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Corso di Laurea Magistrale in International Economics and Business

**GLOBAL SPORT BUSINESS:  
HOW ECONOMICS IS APPLIED TO FOOTBALL**

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To my mum,

Thank you for always being present during this journey, having been on my side  
during bad and good times.

To my dad,

For giving me the opportunity to study and supporting me every day to follow my  
inspiration and dreams.

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## **INTRODUCTION**

The aim of the following thesis is to give a continuative voice to the work presented on my bachelor's degree regarding the importance of management tool on sportive enterprises in the world, especially in football sector.

Considering the precedent work where I kept an eye on brand importance for such historical clubs as Milan and Manchester United, this paper wants to analyze different global and deeply aspects of sport management, correlating how a corporate structure is a direct variable on affecting the decisional area characteristics of a football firm, touching the difficulties for a club to be related with external forces as juridical limit and commercial parts.

If in the past was considered as a normal sport event, with the passing of the time it's been more and more a financial and economic phenomenon, whose incidence has a tangible impact on financial situation of a country too.

The football market it's going more and more a mix of public and private interests, which every society or private worker try to exploit his potential for getting an advantageous revenue.

Considering a pool conducted by FIFA that today football is practiced by almost 204 millions of people around the world with a return of investment in Italy's financial cash of around 2.4% of his PIL; it's quite clear how it's going to be almost

impossible to separate the economic part and sportive results for a football society on these days.

Consequently, it's always more important to understand the general situation of an enterprise, taking into account the revenue sources, management opportunities and costs, marketing aspects and business model plan aspects that let you to understand how much is powerful the sport sector on thematic aspects as finance, environment, political and sportive fields.

Starting with a general analysis of global management system model around the world, we could firstly realize how business is generated everywhere with different approaches, respecting a country's culture and values and exploiting the different business opportunities for a company stand for.

The need to manage resources and opportunities globally in the sport industry can be attributed to business people's desire to increase the distribution of consumer goods and entertainment products into new markets that may not be exposed to the same level of experiences.

The management of sport resources and opportunities is directly related to an organization's strategic plan set in place to reach its goals and compete in its industrial segment or market environment, settled in different way by the kind of corporate structure. Strategic planning provides a business with the opportunity to maximize success by translating the vision of the organization into measurable activities that can be implemented. Executing a strategic plan in any organization

is not possible without the effective management of resources to capitalize on opportunities existing within the organization and in the marketplace.

Even for this reason that I decided to analyze different areas, as American management system model for the most known basketball league (NBA), the specific and complicated relationship of federation and Chinese's growing market in sportive thematic too.

Subsequently to general aspects of global sport business, I decided to stress my efforts on explaining the macro-area sector of the sport that I personally love more than others: football.

The football field is a global sector that every year generate such a big quantity of billions, including sponsorship, marketing, ticket revenue and other area of difficult comprehension for who has never heard about it but essential for the economic system build on.

Unfortunately, as every business sport has a dirty power on the opposite part of the medal as corruption or political influence that it's always real to get the accounts back. Political influences that starting from the top of power's chain I tried to explain until the bottom, in this case represented by a common sportive enterprise that everyday tried to do their best to maximize their revenues without disrespecting general and juridical financial rules or political assets that let all the movement stand tall.

Finally, I analyze the more “realistic part” of a football society for competencies as management organization and marketing strategies trying to understand the possible innovation on these aspects, considering human aspects and relationship that are fundamental on the engagement between customers, fans and a football society in a b2b market approach and in a b2c one.

## **1. MANAGING SPORT, AN INTERNATIONAL OVERVIEW**

Whereas in other sectors the impact of innovation on management and product portfolio development is heavily researched, in the sport sector it's crucial to underline how it's missing a strong link between management, innovation and digital transformation.

Starting from this consideration and regarding the impact of technology I would to explain and focus what are the main principal global management models over sport sectors and area, starting from basketball in general and passing though football.

The impact of technology is essential for developing a right business model, providing a deeper insight into sport practice but even on managerial competences as collection data, value of sportive production, academia analysis and players performance.

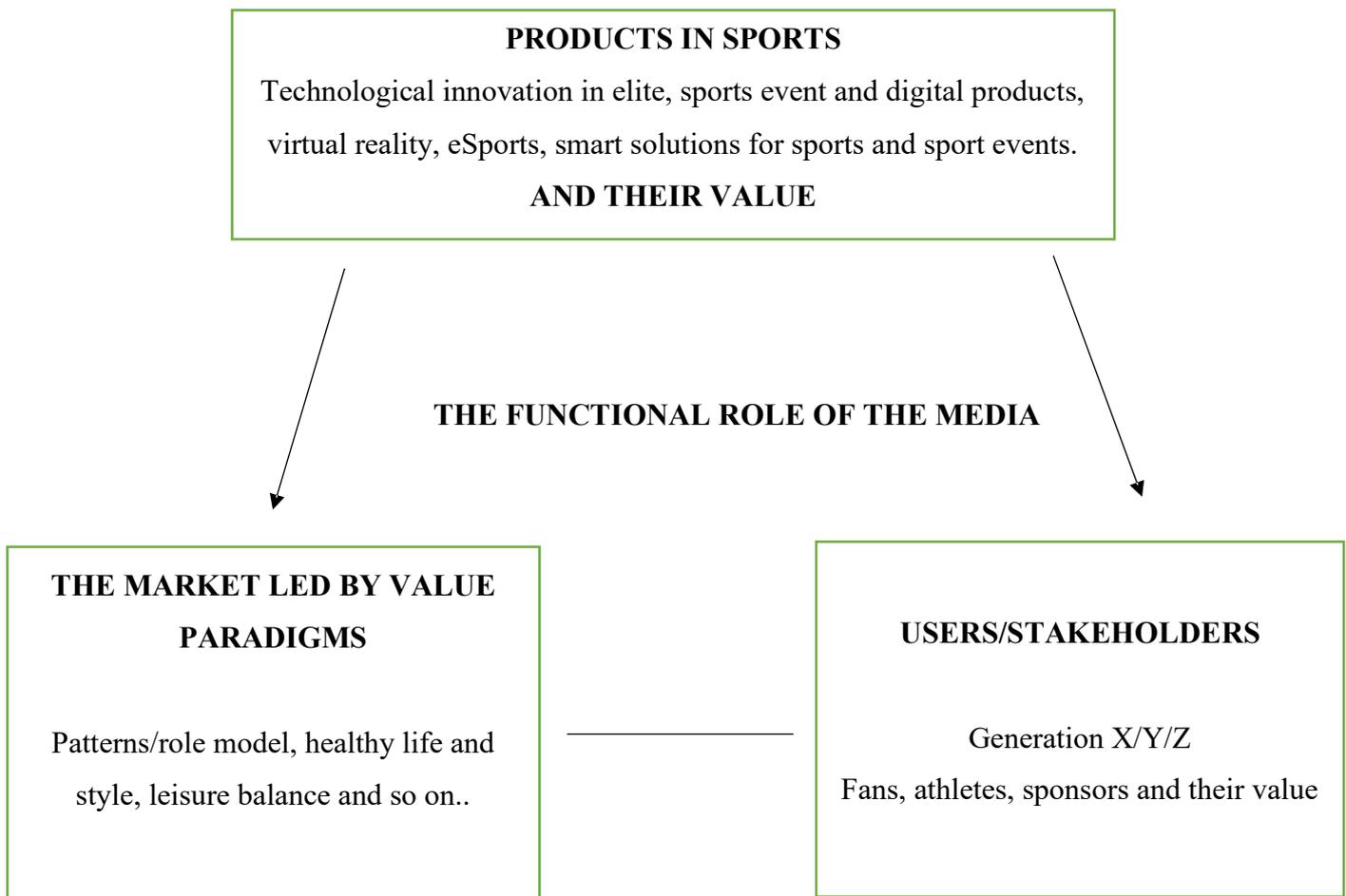
Technology, as said above, it's even the crucial aspect of new role and work position that are becoming more and more important as match analyst, social media manager or video assistant just for explain some of them.

Consequently, it's impossible to not highlight how around technology it's developing and transforming sport, companies and life in general, surfing the wave of the period of Industry 4.0, terms that sum up the concept at most.

Industry 4.0 can even be described as digitization of material production, sharing in Internet of Things (IoT), which consist of two main components in the form of Internet of Services (IoS) and Internet of Media (IoM).

Social media, clouds data and over let possible the change in sport sector too, changing what was considering the crucial triangle about product, users and market (figure 1).

**Figure 1 - Triangle of market, users and production**



**Source** – Brenda G. Pitts and James J.Zhang, 2018, p.248

To exploit fully the potential of digital reality sports organization should develop their own strategies. Until now only a few sport clubs and leagues have declared that they have elaborated their digital strategy, specially NBA teams and MLB teams develop their social media strategies focusing on marketing and smart technologies.

This process implies a lot of variables, where digitalization not include only marketing process but other core that passing though the logic and should be seen as production process for each industry for example.

For assessing the opportunities and limitations of innovation in sport management various concept has to been touched.

First, the “Ten Types of Innovation” and their specific framework about the total framework on innovation in sport. Second, the digital transformation and its influence on the magic triangle – product, market and users – have been also taken into consideration when assessing the limits and opportunities in sport management.

All the above-mentioned framework provided us the opportunity to explore how specific features of sport and digital transformation affect the introduction of different types of innovation that I would like to shows off some of them in a deeply way.

## BUSINESS MODEL:

### - LIMITATIONS

Organizations that operate in the sport industry has to meet with the phenomenon that is called organizational isomorphism. (Powell D. M., 1983)

Sport is reliant on third part payments and this limit its freedom in terms of introduction of new business models as well as pricing policies which is accompanied by limited control over the product.

### - OPPORTUNITIES

The interdependencies of sport stakeholders and the media represent new opportunities for new business models in order to fully exploit the business opportunities. Moreover, social media allows the introduction of new type of financing, so called crowdfunding – the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via Internet and this can happen on global scale

## NETWORKING

### - LIMITATIONS

The need to accept and balance the principles of “accepting the competitor”, competitive balance, the principle of “collaborating to compete” are specific features of sport, principally in European football and NBA too. It’s like an umbrella where the federations can be defined as which clusters teams under its competition and organization.

### - OPPORTUNITIES

The exploration and exploitation of networking as innovation is overlooked in community sport and sports club at the local level.

Therefore, a strategic approach should be applied towards the usage of different forms of networking including alliances, complementary partnering, and cooperation.

## OFFERING INNOVATION IN SPORT MANAGEMENT

### - LIMITATIONS

Product in sport sectors should be judged together, considering the fact that in sport the offer for customers is not just the product but also the sport experience, which is a much broader concept than the product in “pure business”. Moreover, customers in sports are seeking cost-efficient sport involvement and activities of a high-quality standard. Innovation as design or esthetic one that have to be generated to the product, the sport experience.

### - OPPORTUNITIES

To explore the innovation opportunities regarding the offering in sport the classification of products in the sport industry can be used: participation in sport, elite sport, professional competitions, equipment and accessories for sport, promotional items and media outlets to promote sport, services of sport facilities, marketing research in sport, managerial services for sport and athletes.

Thus, professional sport has enjoyed a huge development due to significant technological innovation. But the digital transformation has brought new sport product such as eSports (also known as electronic sports, competitive (video)

gaming, professional (video) gaming. Internet-based creation of leagues in different sports is another example of how digitalization can enhance participation. The limited approach towards product innovation in sport can be overcome by realizing that there is a variety of digital elements that make the sport product unique, such as event, ticketing, organization, facility, equipment, apparel.

## PRODUCT PERFORMANCE

### - LIMITATIONS

This type of innovation develops distinguish features and functionality and involves entirely new products. The scope of innovation is limited to sport event experience's four components: game form, players, equipment and venue.

### - OPPORTUNITIES

IT on sportive performance it's a crucial part of innovation and athletes relating to acceleration, direction, position, etc. are changing the sport experience offering on-line data to coaches as well as fans.

## BRAND

### - LIMITATIONS

Can be caused by the heavy reliance on an irrational passion for sporting teams, competition, or athletes and thus overlooking the new approaches to enhance the brand and image of the sport organization, especially in “non-winning” times.

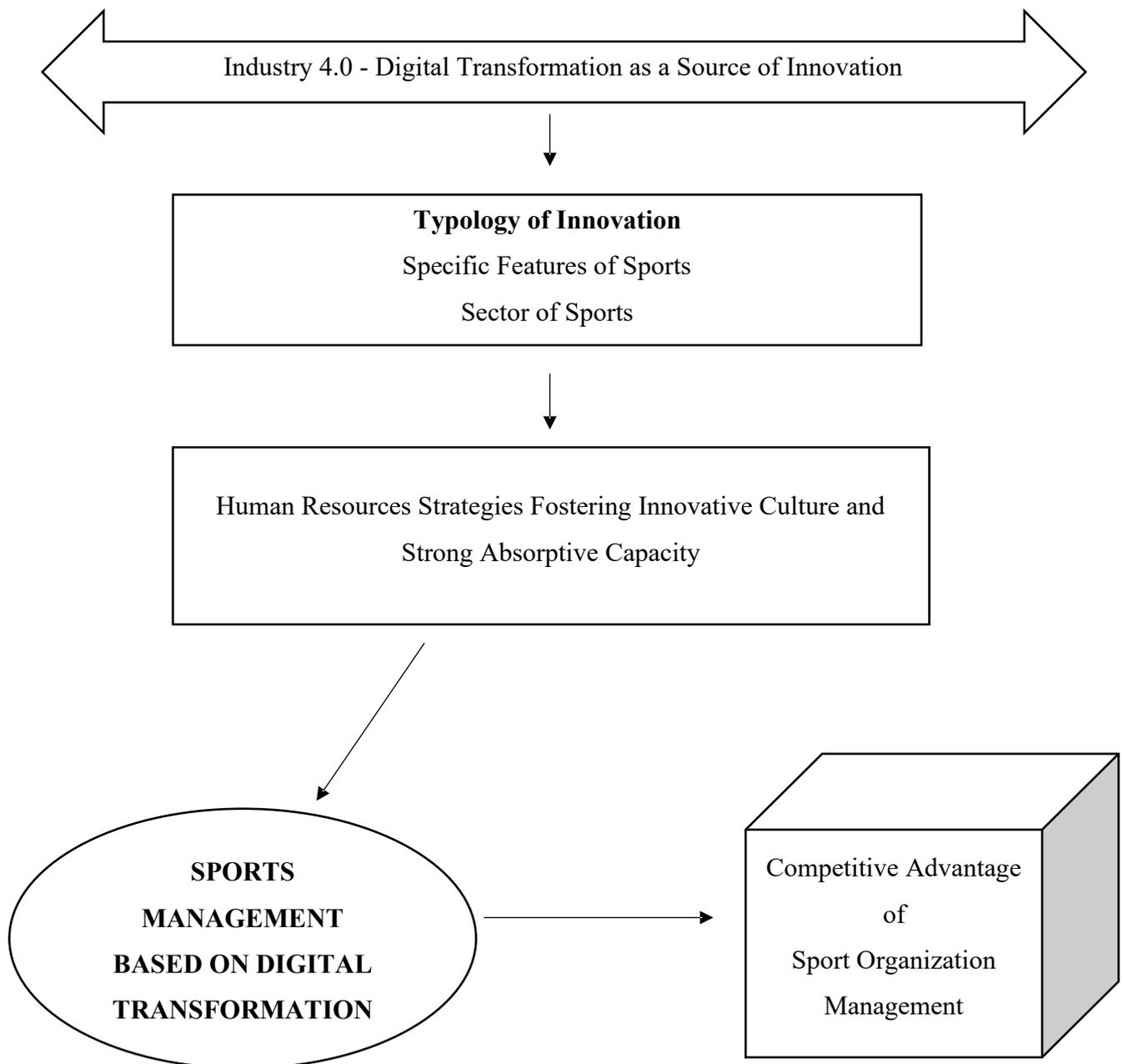
### - OPPORTUNITIES

A high degree of optimism and brand loyalty are the specific features of sport that have brought a generation of loyal fans, athletes and employers. They recognize, remember, and prefer particular sports brand to those of competitors or substitutes. Branding PR campaigns, offering sponsored/free services for fans and sports participants are characteristic of this type of innovation.

In developing the conceptual framework of innovative sports management in digital era a few sub-concepts must be taken into account. The concept includes the elements that are mentioned in the analytical part of the paper, included technology in the current period of Industry 4.0. The conceptual framework also includes concept of open innovation and absorptive capacity that are based on the use of

purposeful inflows and outflows of knowledge in order to accelerate internal innovation. (figure 2)

**FIGURE 2 - Features on Industry 4.0**



**Source** – Brenda G. Pitts and James J.Zhang, 2018, p. 256

To assure the innovative spirit in sports organizations and the creation of their competitive advantage, the implementation of the human resources works a crucial role. In addition, on doing that, the absorptive capacity of a firm has a central role on the overall picture of the firm. If with the absence of the first one and human resources strategies and policies that focus on open innovations and absorptive capacity can be a crucial limiting factor for innovation in sport management in the digital era, the second one develop a more important role because it's the capacity of a firm to get involved and apply inside it all the best practice and methodologies from outside the market and from its competitors. (Levintal, 1990)

At the same time, managers in sport should be aware of the fact that innovations of sport products are limited considering not only the nature of components.

This would be enabling the innovation of the core and innovations of the intangible items of the sport product to be distinguished.

Industry 4.0 provides a variety of opportunities for constant innovation in sport. But not all sport organizations are well-positioned to innovate effectively. Professional sport made a major investment in digital innovations to boost sporting performance and marketing improvement.

Successful innovation strategies driven by digital transformation needs fast changes in order to stay ahead of the competition or to keep the brand relevant.

To conclude, first of all illustrates how innovations in sport management should be systematically identified, considering the opportunities brought by Industry 4.0, using a well-known typology of innovations. The proposed conceptual framework regarding Industry 4.0 and innovations in sport provides researchers with the foundation upon which further research in this area can be developed.

## **1.1 THE SPORT INDUSTRY LANDSCAPE**

Passing over on the analysis of sports management dimension and characteristics, I would focus the attention about the complexity of variables that surrounded sports that have passed to considered it as a source of business with its market.

Sport can't be considered anymore as a physical activity full of values that it's practiced around the world as a game, but as a system of values that generates a

management activities and functions for developing it at its most with the attracting of people for generating money and run up their business.

If innovations bring by technologies are crucial on the Industry 4.0, values that affect sports management practices are different by each continent, due to differences of sportive values and even by culture one, as language, passionate customers, culture and so on.

Bring back people to watch or support their squad or sports event is going to be considered as a normal work that management team of a sportive society has to fulfill for increase their business, developing different way to approach to sports and customers too, finalized on the perfect result of combination of sports events as products and what stay behind and outside the sport events as marketing policies and merchandising too.

On this way, on this chapter I would just present three different examples for understanding better how sports management differ by each category and discipline, analyzing the NBA attendance demand model and passing over with the study of football, that differs by league nations and club from Europe to Asia and America.

The aim of these examples are to let the reader understand in a deeply way how sports as to be considered as a continues power of business sources, confirmed about the new ways to approach of management in sports events and *new dynamic pricing methodologies* , that in some way are so innovative as companies as

Amazon or Ryanair confirm for predict the average attendance of people of a certain event as NBA model for basketball situation, or financially important and sophisticated as the Chinese League football confirm thanks by different factors and “ players “ involved as Government, entrepreneurs and stakeholder reveals for football.

So, as innovations, technologies and digitalization affect other industries and area, even on sport they have their own effects, reflecting the world going on in different aspects as the content, which is created and based on athletes performance, product, identifiable with the virtual and augmented reality or mental health activities, and finally customers, with a personalized fan-based engagement.

That’s why I’m going to present three different model, for raise up how management has rise up in different way of sports, in different countries as North-America, United States and China confirms.

## **1.2 DEMAND MODEL TO ESTIMATE ATTENDANCE AT NBA GAME**

Starting from the previously introduction, I would like to keep an eye and focus our attention to a general business model that's work in efficient way in one of the major leagues of sport over the globe: the NBA

NBA is the major American league of professional basketball, composed by 30 teams, 15 for Eastern Conference and 15 for Western Conference. It englobes all the principal and best players from around the world, that every year fights each other with their respectively teams for winning the famous team title, called Ring.

As one of the biggest business, it involves in its contest a lot of variables, as tv rights, sponsorships, attendance game, brand appeal and so on.

Consequently, what a team can do for maximizing its revenues it's try to exploit at most the possible variables, specially to increase at most revenues generated by ticketing for the home game.

For explaining it, it's essential to ask to ourselves what are the real causes for such huge differential in attendance for single games?

Several factors have been reported to be positively related to attendance, such as income (Tiehen, 1990), population (Tiehen, 1990), team performance (Davis, 2009), schedule convenience (Cianfrone, 2015), star players (Byon, 2013) and game promotions (Cianfrone, 2015).

Increasing attendance at games has been, and remains, one of the primary objectives of all professional sport marketers. Paid attendance is a major source of income for professional sport teams, and NBA teams rely heavily on gate receipts; attendance also leads to other sources of income on game days, such as revenues from concessions, printed program sales, parking and souvenirs sales with broadcast programming.

All these variables suggest us how team marketers should build new and improved stadiums, lower ticket prices, using promotions, and/or put together a strong team to increase overall attendance.

However, some of these practices are often out of the marketing department's control, and others are simply unrealistic to execute without a long-term financial plan.

It highlights the importance of understanding, in a practical sense, what makes certain games more appealing than others and how to estimate the demand for each game more precisely, which would then enable marketers to respond with specific promotional plans, event operational practices, and even differential game pricing. From the point of view of a researcher, in this work I will personally try to give an answer between the statistic variable and everything who is connected with marketing or commercial revenue, to fill the bridge between data and how to use data in economic way.

Game's appeal it's the product that every team try to sell at most for their customers and it can't be take into account some variables regarding the game plan as opponent's record of winning, day of the week of the game that are the main significant predictors of game attendance.

However, considering the win-loss record as the only measurement for the opponent's variable in the study doesn't provide sufficient information to answer the question posed early, which has puzzled in sport teams' managements. Additional information such opponent star power, a famous established rivalry or a certain expected opponent interaction with the home team variable generating as a result the average attendance of home team games.

That's why incorporating more detailed and information as possible of the opponent team it's fundamental to estimate in a statistical model the forecasting of demand for the home game team. As a result, more specific marketing strategies might be then implemented before each game, such as adopting different ticket pricing for different levels of market demand or packaging ticket sales by game, packaging low-demand games with high-demand games to increase overall ticket sales (Crompton, 2004).

Through a comprehensive review, the purpose of this paragraph it's to going inside of a data of 1188 games analyzed and explain in a deeply way which are the characteristic essential for a correct global sport management model and marketing too with the intention of providing sport marketers some guidelines for forming

specific promotional strategies for each game, analyzing every possible variable involved.

#### GAME SCHEDULE

- It's not difficult to understand why scheduled game day is a major determinant of attendance. Consumers usually have more free time on weekend or holidays, which reduces opportunity costs and other constraints related to going to a sporting event. Apparently, the day of week would be an important predictor for the current study because it's directly related to the availability of free time for a consumer to attend NBA game.

Another way to measure the impact of game schedule is to determine the supply of the game. If a consumer is deciding whether to attend an NBA game for the coming week, he/she can only decide to go if there is at least one scheduled game during the period of his/her available time.

## STAR POWER

- In a sport market demand studies, star power has long been studied and considered a vital factor that positively influences the consumption of sport products (Zhang, 2015). To test the hypothesis that certain spectators may be attracted to celebrity player(s) instead of a team's overall performance, Baade and Tiehen (1990) identified several star players and found their presence to be significantly related to attendance. They also show off how they could positively impact the television ratings, attendance, and merchandise sales of NBA teams. Another fundamental variable is assigned by All-Star Balloting that allows every year to each fan to select the best players to participate in this special event where all the biggest players are involved in. The number of votes directly reflects the amount of support that each NBA players receives from his fans, which must be the best practical estimator of star power in the current model.

## TEAM PERFORMANCE

- This study focuses more on the performance of home teams and generally conclude that a team's winning percentage during the season is positively related to its seasonal attendance record. However, these models do not

capture demand that changes game by game. Although a team's winning percentage usually has highs and lows during the season, its overall quality or performance level usually does not change significantly unless there is a major roster turnover. (Shmanske, 1997). Thus, home team performance within a season is more properly a constant and not a variable in the current model. That's why only a big increasing over the expectation about victories could be considered as a fundamental variable for attendance. Consequently, winning percentage is a variable that can be considered even biased because it reflects how a team is going and not the fully potential of the roster before season started. It's even important to include how from team performance, the squad could be qualified for playoff phase, taking place in summer that for sure collect more attendance due to a major competitiveness.

The current study aims to detect factors that affect demand for an NBA game. (figure 3). Because NBA teams play different number of games against division opponents and non-division opponents, we tried to select one team in each division to avoid possible bias.

**FIGURE 3** – Attendance of NBA game

data from 2006 to 2010					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>ATLANTIC</b>					
Boston Celtics	100	100	97.6	100	100
Brooklyn Nets	78.3	75.8	69.1	80.6	75.5
New York Knicks	99.1	97.6	98.7	99.8	100
Philadelphia 76ers	72.7	79.7	70	72.6	86.1
Toronto Raptors	98.2	94.8	90.4	83.7	85
<b>CENTRAL</b>					
Chicago Bulls	101.3	97.6	97.1	104.2	105.9
Cleveland Cavaliers	99.5	97.3	100	97.8	77.5
Detroit Pistons	100	99.1	84.9	75.5	65.3
Indiana Pacers	66.6	78.1	78.2	74.5	78
Milwaukee Bucks	83.3	82.2	80.7	82.3	78.6
<b>SOUTHEAST</b>					
Atlanta Hawks	86.9	89.4	88.3	83.6	81.2
Charlotte Bobcats	77.4	76.3	82.9	83.1	77.4
Miami Heat	99.3	93	90.5	100.9	101.7
Orlando Magic	100.3	97.6	100	102.6	102.1
Washington Wizard	88.5	82.4	80.3	83.2	82.9
<b>PACIFIC</b>					
Golden State Warr.	100.2	96.7	92	95.4	96.2
Los Angeles Clippers	88.6	84.8	85.7	93.1	100.8
Los Angeles Lakers	98.5	99.7	99.7	99.7	99.7
Phoenix Suns	96.8	100	95.8	95.4	84.7
Sacramento Kings	81.7	72.6	76.5	80.2	83.8
<b>SOUTHWEST</b>					
Dallas Mavericks	105.6	104.4	104.1	104.7	105.9
Houston Rockets	94.7	96.9	91.6	89.7	85.1
Memphis Grizzlies	69.4	70.3	74.4	80.9	86.7
New Orleans Horn.	82.4	98.7	88.5	86.1	88.4
San Antonio Spurs	100.4	97.2	97.4	98.6	99
<b>NORTHWEST</b>					
Denver Nuggets	90.6	89.9	93.9	88.2	88.9
Minnesota T'Wolv.	76.2	74.9	78	78.8	90.4
Oklahoma Thunder	78.2	97.7	98.9	99.7	100
Portland Blazer	97.8	102.7	102.6	102.7	102.6
Utah Jazz	100	100	97.3	98	97

**Source** – Global Sport Business, Brenda G.Pitts and James J.Zhang, 2018, p.45

It's possible even to note how percentages of attendance were calculated by dividing the average attendance to the capacity of the stadium. It appears that teams in the NBA often oversold their tickets.

What is essential to pass over and understand is that for totally understand the whole business expressed, it need to take into account even independent variable that are so many but could be mainly resumed as:

- Home team
- Day of week
- Game availability
- Star power on home team
- Playoff Rounds
- Winning Percentage of Visiting team
- Home team Winning/Losing Streak (figure 6).

Only including all these independent variables it's possible to generate the full demand model of estimation for attendance of NBA game, where "I" is the team and "T" is the game played. The final model could be sum up as a statistic function of regression where all those dependent variables are finalized to build on a independent one, the attendance average for a game.

Passing over on the conclusion and to analyse what models has shown off is the impact of star power factor, that has statistical demonstrates how every increase of one million of votes in the All-Star votes on the visiting teams induces 583 more fans to come to the game. However, the absence of the home team star did not result in significant change in attendance.

For the team performance factor, one more playoff game played would attract around 90 more fans to the next game. A one percent increase in the visiting team's winning percentage for the last 41 games would increase attendance number by 1,065.

Consequently, after have discussed about the descriptive model, it's important to focus on the consequence of this one and how it can be accomplished by strategic marketing policies.

This especially true for the NBA in recent years because NBA teams are devoted to creating various ticket packages to bundle high-demand games with low-interest

games. That's what NBA teams are trying to do: adopting a *dynamic ticket pricing* strategy for the home game, which allows teams to price each game differently, based on demand.

Hausman and Leonard (1997) referred to the abilities of star players to generate extra revenue for other teams and called this factor as superstar externality, as Michael Jordan example did at the end of XX century.

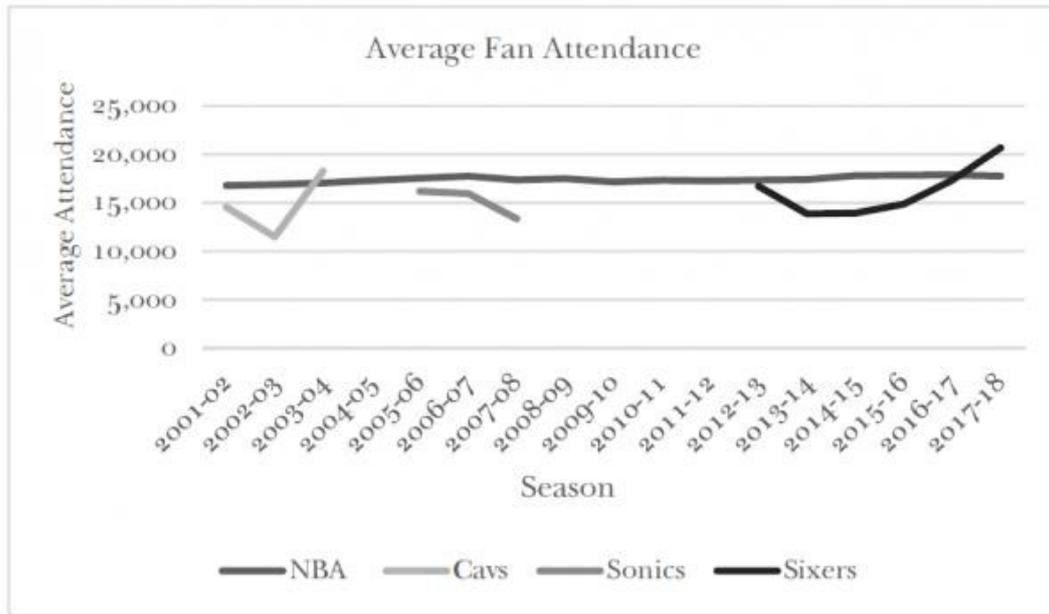
In fact, the Chicago Bulls' player generates over 53 million of dollar thanks only by his sportive talent and marketing policies regarding his image rights.

On the other hand, a sportive player value can't be enough if it's not surrounded by a good percentage of winning of team and commercial/marketing policies.

These authors suggest that competitive balance plus a home team advantage are desirable for professional sport leagues to maximize overall attendance (figure 4).

More specifically, when the quality of performance level of a home team is high, it's easier to develop marketing policies and the uncertainty of outcome might be positively related to attendance. Conversely, when a home team quality or a lower level of performance, uncertainty of outcome might have a negative effect or no effect on attendance.

**FIGURE 4** – *NBA Average Attendance*



**Source** – Brenda G. Pitts and James J.Zhang, 2018, p.49

These variables may serve as point of identification between the team and the individual and increase the brand appeal of a team, that correspond to a city too.

Having a competitive sportive team in NBA it means make marketing for the team but even for the geographical area too, let city more appealed to visitors even for passing holidays or just following sportive events as NBA game.

It's not a surprise how NBA teams are changing deeply almost every 3 or 4 years, let management the opportunity to build new team from zero or surfing the wave.

An example has set by Golden State Warriors, the team of San Francisco that before the 2012 never had recognized as appealed franchise and nowadays it's carrying on a streak of 4 consecutive championship win. On the other hand, other teams that could be fascinated for players thanks by the visibility of the city, as New York could be, are struggling to come back at the top, for a poor technical management project that can't even bring value at most to marketing for the city.

That's why, to sum up, NBA model is a particular one where players could sometime be attracted about the city and what it can bring back to them in term of sponsors, star power or marketing visibility, but on the other hand there are some teams that have always put the sportive results first, for attracting players and let its geographical beauty lack pass in second area on decision' making process of star players.

### **1.3 MANAGING BUSINESS OF FOOTBALL**

In a parallel way of basketball, football can be considered the most popular sport practiced on the world, applied with some management skills and framework that are important to analyse.

Throughout the past decade the business of soccer has benefitted significantly from globalization, primarily from increased sponsorship support from global brands such as Adidas, Nike and Coca-Cola, and intensified media attention worldwide (Deloitte, 2015). This development has produced new business and investments opportunities for the European football club specially, due to the relationship build on between sponsor and even sportive events.

In fact, contemporary professional sport is dynamic, hyper-competitive global industry comprised of federations, leagues and clubs of all sizes that rely on a resource-based management approach in order to seek a competitive advantage and maintain long-term financial stability. For example, while some business continues to struggle in the aftermath of the 2007-2009 economic crisis, the Premier League signed new broadcast rights agreement worth US\$2.7 billion for the British live broadcast, becoming the most followed football league of Europe, passing even Serie A and LA LIGA Espanola for interest of fans.

Thus, English and in general European Club decide to start from some years to play friendly tournament in summer or even 1 or at most 2 game of their championship

abroad, for let the “sportive event product” more saleable. Thus, European football clubs are optimistic about increased revenue etc, going forward, as they anticipate that growth in the Asian, African, and Latin American markets will gain momentum and accelerate soccer’s popularity and profitability.

In Spain for example, la Liga’s financial situation is improving, however the Spanish soccer clubs have approximately US\$ 3 billion of debt. The improvement is, in part, due to better commercialization of TV rights with revenue increases offsetting differences among the LA Liga teams and, in theory, improving the level of competition and supported by a professional equipè of management that helps to see the football product in easier way. In addition, going forward, la Liga will rate Spanish soccer clubs financially to increase transparency and lure more investors. Dolles and Soderman (2015) have identified for explain better this concept 4 key areas related to the significant challenges involved in managing business soccer within an international context:

a) the products and its market, b) the consumers, c) the business process, and d) its strategic vision and intent.

They point out that except for licensed merchandise, the soccer business does not benefit from the option other business have of producing and storing inventory for future sale, as the two key characteristics of soccer are outcome uncertainty and the emotional involvement of its consumers.

A traditional business model approach, therefore, may ignore the complexity of the management process in football business in order to isolate a few key variables and their interactions, which may be based on limited selection criteria.

For example, in football, perhaps more so than in other business endeavours, there is a unique and complex relationship between *human resource management* and *financial management*.

Porter concluded that “no one model embodies or even approaches embodying all the variable of interest, and hence the applicability of any model’s findings is almost inevitably restricted to a small subgroup of firms or industries whose characteristics fit the model’s assumption”. The assumptions, that correspond even in the reality, it implies that there are two main factors for running the business of the soccer: leagues and clubs.

The league, for example the English Premier League, governs a group of clubs by carrying out tasks such as marketing and enforcing the rules of the game. A club is an organization comprised of players competing as a team against other clubs in a league. Within some leagues, for example the Bundesliga, Serie A or Premier League we could find some clubs that are the most identifiable brand in the world. So, if the leagues act as power brokers respect to media rights and select mega events etc, it is the clubs that win games and championship, garner the attention of consumers and create, with some exceptions, the opportunity for league-wide media rights, which represent a significant portion of the revenue for both teams and

leagues. The importance of relationship between clubs and league is so correlated even for football and sports events.

If clubs of same league obtain success in international fields in terms of sportive winning or commercial sport events organized, consequently the league will increase its prestige. On the other hand, it's a duty of every league to put enough effort to let club develop in term of visibility and economic power, sharing some fundamental revenues as tv rights just for saying one.

On doing that, several points are to be touched for understand deeply the framework of a complex business as sport and football's one, that's why I would present some aspect of a soccer management case study.

In this concept, the word "imperative" could let us to understand better which are the milestone of a model, that after a study conducted by Breul on 2011, we can identify seven management imperatives appropriate for a changing global business environment: a) act with strategic intent, b) leverage hyper-connectivity, c) manage through collaboration, d) use real-time performance data, e) respond to the new security environment, f) work with the private sector in new ways, and g) cut costs and improve performance. Thanks, by the indicators, business managers can extract and do their best practice from soccer management.

Principally they can be distinguished in 4 categories that are:

- Off the field, during the match: it's the creation of atmospherics in the stadium that facilitate the emotional behaviour activity of consumers
- On the field, during the match: focus on activities related to the execution of the sportive event
- On the field, between matches/seasons: focus on the execution of strategic development plans and specific training programs that may be initiated by management, coaches and/or trainers
- Off the field, between matches/seasons: development of strategic business plans as well as human resource management

On explicit in deeply way this matrix, it's important to underline what points out on the formulation of the matrix there are several factors that are involved:

DURING THE GAME, OFF THE FIELD: ATMOSPHERICS, MARKETING  
AND PROMOTION:

- The specific atmosphere created in a soccer stadium is based on multiple factors, the operation of concessions, including the sale of souvenirs and licensed merchandise, fan-generated posters, banners, chanting and so on. Atmospherics may create a feeling of increased involvement on the part of fans and increase their level of identification with the team or star players.

DURING THE GAME, ON THE FIELD: THE MATCH

- Soccer managers have the responsibility to select, evaluate, mentor, and possibly remove players from the team but also because of a player's inability to perform effectively as a team member. It's everything who can be reflected during the common football match, including players, teams, staff and referees. This section is referred to everything is part of sportive product saleable.

BETWEEN MATCHES/SEASON, ON THE FIELD: COACHING, HUMAN  
RESOURCE MANAGEMENT

- A good sport organization strategy has to include a good soccer club management, composed by team's managers, composition of team's roster and players participation during the season and team's results.

Activities on the field, before and after matches are normally focused on match strategy preparation and review, and physical conditioning.

BETWEEN MATCHES/SEASON, OFF THE FIELD: BUSINESS PLANNING  
AND MANAGEMENT

- A consideration has to be done of all the business activities that occur between matches and seasons as well as outside the stadium, such as marketing, contract negotiation with media and sponsors, acquisition of players via the transfer system or developing and managing youth academies, financial accounting and resource allocation, and managing investor relations. Only after addressing and managing these elements

effectively can the platform for success in The Match, and ultimately the soccer industry, be assured.

In addition to these considerations we can even discuss about some imperatives that helps a football management team to organize and exploit at most all the possible resource connected to the sport event.

#### ENSURE IMMEDIATE RESPONSE AND DECISION-MAKING WHEN APPROPRIATE

- The frame of reference for this imperative is The Match and what happens around and during it. Even considered the tactical and practical part of the game, it's important to understand how management team has to be ready to change their strategies considered the sportive events and results. In addition, management may not consider the change in the business environment to be significant enough to warrant an immediate response or they may be unaware of its potential impact, especially after seeing an increasing/decreasing of commercial results thanks by marketing policies. Business manager have to learn from a well-prepared soccer team about

how to adapt their business operations more rapidly and effectively to customer reactions and needs.

#### NURTURE YOUR FAN BASE

- It's about customer and their loyalty. A generally loyal consumer base made up of highly identifiable fans. Soccer consumers generally support their local, regional and national clubs regardless of the outcome of matches or club standings. Highly identifiable fans or fanatics constitute a significant asset for soccer teams.

#### LEARN FROM SUPREME ORGANIZER OF SYMBIOTIC THIRD-PARTY INTEREST

- This imperative refers to Business Planning and management and atmospherics. Investments in local, regional, and national teams, as well as leagues and federations by third-party interests, primarily through sponsorship, has contributed to profitability for many soccer enterprises. Another example of symbiotic development exists in the

telecommunications industry where for example Vodafone was the main sponsor of Manchester United, or even the automotive industry where Audi represent Bayern Munich, or flight companies as Etihad or Fly Emirates, present in some of top European club as main sponsor.

#### MAKE IT A RULE TO DEVELOP YOUNG, TALENTED MANAGERS.

- This imperative is linked to the human resource management element of Coaching. In the soccer world potential ability carries significant importance, and not only with the increased value of a club's brand. Young and talented players are provided with opportunities to develop and demonstrate their skills within the development academies of many soccer's top and mid-level teams.

## THE REWARD SYSTEM SHOULD BE DIRECTLY RELATED TO PERFORMANCE

- This one is related to Business Planning and Management. Soccer managers worldwide understand that high-level soccer talent is expensive and that there are certain benefits accruing to the organization for rewarding and recognizing the excellence of its players. The results put European soccer on top of the list with FC Barcelona paying the highest average annual salary per player and the highest average weekly salary per player.

## GENUINE AND VIRTUAL GLOBALIZATION

- The last imperative refers to Atmospherics and Business Planning and Management. European soccer is a global phenomenon facilitated by significant contributions from international media corporations, sponsorship agreement with global brands, mega event such as FIFA World Cup. Brand and sponsorship issues play a major role in the marketing strategies of professional sport teams as a strong sport brand leads to consumer trust and loyalty, which often results in higher team revenues.

Additionally, a strong brand has positive effects with actual and potential exchange partners that help achieve the brand's goals.

Moreover, there is a clear evidence that in soccer, winning is also the fastest route to profitability. This means that is no longer a case of either entertainment or revenue/profit, but it appears both are important and necessary. Both aims could be met through a management strategy of "do the right things", which build a strong platform of quality resources from which to sustain a high win-loss ratio.

## **1.4 THE CHINESE PROFESSIONAL FOOTBALL LEAGUE**

As in Europe it reigns a solid and affirmed system for surrounded the entire movement of football including the relationship between clubs and league, on the other part of the world and specially in China it exists a different model of managing the business of football.

It's clear how in the last 22 years China initiated the professionalization of its football. Riding on the waves of controversies, Chinese professional football has come a long way over the years of ups and downs, but still finds itself susceptible to illegal gambling, match fixing and football related violence. Due to the idiosyncratic behaviours and traits in the professionalization process of Chinese football, it's of great significance to establish an equitable participation and distribution mechanism and a harmonious relationship between the shareholders so that the balance of interests can be reached, and therefore forming a stable and reciprocal symbiotic system (Ji & Chen, 2009)

So, the shareholders will work a huge impact on development of the business of football, as individuals or the groups that can either influence a firm's achievement of goals and objectives. These individuals or groups often encompass employees, customers, suppliers, business partners, governments, the general public defining stakeholders in a broad sense. Furthermore, the thought of stakeholder posits that the asset of a firm is not only from shareholders but also from employees, suppliers

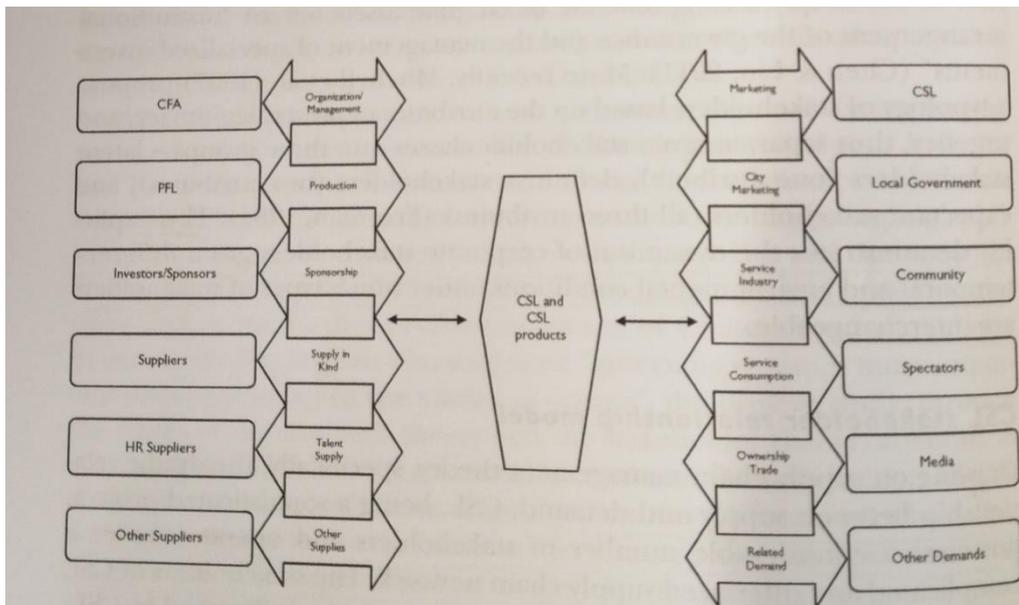
creditors, and customers, who make special investments in human resources, and a firm is not simply a conglomerate of tangible assets but an “institutional arrangement of the governance and the management of specialized investments”.

This explicitly demonstrates the dynamism of corporate stakeholders given different temporal and environmental conditions under which types of stakeholders are interchangeable. (figure 5)

Moreover, for having an initial clear idea of the model, it's important to underline how in China exist 3 different types of organization:

- Chinese Football Association (CFA)
- Chinese Football Association Super League (biggest shareholding firm of CSL)
- Professional Football League (PFL, which consist of 16 professional football clubs), media sponsor, investors, suppliers, spectators.

**FIGURE 5** – *Chinese League Model and CSL stakeholder relationship model*



**Source** – Brenda G. Pitts and James J. Zhang, 2018, p. 196

As shows CSL in a multi stakeholder system in which stakeholders exist interdependently and are subject to mutual interaction and restriction. Professional sports leagues are market-oriented and profit-driven social entities by providing entertainment and related products to consumers (Wang, 2007).

Considering the Chinese professional football has already met the prerequisite of a professional sports league, it's necessary for the present study to subsume the 16

professional football clubs under the concept of Professional Football League (PFL).

More importantly, as evidenced by the success of European Union football leagues and the four major American professional sports leagues (NFL, NBA, MLB and NHL), the experience of these prototypical professional sports leagues are conducive to the professionalization of Chinese football (Liu, 2009).

In line with symbiosis theory, PFL places tremendous emphasis on competition and cooperation between 16 professional clubs in order to produce a high-quality product and ensure the sustainability of the clubs and the league. Essentially, PFL is a high *symbiotic system of interest*. Through the production and marketing of the games, interests of different stakeholders are addressed, therefore making symbiosis the driving force behind Chinese professional football league (Li, 2010). For PFL, the participating associations, organizations, and firm/clubs are the basic symbiotic units, which comprise the homogenous symbiotic units, for example the professional clubs, as well as the heterogeneous symbiotic units, as media, firms, clubs and the football association, institutional and market environments are the symbiotic environment for PFL, including the social economic system, football development policy, sport market resources and so on.

Nevertheless, while the professionalization and the reform of the Chinese Football continues to deepen in an orderly manner, the relationship between stakeholders are

increasingly susceptible to adjustments and transformations, reaching a balance at both supply and demand ends. In a sense, CSL is an administrative professional sports league, or in other words, administrative professional sports league, which is a management model characterized by a quasi-government element where the administrative department and government sport association organize and manage the professional sport, and professional sports club participate in the league (Yuan, 2006).

Now it's going to present how Chinese professional football league at different professionalization stages:

- 1- Pseudo- professional stage: Players of professional football clubs mainly came from provincial and municipal football teams and were affiliated with regional sport bureaus, there were 12 clubs playing in the Jia A league from the 1994 to 1997, and this number expanded to 14 in 1998.
  
- 2- Semi-professional stage: Players did not solely come from provincial or municipal sports school but also club reserves; of those players, some were still affiliated with regional sport bureau while the rest were under professional clubs; there were 17 clubs in 2004, the birth year of CSL; at the same time, clubs began to focus more on profitability and market operation,

whereas FMC faced increased challenges, the market economy started to be dominant.

- 3- Professional stage: Currently there are 16 professional football clubs with even more diverse talent pool; players are independent legal entities; transfer are now legally protected, facilitated, and stream-lined; FMC launchers its own football league, while CFA becomes the supervisory and managing institution of CSL, transitioning to a complete market-driven and service-based organization in order to provide a favourable system for the development of professional football via policies and systems.

As explained before, the Chinese football league has a crucial impact of all the entire system, and its symbiotic relationship between the CFA, CSL and the CSL clubs are reflected by the distribution of their interests. In other words, their relationship is the quintessential commensalism as CFA is in absolute domination in terms of the event operation rights while being in charge of distributing these rights to CSL and the CSL clubs. As such, CFA is the biggest beneficiary of the relationship.

Over the years, a series of policies regulation and mechanism formulated by the state and CFA contribute to the sustainable development of CSL and its clubs,

which warrants a favourable market environment. Yet, it was not until after the 2002 World Cup that the terrible performance of the Chinese national football team prompted pervasive public criticism against the Chinese professional football league and CFA; in addition to the fact that the physical fitness of the youth in China has been declining over the years, it was pressing for the Chinese government to undergo a comprehensive reform of Chinese football.

On one hand, revitalizing football is a necessary and sufficient condition for China to realize its "football dream" for the entire nation and an important step to become a real sports powerhouse.

All the policies and regulations will greatly enhance the symbiotic environment of the Chinese government, CFA, and the CSL clubs and substantially improve the efficiency of CSL. In addition, these measures will also help promote a balanced and harmonious development between professional football clubs given a bigger pool of talent supply, reduced player cost, and a stronger momentum from the professional clubs.

A survey conducted on 16 CSL clubs and 10 CSL sponsor in 2013 revealed that despite the fact the real estate industry still took the lead, CSL investors became more diversified in the past years.

## **CSL CLUBS, LOCAL GOVERNMENT AND COMMUNITY**

- With the emergence of city marketing, sporting event have become the new marketing landscape for many domestic and foreign countries and cities. Consequently, it can be argued that professional football clubs and their respective local government are in a mutualistic relationship in which they influence and promote one another. Specifically, local government and communities offer a sporting event with the basic event resources including venue, facilities, equipment, and human resources, and in turn, a successful sporting event creates additional job opportunities and promotes local businesses for the environment, in addition with new job opportunities as utilization of sport facilities, delivers positive energy and development of mass sports and school sports.

## **CFA, CSL CLUBS and PROFESSIONAL FOOTBALL PLAYERS**

- The CSL clubs and spectators are in a sheer transactional relationship but at the same time in a mutualistic relationship. The quality of CSL, to a large extent, determines the attendance rate, which is reflected by ticket sales; a high-quality sporting event will give rise to a ripple effect not merely on those event goes but other potential consumers around them. So, the priority of CSL is how to approach and retain those consumers. It certainly

not only requires producing high quality and competitive sporting event product, but also premium services which give consumers a sense of belonging as well as sense of honour, and makes them appreciate CSL not just as a commodity but as an exceptional portfolio of services.

That's why, in conclusion, we could affirm how the sustainable development of Chinese professional football is a systematic process, that request coordination and collaboration from stakeholders involved passed through the help of government and communities. A sound symbiotic environment is the core, which provide a deep insight for the stakeholders that the Chinese professional football is best managed through a reciprocal, stable model with symbiotic condition and interface.

The government, to conclude, has an effective role of community and collaboration along with the establishment of benefit/interest sharing and consultation mechanism, are in demand to achieve mutualism between the stakeholders.

It's so important to underline how this system let the Chinese football became in the last year more convenient and famous for international football players that are attracted to face a new life's experience and football one, attracted by the huge salary that Chinese club could offer to them.

In this way, bringing some European players to Chinese football club it's on one hand a huge investment, on the other hand it let the competition grew up by middle-level and let the championship be a bit more competitive and interesting to watch, for fans but even to marketing campaign and sponsors too.

Last but not the least, it's important to keep an eye about the football project that Chinese government it's trying to carry on, investing even so more on football structure and training for let the national team be more prepared to seek a good spot qualification for the next World Cup event in 2022 and 2026.

On doing that, even Marcello Lippi, the famous Italian coach of the Italian victory in 2006 World Cup has accepted in the past the purpose to be the trainer of Chinese national team for bringing experience and European method to agglomerate with Chinese culture and characteristic in football.

## **2. FOOTBALL SCENARIO: BUSINESS MODEL AND FINANCIAL ASPECTS**

After have analyzed and conducted a personal study about the management team tool and approach of different sports in this area, now I Would focus my attention on analyzing the management effects and strategies about the European football, considered as the effect of different corporate structure and a tool for run the business of companies, composing the core of the global movement of this sport and even in my thesis.

That's why for this reason I will propose later a typical example for each management problem, even analyzing and composing on a deeply way two different corporate society structure that will influence the management aspects of a club, referring to how a club has to face and be in the limit that international organizations sets on.

Football in Europe has since a long time the major impacts on communities, fan, sponsorships as any other sports can confirm, moved billions of dollars and euro and generating such a great entertainment as business affairs.

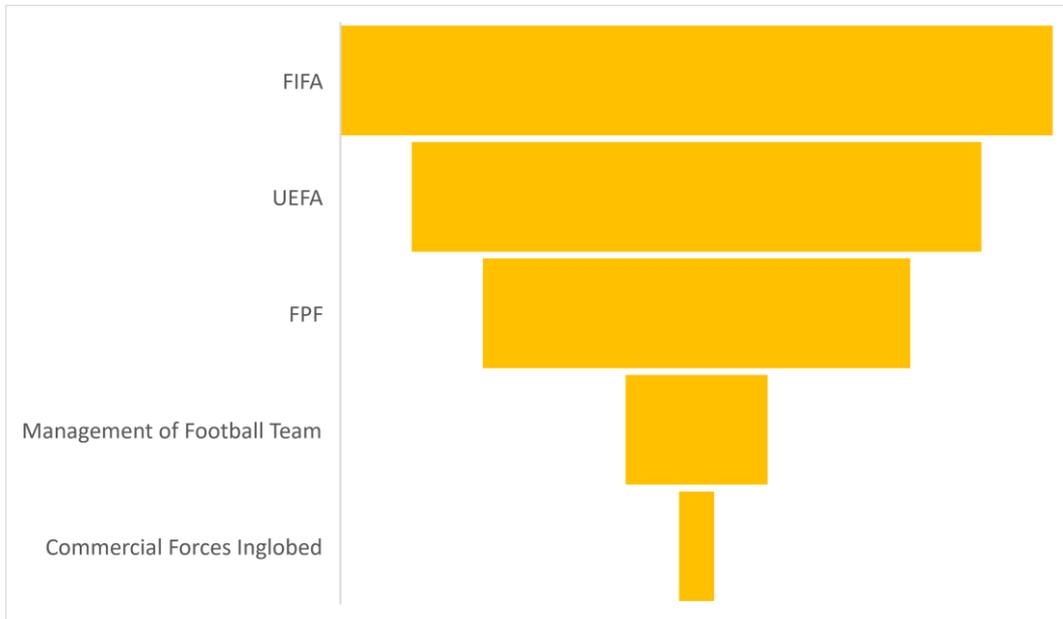
On doing that, it's important to make a clear identification about the organizations that are controlling this business in the world, especially FIFA as the major institutions who has to take care about the development of football as sports player

with investments and rules, and UEFA, the European institutions who has the function to coordinate at most the top-European clubs and tournaments and get in touch with FIFA for managing the entire system.

To respond to all these society problems, FIFA and UEFA as institutions build on different rules that are going to cage the two limits of football societies: financial aspects and jurisdiction aspects, both resumed under Financial Fair Play rule. (figure 6)

As a consequence, the various management teams of each European society has to face with so many commercial variable as merchandising, sponsorships, TV rights, brand awareness and so on that combined with the financial and jurisdiction restriction that UEFA and FIFA put raise up different business model and management one for run the business of a sportive society at most.

**FIGURE 6 – General Framework of Football**



**Source –** I veri padroni del calcio, Bellinazzo, 2015 (personal translation)

Before to analyze in a deeply way all the characteristics of this complex system it's compulsory to a make an historical digression for understand how much International foreign power are involved in football system, linked their business affairs with other multinational companies or governments.

Bar au Luc, Zurich, Switzerland. 27 May of 2015. It's the date where the most powerful and enlarged scandal of FIFA was happened. In a common hotel there was a meeting between Sepp Blatter, the president of FIFA, Eugenio Figueredo, number one of CONMEBOL (Sud-American Confederation) and Jeffrey Webb, famous banker that was the responsible for internal and foreigners affair of the FIFA, when different agents of FBI came in and intercepted one of the numerous tangible corruption that these represents were committing.

Two days later, on the 29<sup>th</sup> of May, it would have been a crucial day for the FIFA organization because the election of the new president was conducted.

After different low blows, Joseph Blatter was proclaimed once again the president of the organization, having passed the competition of Platini and Ali Bin al-Hussein making literally a scorched earth around him. The scandal, that was revealed only in the 2016, was possible thanks by corruption moves that Blatter did with the various member of the International confederation, which gave them 100.000\$ each for buying their vote and his legal cleaning from FBI and Switzerland's police; hiding recycling and unfair management that he did on TVs rights for the World Cup. All these facts came to the light only one year later thanks by a crucial guy with unknow identity that let the "smoking gun" kills everyone that was in trouble with justice and legal part.

In fact, the “smoking gun” it’s the proof of a payment that a FIFA member did to UEFA’s President Michel Platini as compensation for an advice that he did 10 years before, between 1998 and 2002.

1998, as it proof, was the year where the World Cup was happening in France, the home landing of Michel Platini, that was masked off for have piloted all the random composition of the group stage and final 16 in the mentioned competition, giving a huge advantage to France to move in and win the World Cup.

Realizing that now Blatter had his shoulders on wall, he decided to let down Platini too, having confessed what he did in the past with his political alliance. Higher official of the FIFA had accepted payments for the selling of commerce’s rights for tournament in Argentina and Brazil and having corrupted qualifying match for World Cup.

Nine months later, Loretta Lynch, general attorney of FBI decided to put in jail three others member of the alliance: Rafael Callejas, Ricardo Texeira and Marco Polo del Nero were conducted to abuse their position for a period of 10 years.

So, the 2016 can be considered as the final point of an enormous war conducted between high-hierarchical member and new emergent power institutions as FIFA that was trying to fix and change the world on their conditions. This conflict was started on 2010 when the turning point that attracted the attention of the police authorities was the assignment of the World Cup’ 2018 and 2022 that went to Russia and Qatar. Previously, FIFA decided to apply a rotation for each continent to

guarantee a legal democracy to host the World Cup, let a country of every continent to upgrade and increase the economic revenue for the welfare of the state.

In 2010, that's not happened and only 6 years later, after reached and investigated for all the countries in part of recycling, the FBI decided to close the ill-circle of football and corruption, having discovered as petrol companies as Gazprom and Emirates firm was changing the global business and world's equilibrium football too.

Consequently, after had finished an endless chapter of the power, the FIFA and the UEFA, the European Union Federation decided to turn to a new clean page.

Gianni Infantino, Italo American represent that collected a long experience inside the UEFA and FIFA became the new FIFA's president, while Alexander Ceferin, Slovak deputy was sent to power for UEFA Federation.

Ceferin, as pragmatic and inventive business man decided that the first step to move to was reassembly the relationship between UEFA and EU, proclaiming a non-aggression pact with the authorities that's include principally the transparency of civil, social and economic affair that the institutions could investigate for the following year, giving to the public authorities the option to be available to cooperate.

On the other hand, the first sportive reforms of the new President Infantino was brilliant too.

As surfed man of stormed waves, he firstly decided to clarify every possible impeachment or problems with the major legal authorities, testifying his pureness for the previous scandal that affect FIFA and Blatter's team too.

So, nevertheless he was fighting his legal battle for the political freedom, he started to collect different ideas that are influencing the FIFA and global football aspects nowadays too.

First, he has enlarged the number of members for the Council that has to take care for the vote of crucial thematic from 25 to 37, including the presence of 6 women for the first time ever, one for each continent.

Secondly, regarding the political and economic aspects, Infantino shall be careful to not fall in trap. In fact, FIFA has collected a debt of 369 million of dollars over the Blatter's time allowing to the FIFA's finance to decrease of 1.4 billion.

That's why the new President, calculating all the crucial thematic, preferred to restart new road map recalled "FIFA 2.0".

Not at case his campaign was channeled to two promises: increase the total revenue of funds to development to 1.4 billion, attributing 5 million of dollars every 4 years and 40 million to each confederation, in addition to an implementation of teams for the World Cup from 36 to 48.

On the 10<sup>th</sup> January of 2017, the Council approve this enlargement with the official establishment ever of a competition to 48 teams, shared by 16 groups of 3 teams each. The first two will be qualified to the elimination phase in the Final 32.

So happy was the FIFA too: due to a study conducted by Zurich investment company, the World Cup to 48 teams should have a value of 6,5 billion of dollar and the net income could be averaged around 4,2 billion with an increasing number of 640 million (Bellinazzo, 2015). The commercial part regarding tv rights and marketing are enthusiastic.

In fact, their growth is estimated respectively to 505 million and 370 million.

Alongside to the new initially reform the final political step of Infantino was so appreciated to the entire world too.

After have been in trouble, as new President of FIFA, he decided to confirm the assignment of the World Cup edition for the 2018 to Russia and 2022 to Qatar avoiding any possible problems due to the precedent management, giving a strong signal of continuation with the precedent decision where he was excluded and trying to turn on page for the FIFA corruption scandal once for all.<sup>1</sup>

That's why to conclude, if on one hand there are so many new entrepreneurs that are faced in this area, on the other hand there are the loyal customers and fans, still be passionate and romantic with the ancient way of conceive football that are

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<sup>1</sup> <https://www.calciomercato.com/news/fifa-infantino-rieletto-presidente-fino-al-2023-28171?ref=twitter>

against these new rich properties, blaming them to mess up the natural concept of sport.

That's why the binomial link football lover-business man is a crucial node to understand and forecast where football is going on, inside and outside the field.

Leaving for a moment what it stands outside football, UEFA and FIFA have developed over the year an economics model that it's crucial for maintaining this equilibrium among the clubs, called Financial Fair Play regimentation.

## **2.1 HOW BUSINESS MODEL PLAN CHANGED OVER YEARS**

Consequently the digression made, just for understanding the political corruption and the greatness of the entire business of football, now it's the moment to go in the jurisdiction imposed by the Financial Fair Play that meant the technical border that every management team of football has to face in for avoiding to get in trouble, legal and financial one.

It's so possible to underline how every sportive team, in order to fulfill these conditions has to increase their business plan or find another ways to generate revenues, being inside the borders of the regulation and don't lost on sight the

sportive performance of team, that's the principal point which all the business of football stand around. On doing that, the best political are finalized to an increase of revenues due to different factors that would be analyzed deeply later.

From the data that UEFA published on 2015, of more than 650 clubs were registering a lost in the balance sheet, which most of them were considered in a dangerous situation for the welfare of the entire system.

Over the last years, thanks to the political of FPF some of them came back from the passive registered, thanks to the economic system created by the European Club Football Landscape organ that built on a system that let the major teams of each championship to be part of a general economic and football asset.

Consequently, the not famous clubs decided to collaborate and follow the business model plan did by the best teams, reaching over and over an increasing of revenues thanks by numerous investments of *infrastructures* as property stadium and football training as the result of 10% increase in revenues shows off.

On the last years, 2010-2016, European football became less and less dependent from subsidies, let data as increasing in revenues generated from stadium (+7%), sponsorship and commercial revenues (+59%), tv rights (+64%), enters from transfer (+105%) could be the fundamental milestone for following the right direction of business model for management team.

Specially the stadium is considered one of the most important factors in the annual balance sheet.

In fact, more and more clubs are forcing their economics strategies and policies to increase the part of revenues generated by the ticketing, the ticket paid for seeing the match as subscription, and revenues due to naming rights.

With this last term, a club would like to intend as it grand the name of stadium to sponsorship companies as the example of Udinese (Dacia Arena) and Bayern Monaco (Allianz Arena). It consists essentially in an agreement that links the name of a company to a stadium behind a corresponsive payment that firm did to the club's cash balance. These operations are possible only if the sportive society owns a property stadium, condition that's becoming more and more popular in Europe but was principally developed in Germany and England. There are only three examples in Italy, that nevertheless it's starting to consider this option and nowadays correspond to Juventus, Sassuolo (Mapei Stadium) and Udinese as said before.

The principal benchmark for stakeholders of business world is represented by the Annual Report of Italian Football established every year from 2011 in Italy by the FIGC.

Thanks to statistical studies it's clear how the value of aggregate production is increased as never in the last 5 years, touching the 2857.7 million of euro. The summit is touched thanks to an increase of 13% due to sponsorships that's reflected

to the total cost of production that's arrived to 3143 million of euro including the stuff cost.

The elements that had most relevance on value of production could be sum up as:

- Revenues from media (42%)
- Revenues from commercial activities and sponsor (+13,8%)
- Revenues from sales, considering the net between transfer players sold and acquired, registering a plus-minus of 7.8%
- Revenues from stadium

The stadium aspect, has been analyzed well by "La Gazzetta dello Sport" in one of his articles, underline how it's becoming more and more the crucial aspect for each team.

In fact, on the ended current year 2018-2019 was a registered an increasing of 1% about people that spent more time on stadium and less in front of TV.

This increasing can be underline probably for the major cost of a tv subscription, especially after the social fight between DAZN and SKY for sport tv rights, and on the other hand thanks to the transfer market did by the best club that bring in Italy such as champions as Cristiano Ronaldo that did a tangible effect on this data too.

In fact, at the beginning of 2000's the yearly average attendance of people to the stadium was around 28 million instead 20 years later the data touched a 31 million.

The FIGC underline once again how the average attendance for game is about 25.000 people, considering every kind of game, touched a point of maximum during the “Derby of Milan” where the attendance was almost 80.000 people.<sup>2</sup>

Finally, a crucial conclusion has to be done to Juventus that for the third year registered the best number in terms of seat completed, touching a percentage of 95% that could be described as on average for every 100 seats of game, 95 were occupied. Surely, the Cristiano Ronaldo’s effect has been fundamental considering that the data related to the visitor’s fans is increased of 9%, that’s mean a more attachment to football club, and Juventus has to thanks him because he let revenues generated from stadium increases of 17% due to the increase of price and ticketing. So, the TV fight, generated from SKY and DAZN to avoid a condition of monopoly of tv companies has produced the best effect to the football field and sector: attract more people to the stadium.

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<sup>2</sup> <https://www.gazzetta.it/Calcio/Serie-A/04-06-2019/seriea-piu-gente-stadio-meno-alla-tv-traino-cr7-3302197558347.shtml>

## **2.2 FINANCIAL FAIR PLAY**

Starting from the restriction imposed by UEFA and FIFA, and passed to the commercial variables that affect football system from outside as TV rights, the two institutions on common agreement decided to establish a rule that has as principal aim the respect of economic parameters that football clubs have to respect in order to not fail the entire geopolitical system.

This equilibrium it's called "Financial Fair Play" and its goal it's that economic management of every football team should respect some parameters to not fail or having debts during the management of the team for a period time of references included in 3-5 years.

On doing that, I will propose later in the following chapter the various model of management that we could found in football area, understanding how societies moving themselves inside the "cage" imposed by Financial Fair Play.

UEFA decide to maintain and engage its development to all the principal European football team, building on a sophisticated economical law parameter called FPF.

The aim of the UEFA is principally to be sure about the safety of the matches during the European Club Competition and fighting sportive enemies as doping, racism and even illegal betting.

More in detail the FPF was an idea thought for avoiding the huge difference that it exist nowadays between the super powerful team of Europe against the middle's

one of their championship, try to contrast the biggest owner of football team to spend huge amount of money for buying the masters of football (as M'bappe transfer when Paris Saint-Germain paid 180 million of dollar to AS Monaco).

It's important to keep in mind that the bottleneck of this process has to be reached in 2009 when Real Madrid paid Cristiano Ronaldo from Manchester United for an amount of 94 million of euro, established a new record for a single transfer operation. That's why it's important to understand deeply which parameters of these criteria are to settle all the entire European world economic and sportive system.

Every single national federation has the aim to view that the following parameters are respected by any single club:

- Giving a certain financial reasonable mode the entire football system
- Trying to keep a certain level of attention about the cost that every club makes
- Make sure that every club has an adequate organizational level and management
- Encourage club to exploit different sources of revenues

- Encourage that the infrastructures are adequate to guarantee high standard to safety level.
- Providing to give detailed information about the business plan of the club for a period time for 3-5 years.

The line of action of these criteria are principally 5 and could be sum up in 5 point:

- A) Sportive criteria
- B) Infrastructures
- C) Management criteria
- D) Legal criteria
- E) Financial criteria

Analyzing the first point A), the UEFA reclaim that every team has to develop a model and promote the passion and the pureness of football to the youngest guy, encouraging them to practice this activity to football junior field or even in dressing room if it's enough to create a solid group and bringing happiness.

The UEFA establish too that every society has to build a team composed by different group stages; so at least 2 teams between 15 and 21 years old and at least one team composed by 10 and 14 years.

The second parameter (B) regards instead the infrastructure, heard as stadium and training camp. The UEFA wants that every team respect these parameters about quality, quantity and space where these structure has to be placed in, looking for a model as the English one where the stadiums are considered as an attraction for people to not watch only the football game but the global day-off, attracting by museum, game room or other kind of experiences that could benefit the club as a customer care.

The third one (C), consist of the organigram of a society where the UEFA impose to every single society to be shared in different role for the correct progress of the entire football management.

In fact, every firm must have a general manager, a subject with direct responsibility to the executive operation, a financial director, who is responsible for the economic parameter regarding the management function and marketing too, a director of mediatic area, whom is the responsible to take care about the relationship between media and football firm too; a safety manager, responsible to organize the correct development of a football match when it's playing at home, and last but not the least a medical responsible manager, directly involved in healthy affair as the physical condition of the players and to provide to all the staff all the equipment needed.

The fourth criteria (D) it's probably the more technical one, considering that every team has to provide to UEFA that all the legal aspects are respected, considered the regimentation indicated to a special institution called Club Licensing and Financial Fair Play Regulations.

This organ has to verify the reliability and the truthfulness of all the document that club presented to UEFA and advice in time the team where something about business plan didn't fill with the legal criteria imposed by the institution.

The last one (E), is probably the more detailed one because it concerns the principal aspect of the UEFA: to limit the huge transfer from a club to another one.

For a club included to a firm group has to be specified different point:

- Name of controlled firm
- Juridical form from controlled society
- Total activity of groups
- Total revenues of group
- Net assets of holding group

The company shall provide the balance sheet of its management for having clear overall situation of its financial healthy.

The document to be provided are:

- Balance sheet, a document that verify every revenues and cost sustained by a firm
- Income statement, included the difference between revenues and cost that its net gross margin
- Cash flow statement, to provide and analyzing the auto financial team planning
- Financial relation, the document which the management want to relate in a direct mode to every subject of club's fund to advice about the possible future scenario

The second step to focus on is the possibility regarding risks that every firm has to provide in concern the risk possibilities.

They could be sum up to a) absence of precedent debts, b) the principle of business continuity, c) the achievement of break-even point, d) financial debt, e) containment of the wage bill cost.

The first two monitoring period where the annual 2011/12 and 2012/13 where the UEFA let team be autonomous to fixing his financial count without taking any measures. Since the sportive season 2012/2013, the UEFA decide that every team could afford a negative lost to 45 million of euro, and on the next three-year period 2015/2018 for a maximum of 30 million.

Progressively, from 2018 until now, a football society can register a passive of at most 5 million each year for avoiding possible economic sanctions.

These sanctions will be inflicted to those clubs who will have a lost for year bigger than the 20% of the break-even point, so they will register lost for a 20% up to the revenues generated.

In this context, the measures adopted by the Financial Control will be different compared to how much and how big is the completed in adultery starting from a warning or official recall to the restriction of cost and restriction of buying players on summer transfer market. Another restriction can be inflicted about the disqualification of a team to the international European competition, generating a huge loss of money for team in term of brand appeal, marketing, tv rights and sales ticket for the home coming games.

To conclude this critical aspect, when a football society didn't respect these criteria the UEFA could even arrive to revoke a title gained before, in order to contain lost and let the financial system raised up year by year.

That's why the Council of Financial Control introduced over the years two different types of punishment that I would focus on: Voluntary Agreement and the Settlement Agreement.

The first one, as the word explain, it refers to a kindly agreement where the cited club prepare to the UEFA a path or a declaration of voluntary to fix his economic-

financial problem over the next year, preparing a solid business plan to keep the account in.

Since 2015 when this movement was approved and created, different club tried to actualized for having economic discount from UEFA to not creating sportive problems that could be reflex on sportive performance too.

The second one instead, it's different by the previous one because it's a punishment imposed by the UEFA after have analyzed the overall situation of the club and imposed a sort of model to re-enter in the next year.

It literally consists in a contract where is the UEFA to impose their condition, avoiding any possible choice to the club or possible margin to discuss it.

The art.68 of FIFA Financial Fair Play have established that the Council could even conclude an agreement with the licensee, taking care about measures to adopt.

So, while the Voluntary Agreement is definitely the kindly way to have an agreement, where is the club to advance his purpose, the Settlement is considered literally as a judgement imposed by the supreme juridical organ and could last for at maximum 5 years on net asset and balance sheet of the sportive society involved in.

After have analyzed a general condition of the Financial Fair Play, let's to keep an eye of two different situation faced with during the development of this work.

### **2.2.1 MANCHESTER CITY'S CASE**

The first one is about Manchester City, an English club that on the last year practiced different of transfer market movement thanks by the new owner, an Arabic one that decide to invest so much on football for let his investment gain in.

In fact, on 2008 the Arabic Prince named Mansour decided to invest on the city of Manchester for opening a new way on the football sector.

Considered the Manchester United, the noble part of Manchester, the Prince put his efforts and money on the poor team of Manchester.

The Manchester City history is not so famous as his opponents, in fact it's enough to explain how Manchester City haven't won an English championship from 44 years before doing on May of 2012, when after have spent a lot of money for bringing the best players of that era, the Manchester City completed a 4-year project started on 2008, when the owner just decide to move on the scene.

So far, Manchester City have already reached an elite position nowadays referring to the English Championship as appeal, continuing to be probably the favorite team to beat every year.

Despite this position, it's important to explain as in Europe it still has in trouble due to different kind of games-played of football but even for financial problems that it still fighting against Financial Fair Play.

In fact, on the last 5 seasons it was calculated that sheik's team have spent more than 750 million of euro for acquiring the best players around the Europe creating a huge gap from every other European team.

As expected, the UEFA couldn't let it pass unobservable and it decided to accomplish different requests came from other English team and European too regarding the freedom of spending all these amount of money from a club.

It's important to explain as Premier League is the most famous league where the most valuable transfer happen, with a maximum of 3 billion reached on the last 5 years. (figure 7)

Data that could easily understand how the disequilibrium between English club investment and European top club is creating a big gap that's going to be difficult more and more to fill: only 4 club actually still reach the break-even point over the mentioned period of time as Newcastle, Burnley, Arsenal and Everton.

**FIGURE 7 - Premier League situation of 2009-2014**

	(data in €)					
<b>TEAM</b>	<b>Expense</b>	<b>Revenues</b>	<b>NET MARGIN</b>	<b>Annual Net Margin</b>		
Manchester City	755.900.000	189.600.000	-566.300.000	-113.260.000		
Chelsea	512.000.000	182.000.000	-330.000.000	-66.000.000		
Tottenham	366.900.000	362.320.000	-4.580.000	-916.000		
Liverpool	365.700.000	260.300.000	-105.400.000	-21.080.000		
Manchester United	315.700.000	152.000.000	-163.700.000	-32.740.000		
Arsenal	222.200.000	227.100.000	4.900.000	980.000		
Aston Villa	211.900.000	110.500.000	-101.400.000	-20.280.000		
Sunderland	188.400.000	129.500.000	-58.900.000	-11.780.000		
Stoke City	117.800.000	10.200.000	-107.600.000	-21.250.000		
Newcastle	110.000.000	163.000.000	53.000.000	10.600.000		
West Ham	110.700.000	64.700.000	-36.000.000	-7.200.000		
Southampton	88.900.000	19.300.000	-69.600.000	-13.920.000		
Everton	75.000.000	89.500.000	14.500.000	2.900.000		
Fulham	74.300.000	46.800.000	-27.500.000	-5.500.000		
Hull City	66.700.000	10.300.000	-56.400.000	-11.280.000		
Cardiff City	63.400.000	19.200.000	-44.200.000	-8.840.000		
West Bromwich	60.000.000	42.500.000	-17.500.000	-3.500.000		
Swansea	57.400.000	32.200.000	-22.200.000	-4.440.000		
Norwich	26.800.000	1.300.000	-25.500.000	-5.100.000		
Crystal Palace	25.600.000	11.500.000	-14.100.000	-2.820.000		
<b>TOTAL EXPENSES</b>	<b>3.805.300.000</b>					

**Source** – Il Business nel pallone, 2016, p.91

Bringing our attention to Manchester City's case, the club was entered on the eye of Council of Control of UEFA for its investment.

On the initial period of the owner, the UEFA decided to investigate on the couple of year 2011/2013 where the club realized lost for 170 million of Euro. The limit of 45 million imposed by the new regimentation it has passed so much due to another aspect that the Council has founded: the salary cap of Manchester City's football.

It's important to underline how the Financial Fair Play must to regulate all the possible cost of a common club, that's why if the amount of money invested for acquiring new players can be adjusted by the revenues generated for tv rights, marketing, ticketing or merchandising; the rich salary that club decide to invest for keeping their best players in it can't be passed under investigation.

The salary cap of Manchester City it's nowadays passing over the 270 million by year, let the club be the most expensive one under criteria.

Considering the 316 million generated as revenues, the salary cap has a weight of almost 85% of the total net income, unleashing the protest of another club to decrease it around 50%.

The CEO's member of the club has been to justify their financial movement so many times in front of UEFA Council supported by the lawyer to let understand which is their plan to resume the debt.

The lawyers thanks to the commercial and financial member of CEO have demonstrated to UEFA how the club passed from a debt of 230 million for the year

2011/12 to a new one of 60 million registered on the season 2013/14. It consists on a reduction of loss of 70% that's highlights how the business plan of the club it works. On these data, it should be considered how even the gross year income is increasing more and more by year, the absence of debt it's almost complete and a huge investment on structures and adequate football field for the academy of the club is work in progress.

In addition, the club has already started work for the enlargement of the Etihad Stadium with the goal to arrive at a maximum of 60 thousand of unit.

With these argumentations, the CEO members came to UEFA for having a less punishment, due to the strength of his business plan that create a good argumentation for the defensive thesis of the club that's putting his effort on reaching the break-even point in the next 3 years.

On the other hand, the defensive thesis it's been accepted in part by the UEFA that have put some punishments for what the club did on the past as:

- Forfeit of 60 million of Euro, where 40 million could be bring back to the club if it respects UEFA's parameter
- Prohibition to increase the actual salary cap of 233 million over the next years.
- Reduction of 21 member that club can inscribe to UEFA competition.

At the end, the UEFA didn't want to punish so much the club as it can do with the prohibition of European competition or prohibition on summer transfer market but it put his hand as judge on evaluating the correct developing of the business plan for the future to guarantee a balanced business plan that doesn't affect all the top club equilibrium on middle-long term.

### **2.2.2 JUVENTUS CASE**

In a parallel way to the Manchester City case to face the Financial Fair Play, another club as Juventus proof how to manage and relate to this restriction.

First of all, if the "diktat" imposed by UEFA is to reduce costs, another prospective can be defined with the slogan: "don't spend less, spend better your money".

The goal of UEFA is to avoid that revenues generated by the selling of the players could be the only revenue for clubs, urging them to create other ways of profit as a better implementation of commercial streets or infrastructure.

In this context, innovative strategy of marketing and commercial areas could be a competitive advantage that every team should undertake, considering the form of building a property's stadium as the most profitable one.

Foreigners country, as specially England, adopted this measure since a long time, put their teams at the top of economic revenues from 10-15 years.

Building a property stadium could even generate other benefit regarding legal pattern as “naming rights”, the licensee to walk on hand with sponsor companies in the stadium spot, and customer care, developing a football infrastructure as a place where fans can pass all day long with his family thanks by their entertainment.

Another aspect that can't be undervalue is the social impact that a stadium can have on social community, changing in a positive way the sight of a geographical area to be seeing.

In this point of view, Juventus F.C it's been one of the first to move his attention on this particular strategy, having seen the advantage so far in front of other Italian clubs.

At the beginning of the new millennium, the club from Turin had famous players as Zidane, Del Piero, Nedved and Buffon and it was protagonist in European competition with A.C. Milan for representing at most Italy around the world.

However, the voice regarding ticketing and stadium revenue was the lowest one compared to tv rights or marketing and that's what put the attention of the club of a new industry business plan that's revealed innovative and masterclass if analyzed nowadays: the construction and modernization of a new stadium, the actual Juventus Stadium.

After have passed months and years to acquire the licensee of the surface for building on that land, the club put his effort of 25 million of euro just only building a new home, avoiding to pay a rent on the city hall for every home game.

On the November of 2008 the work started and Juventus has to pay other 125 million of euro due to the disposal of naming rights to an advice firm of sportive marketing Sportifive, that signed an agreement of 12 year for a total of 75 million that will be back on the Juventus' balance sheet as source of cash.

The building of a new stadium changed as said before, not only the point of view to see the club but even generated a great benefit for the city too in terms of appeal and infrastructure place, a common area for fan, family and sponsor to pass a day too.

On the economic point of view, the building of a stadium let Juventus earn a lot, thanks by his idea to pass the revenue generated by stadium from the past season of 11 million to 31.8 million of euro. A net trend of 176% was registered and surely, it's been the actual record from a season to the next one.

The stadium, gifted of any comfort and facilities, is composed by only 41 thousand sits. This aspect it could be the only lack of Juventus strategy because it didn't respect the possibility for so many fans to go in, instead of a common stadium of European top club that contain a number of sit around 60-70 thousand of unit.

Aspect that probably should pass on second field because Juventus declare on his business plan that the construction of the stadium is accomplished with the building

of a cinema and hotel that let “Continassa”, the Juventus training field, to become an open and green area of the city for public entertainment.

To conclude, the aspect of Financial Fair Play, it’s possible to underline different points.

First of all, the goal of the UEFA during the years was to consolidate the position of the top club, let the best clubs operate how they want without taking so much care about the debt generates, but giving at the same time the possibilities to middle-club to raise up the hierarchy if supported by solid business plan and investments.

A sort of democratic compromise for still giving the advantage to the club who generates more revenues for UEFA and the possibility to exploit at most the football sector with the increase of taillights team, useful for a major competitive and appeal of the overall overview of football industry system.

In fact, if there are so middle clubs that every year are forced to sell the best players to reach the break-even point, others are quite free to operate how they want, specially whom where the owner is particularly rich as Paris Saint Germain or Manchester City.

The attention shouldn’t be put only of debt of the last 3-5 years but more on analyzing the solidity of every business plan, apply a sanction to everyone who forced these parameters but inviting new entrepreneur to investing on football area

and bring a middle club to top level with a reasonable criteria of investing money and resources.

That's why the regulation shouldn't be so strong, creating the common goal of giving equal opportunities to everyone to invest in football and avoiding the possible scenario where there are 4 or 5 teams, one for each best championship, that works as locomotive for the entire national train system.

### **3. SOCCER MANAGEMENT FRAMEWORK**

If in the last chapter we have seen all the scenario involved in big institutions as FIFA and UEFA, now it's time to analyze how the football club do internal movement for let the account get in, included different aspect as revenue generated by TV right, commercial part, ticketing, marketing and so on everything included by the parameters imposed by the Financial Fair Play.

Above, I mentioned the importance for the club to respect some parameters that are crucial for the laws of FPF and even in this chapter I'm going to present all the possible business model involved in football, starting by different ways of management a football club.

At the beginning, it's important to clarify how a firm can be defined as total concept of human resources and financial part that links together could the club to achieve determinates goals.

As a common industry, a football team is working at the same way, reaching goals for generates a total equilibrium of financial asset and mechanical step for let the club work on in the right way. That's why football team are programmed and work for reaching financial goals but even sportive results, trying to sell the club that consist in the "product" more appeal for branding and merchandising campaign.

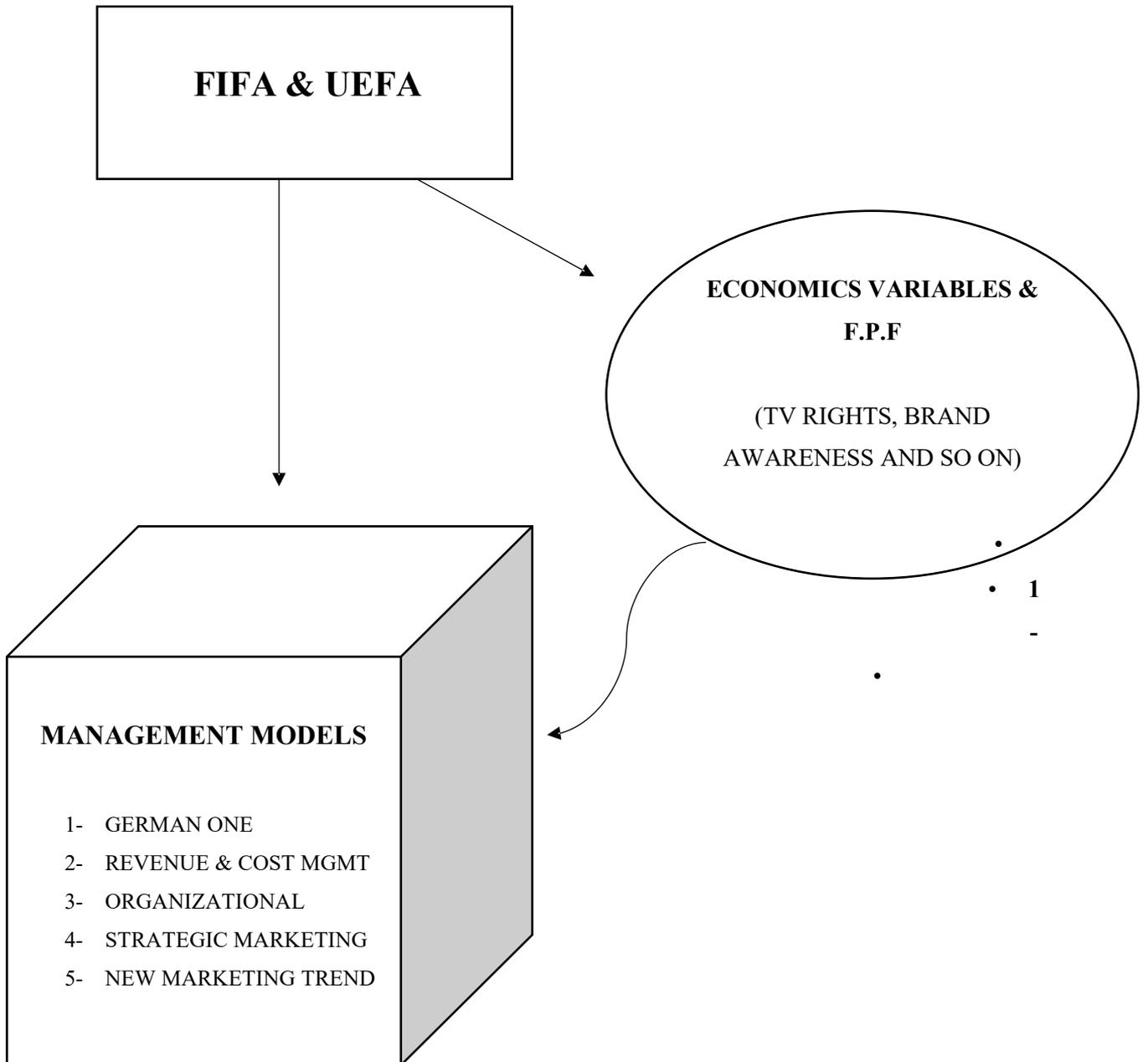
If the sportive part is essential for the overall improving, at the bottom I collected 4 different corporate structures model around the world for let the industry grew in an exponential way.

That's compulsory to understand the structure of this work, stand for comprehend and touching all the different problem-solving situation that management in football has to fight with, from managing cost to increase their revenue passing through a clear organization structure of the society.

For the following management problem, I will explain on this chapter different examples "ad hoc" to understand how a football society raise their value from different problems. (figure 8)

Surely it's even important to keep in consideration how management team respond to their duties in different ways, considered as main variable to link with as Financial Fair Play (the economic-juridical cage for football balance), Commercial or economics external forces often managed by the Leagues or Federation (TV rights, brand awareness and so on), Football's structure society (referring to President, CEO and so on) and finally FIFA or UEFA.

**FIGURE 8** – Management framework on football sector



**Source** – European Management issue on Football sector (personal translation)

On this way, and based by the previously figure, it's important to present first of all the typical corporate structure that we could find in football, for understanding how from a clear internal organization of the society, the management team of a sportive firm can relate and be engaged with the external economics or institutions forces above mentioned.

#### “PUBLIC BUSINESS”

- It's a typical business model for all those clubs that have decided to push in the financial market their company, let the club became an IPO, a club present in the stock market. Usually, the major part of the stock action is controlled by few members that owns a huge proportion of the club, bringing this responsibility to take the important decision for the club.

For doing that it's obviously requested a huge transparency in terms of financial movement, attracting the attention of stakeholders and sponsorship companies.

For example, the first clubs on doing it were Tottenham (1983) and recently Arsenal and Manchester United. The financial stock of Manchester United is leaded by the Glazer's property that decided to put the club in New York's financial market in 2005 after being present in London's one.

In Europe it's possible to highlights how other clubs decide to undertake this adventure as Borussia Dortmund, Olympique Lyonnais and Juventus with the goal to earn some funds for the building of the new property stadium. Regarding Italian clubs, three of them tried these experience in the past: Juventus, Roma and Lazio to be quoted on Italian stock market.

To conclude what I want to show off is that if there is a positive aspect on doing that finalized on having more cash and fluent capital to invest in stadium or infrastructures, on the other hand it's a negative way to act because sportive result can influence so much the trend of stock market and let clubs lose money and value.

#### “IT'S MY PARTY”

- With this slogan I would intend how in this situation the property is controlled by a rich man that consider the club as a toy for enjoying. The only owner is always powerful and rich and it's usual to manage the firm as his personal firm pushing financial resources when he decided to invest on it. It's the example of Chelsea, managed by a Russian magnate Roman Abramovich, F.C Inter managed by Suning company and before of A.C.

Milan too, managed by Yong Hong Li before he sold to Elliott company funds for having defaulted on the loan made during club acquisition.

The positive aspects are surely provided by the optimal financial position and economic welfare that owner has, ready to invest so much money for bringing in its club top players from around the world, covering the loss on balance sheet with capital injections.

On the other hand, sometimes they can lose the control of jurisdiction rule as FPF, caused some mistakes for the club in financial asset equilibrium that could be paid with the avoid of participating in Europe manifestation.

It's important to underline how this "magnate" are risky and dangerous players in European puzzle because they could even decide to sell or leave football business from one day to the next, not guaranteed a continuative property to the clubs that at the end it will be the more damaged one.

#### "A POPULAR CLUB"

- It's an uncommon model based on popular shareholding where the clubs are built by many members that electing by voting a President that remain on reign for a determined period of time, and a direct committee that works for management of the society. It's the case of Real Madrid and Barcelona that could count on thousand of members that every 4-5 years elect a president.

The positive aspect it's pretty referred to passionate character of this movement, because members are pushed by emotional behaviour and on this way the club became first respect at financial results. Often, members of these council are real supporters of the club so that's why the first aim is finalized to find a solution for let club achieve sportive results, and around them will play a lot of managerial asset for increasing revenues and all policies regarding marketing too.

Let's see for example the recent sportive results of Barcelona and Real Madrid that in the last 30 years, and especially in the last 10 are probably the greatest clubs at European level, winning for so many times both the Champions league.

As a negative aspect as democracy election sometimes could bring to power people that are not well-seen by all the council, creating scepticism at corporate level on strategical situations.

In fact, sometimes the president elected could even be under investigation by police if it committed so much crime for earning votes or in his business affairs for becoming a member of council.<sup>3</sup>

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<sup>3</sup> [https://www.ilsole24ore.com/art/notizie/2019-06-14/tifosi-azionisti-propria-squadra-cosi-l-italia-apre-modello-barcellona-173318.shtml?uuid=ACmYXJR&refresh\\_ce=1](https://www.ilsole24ore.com/art/notizie/2019-06-14/tifosi-azionisti-propria-squadra-cosi-l-italia-apre-modello-barcellona-173318.shtml?uuid=ACmYXJR&refresh_ce=1)

## “A FAMILY AFFAIR”

- It's probably the most uncommon model and refers to football clubs that are owned by family level. In fact, there is a family that decided to invest their revenues and savings for buying the clubs and managed it at family level. Clearly, on doing that the family has to be motivated by a strong emotional and passion for buying the club and support it even at financial level but at the same time it requests a solid preparation in terms of legal subject or business model changeset that often families don't have. It was a model really diffused specially in the 80's but nowadays it's going to disappear for all the evolution that the entire football system is undergoing.

At the same time, if family property could face some problems on managing all the situation, there are so many new roles that are developing in the actual football context.

First of all, the achievement of the goals of the club is part of *management area*, the principal responsible of direction and coordinating of the entire firm unit.

Its manager's duty responds to responsibilities of sportive performance and economic too, planning new strategies inside and outside the sportive context. Even

the concept of strategies can be argued as the line of action through which manager try to reach their aim decided from property or owner that assume with the passing of the time a growing importance about the mission and the vision of the football club.

Often, this kind of managerial situation are faced by a directive council leaded by the CEO and supported as supervision by the President of the football firm.

Instead, the general director with the responsible of commercial revenues are those who are assigned for marketing campaigns and branding affair, using communication, innovation and new technologies as important tool for developing the strategy.

That's how everything should born: from a clear industrial organization, everyone is responsible for its sector, collaborating together for the right purpose of the entire company, including the sportive managers and staff, responsible for the sportive performance. One of these sportive role has been identified as Sportive Director that has the mansion to monitor the results and the correct work of the first team and at the same time to find out new possible talent around the world that one day could become top player to insert in the first team for earning a benefit in terms of transfer paid player and being even a sportive asset for the team. The sportive director is the subject that taking care the indications of the trainer is responsible for the acquiring or selling of the players for let the team be more competitive, and he's the responsible to talk with the agent of players in terms of renew contracts or

delete it. That's how the sportive strategy should be carry on, a symbiotic link between trainer, players, sportive director and CEO of the company. An uncommon methodology is used in Great Britain, where for example, the coach is even responsible of contractual situation and transfer market too, becoming a *football manager* that is occupied of sportive activities, academy and the structure around the first team.

The football manager can be defined as the undisputed leader of technical and sportive area, being the manager of everything happen on this sector. Called as "the Boss" in England is responsible to identify, buying and selling player in addition on training and budget for new academies structures. The best example for this role is Sir Alex Ferguson, famous football manager of Manchester United for more than 20 years under which the club won everything in national and international field. In fact, Ferguson showed a management model where the trainer put the shoes of selectionist and sportive leader for planning new sportive strategies from the desk of his office. He was directly and only involved in transferring players, managing the budget gave to him from the property, in addition to the relationship with the mass media and sponsorship deal for summer tournament of club.

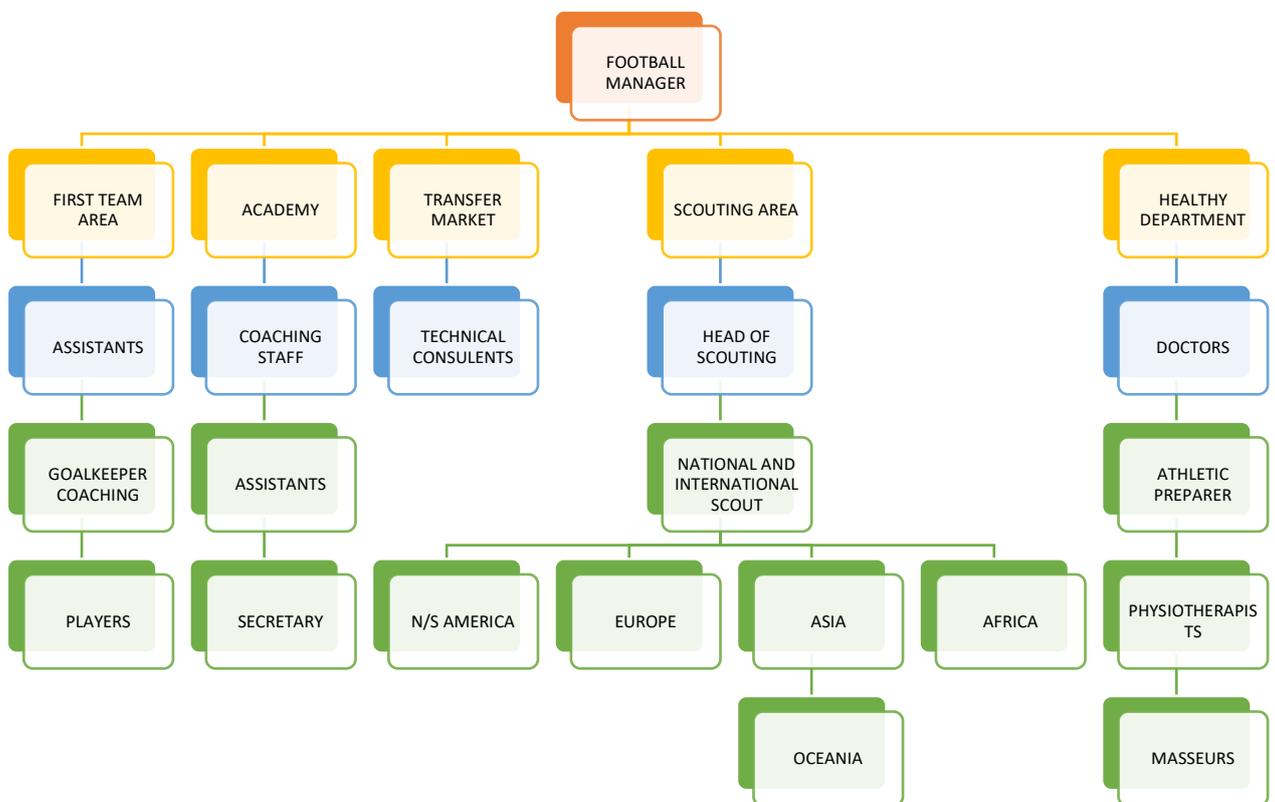
Another manager was Arséné Wenger, famous one for Arsenal for the last 20 years. "The Professor", how he's called by Arsenal fans, was the first one to bring out a new innovative model, linking together the department of Sportive Science, Medical Area, scouting players area and Nutritionist under one organization that

works together for the right physical and technical development of the players under his management. (figure 9)

As Ferguson, even Wenger won so many trophies in his period, collecting more than 15 trophies for Arsenal club and even preparing contracts and data for the property stadium of Arsenal, the Emirates Stadium inaugurated in 2006.

It's nowadays one of the most beautiful and modern stadiums of the Europe, that attract almost 100.000 people each year thanks by its museum and it's one of the famous revenue's resources for the club.

**FIGURE 9** – *Football manager's responsibilities*



**Source** – Il business nel pallone, 2016, p. 26

With the evolving of time and with different economics scenario, it's important to underline how the role of football managers has been dimensioned.

In fact, due to by economic-financial scenario that affect football over the last 10 years and considering the marketing campaign or merchandising, nowadays these kind of role it's going to disappear, so the football society will ask to the manager to be only involved and focus on sportive results and let other managers do their job about marketing or commercial affairs. Nowadays, it's going to be more and more important to assume talented workers with specific skills in these commercial field, putting a supporting managerial figure to help the sportive director and trainer how Manchester City did in the last 7 years.

In fact, the club, for expressing at most the continental vision of the company decides to give the following framework to the club: a chief executive (general director), a sporting director and football trainer/manager that will decide together the best strategy inside and outside the field.

### **3.1 GERMAN CHAMPIONSHIP MODEL**

Passing over the sportive sector, the first management issue that I would introduce is about the coordination between two management area: a league one and a club, analyzing the German Championship model of management.

If Premier League is the biggest championship with a major business affair and French one is growing up, a different scenario is affecting the German Championship, called Bundesliga, unique on its genre for different reasons.

First of all, let's make a step back and see what brought German to be one of the leaders in terms of sportive performance, both for clubs and National teams.

The winning of 2014's World Cup on the final at Rio de Janeiro against Argentina was only the top of the iceberg of the entire process movement started years ago, with a complete organization and collaboration between government, federation and football clubs.

A progressive growth that benefit all the entire German economics, due to investments and planning on middle-long terms to reach with a determined managerial strategy.

During the last 10 years, about sportive performance, the national German team has always been a serious opponen to everyone, even it passed thought two disappointed losses arrived at semifinal in Euro Competition of 2012 and World Cup 2010. Two disappointed moment that represents a huge moment of growing

for the golden German boys' generation, thanks by a renovation and investments that government did for the academies of football club.

On its side, the football teams demonstrated to be able to grow year by year, arriving to dispute a final where the opponents are the two major German football teams:

Bayern Monaco and Borussia Dortmund.

To spark the interest of the world's sportive was at the bottom the sportive philosophy that these clubs did, acted a rapid and fast game finalized to score at most in less possible second of actions. On doing that, the most principle component part has been done by the players, almost everyone young one and grew up at home in their academies. Passing from the club's sportive competence to the National one the results shown off are incredible, interesting how football field component can influence the system, being at the bottom and not at the top.

What it counts more for our study and research is instead the managerial aspect that let it possible, passing by managerial situation to sponsorship agreements.

#### THE RULE OF "50+1"

Starting on analyzing deeply the real aspects of German model, we have to firstly understand an essential concept: the role of governance in football, that establishing few rules but essential to the vital function of the core. In fact, in Germany is not

contemplated the possibility that a club makes financial move to earn a competitive position of advantage.<sup>4</sup>

For respecting this regime, the law that most represent this concept is the Rule of 50+1, that establish as the majority of a football team has to be owned by members and supporters of the club, avoiding the possibility to let a rich man enter and own a club, as in France Championship case.

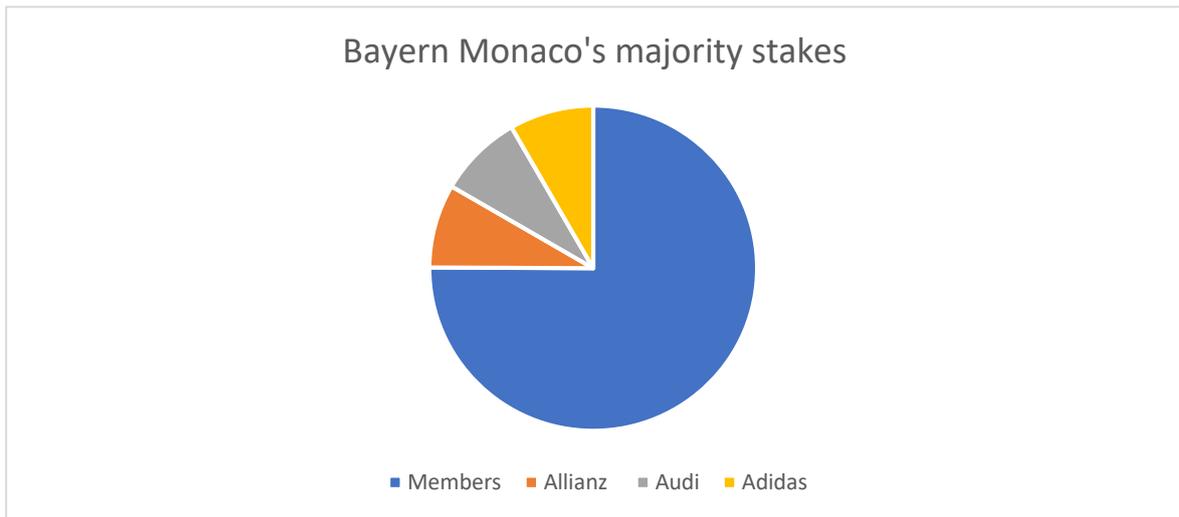
The goal of this rule is to let a company to run its business over the years, avoiding the possibility to manage a club to unknown magnate with his short-middle projects terms.

That's why the basis of this rule explain how the stock action of a club has to be owned by who has in heart the sportive performance of the clubs, as Beckenbauer and Rummenigge have for Bayern Monaco. To the members of the clubs could be accompanied the big firm that helps member to insert cash flow to the club for let huge investments possible. Even in this case the clear example can be expressed with Bayern Monaco, that shared his property to members (75%) and Allianz, Audi and Adidas that has 8.3% stock each. (figure 10)

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<sup>4</sup> <https://www.bundesliga.com/en/news/Bundesliga/german-soccer-rules-50-1-fifty-plus-one-explained-466583.jsp>

**FIGURE 10** – *Bayern Monaco property*



**Source** – *Il business nel pallone*, 2016, p. 158

It exists only two exceptions of this “rule of 50+1” in professional context and are expressed by Wolfsburg and Bayer Leverkusen, owned respectively by Volkswagen and Bayer pharmaceutical company. Two realities that were in the market obviously before the introduction of this regime.

Consequently, to the rule of 50+1 it's the aspect referring to the governance of German football that consist on the licensee that every year the professional football team has to ask to the federation for obtaining the "freedom-way" to subscribe to national championship and European competitions.

This measure represent a sort of path that clubs has to do in respect of Financial Fair Play rules, where the societies are called to present to the first days of May some documents regarding its financial position and business plan to the European football council, finishing their purpose with a plan involving the growing of academies for developing the young players.

As a consequence, the German governance establishing another crucial aspect, so it's called the impossibility to be heavily in debt, avoiding any possible scenario that insert bank sector in football one, avoiding any possible damage in terms of loan or mortgages. A philosophy that produces enormous results over the year and still be the unique one in Europe for managerial scenarios.

So, if the managerial and duties scenario has been analyzed, now I would keep an eye to what are these aspects reflected, as the revenues resources and cost management of the German model.

Analyzing the composition of turnover, what has pointed out it's the remarkable difference between the German model compared to the rest of the world.

However, the principal fund of revenue it's not that one related to TV rights (30%) but the commercial affair, that composing the 45% of total revenues, implemented with resting 25% attributed to revenues from ticketing and stadium.

On stadium it's important to make some consideration.

On 2006, Germany was the homemade and country who was hosting the World Cup and since that time the federation governance and government create a business network for the building of new structures and infrastructure to guarantee a correct development of young academia and even a safety place to see the match for fans and families. As consequence, the results it's been reflected on the average attendance that distinguishes German championship to other one, could counting on a ratio of 94% of attendance participants over the total seat available of the stadium.

In terms of comparison, the Premier League average attendance is about 36.000 people per game while in Germany, due to the new infrastructure and passion that distinguish fans on sportive war against Bayern Monaco, the data touch the 43.000 per game. Another data that could let the image so strong is the top 10 European team with major affluence, where 6 clubs on 10 are Germany with an average of more than 50.000. Just the NFL, the National Football American league attract more fans to their game than Bundesliga.

Bundesliga, as said above, made their revenues business strategy focused on building of new stadiums as happened in 2006, where technology, innovation and safety places where the common rules to be respected on the creation of cited infrastructures.

From the top to the bottom, with the construction of new stadiums even the ticketing policies have been corrected. In fact, the price for the games average around 25 euros, a moderated one related to the year subscription that it's averaging the 225 euro, while in England it's about 590 euro.

On the basis of this thinking, the full attendance stadium has triggered economics system, putting on satisfaction of supporters and cash flow on football team budget, re-calling the interest of so many sponsorship companies as Audi and Adidas or Red Bull that invest in football and increasing the brand recognition of German clubs.

It's just at the end of this consideration that it's possible to affirm how the rule of 50+1 it's a concrete business model and not only laws imposed by the government, but an entire system where German football is based on, taking care of revenues and cost management.

Instead, the cost management are properly the closer part of the circle of the 50+1 model.

German teams are usually to spend so much in infrastructures and young academies, leaving a limited part for transfer market of playing, not feeling the needs to buying foreigners' players against youngest one that could grow at home.

They bet hard on young: that's the lever to hold cost management and saving budget from huge salary to best players (the ratio between cost of salary and total revenues is less than 40%, so low compared to Financial Fair Play rules).

I would underline how since 2013/2014 the Government financed more than 85 million of euro just for the building of infrastructures and academia sectors, let this amount grow year by year and reaping the fruits thanks by the golden generation players composed by Neuer, Kroos, Howedes, Boateng and Khedira who were the protagonists of 2014's World Cup victory.

To conclude, I would affirm how the German model it's probably one of the best in Europe with still movement of improving.

If it's positive that it's reflected on social and commercial environment on people thanks by the rule of 50+1, the negative consideration has to be done regarding the sportive competitiveness that championship propose, where there are every year only two teams that are fighting each other for final victory: Bayern Monaco and Borussia Dortmund.

### **3.1.1 BAYERN MONACO AND BVB CASE**

The red-white team of Monaco and blacks-yellow of Dortmund have been on the last 20 years the two principal teams that distinguishes from other in terms of sportive performance and revenues resources.

While for the Bayern Monaco winning it's a sort of attitude and routine, Borussia Dortmund known his most glorious sportive moment at the end of 90's facing complicated economic situation that passed over thanks by his fans, known in the world for their charisma.

Nowadays, their challenge is universal: from 2009/10 to 2013/14 they shared the five-national championships, three for Bayern and two for Borussia, the national cups and they faced on the European Champions League final of 2013 where Bayern Monaco won the game with a goal in the last minute.

Two different management model that has some differences and some point of touching.

First of all, thanks by its history full of success and elite players as Beckenbauer and Muller, Bayern Monaco has a sort of magic power to the fans, boasting the largest number of supporters in Germany and one of the best around Europe, thank by the numerous efficient policies of engagement with its fan-base.

On the other hand, Borussia Dortmund, build his fortune to innovative ideas inside and outside of the field and with the launch of best youngest players in Germany,

that sometimes once grow up and being enough competitive passed to Bayern Monaco, considered better for winning some trophies in European context.

On industrial level as said, there is the biggest difference, as Borussia Dortmund is a club evaluated on financial stock market of Frankfurt since year 2000, while Bayern Monaco never decide to enter on this financial sector because they really never feel the need.

In a parallel way on financial situation, even the stadium plays an important role: both teams can count on a property stadium.

Allianz Arena, that bring his name from the company who has stock ownership of Bayern, it's an amazing and modern stadium who could host even 75.000 people for games, built in 2005 for a cost of 340 million.

The "Westfalenstadion" of Borussia Dortmund, re-called for sponsorship terms to Signal Iduna Park until 2021, it was the object in the same period of a modernization and it's nowadays the biggest stadium in Germany.

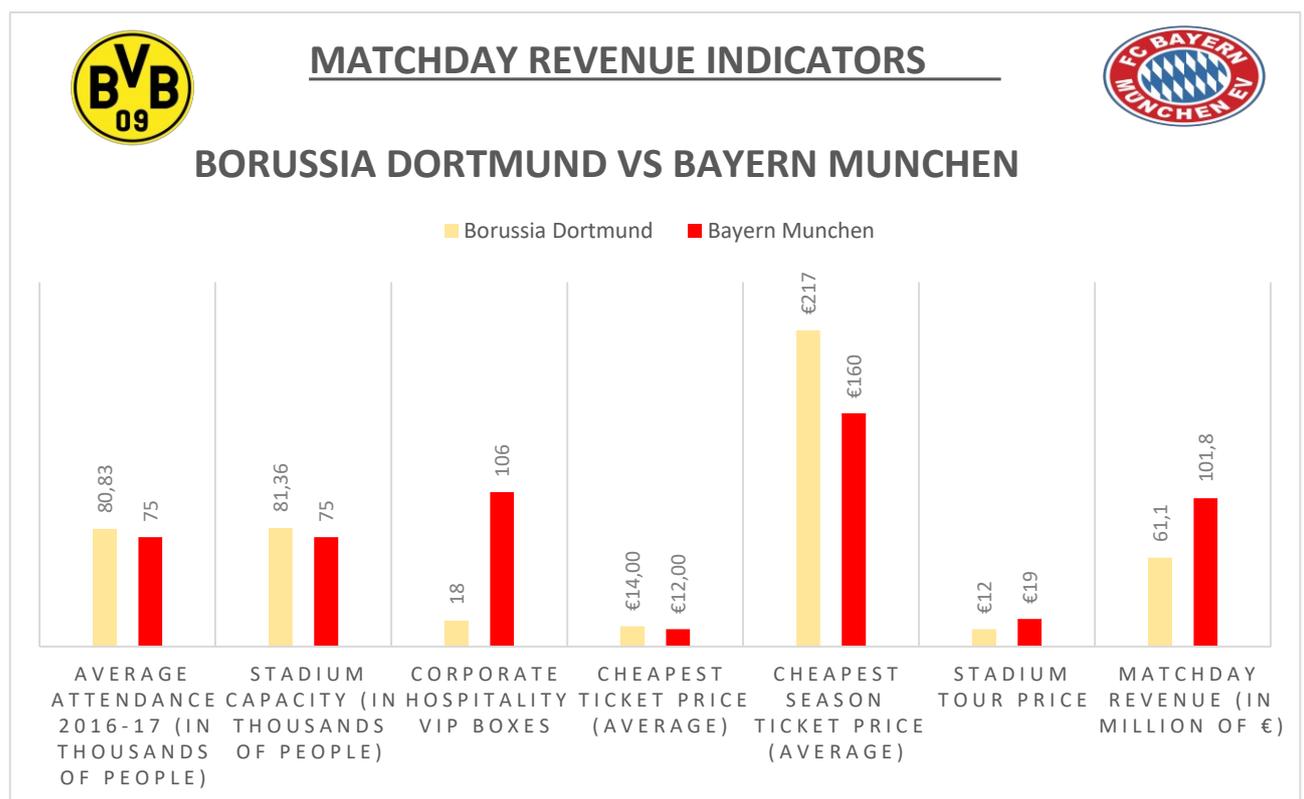
If stadiums, property and history facing analogies, a difference can be found on revenues.

Bayern Monaco does register more than 430 million of yearly-revenue, being stable at the top 3 position of European clubs, while Borussia Dortmund it's averaging to an amount from 200 to 250 million on average.

These data reflects what are the hidden method, as both teams they draw the major benefit from commercial revenues, being able to sign rich sponsorships agreement

and merchandising deals: in fact, the t-shirt more sold are these one of their respective captain, considered real symbol of the team and even of the city and ambassadors of a challenge that's always been present inside and outside the field, with the maximum respect but with an aggressive and sportive feeling against each other. (figure 11)

**FIGURE 11 - 2016/17 data of BVB and Bayern Munchen**



**Source** – Sport Business Institute Barcelona (personal translation)

### **3.2 REVENUES SOURCES AND MANAGING COST**

After have touched the general aspect of management in terms of business model acted by the property and championship league, I would focus the attention about a macro-area, referring to all the revenues that an industrial football team has to manage and rescue during their economic year.

If on the first paragraph the attention was focused on analysing a league management model with consequences on clubs in Germany, the second one is dedicated to another issue that management team on football could have to work with: managing cost of workers and generate new revenues sources.

Respect to the past, the revenues are correlated to different forms and more and more in the future the clubs will reach their economic goals before sportive ones. That's why we could affirm how all the revenues generated in a season will compose the balance sheet of a society, that will be evaluated by management staff for understanding what it works and what it doesn't.

On football sector, the general revenue is shared in three macro-area:

- Multimedia rights: revenues generated by transfer of tv right to television and new technologies
- Matchday revenues: generated from fans during the game-day
- Commercial revenues: sponsorship and merchandising activities (Cataliotti, 2015)

Starting from multimedia rights, they represent the benefit about broadcasting live or buffering the sportive games of a club in every digital platform.

The broadcasting of these event has able to break down national boundaries, sharing these rights into two categories: traditional, referred to pay-tv, and innovative, referred to internet, tablet and smartphone.

The broadcasting represents one of the major revenue resources for football teams, that let clubs to regenerate the cash balance at the end of the year.

In Italy this step has done starting from 1993 where football was previously seen on television thanks to sportive programs that tell about the game minute-to-minute without watching the game. After all, with the creation of pay-tv and the entrance of Telepiù and SKY in 2003, these communication channel provide to acquiring the rights for broadcasting games behind payments to clubs for the licensing of their games that make it possible the enlargement to every house about the football concept. The multimedia rights could be sold in two ways: by individual, where are the society directly involved on signing these contracts, and by public one, where there is a federation that decide to sell the games of its championship to a specific channel that will be shared to each club subsequently.

About the sharing of these rights, it's important to focus in a deeply way to understand the mechanism.

In fact, 40% of them are shared in equal part for each team, 30% are shared based on sportive results, and the rest 30% based on number of fans that every teams could exploit for their games.

In Italy, multimedia rights compose the 60% of total revenues realized by all the 20 teams participating in the championship.

Multimedia rights that always are related to the second criteria: the matchday revenues.

With “*matchday revenues*” it’s intended the term referred to all revenues generated by a club to their match-game, composed in:

- Ticket and subscription
- Food and beverage
- Corporate hospitality, as results of hospitality areas and executive boxes for offering services to pass an entire day at the stadium to family and children

People-clubs it’s the magical link where all the football clubs posed their business strategy, being able to offer to customers the most attractive experience they could design for, thanks even by the support of sponsorship companies that are engaged on marketing and merchandising policies.

In fact, with the term of merchandising, it’s referred to every sportive product that are finalized to grow the brand awareness of the club, correlated to shoes pair, t-shirt, souvenirs and so on. Customers, and fans in general, are year-by-year always

more attracted to collect or own some specific object of their football clubs, being satisfied and feel part of a unique corporate industry.

A corporate industry that acquire thanks by merchandising day-by-day more visibility in the world, attracting different sponsors that want to be in the first line of the club visibility.

These sponsors can be often shared in three categories:

- Main sponsor, which compare in front of t-shirt club
- Technical sponsor, as Nike, Adidas or Puma
- Institutional sponsor, referred to company who own their publicity during the game on billboards.

Another phenomenon that's developing it's about the practice of *the "naming rights"* where clubs allows to sponsor to name the stadium as Allianz Arena of above-mentioned Bayern Monaco or Etihad Stadium of Manchester.

The appeal of a club, generated by their brand recognition value and its appeal, could at the end generates a last bonus came from European federation (UEFA) that every year assign bonus to clubs related to their last sportive performance in European competition, tv rights and market pool.

For the year 2014/2015 for example, the UEFA distributed a total of 1 billion in part of 800 and 200 million. The first part was equally shared to all the 32 clubs that participated to the tournament, while the rest 200 million were distributed to Real

Madrid (57 million as winners), Atletico Madrid (50 million as loser in final), semi-finalist, quarter-finals and so on.

Just Real Madrid, as the team who won more Champions League than everyone, is the subject of the following study, touching thematic regarding the management process and how they manage their decision and revenues, adopting a particular and individually management skill for bound salary players into the limit, avoiding any kind of punishment by the Financial Fair Play and being at the same time one of the favourite team to win the European most-famous tournament: the Champions League.

### **3.2.1 REAL MADRID CASE**

Real Madrid it's probably the most famous club in the world, could counting on the biggest fan base ever and revenues more than everyone.

The history of Real Madrid it's so rich specially in the European competition, being the team with most victories at European level with 13 Champions league.

It's evident how before to arrive achieving 13 titles, Real Madrid was facing a sportive crisis period until the cup number 10, when it started to be an obsession.

In fact, from 2003 the club has always gone out of the cup in the quarter-finals or semi-finals before the arriving of Carlo Ancelotti as sportive head coach that let the club to win "the Decima" in 2014 against Atletico Madrid in the final of Lisbon.

For achieving this amazing sportive goal, the club has practiced a common and expensive policy: buying the best players on every transfer market window.

For the only price of tag of players, the club invested more than 1 billion since 2003, implementing by the pharaonic salary proposed to them.

Let's keep an eye to these investments: after the victory in 2003 of the 9<sup>th</sup> cup, Real Madrid bought during the years players as Robben, Sneijder, Beckham and so on, being eliminated and not improving so more their sportive results.

As obsession, in the 2012, Florentino Perez president of Real Madrid decided to buy two players of 100 million of euro each: Cristiano Ronaldo and Gareth Bale that have led the club to the famous 10<sup>th</sup> cup a year after, touching the amount of 1 billion and 62 players acquired in 10 years.

On the calculation of these cost management, the payment for salary has always been so expensive too, get the club to adopt a specific political economy for the salary.

On these criteria, it's taken in consideration the imagine right that every player could exploit as a personal brand for merchandising or spot events, that reflect the value of the players in terms of salary proportioned to how much they help club to generate merchandising revenues.

These aspects bring the club to establish five different bands for salary payments and criteria:

- Players who won the Golden Ball: those are the players with the highest salary in the team as Cristiano Ronaldo.
- Players who are candidate to Golden Ball: It's possible to find the other great players of the team that are candidates almost every year to this singular and prestigious trophy as the captain or sometimes the forward of the team
- Top-players: it's referred to players that have a huge impact during the game but they won't be candidates for Golden Ball for their technical position or because indicated to be as "good but not the best"
- Intermediate levels: composed by players that are important but not necessary for the entire organization

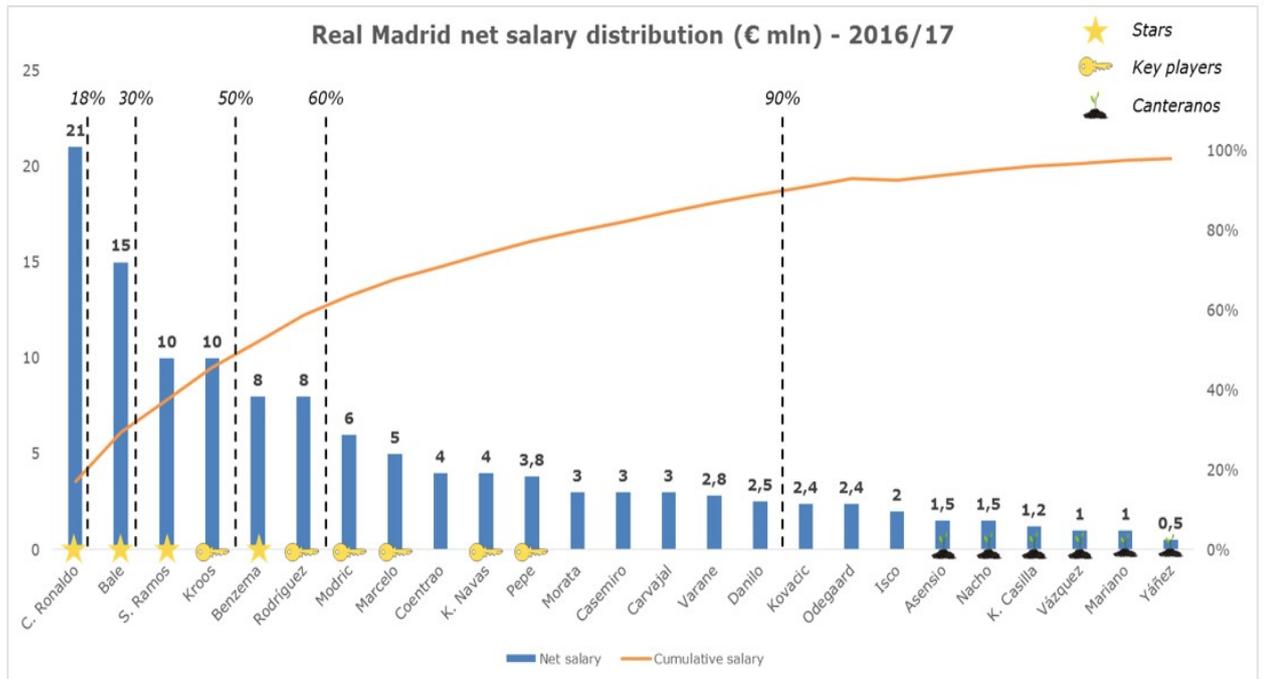
- Academy players: structured by youngest players who came from academia or are just at the beginning of their career at top-level. (figure 12)

To conclude, the aim of these business it follows a simple philosophy: motivate players to do their best, even creating some problems for salary inside the locker room but finalized to achieving the best results ever for the club.

A management criterion finalized to englobe the total cost of salary into sharing the maximum available budget imposed with the role and importance of the player in the team, paying him due to his sportive value and performance and being even considered more or less important as “product to sell”.

Consequently, more the club obtain sportive results, as principal dogma of entire economic system of Real Madrid, more players will be paid for their performance.

**FIGURE 12 - Payments of Real Madrid 2016/17 squad**



**Source** – Il business nel pallone, 2018

### 3.2.2 SAINT-ETIENNE CASE

Opposed to Real Madrid, considered the best club ever in terms of richness and prestigious, it's time to be involved in a small French realty that has lower cost management and revenues resources compared with the Spanish club: Saint-Etienne.

Founded in 1930's by one of the most enterprise of that time, Saint-Etienne celebrates in 2013/14 the 80<sup>th</sup> years of its foundation.

Being the only team in French championship to gain the title for ten times, the club has built its fortune in the 70's when it could be deployed on the field players as Platini and Rep.

When the golden years came to an end, the club passed through serious and difficult moment, risking to be relegated in Ligue 2 for so many times and passing through financial and autocratic problems that were interrupted at the beginning of the 2000's with the entrance of two new members of majority: Caiazzo and Romeyer.

Members who has structured the club in a rigid way, adopting an *austerity* policy that was so contested by fans, but it took efficient results years on.

This austerity policy it's continuing to be structured in three main points:

- Cost management
- Rise of revenues
- Revival of sporting values

As said the goal was touching the cost management and the club bring in football for the first time ever a new economic policy for salaries: salary cap.

It consists in a sort of maximum limit that club imposes to their players for reducing salary.

In fact, nowadays players that came to Saint-Etienne knows that their salary is prevalently composed by a fixed part of 90.000 euro and a variable part that could arrive to at most 30.000 per month. In this way the club will motivate its players to do their best for reaching personal aims and at the same time can limit the salary cost for reinvesting these amounts of saved money in other fields.

In the first 3-years of this salary policy the club has been able to reduce salaries from 50 million € to 17, the same salary that Ibrahimović perceived alone in PSG. With these funds saved on the salaries, the club did a restyling and an enlargement of their commercial and sportive structures. It has been completed an important investment of their store, a new boutique of 800m located near to the stadium, where fans could find and buy any possible souvenirs from the club. Thanks, by this investment the society was able to revenue more than 10 million of euro from merchandising, an amazing result considered that it counts supporters only on national boundaries.

Consequently, due to completed work even on sportive infrastructure, it started a modernization to the stadium that is occupied by 30.000 fans for the most appeal game of the Saint-Etienne.

Stadium that it's considered as prestigious showcase to shows off to other teams their teen stars that will be sold to prestigious teams, guaranteed to the team to not face off problematic in terms of financial situation as Matuidi (sold to 10 million euro to PSG), Aubameyang (passed to BVB for 16 million) and Zouma ( moved to Chelsea for 15 million).

Transfer market it's just the final point of the financial strategy that the two major members adopted, that let the club to compete not anymore for the relegation but even for European qualifying competition. A huge step ahead it's been done through the years, thanks by this point of view let possible to other provincial teams to develop their model based on cost management correlated to satisfaction on sportive results.

### **3.3 ORGANIZATIONAL ASPECT ON FOOTBALL INDUSTRIES**

Following on the examples of Saint-Etienne and Real Madrid, where some management area of teams preferred to put football first and commercial scenario as a consequence of team performance on the field, the opposite journey can be described mainly by two other French club: Paris Saint-Germain and Monaco.

Two scenario that confirms how in football sector there no pretty close model to generate business as unique one, but every team, starting from their society decides which strategy could be better for run their company. On the following examples I would like to focus my attention to how single entrepreneurs are controlling clubs and adopting different method to gain the same final object: a perfect combination between sportive performance and commercial business one.

That's why if Real Madrid, as principal described could boast of a corporate structure based on "Public Business" at the beginning of chapter 3 with cost management and revenue sources policies, different scenario and management strategies will be illustrated with the two following examples, referred to these two French club with a corporate strategy "It's my party!", where the commercial forces are the heart of the matter.

### **3.3.1 PARIS SAINT-GERMAIN CASE**

France, in terms of football, it's always seen as a really good squad for the national team thanks by fabulous young players born in its region, as Zidane, Henry, Platini and so on, but it's always seen on the other hand as a not so competitive championship due to few teams that earned along the year an European football respect. As the history explain and shows off, only Olympique Marseille, Olympique Lyonnais and Paris Saint-Germain won few trophies in the European competitions, especially the club from Paris who is the principle subject of this new business model.

In fact, Paris Saint-Germain passed a glorious past at the end of 90's before to be involved in a financial crisis that involved the property that didn't want invest anymore in football.

Consequently, even if the club was considered a prestigious one for young footballer as Pauleta or Ronaldinho, the club wasn't surfing calm waves before the arriving of a Qatar Investment Funds in 2011, leaded by Al-Thani.

The Arabic prince, who has to recover the loss of the club counted for 270 million for decade 2000/2010, was the first entrepreneur to enter in football business, selecting France and Paris Saint-Germain for different reasons.

These reasons could be explained principally as political and economic, sportive and commercial one.

The first one is probably the most hidden one and could be interfaced with long agreement and investments that Qatar funds did on France industry, relatively to mechanism industry and tourism too.

The petrol, principal resources of Qatar Investment, was the real knot to link between the Arabic prince and French Government, establishing some deals even after the assignment of World Cup to Qatar for edition of 2022 as explained in the previous chapter.

In addition, Qataris has bought some stock of important industrial French companies as Total, Veolia and Airbus Group for developing even social policies referred to art, urban life and welfare.

It's only taking care about huge investment and role of Qatar funds in France's economic and social situation in Paris that is possible to understand how finalized to the previous condition, the sportive consequence came hand-on-hand.

On doing that, after the assignment of 2022 for the World Cup, Al-Theni was looking for a huge European capital to invest in that could guarantee a good sight to Paris and even to Qatar funds for the future.

Going on, the Qataris prince decided to insert investments in football and starting by the 2012, Paris Saint-Germain started its run to the European hierarchy, building a business policy based on big investment for acquiring the best players.

An example of “It’s my party model”, totally managed by Al-Theni that brilliantly decided to get at the heart of the matter the foundation and the building of a new modern stadium: the Parc of Princes.

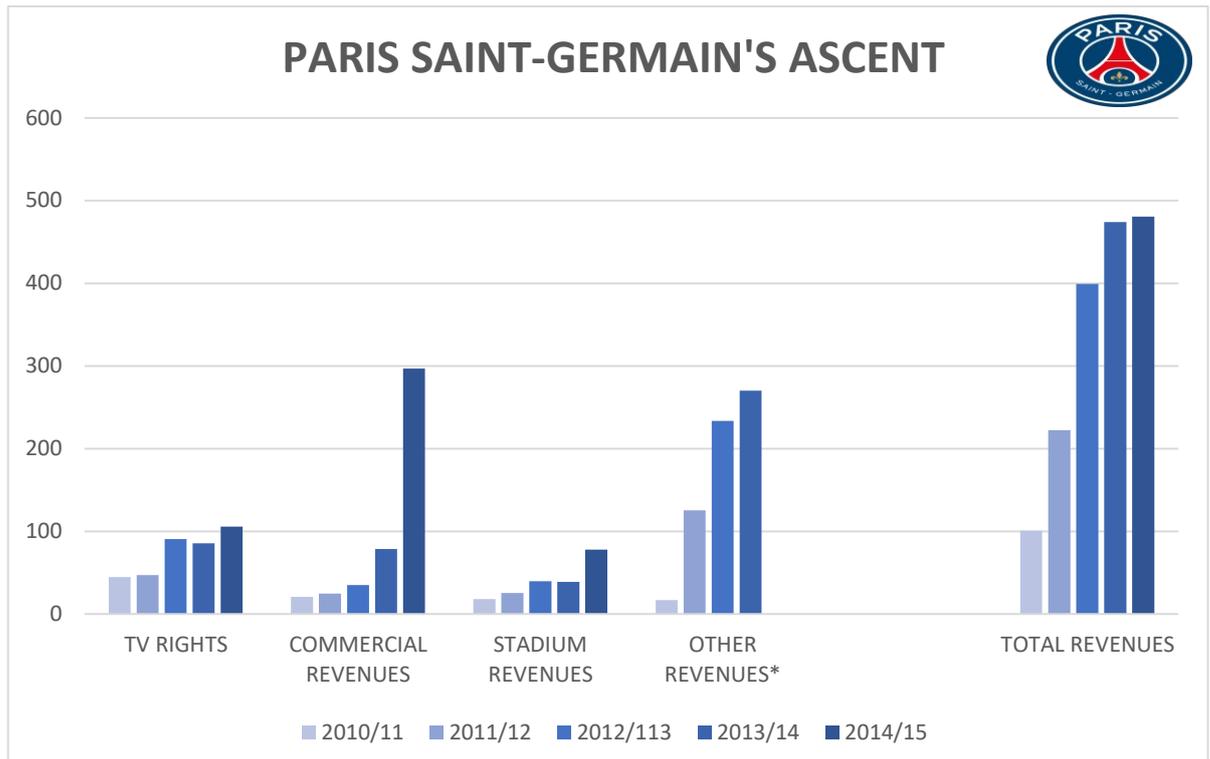
The stadium was just the first point of his policy, that as said before could be identifies and processed in parallel way as Chelsea for England.

In fact, if in the first year the London club spent almost 300 million of euro for players as Robben, Veron, Crespo and Drogba, subsequently the French one invested more than 350 million for acquiring the sportive performance of Lavezzi, Cavani, Di Maria, Ibrahimovic and Thiago Silva. In a major industrial point of view, the real difference is done by the fact that Paris Saint-Germain it’s the only famous club of the French capital, while Chelsea is only one of famous sportive companies of London, as Tottenham, Arsenal and so on confirm.

A uniqueness of the city leads Al-Theni to exploit at most what is referred to commercial part of his investment, the *brand awareness*, settled in exponentials terms due to the lack of competitiveness of famous brand in Ligue 1. (figure 13)

A good commercial strategy that nowadays it’s the crucial part of PSG model, letting be the privileged team in France and let the club be focus only on roading at maximum the hierarchy of financial European elite clubs.

**FIGURE 13** – Revenues of first years of Al-Theni as President of PSG



**Source** – Calcio e Finanza, 2016

A hierarchy road that could be helped by the impressive sponsorship partners that Qataris had in possession, implementing the marketing area that has to be directed

to all the fans of the world and even in communication form with the media, real new thinking of PSG model.

So, the media for the French club is considered as the principal tool for selling its product around the world, adopting even *aggressive marketing policies* thanks by spot acquired or announcement published in French National television.

That bridge instituted between television and football player was exploited at most thanks by David Beckham, famous English player that on 2013 arriving to PSG for playing some seasons at the end of his career. Beckham, acquired from the club more from his commercial appeal than sportive one, was so useful to the club for selling more than 150 thousand of t-shirt with his surname on back, that went sold-out in few months in French, Asian and North-American market. That's why, thanks by these commercial policies that PSG changed and improved his revenues from 80 million of euro before the case of Al-Theni to almost 600 million of total revenue nowadays, ranking the number 6 position of this special standing beating even Chelsea and Roman Abramovich too.

This resounding rise has the goal of revenues from *ticketing, merchandising and sponsorships agreement* subscribed with huge partners as Nike, Emirates and Qatar Tourism Authority. In addition, to extend at most the importance of his brand, the

PSG decided to set friendly game and tournament in summer around the world, touching almost all the possible continents, considered vital function for the selling of t-shirt and uniqueness of the brand development. Even the Parc de Princes, that was the real innovation of this 10-years project, is on work in progress for extending his attendance capacity to 60 thousand people with an investment of 75 million of euro.

To conclude, PSG, is a club in a fully evolution with middle-long term projects that was principally made it possible by the good work did by Al-Theni, that if at first was seen as an enemy by the Presidents of others French clubs, now it's a sort of Leader of the entire French football movement have settled a good relationship approach to other clubs to collaborate to a unique goal and don't set a war clime. Collaborations that are continually renew by meeting that Al-Theni must want to do with other members of community of Paris and French club, touching different sport and different member for let French football product sold more and more with the passing of time, starting from the initial year of 2012.

### **3.3.2 AS MONACO CASE**

If, despite the similarities, Chelsea and Paris Saint-Germain face each other for the supremacy of their business model, the French club has to beat another sportive enemy in its country: AS Monaco.

The club of Montecarlo is upgrading and rising its value thanks by his Russian owner, Dmitry Rybolovlev, that since his settlement to the club did different measures and reforms compared with other clubs to bring value to its investment in football sector.

In 2011, AS Monaco was facing one of his worst periods of its history, with the club that was conducting a poor sportive season risking to downgrade to Ligue 2, the second series of French championship.

AS Monaco, that has always seen as the best club in France for launching new young players that in the future became top players, as Henry, Trezeguet and Djorkaeff and so on, was in a critical situation where the property needed to sell the club for his lack of competences and economic funds to invest in.

In December of that year, the Russian Rybolovlev acquired for the symbolic amount of 1 euro the property of club, changing the economic trend and promised to all the fans to bring the club at the top.

The Russian magnate, who has estimated to have a heritage of almost 7 billion of dollar, interrupted on the scene acquiring two of best players in Europe, as James

Rodriguez and Radamel Falcao for an amount of more than 60 million, an insanity for that moment.

What it counts more than investments, it's the managerial and strategic planning that club practiced, representing an innovation for the general overview of football. The uniqueness of international growing model stands on the idea that managers has to build around, a sort of "*luxury brand*" of football area, transforming a poor club with difficulties to fill the attendance seat of each game to a luxury product known around the world, as a precious diamond for remarking the luxury and the richness that every day are typical of Montecarlo.

As for the Formula 1 GP, the famous race of automotive cars, the philosophy behind is the same: attracting investments for showing off all the luxury that city owns, having on this way the possibility to mix elegance and brand value in one financial movement.

The essence of this model, authentic around the world, is a "*Business to Business*", which members and directors of club inspired to exploit at most the richness and creating new one, using a lot of commercial idea and affairs about sponsorship than revenues came from ticketing of football games.

That's the new way touched: increasing affair thanks to the image of the city more than sportive performance of the club.

The logic of this model has to be found and was made it possible specially for two reasons: the first one is about the poor population that lives in Montecarlo and

consequently not so much people interested in football, the second one is about the beautiful landscape of French corner that every year attract due to its richness, luxury and tourism business men.

Lucky, for AS Monaco, was as preannounced before the rising of other clubs as PSG and Olympique Marseille.

In fact, if the other two clubs could count on money power and a burned supporter, the club of Montecarlo has in the investments the only resource to compete, increasing the competitiveness of the championship that in the last 10 years ago was not so brilliant and attractive to sell even for TV or mass media.

That's why the settlement of a third club as Monaco, with its famous investments has a crucial part for the entire French football championships, because every team and specially the French federation could benefit of Rybolovlev's acquirement.

On the other hand, we shall analyze the data of French championship before the arriving of AS Monaco's property to testify how much was low the level and business affair of football in that country.

In the last years, French system accused a heavy crisis that bring some famous club as Lens, Nantes and Auxerre to face demons and being dimensioned after poor sportive performance. Even numbers testify this difficult situation: in fact, on the season 2011/2012 the professional French club registered a loss of 143 million of euro, while the next season the loss was around of 200 million.

The triggers can be identified with the investments that overpassed the revenues, specifically related to transfer market player, and the salary cap that has never take into account for take the account in.

Surely, thanks to PSG and Monaco, some clubs bring the light in, thanks to new property that invested more for bringing players that was the inner strength to let the system restart with merchandising and marketing policies about selling T-Shirt, supported by new television companies that enter in this world as Qataris one, Al Jazeera, and Canal Plus, historical French channel. The data confirm in this sense the improving did by the French league: in fact, if agreements stipulated in 2008 (before the arriving of new properties) could let federation earns around 680 million, for the season 2016/2020 this agreement will bring to club's cash flow more than 750 million, with an increasing of 12%.

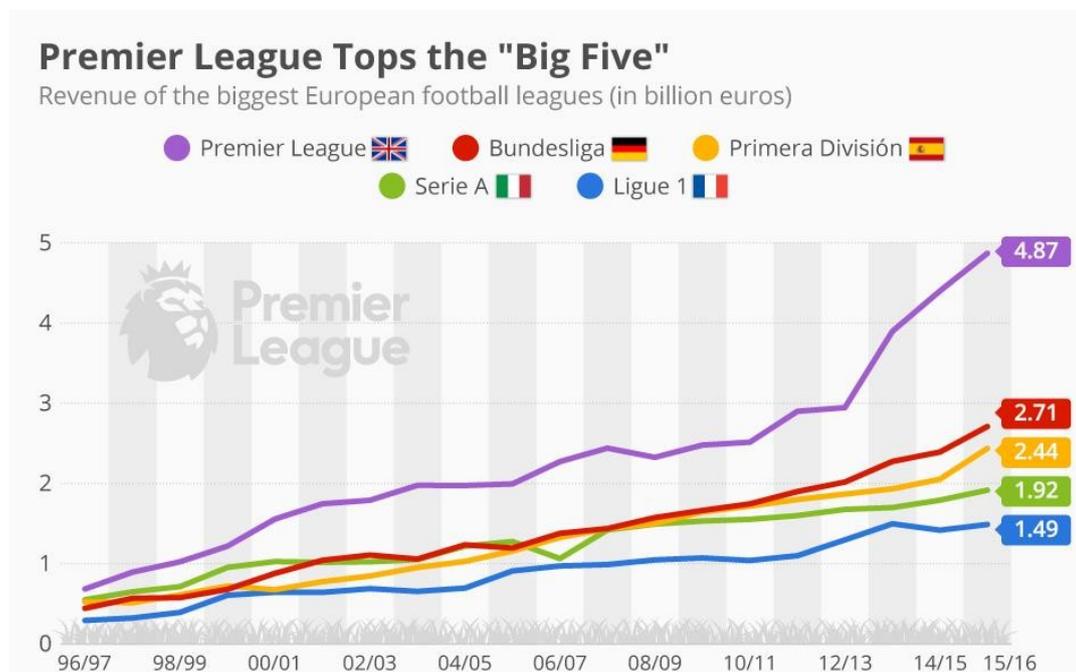
Consequently, with the entrance of new foreigners' properties even the average attendance grows at most, passing from an average of 18.900 to 23.000 of his last 4 seasons data combined.

Surely, the French club it's always on last position of top 5-elite championship compared to Europe, as a sign of hard work and investments that are necessary to bring clubs and federation to increase the business affair of football in France, so underrated and not-exploited. (figure 14)

In this way, the consideration proposed is that how so league needs to single club that carries on all the entire movement of football, mainly with clubs owned by "It's

my party model”, considered the easy way to compete and fill the gap compared to other leagues and clubs with different sportive history, management policies, and competitive advantages.

**FIGURE 14** – *Top 5 Championship affairs compared*



**Source** – Deloitte, 2017

To conclude, Al-Thani and Rybolovlev have opened with their different business models a new way for future entrepreneurs who are ready to believe in French football. It's seeming that the opportunity has captured by Azerbaijani businessman Hafiz Mammadov, that recently acquired Lens club. Even if it's a good step ahead, obviously could not be enough 3 foreigners' property to give prestigious of French national championship, that despite the absolute value of his national team that won the World Cup in 2018, still has a lot of steps to do, in terms of infrastructures, economic policies and even marketing one to increase the appeal and the brand value of its teams.

### **3.4 STRATEGIC MARKETING**

As a logic consequence, from a clear and right management strategies regarding cost management and generating new sources, clubs has to face the external part of football business, intended as the relationship and the engagement between the club and the final customers, supporters in a B2C market, and even collaboration team strategies, in a B2B market that's not so exploit and diffused.

On this way, with the term strategic marketing, is meant all that activities that clubs does for facing with customers and being sportive product more appeal for been sold.

The strategic marketing it's a tangible aspect on football society, including different point of view and aspects that has to take into account for achieving the best commercial strategies.

First of all, almost every team on developing their marketing strategy are helped by a common tool that in marketing sector is called SWOT analysis, involved Strengths, Weaknesses, Opportunities and Threats.

SWOT analysis is just a developed way of interfacing for a club to the commercial world that could help to the club to analyse which are the strengths point of its brand, the opportunities to catch and the risks to avoid or to manage.

On this way, an example could have been done by two clubs; Real Madrid and Barcelona, that are probably the best two on the world, disputing a big rivalry on the field but being the best commercial friends outside the field.

About the strengths, both could use their appeal over people from around the world, concluding more and more the appeal that they own over fans, thanks by the power of their brand name and logo that let them possible to establish amazing contract with industries as sponsorships as Nike, Adidas, Qatar Airways and so on.

If inside the field they are probably the most enemy of each other, their brand name up outside as *absorptive capacity and competitive advantage* that lead against every other clubs, inducing people to buy their products for sustaining their rivalry.

A rivalry that surely hide which could be even for them some weaknesses, as the origin of their fans.

In fact, Barcelona is a club of Catalunya region that is going to be more and more independent by Spain government over the years, inducing the local fan of this region to be sceptics against the international fans that are approaching with the club. On the other hand, thanks by the expansive political that Real Madrid did over the years for acquiring famous players as Cristiano Ronaldo and so on, the brand name risk to lose its value passing on background, by the famous impact on image that could be accomplished by single player and not by the collective team in general. As a result of personal record as Cristiano Ronaldo did, the club risk to be cloudy by the importance of single and not valuate at most the society.

Consequently, on the simple analysis, these weaknesses could be replaced by opportunities.

In fact, the clubs could have the choice to strengthen up the relationship with his stakeholders over the world and even the social media communication, occupying best place ever and touching every angle of the globe with a common photo on Instagram or a tweet on Twitter.

At the same time, couldn't be avoided the risks, as the financial crisis that affect Spain in general or the enlargement of salary cap that distinguish both during the acquiring of top players in transfer market windows.

After the first step of SWOT analysis, a society has to be good in recognize, collect and convert numbers from data to revenues.

Consequently, had analysed the opportunities and so on, the clubs have to monitor in real situation which are the changeset to apply for surfing the waves, considering how there are new international market that offers different opportunities in terms of financial agreement and visibility.

Thanks, the football society are trying day-by-day to catch these opportunities and starting to build a process that let to export football outside their boundaries. An efficient tool is structured by different research that club does for understanding which are the market to exploit and how to be engaged with potential fans and customers for the future.

That's why the research is finalized for: understanding the taste of customers and create a football product that respect at most their expectative.

For doing that, clubs are usually to apply researches that could be sum up on two types: quantitative and qualitative one.

The first one is conducted for understanding the feeling and perceiving that fans have of the club, studying their behaviour or characteristic that they are searching for respect their expectative with common pool on Internet or just applying some form individually by the club's website.

The other one, the qualitative one, is about their taste and deeply opinion. It's subjected to fans who often subscribe to the club's game at home and can be conducted as an interview by the phone, where club is interested to know what consumers and fans think about sportive condition, commercial store and chances and even what they will do on different shoes.

Only at the end of these parallel research all the information collected into big database and explained to marketing part of society thanks by graphs and table, with the aim of formulating new strategies for being the business to customers method efficient as never.

The next step of strategic marketing is about *segmentation*.

In fact, after have analysed data collected, the marketing part is usual to segment market in different areas to touch everyone with a different approach.

With the process of segmentation, a club share their customers into categories that cluster fans of the same economic level, social one, or geographical, for achieving the right target to touch in the right way, offering different product and building a competitive advantage against the other clubs.

The segmentation is always done on the following criteria:

- Demographic segmentation: share customer over criteria as instruction level, age, economic level and so on. On this way is possible to offer different packages for young as ticket promotion for home game or event on hospitality area, or glamour products for catching women.
- Geographical segmentation: restart their fans over national or international scale, deciding on which region put the club effort. In particular, top clubs are evaluating and approaching the north-American and Asiatic market more and more with summerly tournèè or international events.
- Segmentation on loyalty: sharing fans who support team independently by sportive results or if they are affected by them, being difficult to catch because related to sportive aspects.

Consequently, with the analysis done, the club will elaborate different strategies for being aggressive on the market and maximizing revenues, deciding which is the segmentation to touch and to face with, considering the risks and possibilities of revenues for every segmentation on details.

### 3.4.1 CHELSEA MARKETING CASE



One of the most active football society on marketing sector is obviously Chelsea. The London club, owned by Roman Abramovich, works constantly on market analysis for understanding how upgraded its offer to fans for purposing products on major quality. As example, I would take into consideration the market analysis of 2013 developed by their marketing responsible area finalized to obtain more information about their fans and customers. (Cataliotti, 2005).

First of all, it was settled the aim of determining the level of satisfaction of fans who were participating at Stamford Bridge during the season's games.

The club tried to understand which were the factors that lead fans to passing a good day at the stadium, focusing on *matchday experience* and its strength and weaknesses.

The marketing managers decided to create a form to subscribe to their fans, helping the club to segment their fans and asking them prevalently information for evaluating the profile of their customers and fans, with questions regarding their profession, age, and how many times they are used to go to the stadium.

On this module the touched and most important aspect was pointed out where the ticket of the game and hospitality area. If the research highlights how fans were disappointed about the price of the game for common game, complaining of being too much expensive, on the other hand, the managers area could obtain information about how fans are approaching to the game, including a beer before the game and the possibility to spend the all-day long after the match to a park near the stadium.

Thanks to a simple questionnaire, Chelsea football club rechanges their marketing plans, implementing the hospitality area and facilities with an investment of almost 10 million of euro, let people to feel at home at most for the game, proposing even different package of ticketing for games.

The most common package used for reducing the problem of ticketing, it's a system even present in the NBA, where for a symbolic amount of 100 dollars you can buy a package of 3 games, saving money compared to buy ticket singularly and having a discount even on food beverage of the club.

That's the way for a top-elite club to operate in marketing area: starting from a simple form to fill by their fans, understanding the weakness of the model,

deciding the segmentation where the effort and investment has to put in and finally to operate to their interest for having at the end a major revenues as thanksgiving for the efforts did.

### **3.5 NEW MARKETING TRENDS IN FOOTBALL**

Subsequently to the analysis of market for the choice of the marketing strategies, it's important to keep an eye and focus our attention to the operative marketing, structured principally to "4p" that linked together generates the basis of marketing mix.

Those "4p" are in order the characteristic of the product, its price, promotion to sell it and placement, intended as channel of distribution.

#### **PRODUCT**

- It's referred to the product that every firm can offer in a market to satisfy the needs of customers. With this variable of marketing-mix is intended the choice about what is best to produce and sell, the quantity, design, packaging and so on. On football area there are so many products about whom designers has to decide in, as T-shirt, probably the most important one considering that T-shirt is the most identifiable object for a consumer

to identify the club with. Every year, a football club in collaboration with designers apply some details that change a bit the composition of the t-shirt, renewing the product every year and let club generates huge revenues only with the aesthetic colours of the product. Just for a yearly t-shirt is possible to touch different stages as launch, development and surfing the wave and decline, that consist always with the ending of the sportive season.

With the launch part is intended the period of preparation of t-shirt players, where club introduced the product on the last game of the year, inserting in the market. Accompanied successively with campaign spot where players are wearing the new t-shirt, the society is getting in the development part of the product, that's the economic boom where consumers are so attracted by the new product that decide to buy in immediately for getting the exclusive. It's only on maturity stage part that profit trend to stabilize, where a society understand how much successful was the campaign of the new t-shirt and is preparing to see the last part of the product life cycle, decline, that correspond to ending of the season and discount on products.

## PRICE

- Relatively to the price, it's decided taking care about cost production and the appeal of it, referring to brand recognition and name and the aesthetic beauty of the t-shirt. For example, when a society decides his policies about pricing, the club often decide to put a minimum price at the beginning, for increasing it during the season and maximize the product revenue once you get the approval of the fans. That's kind of policy is called politics orientated to profit. Another aspect referring the price is the ticket of a game. Considering a game where there are two major opponent that are competing each other and one where the home team is facing a poor sportive team. The price, consequently won't be the same, inducing the club to adopting a *discrimination on price* referring to who is facing the team and considering another sportive variable. Other policies of discrimination of the price for the ticketing part can be done about the period of game: in fact, during Christmas or Easter it's possible to touch on hand the different strategies that a club is adopting.

## PROMOTION

- With the term of promotion is referring to the product that should be arrive to the customer on time and under its best condition of buying. Promotion is referring to all the process between the producer and the consumer structured in direct, where consumers buy directly the product from the firm, and indirectly, where the firm sell the product to its customer. For gapping the distance about a consumer from a geographical part of the world and its club the best tool used is Internet. Thanks, by the website or other commercial platform a customer could even decide to buy its t-shirt from home and waiting its product arrive in few days. Same speech can be done for a ticket game too. In fact, society are developing more and more the possibility of promotion a ticket package even on Internet, avoiding to its fans to go directly on club' office for buying it.

## PLACEMENT

- With the term placement is intended how club it's usually to interact with their fans, building social media channels or even detailed websites.

On football field exists so many forms of placement: a club could spot their products in different but complementary ways. Those policies are pretty close to each other and they can be distinguished in posters or digital economy. *Digital economy* brings to football a new fresh way which clubs build their strategy thanks by the web marketing and social media, that let club possible to sell products to everywhere, engaging with fans about every aspect of club cited. News about transfer market, lifestyle and music about players are only some tool that clubs used for extend its community and sign new sponsor or marketing agreement with other entities, using often a self-deprecating approach for engaging people more and more. Surely, the revenue related to marketing it's difficult to be calculated on quantitative number but surely, it's related to image of club and visibility. Visibility that based his power on social network and web platforms about profile of clubs or even players. Everyone and every teams nowadays own a social media profile with great numbers, useful for players to achieve extra revenue in terms of image right and for clubs to enlarge the engagement with their fans thanks by the entrance of a new work-role figure called social media manager.

### 3.5.1 INNOVATION ON MARKETING STRATEGIES

Over the last 10-15 years the relationship between customers and firms is going to change, witnesses of a movement that thanks by the import of technologies in football has developed new way of conceive football and marketing related.

The major consequences were affected by the entrance of new competitors on football world and a continuous need that fans ask more and more to their clubs.

For doing that, football clubs need to re-asset their internal organization in efficient way, creating new market segmentation to exploit and changing their point of view in terms of merchandising.

That's why there are developed principally 3 new marketing innovative strategies that I would explain better in this last paragraph.

#### VIRAL MARKETING

- I already underline how nowadays the new technologies based on the use of web let firm to relate with their fans even through feedback.

A kind of promotion so diffused it's the *viral marketing*, a tool based on word of mouth between fans that help the spot message to be diffused. For example, the Premier League created in the last year a fantasy football (in Italian "fantacalcio") where users could register and create their online Premier League's team, checking weekly based on real sportive results of players as goals, assist and so on. This online game is really appreciated to

fans but even to clubs that could promote their sponsorship agreement thanks by insert-up on the online game platform, engaging with fans that on the year 2013/14 arrived to 4 million players. So, the Premier League though the signing of users it's able to take back fundamental information on fans, being as intermediary between the relationship firm-users. That's why the viral marketing is a strategy pretty recognized because doesn't create problem or disturb to users, that on other hand thanks by word-a-mouth extend a message of playing in this fantasy league.

## REBRANDING

- A second innovative tool used by clubs it's the process of *rebranding*.  
With the term "rebranding" it's possible to identify the set of actions with managers of other firms apply changes to brand, with the aim to guarantee a better position to the market of the brand, being more competitive and appealed of competitors. In football sector, rebranding policies could influence elements as logo, name, slogan or t-shirt: on this way the managers it's as apply a restyling of the way of being perceived of the club. Three examples can easily be recognized in Roma, Monaco and Juventus

(figure 15) that changed their logo softly, generating a modern logo with the consequence of a return of investments.

**FIGURE 15** – *Juventus's logo over the years*



**Source** – Deloitte Sport, 2018

Another one has been done by AS Roma. In fact, since 2013 the new American president Pallotta is trying to make the brand more modern, changing the logo and even the slogan. On this way the strategy was to bet on a major visible identity that reflect at most the “Eternal City” with a simple logo and slogan, as to let intend that no city can be in world be as Rome. A different point of view strategies, even more commercial has carried on by Paris Saint-Germain that delete on his logo the writing “Saint-Germain” giving more importance to Paris, putting Eiffel Tower directly on the logo to accompany the writing and the importance of Paris. The logic behind this movement can be rescued as the way to giving less provincial power to Saint-Germain and giving more international importance and appeal to the city of Paris, reflecting at most its principal monument.

To conclude, these rebranding policies have some negative aspects: an aggressive strategy could lead the club to a lose of identity, risking to lose fans and brand recognition identity and will create problem to romantic fans who are engaged with the ancient way of perceiving the club. That’s why, in my opinion, it’s better to change the restyling of a club in a softly way, taking care about risks to create the image of a club completely different by the realty.

## CO-MARKETING

- Lastly, the last innovative marketing strategy is the *co-marketing*, that process by which two or more economic operators works different ideas to achieve goals compatible with each other.

That's the case where many co-marketing typologies are faced, passing from simple agreements to deeply collaboration between different clubs or between different sports. The fresh case is about the technical sponsor that Air Jordan, the famous branch of Nike created by Micheal Jordan has reached with Paris Saint-Germain, going hand-on-hand by a basketball sponsor with football team. This kind of agreement let to each other have a great visibility, combining the powerful of two sports to commercial goals, having the logo of Air Jordan in PSG' t-shirt, and at the same time the possibility to PSG to be visible to basketball players that wear the football club's t-shirt as a common clothes.

Co-marketing can even be identifying as the internationalization of sportive society to extend their fan-base zone and be attractive to new important sponsor. In Italy a common example can be done just seeing the alliance between Roma and Boston Celtics, both owned by the same president Pallotta. In fact, in summer the basketball squad came in Italy for friendly

game and strengthen up this agreement. Other examples are found even with other sports and football clubs. Just for saying some of them: Liverpool with baseball Boston Red Sox, Chelsea to F1 team of Sauber or Sunderland with navy firm of Team Korea. To conclude, I would highlight how these rebranding policies can even be signed by football team and single athlete. It's the example of Manchester United that exploit at most the commercial spot of Usain Bolt, proved as football players or Federica Pellegrini, swimmer often seen to support Juventus. So, consolidated it's the relationship between football-tennis too. Thierry Henry, historical player of Arsenal has seen being a supporter of Roger Federer, who on the other hand participate sometimes to Arsenal's home-games. Rafael Nadal, the major sportive enemy of Federer it's a clear Real Madrid supporter as Andy Murray it's pretty interested to Fulham. Formal agreement or simple invitation that gives a real prof about the engagement between athletes and football clubs or between football club and sportive companies.

To conclude, the marketing considered as a tool or strategy for increasing revenues for firms can be shared by different components: athletes, teams and fans. The perfect symbiosis of three mix let economics and specially marketing to get involved directly in daily life of people, accomplishing economics results for companies and enjoyed fans with the pure passion and importance of sport. The importance of those famous players, despite their

current kind of sport, it's probably the human capital that every club or firm try to used at most for commercial goals, combining once for all, the perfect mix between economics and sport without avoiding the loss of human values.

## APPENDIX

During the preparation of the work, I personally conducted a pool where I asked to people how much they know about football, based on a *brand recognition model* where I putted logo of 15 different football teams and asking them to answer me indicating the name of those teams. The idea that moved me on doing that was deeply understand how much are diffused concept as t-shirt appearance design or brand awareness for European football team, tasting passion of people for football with economics or marketing skill that fans should have in.

After have collected more than 50 answered, I decided to post the results for having some considerations.

← BRAND RECOGNITION POOL ☆

DOMANDE RISPOSTE 52 Totale punti: 45

LOGO N°2



Testo risposta breve

LOGO N°3



+

Tr

?

← BRAND RECOGNITION POOL ☆

DOMANDE RISPOSTE 52 Totale punti: 45

LOGO N°4



Testo risposta breve

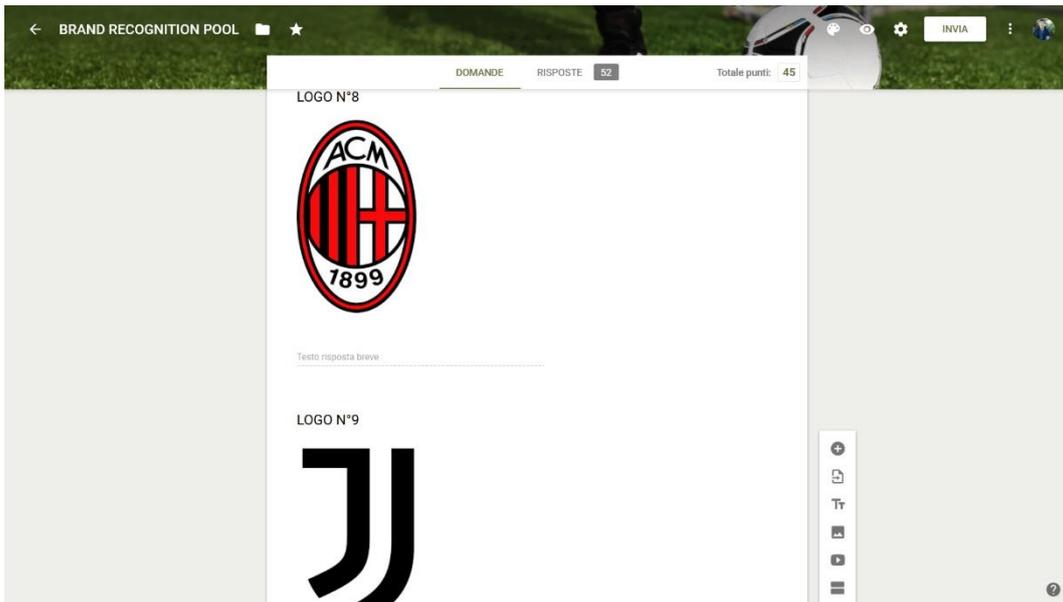
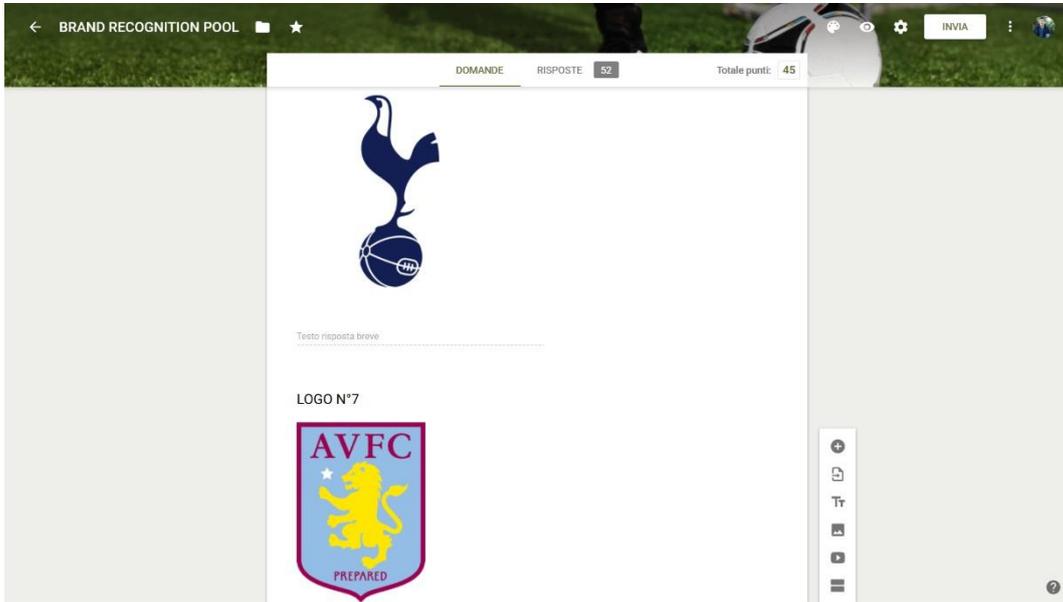
LOGO N°5

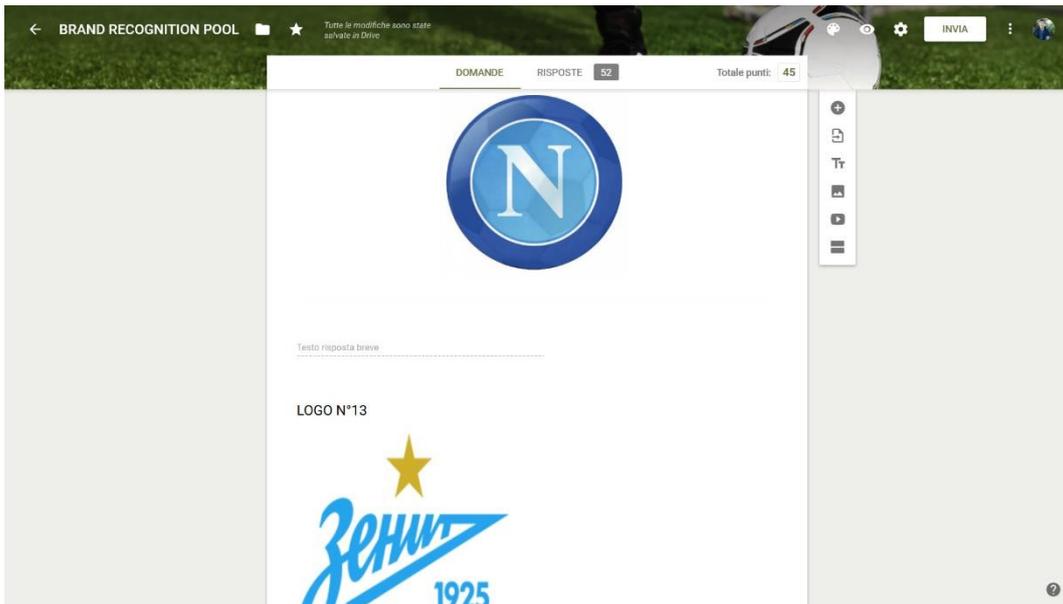
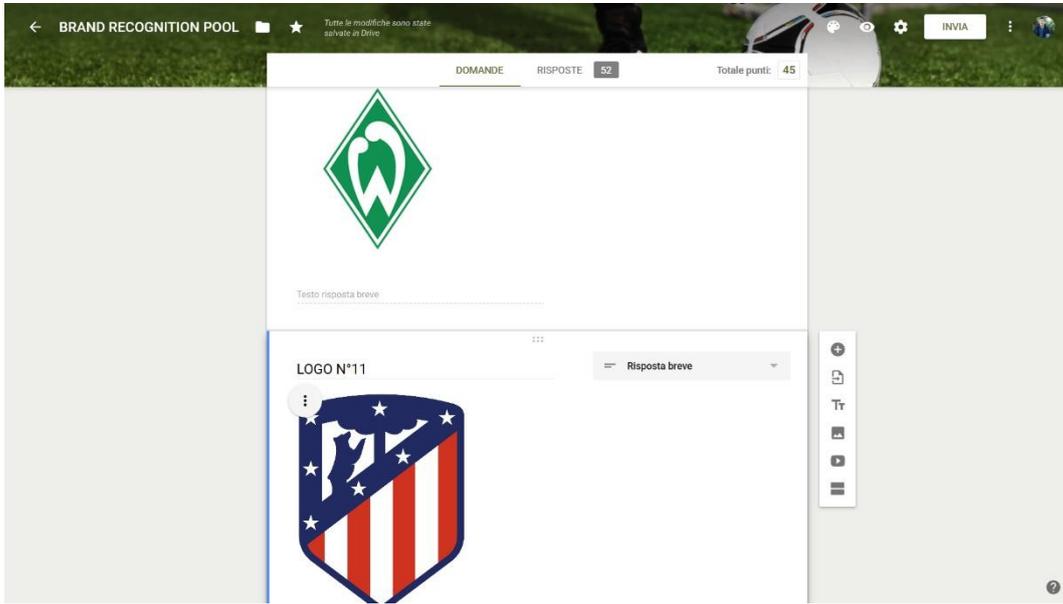


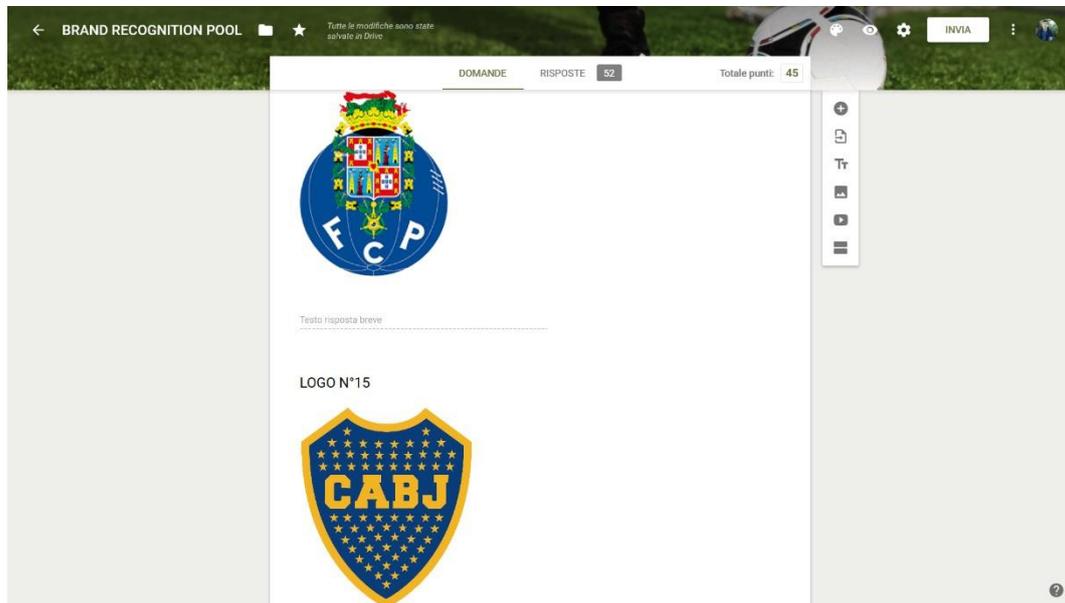
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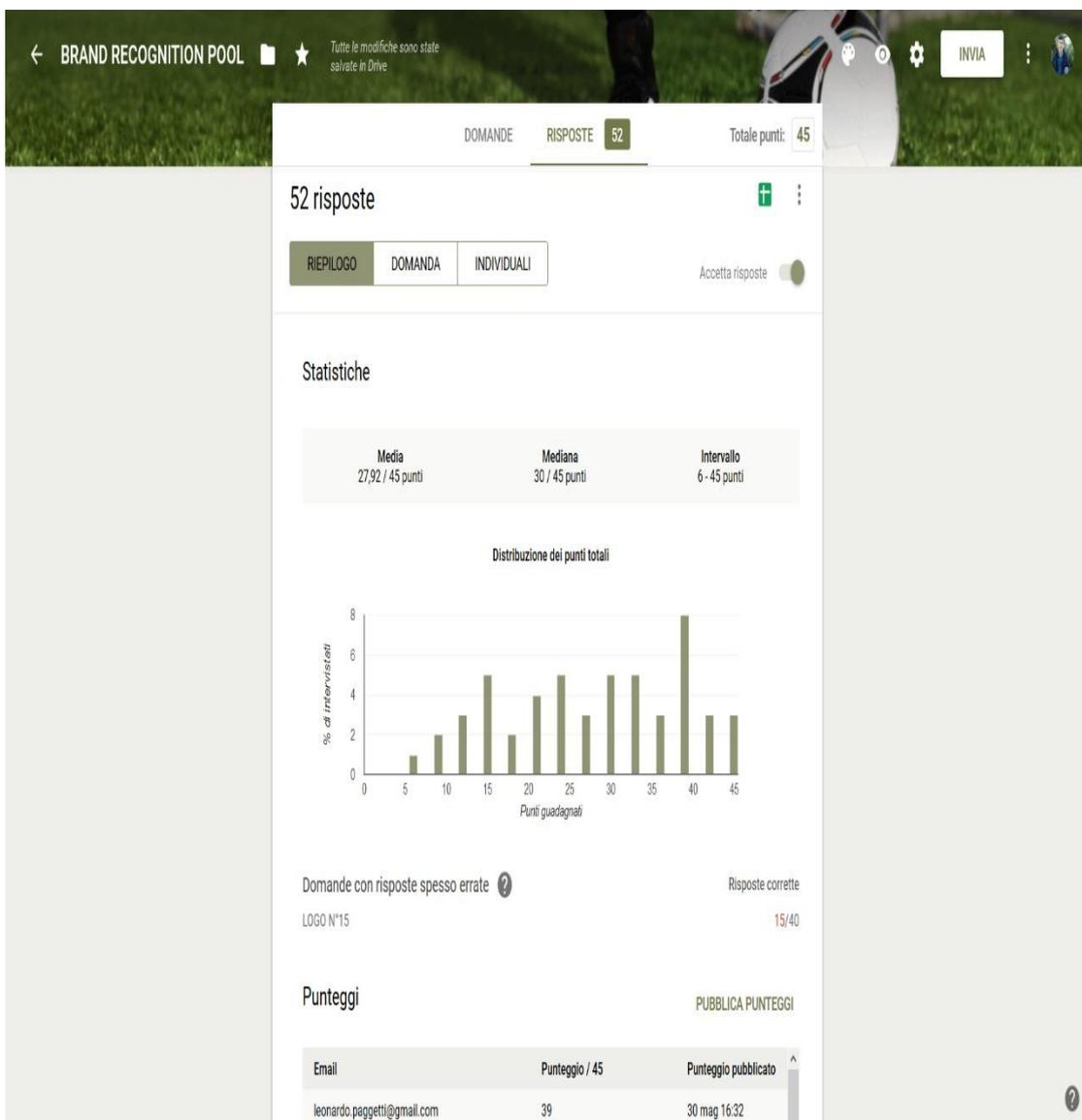




Successively the post of these 15 logos, I collected different answer and email about people who respond to the questionnaire to understand how much people are able to recognize the brand of football clubs, showing how everyone that is passionate football recognize the link between logo and team, concluding to a positive result of the general pool.

Surely the top European clubs are the easiest one to recognize, for the branding importance, sportive historical winning and players who actually play there. On the other hand, on my pool I based some international team that could be identified as famous over the world, even not participating in European football as Boca Juniors, historical Argentinian club or Zenit Saint-Petersburg, a Russian one.

However, what's point out it's the capacity to people of recognize it, lead by the brand's history more than its present, considered not so brilliant for the absence of international star player who prefer to compete in Europe instead in Argentinian championship.



Subsequently of a pool conducted for achieving the brand awareness of the club, I would to keep an eye and analyse what could be the possible scenario of football.

Since the last 20 years, all the entire system is going to change, thanks by the entrance of new rich owners who literally push the system of football to economic rhythms more and more competitive and prosperous and risky at the same time.

If the industry of football is nowadays considered as a machine where football team are losing their passion for the game for the vision of new properties, fans remain the only essence of a football team, distinguishing a club from the other. The scenario of football is going to change because more and more owners are stopping the ancient vision of investing in football because passionate for the sportive club and they are acting to consider a club as a “toy” which is possible to take out huge unexpected revenues. On this way, the UEFA and FIFA I guess they are constantly adopting approach to balance the new mix generated, extend the economics system avoiding the possibility to lose fans passion and customers, the real engine of football. That’s why, linking with concept of brand awareness, marketing and business plan management will create competition for establishing more the power of elite club, giving some hopes to clubs to implement this model doing a sort of *football oligopoly*. Part of these new competition will be reflected and build on thanks by sponsorships, marketing and visibility firm as the numerous summer tournament in America and Asia are confirming. Subsequently, if this hegemony

it's going to rise up for the next years, more power will be giving even to FIFA player's agent, considered the real economic architects of European institutions and club balance sheet with their movement of transferring top player behind a corresponsive payment received. In fact, the role of agent has been changed over the years, where 20 years ago it was considered as unexplored work and nowadays it's a real professional figure of football that has importance probably more than expected. Agents as Raiola or Mendes are affiliated with clubs and could move as pawns their best players from one club to the other, triggering a Domino effect that is reflected to marketing policies of the club and increased expectations that subsequently fans have, in terms of sportive performance and results. Agents as football managers, will increase surely their power to the future, even considered that nowadays are professional jobs able to do only with certification or following special courses on European institutions.

If the system of networking it's going to change, on the parallel way some modifications could been applied even to football and sportive area and tournaments.

Some reforms for example are going to be applied: first of all, the ancient competition disputed on December called Intercontinental Club, where the winner of Champions League (Europe) and Copa Libertadores (South-American) match, won't be disputed. In fact, the UEFA and FIFA are planning to refresh and

substitute this competition with a major one of 24 teams, 12 European team + 5 South-American + 2 African, Asiatic, North-American and the national champions of hosting country, that will face each other in a sort of small championship lasting 15 days. Surrounded by huge sponsorship agreement and world visibility, that's the first step where sportive football is going. Implementing with sponsorship affairs, it must be considered even the tv rights, where could be even considered the possibility to schedule the Champions League matches on Saturday and Sunday instead of the common Tuesday and Wednesday for let big national and international tv channel companies to rise up their share of visibility. TV rights that will be implemented even with the creation of new competitions that will put one against other the National teams, as the Nation league confirm. This new tournament provide the possibilities to National team to dispute some matches for avoiding the possibility to not qualify of Euro cup or World Cup, bounding at most the possibility to have a tournament without big teams and at the same time to broadcast matches as for example "Italia-Far Oar", considered not appealed for football customers due to the lack of technical competitiveness of one of the team.

On the other hands, fans will be pulled on an economic cycle where will be witness of transfer market movement of more than 100 million of euro as already happened,

feeding the expectation of customers that will be excited when their club will acquire players for an embarrassing amount.

Huge transfer market value of players that are going to increase due to two main reasons: the first one is related to a football aspect, considered that there are so many players that could break the balance as sportive performance and surely the best team will seek to acquire them. The second one is related to a system of revenues generated by the fame that acquiring a top player could lead to, in terms of ticket sale, merchandising about t-shirt sold and being part of the growth of the brand awareness of the team.

Severely, due to these huge expenses, sooner or later the price of the players' cards will have to fall, considering how each year the cost of the annual card (amortization) and also the salary of the player goes to the budget for a company.

Costs that cannot be kept except from clubs that consistently achieve fabulous sports results, thus giving the feeling of proceeding towards a vision where this "speculative bubble" of transfers will sooner or later return to normal rhythms.

From European institutions to Super-League tournament, surrounded by sponsorships agreements and TV rights, passing through FIFA agents commission and individual marketing policies: that's how economics will be applied to football for keeping the right balance between money power and ancient passion of people.

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