013) when discussing the importance for content-based startups of investing in professional journalism to generate "more value for the users and the society as whole"

In the case of online radio stations studied in this thesis, the content produced by web radio journalists are made available on different platforms that need to be managed and promoted by professionals involved in the companies' technical operations and marketing activities. This means that they are required to keep the station's website and mobile applications running continuously, besides checking the status of third-part applications that also stream their programs. Likewise, it is imperative for internet radio stations to promote their multiple platforms, specially their social networks and websites, in order to attract more audience and build brand awareness, factors that will increase the possibilities of attracting more advertisers.

### **6.6.3 Key Resources**

Another important feature of a company's business model is the key resources it needs to generate in order to "offer a value proposition, reach markets, maintain customer relationships, and earn revenues" (Osterwalder & Pigneur, 2010, p. 36). In the business model canvas, the key resources block represents "the most important assets required to make a business model work" (Ibid.). According to Osterwalder and Pigneur (2010), these assets can be possessed or leased by the company or obtained from strategic partners. They are classified into four categories: physical assets (e.g. manufacturing facilities, server farms and warehouses), intellectual resources (e.g. copyrights, patents and trademarks), human and financial resources (e.g. cash, lines of credit and funds).

The essential assets for web sports radio are their contents and the platforms through which they are delivered; both are made possible thanks to efficient use of physical and human resources. Rádio São Paulo Digital and Web Rádio Coringão rely on teams of volunteers to produce and distribute content on multiple platforms. Some of these collaborators have a professional background in journalism, and others are enthusiasts with an extensive knowledge about the clubs they cover. Additionally, both radio stations hinge on the technical knowledge of their collaborators to secure the quality and stability of the transmissions. This in line with Priestman's view of Internet radio as "horizontal broadcasters, with listeners becoming involved as volunteer contributors" (Priestman, 2002, p. 21). I

As shown in sub-section 6.5.2, RSPD has opted to keep only journalists in the staff responsible for covering and discussing São Paulo FC affairs, while WRC team is composed mostly of journalists and radio professionals. This is a clear indication that WRC and RSPG managers believe that human resources are central to the firms' operations and that professional and experienced personnel have better conditions to offer high quality programs and compete with established media companies despite lacking the economic resources that over-the-air stations enjoy. This also confirms Osterwalder and Pigneur's remark that "every enterprise requires human resource, but people are particularly prominent in certain business models" (Osterwalder & Pigneur, 2010).

Furthermore, Internet-based radio stations such as the ones investigated in this thesis have several physical resources that are essential to the production and transmission of content. From servers able to accommodate a high number of users streaming their shows to studio facilities equipped with high-end microphones, computers and mixing desks, Rádio São Paulo Digital and Web Rádio Coringão physical resources set them apart from amateur radio stations, allowing games and other programs to be broadcast with the sound quality required to attract and retain listeners, and therefore to create and deliver a value proposition, which is possible, in the case of net-only stations, thanks to the "rather inexpensive equipment needed in order to get 'on the air'" (Muhlenfeld, 2002).

#### 6.6.4 Key Partnerships

The next building block consists of the "network or suppliers and partners that make the [company's] business model work" (Osterwalder & Pigneur, 2010, p. 38). These key partnerships are set into four categories. The first one encompasses strategic alliances between non-competitors, while the second includes specific and crucial partnerships between competing firms. Joint ventures to create new businesses or projects are the third type of partnerships; and finally, there are the buyer-supplier relationships that provide the necessary reliable supplies for the firm's operations.

Furthermore, Osterwalder and Pigneur (2010) highlight three motivations for investing in partnerships. Companies are committed to relationships based on economies of scale in order to curtail costs; these partnerships may implicate outsourcing and sharing infrastructure. They also seek cooperation to reduce risks and uncertainties inherent to competitive environments; this is possible because companies can compete in a given field or industry while establishing alliances in different areas. Finally, the most common kind of partnership is the one involving the acquisition of specific resources and services; since companies rarely own all the assets or execute all the activities detailed in their business model, they need to count on several suppliers and partners that provide them with resources and services that could not be generated by the buying firm otherwise.

Because of limited staff and resources, partnerships are an essential component of sports web radio operations. Rádio São Paulo Digital and Web Rádio Coringão rely on content partners inside and outside the station to obtain music programs that fill the gaps between the broadcast of football matches and panel discussion shows. In the case of WRC, the firm uses distribution partners such as Rádio Livre Gaviões and Rádio Itaquera FM to promote its content in their programming schedule, with the latter providing two shows, *Jornal Falado* and *Onda Jovem*, to WRC's own schedule. Moreover, both managers interviewed for this research acknowledge the importance of joint actions aimed at attracting advertisers and investors, raising brand awareness among football fans and strengthening their firms' presence in the sports media industry. The fact that Rádio São Paulo Digital shares a studio with two other Internet radio stations, Web Rádio Verdão and Web Rádio Lusa, and that the major online

stations devoted to football coverage in São Paulo participate in a joint weekly show reinforces the importance of partnerships and mutual cooperation.

### 6.6.5 Cost Structures

After identifying the key resources, core activities and main partners of a company, it is possible to define its cost structures. This building block contains the fundamental costs generated by a firm while working under a given business model (Osterwalder & Pigneur, 2010). Some companies are considered cost-driven business, meaning that their focus is on reducing costs in any situation where it is possible, a strategy that incurs low price value propositions, large-scale outsourcing and full automation. On the other hand, many companies are driven by value creation, opting to favor superior value propositions and service customization over cost reduction.

According to Osterwalder & Pigneur (2010), companies can have one or more of the following costs depending on their operations: 1) variable expenses that change in proportion to the amount of output generated, 2) fixed costs that involve personnel, equipment and facility maintenance, 3) economies of scale that lead to lower cost per unit as more goods and services are produced, and 4) economies of scope that are the cost advantages resulted from the manufacturing of a wider range of products by the same company.

Bandwidth demanded to stream content is one of the most predominant cost components for web radio stations (Ting & Wildman, 2013). Although these costs "increase with the rate at which data is delivered to users", web radio is benefited by lower irregularity in bandwidth requirements, which results in plain cost structures (Ibid.). In fact, Rádio São Paulo Digital and Web Rádio Coringão have made considerable investments in technology to guarantee a reliable programming distribution, the latter making use of a specific software to reduce or eliminate delays during the streaming of live games and the former building a professional studio with partner stations.

Besides the reasonable costs to distribute content on different platforms, RSPD and WRC have other recurrent and non-recurrent expenditures related to content



production and the maintenance and update of physical assets. Rental of studio spaces, transportation to matches played at home, and eventually away, and pay-per-view and Internet subscriptions fall into the recurrent expenditure category, while the purchase of equipment and the design and building of new websites fall into the non-recurrent expenditure category. It is worth to note that both RSPD and WRC journalists and collaborators are volunteers; therefore personnel costs, usually responsible for a large part of traditional radio stations' spending, are excluded from their expenditures. This is especially important because, according to Ha and Ganahl (2004, p.85), successful online stations must keep their costs down in order to "run the Webcast on a regular basis".

#### 6.6.6 Customer Segments

The Customer Segments building blocks is found on the right-hand value side of the Business Model Canvas. It represents the core of any business model and specifies the "different groups of people or organizations an enterprise aims to reach and serve" (Osterwalder & Pigneur, 2010, p. 20). The various segments are arranged according to their shared needs, common behaviors, or other characteristics, and are reached through different channels of distribution when they need distinct kinds of customer relationships, display markedly different profitabilities, or are willing to pay for different elements of the offer (Ibid.).

The different kinds of customer segments can be classified as mass market, niche market, segmented market and diversified market, which is distinguished by serving two different customer segments with contrasting demands and problems (Ibid.). In the case of sports web radio, two or more interdependent sets of customers are brought together and served by the same company, which points to a multi-sided market. Firms like Web Rádio Coringão and Rádio São Paulo Digital, for example, generate value by enabling the interplay between audience and advertisers, and grow "in value to the extent it attracts more users" (Pigneur & Osterwalder, 2010). For firms like the ones investigated in this thesis, this network effect takes place when they reach a base of listeners solid enough to appeal to advertisers disposed to subsidize the free content produced and distributed to the station's audience. In order to attract listeners to their platforms, sports web radio stations need to provide them

with value propositions in the form of engaging sports coverage. In short, WRC and RSPD make money from one customer segment, the advertisers, while providing free content to another segment, an audience of dedicated football fans, or *torcedores*, willing to experiment with new media experiences like web radio.

### 6.6.7 Customer Relationships

The importance of the Customer Relationship building block in the business model canvas can be credited to its impact in the overall customer experience. As noted by Hagel and Singer (cited by Osterwalder & Pigneur, 2010), "finding and acquiring customers and building relationships with them "are the main roles of customer relationship businesses". Moreover, client retention and increasing sales are also strong motivations to establish a solid communication with different customer segments.

For Osterwalder and Pigneur (2010), depending on their sizes and clients, companies have one or more of the following customer relationships approaches: 1) personal assistance based on face-to-face or other types of human interaction, 2) dedicated personal assistance involving the work of specially appointed representatives to deal with individual clients, 3) self-service relationships that furnish customers with the necessary instruments so they can help themselves, 4) automated services that incorporate complex self-service approaches with computerized processes, 5) communities where clients and other members can communicate with each other and with the company, and 6) co-creation, a strategy that extrapolates the established relationship between customer and vendor through joint development processes.

The multi-sided platform nature of sports web radio means that these companies are required to elaborate at least two distinct approaches in terms of customer relationships. The first approach is focused on customer acquisition and aims at constructing a personal relationship with advertisers and key partners in order to guarantee a steady revenue stream. The second is focused on the maintenance and update of platforms used to attract and retain members of the audience, the other customer segment targeted by Internet radio. These platforms are not limited to the stations' websites but also to their social networks, where users engage in discussions

about the performances of their favorite teams and make suggestions, complaints and compliments regarding the content streamed by WRC and RSPD. Given the importance of social media in captivating and informing the audience, both companies studied in this thesis dedicate special attention to platforms like Twitter, Instagram and Facebook, where WRC and RSPD have about 500 000 followers each. Overall, the Customer Relationship building block is paramount for sports web radio due the fact that participatory practices lie at the heart of these companies.

#### 6.6.8 Channels

In the Business Model Canvas context, the Channels building block indicates a "company's interface with customers" (Osterwalder & Pigneur, 2010, p. 26). Channels can be divided into two categories. The first category comprises owned channels, which in turn are split into two distinct types: direct (e.g. in-house sales or a platform owned exclusively by the company) and indirect (e.g. retail stores managed by the organization). The partner channels belong to the second group and "span a whole range of option, such as wholesale distribution, retail and partner-owned Web sites" (Ibid.); while this kind of channel is defined by limited margins, they make it possible for a company to reach a greater number of customers and to take advantage from the partner's strong points (Ibid.).

The Internet radio stations explored in this study rely on websites, social media and mobile applications to deliver value propositions to their audience. The content produced by Web Rádio Coringão and Rádio São Paulo Digital is disseminated through distribution channels, which are essential to raise the awareness among listeners and advertisers about the companies' brand and services, besides helping them to evaluate the value proposition offered by WRC and RSPD.

As observed in sub-section 6.4.3, Web Rádio Coringão also makes use of partner channels like Rádio Livre Gaviões and Rádio Itaquera FM to distribute a part of its football coverage. Furthermore, both WRC and RSPD stream their programming and generate content on third part applications and platforms, such as YouTube, Facebook and radio aggregator TuneIn. This way, reaching their customer segments on multiple devices becomes an easier task.

### 6.6.9 Revenue Streams

The arteries of a business model, the Revenue Streams building block describes the cash each customer segment generates to a company through recurring or one-time payments (Osterwalder & Pigneur, 2010). Regarding the different pricing mechanisms offered by each revenue stream, they are divided into dynamic and fixed menu. In the first type, prices change in relation to the conditions of the market (e.g. bargaining, yield management, real-time market and auctions), while in the second, predefined prices depend on static variables (Ibid.). Companies can produce revenue streams by selling, lending or renting assets, licensing products and patents, developing subscription or membership business models, among other activities.

Web Rádio Coringão and Rádio São Paulo Digital follow a multi-sided platform model based on advertising, in which "one side of the platform is designed to attract users with free content, products, or services [while] another side of the platform generates revenue by selling space to advertisers" (Pigneur & Osterwalder, 2010, p. 92). This is the most accepted approach to generate revenues in the net-only radio market (Palumbo, 2002 as cited by Ren & Chan Olmsted, 2004, p. 10) and "assumes that audiences will not mind viewing or reading advertising as long as they do not need to pay for the content" (Ha & Ganahl, 2004, p. 75).

Although both web radio stations investigated in this study secure limited revenue by selling licensed products or through donations made by members of the audience, the bulk of their revenues still come from advertisers. As observed in earlier sections, companies from different sizes invest in banners and advertising insertions to have their products and services promoted during the broadcast of the games, and on the station's website and social media. This revenue is necessary, although not entirely sufficient, to cover the costs the stations have with content creation and to acquire and maintain physical assets like equipment and studio facilities.

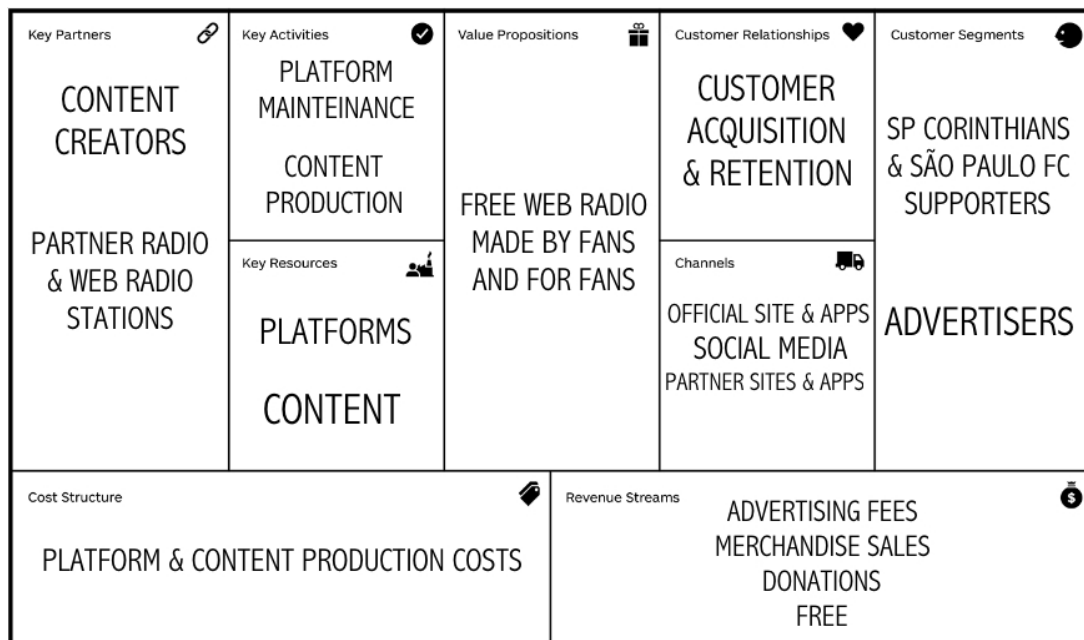


Figure 10: The Business Model Canvas for the researched online sports web radio

In the last sections, the business model and the activities of two Internet radio stations dedicated to sports coverage were analyzed through Osterwalder and Pigneur's Business Model Canvas. The next segments present the assessment findings of this thesis research based on the theoretical framework introduced in Chapter 1. This is followed by the implications for media researchers and practitioners and by suggestions for further studies in the field of Internet radio economics and media management, both found in Chapter 7.

## 6.7 Conclusions

### 6.7.1 Sports Web Radio: The Limits to Participation

Bosshart and Schoenhagen (2013, p. 140) describe participatory journalism as "an adaptation of professional journalism to new media practices in the net". As a new media vehicle built upon "people's enthusiasm, passion and need for the sociable" (Priestman, 2004, p. 87), web radio "requires a greater degree of active user involvement" (Baltzis and Barboutis, 2013, p. 63). This research indicates that WRC and RSPD appeal to an audience of football fans willing to expand the debate beyond the limits imposed by traditional media and eager to contribute with their own content toward a more active role in the stations' programming.

Although no fans organization, sports web radio included, can "claim that they represent the views of a majority of clubs' support" (Brown, 2002, p. 64), Web Rádio

Coringão and Rádio São Paulo Digital attract listeners who recognize the support offered to their clubs in the "social structures, ecologies, rituals and traditions" (Duffett, 2013, p. 17) reinterpreted by fellow fans who provide, among other things, panel shows and live coverage of football games.

Based on this premise, WRC and RSPD general managers assume that their audiences are less concerned about issues regarding balance and fairness in sports media coverage. As Duffett (2013, p. 3) observes, "sports fandom is ultimately tribal and based on a controlled, competitive mentality", hence the passionate instincts and reactions it generates are markedly distinct "in both meaning and intensity" to those expressed by fans listening to a tune or watching a movie at the cinema or on TV. With that in mind, sports web radio offers its value proposition in the form of an aggregation of tailored products that answer specific customer segments constituted by "communities of like-minded 'selves'" (Priestman, 2002).

In fact, the environment in which Brazilian football fans socialize is deeply marked by manifestations of devotion and attachment that permeate the national consciousness and claim for channels through which the casual and the ardent supporters can manifest their opinions. Sports web radio cater to this audience, and by asserting themselves as the voice of a bounded group of fans, WRC and RSPD not only expect to be set apart from established media outlets, but also seek to emphasize the participatory nature that is embedded in their operations. This phenomenon is not exclusive of Internet radio, though. Several web sites and virtual communities established and maintained by fans and focused on promoting discussions on the behind-the-scenes events and performances involving individual football clubs have attracted substantial audience in the past years. It has not escaped the attention of traditional media companies either: *Blog do Torcedor*, for example, is a fixed section on popular website GloboEsportes.com where twenty fans, each representing a different football club, express their views on their favorite teams.

But Web Rádio Coringão and Rádio São Paulo Digital are enterprises with no links to major media outlets and, more than that, they often vocalize their discontent with the power and influence exercised by organizations like Grupo Globo and CBF over national football, a feeling that is manifest among an increasing number of fans who

start questioning the concept of football as the "people's game" (Brown, 2002, p. 2). And here, it is worth noting that the adoption of "alternate media forms" like web radio is more common among members of the audience who demonstrate high levels of dissatisfaction with traditional radio stations (Book & Grady, 2005 cited by Albarran, 2007). This, allied with a genuine passion for their favorite clubs and the web stations' professional practices that guarantee the production and distribution of high-quality content through several channels, has set an ideal scenario for engaging online radio listeners. As Jenkins (2006) notes:

Though this new participatory culture has its roots in practices that have occurred just below the radar of media industry throughout the twentieth century, the Web has pushed that hidden layer or cultural activity into the foreground, forcing the media to confront its implications for their commercial interests. Allowing consumers to interact with media under controlled circumstances is one thing; allowing them to participate in the production and distribution of cultural goods -- on their own terms -- is something else altogether.

This last point addressed by Jenkins deserves special attention considering that the web radio stations investigated in this thesis have adopted traditional journalistic procedures that, to a certain extent, put a lid on audience participation. In the case of Rádio São Paulo Digital, for example, the station's manager decided to keep fans without a professional background in journalism from working on the streaming of the games, relegating them to the same level of interaction they enjoy while watching TV or listening to over-the-air radio (i.e., restricted to comments posted on social media or sent through instant message services and phone-in calls). Jenkins (2006) explains that "within convergence culture, everyone's a participant -- although participants may have different degrees of status and influence". The findings show that although sports web radio claim to act like the voice of the football fan, they still need to provide the proper tools and space for their audiences to collaborate in a meaningful way.

Throughout this study, several bottom-up activities enabled by new platforms were highlighted and their benefits for the media industry in terms of participation and

content diversity were assessed. Nevertheless, the theory says little about the impact of media concentration on sports coverage in a country where half of the population has no Internet access at home (EBC, 2016), and how this significant sector of the society can benefit from the emergence of new participatory channels.

If, in fact, alternative media are still not able to confront the power of media corporations and their predominant discourses by merely relying on actions framed by participatory culture, as argued by Fuchs and Sandoval (2010), researchers should focus on how, in practice, they can build on their dynamic capabilities to become viable businesses prepared to respond effectively to the rapid development of the industry in which they operate.

On the customer side, while many listeners prefer to adopt a passive role by simply following the live coverage of football games and other programs streamed by alternative outlets like WRC and RSPD, many other members of the audience seek to engage in content production processes, a feature observed by Schäfer (2011, p.46), who states that fan practices are not defined only by discussions and debates, "but also by creating related media texts". Thus, WRC and RSPD could leverage this substantial base of eager fans to fill their lineup with high-quality content, which is one of the main difficulties faced by webcasters according to Ha and Ganahl (2004). Because much of the WRC and RSPD schedule is occupied by a long list of songs picked by a few collaborators, new shows developed by active listeners and supervised by professional journalists could reduce the feeling of automation and add to the "sense of togetherness amongst those who listen" (Priestman, 2002, p. 227).

As devoted supporters themselves, online sports radio managers need to keep in mind that "without the emotional attachments and passions of fans, fan cultures would not exist" (Hills, 2003, p. 60). This is also vital in terms of customer acquisition and retention. WRC and RSPD managers recognize that football fans are growing frustrated with traditional media forms, and that part of this dissatisfaction can be traced back to the limits of participatory action imposed by such firms. By opening possibilities for co-creation processes, Internet radio aims at transcending "the traditional customer-vendor relationship to create value with customers" (Osterwalder & Pigneur, 2010).



### 6.7.2 Threats and Opportunities for Sports Web Radio Value Propositions

According to Priestman (2002, p. 114), the central function of web radio is "to fill in the gaps broadcasters cannot reach [by] doing things traditional broadcasters cannot do, or do well". The finds show that this is the main value proposition of Web Rádio Coringão and Rádio São Paulo Digital, who provide their listeners with professional and free sports coverage devoted to single football clubs, allowing fans to participate actively in the debates surrounding the clubs while furnishing them with the means to contribute with their own contents. This is in line with the observation made by Euchner and Ganguly (2004, p. 34), for whom "any successful business model starts with the desire to fill a compelling customer need". In the cases of WRC and RSPD, this "compelling customer need" can be translated as a longing for a partisan football coverage carried out by professional and experts.

Moreover, Web Rádio Coringão goes a step further to offer an extensive coverage of several sports and cultural events related to Corinthians, thus defining "pockets of niche listening and make them available to larger but more dispersed audiences worldwide" (Priestman, 2002, p. 210). However, during the interviews it was showed that WRC faces obstacles to cover these events in a stable manner because of a lack of human resources. The same applies to RSPD, which had to discontinue *Portão 7*, a show focused on São Paulo's activities and performances beyond the football pitch, as a result of limited personell and resources. Here again, Internet radio stations could entrust members of the audience willing to collaborate to work on the coverage of minor competitions and events, relaxing the restrictions for non-journalists like Web Rádio Coringão does up to a point. Another possibility would be to seek more partnerships with other online radio stations and local media outlets in order to reduce the dependence on games broadcast by TV channels.

The findings also reveal that the researched companies are directly affected by the power and presence of established media outlets, mainly free-to-air and cable networks. Because WRC and RSPD teams are composed exclusively of volunteers who have other occupations, and because of resource limitations experienced by these small firms, the vast majority of games played beyond the limits of the city of São Paulo are done off-tube, which presents some problems to net-only stations. Firstly,

play-by-play announcers and commentators become completely dependent on the images provided by TV channels that hold the rights to transmit the matches. As Roder (2013) observes:

"When you are doing a match commentary off-tube you are totally reliant on what the match director is choosing to broadcast; as you are seeing exactly what the viewer is seeing. So if an incident occurs off-the-ball and out of picture, you have no idea what has happened, and it is only when the slow-motion replay starts that you ascertain what has occurred".

Secondly, the absence of sideline reporters in the stadium excludes the possibility of conducting interviews with players, coaches and members of the board, besides reducing the chances of obtaining exclusive information from representatives of the team's staff present in the venue.

The hindrances faced by net-only sports web radio described in this section have not kept WRC and RSPD from offering a steady coverage of several competitions played at national and international levels, or from offering a variety of content that embraces user participation in one way or another. But the findings show that established and powerful TV and cable networks continue to present a threat to alternative media outlets inasmuch as they have the upper hand over broadcast rights. An example of the consequences of major media companies' strong grip on Brazilian football for sports web radio can be seen in the episode where Web Rádio Coringão was denied to send its two sideline reporters to cover the final match of 2017 Campeonato Paulista between Corinthians and Botafogo-SP. According to WRC general manager, members of the Association of Sports Writers of the State of São Paulo (ACEESP) informed him that Rede Globo, the tournament rights-holder, had allowed smaller radio stations to employ only one sideline reporter to follow the decisive game at Arena Corinthians, thus abolishing single-handedly a practice that had been common throughout the competition.

In fact, despite the growing predominance of radio stations like WRC and RSPD on the Internet, these new media companies tend to be continuously under threat from established media companies that have historically been at the forefront of the field.

In the next section, the revenue streams and cost structures of the investigated case companies will be analyzed in order to trace the competitive advantages and managerial difficulties experienced by Web Rádio Coringão and Rádio São Paulo Digital within the new media field.

### **6.7.3 In Search of Financial Stability**

As "something to bought and sold to consumers", modern football is a highly commodified activity (Brown, 2002, p. 271). It is in this context that media firms like WRC and RSPD are inserted; in a background that "reflects the more market driven culture within which the sport operates" (Boyle & Haynes, 2004, p. 163). Hence, it is necessary to have a better understanding of the managerial and financial issues affecting these companies.

The findings reveal that WRC's and RSDP's revenues are unstable, with both firms relying mostly on short-term contracts with small advertisers. They also confirm Ren and Chan-Olmsted's general conclusions that many net-only radio stations operate without predictable revenue sources and that this type of media firm have difficulties to develop "viable subscription or advertising income models" (Ren & Chan-Olmsted, 2004, p. 23). Because advertising is the most used method of revenue in the web radio industry (Palumbo, 2002), it is essential for net-only radio stations to work harder to convince advertisers who question "the effectiveness of visual advertising on sites, mistrust the audience measurement methodology, and perceive the Internet radio audiences as one that overlaps with the over-the-air audience where they already advertise" (Wall, 2004, p. 37). During the interviews with RSPD general manager, for example, it was made clear that presenting advertisers with reliable and accurate methods of audience measurement is key to attract more investment. This is indeed an important factor that should be considered by sports web radio since their servers are designed to provide the station with accurate feedback regarding their listeners, which are "only a click away from the advertiser's own site if they're interested" (Priestman, 2002, p. 105).

Although Internet is the exclusive platform for net-only radio stations to promote their brands, communicate with their customer segments and produce income (Baltzis &

Barboutis, 2013), webcasters like WRC and RSPD can embrace a single or a combination of revenue sources (Ha & Ganahl, 2004), a view in line with Palumbo's (2002), which affirms that "Internet-based radio stations need to find innovative, multiple avenues to generate revenues".

From advertising to membership plans inspired by crowdfunding models to merchandise sales, WRC and RSDP seek to diversify their revenue sources in order to cover the costs of running a small online radio station. However, the findings show that general managers and their collaborators still need to make regular contributions from their own pockets, a situation that corroborates Ren and Chan-Olmsted's (2004) assertion that Internet-based radio stations are struggling to become self-sustainable as business entities, Ha and Ganahl's (2004, p. 84) view that "it will take some time for consumer webcasts to be profitable business", and Sandoval and Fuch's (2010, p. 145) conclusion that "under capitalism, without money, alternative media production rests on the self-exploitation of media producers, low-cost production techniques and the usage of alternative distribution channels" that can be problematic to reach broader audiences and maintain stable and satisfactory content production.

When discussing one of the key features of fan culture, Jenkins (2008) notes that fans are engaged in a labor of love. Priestman (2002) points out that alternative radio movements have long relied on the enthusiasm of volunteers for fund raising, and Cleland (2011) talks about football supporters taking advantage of the developments of new media "to become more involved in discussing clubs". Nevertheless, based on the study findings, I agree with Sandoval and Fuch's (2010, p. 145) view that "the abolishment of the distinction between media consumers and media producers is not enough for making an emancipatory media system reality" and that alternative media outlets like WRC and RSDP cannot confront the power and influence of established media companies by "simply realizing participatory production processes".

What both companies accomplished in less than one decade in terms of audience appeal, voluntary engagement and professional recognition should not be overlooked. Despite limited resources and personnel, Rádio São Paulo Digital and Web Rádio Coringão emerged as relevant players in the local sports media market. However, they still need to enhance their professional practices by better integrating their channels,

working closer with partners and becoming more attractive to advertisers if they want to survive in the competitive field of new media.

The importance of audience participation and user engagement for the success of radio stations operating exclusively on the Internet has been verified by the author throughout this research too. In addition to that, the findings corroborate previous studies on football fandom that demonstrate the relation between participatory action and the use of new media technologies by supporters willing to discuss their clubs and develop their own contents. In a scenario where a single free-to-air TV channel broadcasts the most important football competition in the country, fans, alternative media and even some football clubs are beginning to make use of new channels to challenge established entities like CBF and Rede Globo.

In February 2017, Atlético Paranaense and Coritiba, two popular clubs based in the city of Curitiba, were forbidden to play the main derby of the region by the local governing body of football. The reason behind the decision made by the Federação Paranaense de Futebol (FPF) was emblematic of an era in which new platforms offer alternatives to traditional broadcasting models: Atlético Paranaense and Coritiba had previously agreed that the game would be streamed exclusively on their respective YouTube and Facebook channels, a resolution that would go against the interests of Rede Globo, according to the presidents of both football clubs. As a result of the ban, the rival players walked off the pitch before the kick-off, having been cheered by thousands of fans in the stands of Arena Baixada, many of them taking the opportunity to manifest their discontent with Rede Globo (UOL, 2017). Ten days later, the rescheduled game was played at the same venue with fans streaming the Atlético Paranaense's triumph over Coritiba more than 3.5 million times (Veja, 2017).

The recurrence of such events reveals a favorable scenario for emergent media companies like the firms explored in this research. On the one hand, football fans are becoming increasingly more aware of the multiple possibilities offered by online platforms. On the other hand, clubs are beginning to see the potential of alternative distribution channels, and may want to partner with existing enterprises set up by dedicated supporters in the same way as S.C Corinthians and Portuguesa-SP have sided with Web Rádio Coringão and Web Rádio Lusa in the past.

This chapter has introduced and discussed the foundations and routines of two net-only radio stations covering football events in Brazil. With the use of the Business Model Canvas tool, and based on the participatory culture and convergence media theories, their fundamental proceedings were assessed and discussed throughout the sections. In the next chapter, the implications for media managers and recommendations for further studies are presented.

## **7. IMPLICATIONS AND FURTHER RESEARCH**

### **7.1 Implications for Media Managers**

This research investigated the business models and operations of Web Rádio Coringão and Rádio São Paulo Digital, two Internet radio stations based in São Paulo, Brazil. This section offers implications for professionals and researchers working in the media management field, especially for those involved in new media and participatory entrepreneurship practices.

As discussed in the previous chapters, sports web radio leverage on audience engagement and participation to produce and distribute content, but at the same time these firms pursue professional practices that result in limited possibilities of audience engagement. The first implication takes into consideration the fact that giving "ordinary people" access to media production may not result in "a truly democratic system", as argued by Fuchs and Sandoval (2010); and that the rhetoric of football no longer can be grounded in "popular participatory culture" or in terms like "the people's game", as recognized by Brown (2002). It also takes into account that no alternative media can rely exclusively on the "labour of love" provided by members of the audience and volunteers, as explained by Wall (2004). However, Internet-based radio stations dedicated to football coverage should work to integrate the passion of football fans with the synergy between participatory culture and new technologies like streaming radio to achieve a prominent position in the media industry

Another implication for managers of Internet-based stations is to use the experience of seasoned professionals to facilitate fannish participation so that listeners can produce their own content in the form of segmented programs, which would, in turn, allow

net-only stations to offer a greater diversity of shows, reducing thus the feeling of automation that occasionally permeate their programming. Besides that, WRC and RSPD would benefit from making a better use of social media as distribution channels. In recent years, terrestrial radio stations in Brazil began to offer live commentary of football games on their official YouTube channels and Facebook accounts. Taking into account the expressive number of followers WRC and RSPD have on both platforms, they could follow the example set by terrestrial stations and use social media platforms not only to promote their programs but also to deliver real time content. Another suggestion is that some content, especially those with longer shelf lives such as shows focused on historical matches, interviews with specialists, and music programs, be uploaded to platforms like Soundcloud where they can be retrieved on demand at a later time instead of being discarded after each transmission.

It is also recommended that online sports radio be more active in the search for advertisers that already keep a close relationship with the clubs they cover, such as shirt sponsors, kit manufacturers and companies operating inside football stadiums, a strategy already adopted by Rádio São Paulo Digital in a few occasions with different degrees of success. Also, because some companies might question the benefits of having their brands associated with individual clubs, local sports radio should come together to offering joint commercial solutions to skeptical advertisers and investors, as already devised by WRC and RSPD.

A last implication for media managers is that growing audiences and social media presence might be important contributors to Internet radio success, but are hardly sufficient to attract investments and advertisers per se. Likewise, partisan coverage of sports events and interaction possibilities are elements that might give web radio stations an edge over competitors, but many fans do not seem inclined to abandon traditional media channels like cable and free-to-air TV in favor of emergent technologies. However, it is possible for part of the audience to make use of both kinds of media at different times, as this study has demonstrated. Hence, managers of companies dependent on emergent platforms should be mindful of these limitations and try not to replace established media, but instead to offer complementary and alternative services that would help their firms to attract and retain customers.

## 7.2 Limitations and Research Recommendations

This research is limited to two case studies within a much broader market that comprises several online radio stations dedicated to football coverage across the country. SC Corinthians and São Paulo FC are the second and the third most popular clubs in Brazil, respectively; therefore, it is recommended that future researchers look into how stations focused on smaller teams, or on clubs that appeal exclusively to a geographically bounded fan base, are managed by fans and other volunteers. Moreover, further studies could concentrate on how advertisers see online radio stations in comparison with traditional media formats such as terrestrial radio, free-to-air TV and pay-per-view channels. Web Rádio Coringão and Rádio São Paulo Digital managers have similar assumptions regarding the difficulties to attract sponsors, and such hypotheses would be better answered by in-depth researches on advertiser's perceptions of net-only radio.

It is also important to note that previous research on sports web radio stations based in Brazil had their focus solely on participatory and fannish practices; they did not touch on the managerial competencies and financial aspects that sustain these emergent enterprises. Thus, the intersections between audience participation and administrative processes framed by new media literacies should be explored in further studies. The uses and gratifications approach could be applied, for example, to identify the reasons that lead members of the audience to adopt platforms like the ones offered by firms similar as the ones investigated in this thesis. This could also help to demonstrate how football fans experience alternative outlets like sports web radio in opposition to traditional broadcasting solutions, and what impact this may have on media management practices

This study confirms the argument that, when properly used, new platforms enable grassroots participation and generate opportunities for social, economic and cultural changes (Jenkins, 2013). It also agrees with Jenkins' claim that choices "about how new tools and platforms are deployed" explain the benefits obtained from participatory environments better than simply pointing out to the "introduction of new digital technologies and networked communications" (Ibid.). Therefore, understanding the dynamics behind these choices is essential for managers working in



the media industry, where audience participation is increasingly more valuable and worth to be promoted.

## 8. RESOURCES

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