Louvain School of Management

Winning Team Value Strategies of Professional Football Clubs :

A Resource-Based Approach

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Abstract

The football industry has fundamentally changed over the last decades. The appearance of professional football clubs combining both objectives of sport performance and commercial targets has deeply transformed the industry. The emergence of a Super League illustrates the point very well. The objective of this thesis is to describe how a professional football club operates and to apply a resource-based strategic framework and value chain model to identify for each key activity the essential resources and capabilities required to support a sustainable competitive advantage. We introduce first the conceptual model and the possible main resources and capabilities. We then use data for the top 125 UEFA clubs to test some of these concepts statistically. We then conduct an in-depth analysis of four football clubs to gain a more detailed and granular understanding of the resources and capabilities needed to be successful. Both the statistical analysis and the case studies confirm the importance of the infrastructure of the club, in particular its stadium both in terms of sport performance and support to commercial activities, as well as key capabilities for selection and recruitment such as developing a network of partner clubs and scouting skills, team value management which includes player trading skills, and the development of an integrated and coherent business model. This last point means that the history, the location and the culture of the club and its fans must be consistent with its way of selecting, developing and trading players, as well as its playing style. It also has to be consistent and coherent with the development of the brand, the way to conduct the commercial activities and the selection of its partners such as its sponsors.

Foreword

Je voudrais tout d'abord remercier le Professeur Alain Vas qui m'a notamment aidé à développer le cadre d'analyse pour un sujet qui me tenait à cœur. Je voudrais également adresser tous mes remerciements au Professeur Thierry Zintz pour ses encouragements et ses recommandations tout au long de mon travail. Enfin, je voudrais exprimer ma reconnaissance à toute ma famille et en particulier mes parents qui m'ont soutenu tout au long de mes études.

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Winning Team Value Strategies of Professional Football Clubs :

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Introduction

There is a growing interest in the study and the strategic and economic analysis of the professional football industry. The sector has undergone a deep change over the last 20 years and numerous transformations have occurred. As a result, interesting questions can be addressed thanks to a massive amount of data available.

In this regard, a typical strategic analysis would cover both the external and the internal dimensions. Our thesis, however, will not cover the external environment. It will focus on the internal analysis of how a football club operates and the key resources and capabilities that it needs to develop to be successful. More specifically, we will be using a resource-based approach to investigate this question. The purpose of this strategic framework is to identify the resources (tangible and intangible assets) and the capabilities (skills) allowing an organization to achieve a sustainable competitive advantage.

We first begin by introducing in chapter 1 some key characteristics of the football industry and its evolution and key drivers over the last few years. We also develop a personal model of how a football club operates and the drivers of its value. We then introduce briefly the resource-based framework and apply it to a football club. We also adapt Porter's value chain model to identify the main activities and then discuss in detail the key associated resources and capabilities.

In chapter 2, we begin to analyze empirically the various theoretical aspects identified in the previous chapter using a database of the top 125 UEFA clubs that we have built from different sources. This is essentially a statistical analysis whose purpose is to give an overall picture of the industry and test some of the drivers introduced in chapter 1.

In chapter 3, we take a different approach to complement the statistical analysis by developing in detail four case studies, the objective of which is to provide a deep dive and a much more granular analysis of the resources and capabilities needed to succeed from a more practical perspective.

Finally we conclude by bringing together the theoretical model with both the outcomes of the empirical and the case studies. We discuss how and to which extent the theoretical ideas are supported by the analysis and make suggestions for further research.

Chapter 1: Theoretical Framework

1.1. The evolution of the football industry and the emergence of the Super-League

The soccer industry has grown at an increasing pace in recent years, helped by the globalization phenomenon encountered by most businesses in the world. A major event that marked a change in the dynamics of the industry and towards the professionalization of the sport was the Bosman ruling. This decision rendered in 1995 by the Court of Justice of the European Union has allowed a better mobility of players across European countries and thus an opening of the transfer market. This lawsuit opposed the Belgian Football Federation to Jean-Marc Bosman, a Belgian player affiliated to RFC Liège. At the end of his contract with his employer, Bosman was offered a new contract with reduced salary conditions which he felt entitled to refuse preferring to join another club, Dunkirk. RFC Liege demanded a transfer fee for this move from his potential new employer. Bosman then decided to go to court. The plaintiff and his lawyers claimed that this interfered with the workers' freedom of movement and freedom of association while contradicting certain articles relating to the Treaty of Rome. Similar cases had already resulted in sports-related rulings, but winning this trial had immense consequences on the subsequent course of operations.

FIFA is the organization that governs the world of soccer on a large scale. However, it also grants responsibilities to continental confederations, namely UEFA at the European level. This association still delegates some of its duties to the national federations of each country. This centralized organization of football thus gives rise to a complete monopoly which is hard to challenge. In order to participate in the competitions organized by these bodies, it is required to be affiliated to them and to comply with the rules laid down. In legal terms, however, the European Commission agrees that it sees no obstacle to the formation of an alternative to these dominant positions that would be controlled by a few top European clubs.

Partly as a result of the Bosman's ruling, another notable trend has been the widening gap between the European elite clubs and most other clubs around the world. This divide, which has only become more significant in the financial realm, has become more pronounced in terms of sport performance as well as these clubs have been able to attract the best players in the best facilities. This meant that clubs further down the hierarchy had to employ more sophisticated mechanisms to compete with the wealthiest clubs, focusing on developing a competitive advantage in niche areas. These are specific areas of value creation which we discuss further later in our analysis of the value chain of a football club and that we elaborate in the next chapter.

We could not have found a better illustration to explain the divide between the clubs identified as belonging to the elite group[1] and the others than the recent events that have shaken the football world. A document issued by the self-proclaimed elite of European soccer has been delivered in April 2021 to UEFA, the body in charge of organizing club competitions across the continent, announcing its signatories' intention to create a separate tournament. This closed competition, operating under its own rules, would bring together its 15 founding clubs plus 5 clubs invited annually to qualify for it. This proposal committed the likes of AC Milan, Arsenal, Atletico Madrid, Chelsea, Barcelona, Inter Milan, Juventus, Liverpool, Manchester City, Manchester United, Real Madrid and Tottenham Hotspur while Bayern Munich, Borussia Dortmund and Paris-Saint-Germain (PSG) were involved but without signing anything. There are several different reasons behind the decision of the two German clubs and the French one for refusing to join the others that we will explain in the following lines. Ownership models, differ from country to country and it soon became apparent that the English, Spanish and Italian leagues allowed more freedom for this type of maneuver than the German 50 + 1 model[2]. Indeed, this announcement met with a strong protest from fans as well as from sponsors and partners, which the German club-members and their voting rights would not have tolerated from their managers. At a higher decisional level, business considerations endorsed by the German Federation claimed "doubt over the long-term appeal of a closed league, worries about the reduction in value of their domestic competition and unease over leaving the auspices of UEFA to become a minority member in a Southern-European-Anglo-Saxon rogue organization"[3]. In France, the calculation was more pragmatic, with the Qatari sovereign fund controlling PSG strongly linked to their counterparts at Bein Media Group[4], the official broadcaster of the UEFA Champions League. The dispute also came from broadcasters who feel they have been cheated by the potential turn of events. They believe that the amounts committed should be re-evaluated if the proposed members of this Super League were to leave the existing competition, while taking into consideration the lack of suspense induced by the loss of the race to European

[1] The elite group that we are referring to is actually the Super League cluster that emerges from our cluster analysis presented in chapter 2.
[2] We discuss later the details of the German 50 + 1 ownership model.
[3] https://theathletic.com/2526238/2021/04/20/florentino-perez-the-real-madrid-president-and-driving-force-behind-the-european-super-league/?article_source=search&search_query=explained%20%3A%20socio%20model accessed on 15/06/2021

[4] https://www.beinmediagroup.com/the-group/ accessed on 15/06/2021

competitions. More opportunistically, this move allowed Nasser Al-Khelaifi[5], President of PSG, to replace Andrea Agnelli[6], President of Juventus, as head of the European Club Association[7] (ECA). This association is an organization recognized by UEFA and FIFA[8] that promotes the interests of professional football clubs. It has 234 members spread across all 55 UEFA affiliated associations and is therefore intended to adopt a democratic governance process. In particular, it has endorsed the Financial Fair Play project to build a more sustainable business model for the football industry and has ensured that compensation is paid to clubs that make their players available to national teams competing in FIFA competitions. As far as the Super League is concerned, the establishment of this midweek event would have overshadowed the UEFA Champions League and probably even sought to replace it. The announcement came at a time when UEFA had agreed changes to its flagship competition designed to suit the big clubs by giving them more games and more revenue. In concrete terms, "Europe's leading clubs wanted a far more substantial level of control over how the Champions League's broadcast and commercial deals are secured and marketed"[9]. The clubs concerned expressed a desire to distance themselves from UEFA's monopoly and say they want to get closer to the consumption habits of the younger generation. There is also a belief that being forced to play lower-level games against smaller teams reduces their brand value and appeal, explaining why biggest teams, with the best players, should stick together. Another motive is added to the equation since the amount of €3.5 billion[10] is put forward as being to be shared between the 15 stakeholders. The individual income would therefore be multiplied by 4 compared to the prize money awarded to a Champions League winner. Those sums would support an even greater development of the infrastructure and would especially help most of these clubs to reduce their indebtedness. It seemed certain that JP Morgan, an American bank with which several executives have good contacts, would be the guarantor of the project via debt financing. However, UEFA is also aware that many of the less profitable teams owe their survival to the money generated by the profitability of the existing competitions. As such, the founding clubs promise to donate €10 billion as a gesture of solidarity towards these small clubs over 23 years. It should also be noted that a large number of these clubs are under American ownership, with

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[5] https://www.transfermarkt.com/nasser-ghanim-al-khelaifi/profil/trainer/23714 accessed on 14/06/2021
[6] https://www.transfermarkt.com/andrea-agnelli/profil/trainer/14032 accessed on 14/06/2021
[7] https://www.ecaeurope.com/ accessed on 14/06/2021
[8] https://www.fifa.com/ accessed on 15/06/2021
[9] https://theathletic.com/2527261/2021/04/19/european-super-league-explained-the-contracts-plots-and-threats-that-shook-football-to-its-core/?article_source=search&search_query=explained%20super%20l accessed on 15/06/2021
[10] This is the estimated amount of revenues that would be generated by this Super League proposal. https://theathletic.com/2527261/2021/04/19/european-super-league-explained-the-contracts-plots-and-threats-that-shook-football-to-its-core/?article_source=search&search_query=explained%20super%20l accessed on 15/06/2021

their directors trying to impose on the European sports culture a system that they know is financially profitable, a closed franchise league. To cut a long story short, the shift to a League of this type would render meaningless the domestic sport performance reflected in the final rankings of the respective European championships. Therefore, this would still guarantee a financial jackpot even if one of these clubs failed to qualify based on current criteria. The situation of Tottenham is particularly interesting since it is considered commercially attractive enough, thanks to its new ultra-modern stadium, branding benefits of a documentary produced by Amazon Prime, remarkable performances in the UEFA Champions League, charismatic figures at the club's disposal, to be embedded among the most prestigious clubs in the world despite a meager sporting achievement of two trophies in 20 years. The last results obtained by the team will not be enough to secure a place in the competition next season either. Furthermore, the certainty of pocketing the economic windfall associated with participation on the European stage would further increase the club's value. In the same vein, "City's positioning is particularly ironic as the club have long complained that the majority of "super clubs" in Europe have conspired to limit the club's spending and squeeze them out of the established elite"[11]. The implications for the dissident clubs could be far-reaching, as the sanctions range from an exclusion from their national competitions to the exclusion of their players from their national teams. The latter would be kept away from official competitions held by FIFA.

In conclusion the lure of gain generated by the upward revaluation of a transition to the Super League can be easily explained. The pandemic context and its financial impact only triggered a well-established intention. The protagonists were convinced of the benefits of this breakthrough competition on revenues related to merchandising, sponsorship and services, most visibly on broadcasting contracts. However they soon understood that their image and brand had taken a hit due to the protest from all sides. Their statement argues that "for a number of years, the Founding Clubs have had the objective of improving the quality and intensity of existing European competitions throughout each season, and of creating a format for top clubs and players to compete on a regular basis"[12]. The implications this would have on sport performance remain however to be seen, as do the implications on their selection and recruitment. Despite the assertion of those Super League clubs that "the pandemic has shown that a strategic vision and a sustainable commercial approach are required to enhance value and

[11] https://theathletic.com/2527261/2021/04/19/european-super-league-explained-the-contracts-plots-and-threats-that-shook-football-to-its-core/?article_source=search&search_query=explained%20super%20l accessed on 15/06/2021

[12] https://www.skysports.com/football/news/12040/12279788/european-super-league-the-key-questions-what-is-it-who-is-involved-how-likely accessed on 15/06/2021

support for the benefit of the entire European football pyramid."[13], a further reflection should be made regarding the long-term consequences that this could have on the supply networks. The bottom of the pyramid, on which a substantial part of the Super League clubs' sport performance is based, could be weakened by a lack of income and visibility. The business model of these clubs would become even more dependent on transfer fees from the big clubs but the development of interesting players could be hindered.

1.2. Modelling a soccer club and its key value drivers

In this section, we describe the way a professional club typically operates while in the next section we will introduce a more formal strategic framework to analyze the key value drivers of a soccer club. As a first step, we must define what is the objective of a football club. We will work on the assumption that like any other business the objective is to maximize the enterprise value. In order to achieve this purpose, however, certain pillars should serve as foundations for an efficient organization. These interconnected support activities will assist the components of the value chain in their pursuit of value creation. Despite the plausible working hypothesis that this statement constitutes for the larger soccer clubs, in particular when listed on a stock exchange, the reflection must be extended to smaller clubs whose objectives may be less financially oriented.

1.2.1. The model

Figure 1.1 introduces our model of a football club. Our starting point is the two key factors of production i.e. labor and capital which serve as the basis to develop a number of key assets and processes that ultimately impact the value of the club.

The most obvious ones are the tangible assets (the stadium, hosting facilities and training infrastructure) even though intangible assets (access to social media, web sites,…) increasingly play a central role. On top of that, the strategic location of a club is also an important element in order to get access to a potential large fan base far beyond the immediate club surrounding.

[13] https://www.skysports.com/football/news/12040/12279788/european-super-league-the-key-questions-what-is-it-who-is-involved-how-likely accessed on 15/06/2021

One of the essential aspects of a football club encompasses what McKinsey[14] calls team value management which covers all activities to build the team and to keep renewing and improving it. It covers the implemented procedures of recruiting, developing and educating the players, with the right selection process, support and organization while providing the appropriate infrastructure. Alongside the promotion of young local players, trading more mature players is an essential activity among each club's business plan and this involves acquiring and developing the right resources and capabilities. This aspect which has become an essential source of differentiation and ultimately success will be discussed in great details in what follows. The aggregated measure of these activities is reflected in the (estimated) value of the core team of players. We hypothesize that the market value of the team is a key driver of sport performance but it can be argued that sport performance will in turn impact the market value of the players. We will discuss this aspect in more detail later on in our thesis.

Furthermore, we also hypothesize that sport performance has a direct impact on the value of a club that crystallizes in particular when the clubs trade players and generate gain (or losses) on this activity. The performance also impacts the image and the notoriety of a club and ultimately its brand value, another aspect we will investigate further in our thesis. Football clubs have various sources of revenues (see figure 1.2.).

1.2.2. Sources of Revenue

The revenue breakdown is specific to each league as several factors such as audience, prestige and branding of the different competitions are taken into account. However, the largest revenue share comes undoubtedly from a combination of both broadcasting rights and commercial activities i.e. merchandising. Transfer fees play an important role in balancing the books, which is why we will investigate player trading in detail, while sponsorship agreements are also key. Then, matchday spending under normal circumstances and occasional prize money gained from adequate sport performance follow closely. Moreover, overall revenues generated are expected to be impacted by the value of the brand. Finally, it is worth noticing that the soccer industry operates in various markets: fans and end consumers, sport competition (national championships and international tournaments), various segments of the market for players and

[14] McKinsey & Company (2020)

finally the capital and the labor markets. This is an atypical environment that will require public relations expertise as well as many other skills and competences.

1.2.3. Club ownership

Before continuing in a more in-depth analysis of the functioning of the soccer world, it seems important to explain several of the possible ownership types in the industry. In most countries, various types of ownership exist with very few constraints. Some clubs are privately owned by local or international investors, some by their fans, and a few clubs are even listed on various stock exchanges across Europe. Two specific types of ownership, however, deserve a more detailed discussion : the German 50 + 1 model and the Spanish socio one. Boxes 1.1 and 1.2 in Appendix 1 examine in detail these two interesting situations.

1.2.4. Organic vs acquisition of players

A specific very important decision that each club has to make is the trade-off between organic development of young players which requires time, money and risks over a long period of time but allows the development of players who have not cost anything or not much to the club and the acquisition of much more mature players who can be plugged into the team but can represent sometimes a really significant investment. We briefly conceptually discuss how to balance these two aspects in an Appendix (see figure 1.3. for a graphical analysis of the problem and box 1.3. for a more detailed discussion).

1.3. A strategic framework: Resource-based analysis and value chain management

After laying the groundwork of the specificities linked to the football industry, it is now time to specify the theory that will allow us to highlight its mechanisms.

1.3.1. Conceptual framework

A company developing a strategic analysis must consider both external and internal dimensions: the external analysis looks at the market and the overall environment, the customers and the competitive landscape while the internal analysis is a self-analysis of the company. There are many aspects that can be covered in an internal analysis but the ultimate objective is to understand what a company must achieve to be successful. A particularly useful approach is to understand the resources and the capabilities that a company must develop to achieve a competitive advantage supporting both its short and long term success and performance.

In this thesis our focus will be exclusively on these internal aspects and a specific approach called the resource-based view will be used whose origin many scholars attribute to Edith Penrose[15] (see Rugman and Verbeke (2002) and Kor and Mahoney (2004) for a discussion of her contribution) and which has been the subject to a large volume of research ever since (see Barney (1991), Grant (1991), Conner and Prahalad (1996), Barney (2001), Acedo et al. (2006), Barney and Wright (2011) and Vas (2020)). The approach begins with an analysis of the resources and capabilities of the firms. Resources are assets the company has access to whether tangible or very often intangible. The competencies combine the know-how of the companies, the activities performed, with the resources. Some resources and capabilities are essential but are easily accessible or copied by competitors. What matters most are the resources and capabilities that are unique to a company. Prahalad and Hamel (1990) stress that a successful company is a portfolio of what they call core competences defined as a collection of knowledge to successfully coordinate diverse production skills and technologies. These unique and specific resources, capabilities and their combination in order to create synergies can then be used to develop sustainable competitive advantages and implement strategies that ultimately support superior performance.

Identifying resources requires an analysis of all assets a company owns or has exclusive access to. These include tangible resources such as land, buildings, equipment, etc. but also intangible ones which are very often more difficult to copy such as technological knowledge, reputation, image, human and organizational assets, … The identification of capabilities is more complex. Different frameworks have been proposed to guide this process but for our analysis we have followed the approach suggested by Ulrich and Smallwood (2004). They first make a distinction between individual and organizational capabilities and also between social and technical capabilities, defining thus a four-by-four matrix. To help identify the capabilities most relevant to an organization, they propose a set of eleven categories that they consider relevant to most organizations: talent recruitment and retention, speed, shared mind-set and

[15] Penrose, E. (1959). The Theory of the Growth of the Firm. New York: John Wiley.

coherent brand identity, accountability, collaboration, learning, leadership, customer connectivity, strategic unity, innovation and efficiency at managing costs. We will be using this framework to guide us in our analysis of capabilities developed by successful football clubs. As mentioned above, once resources and capabilities have been identified, it is key to assess if each one can be or not a source of competitive advantage. We will use a model based on four criteria, called VRIN (see for instance Vas (2020)) to help us assess their importance[16]. The four criteria of the VRIN model are the followings:

- V: customer perceived value
- R: rare, few companies have access to it
- I: difficult to imitate by competitors
- N: non-substitutable, i.e. difficult to replace by another resource or competence.

For each resource and capability we will also try to consider its business impact also.

An additional element to keep in mind is that a club accumulates knowledge and experience over time and therefore follows a learning curve that can make it better at acquiring, developing, and integrating resources and capabilities progressively.

Figure 1.1 above presents a specific model of a football club and the possible drivers of performance but for the identification of the resources and capabilities we will be using another view of a company, the value chain model developed by Michael Porter[17]. The model considers primary activities (inbound logistics, operations, outbound logistics, marketing and sales and service) and support activities (firm infrastructure, human resources management, technology development and procurement) as the key drivers of performance. The model will of course have to be adapted to the specific characteristics of a soccer club, a topic which we address in the next section. The identification of the resources and capabilities will be applied to the various activities of the value chain.

Another important conceptual framework to keep in mind is the so-called stakeholder theory which combines a market-oriented approach with more political considerations to examine the behaviors adopted by company's executives towards its various stakeholders. In this regard,

[16] We also make a choice by opting for the VRIN model rather than the slightly different VRIO model. In this alternative model, the “O” stands for “Organization”.

[17] Porter, M. E. (1985). Competitive Advantage : Creating and Sustaining Superior Performance. New-York: The Free Press.

Robert Edward Freeman suggests that "there are other parties involved, including governmental bodies, political groups, trade associations, trade unions, communities, financiers, suppliers, employees, and customers. Sometimes even competitors are counted as stakeholders—their status being derived from their capacity to affect the firm and its other stakeholders"[18]. Furthermore, Minello argues that "many times in a situation of adversity perception of the manager becomes confused due to pressure from other stakeholders in the enterprise, organizational performance will be affected and may cause an interruption in business"[19]. We believe these are important ideas for a football club since as we will repeatedly see clubs interact with a large number of different stakeholders.

This completes the description of the conceptual model we will apply to a football club in the next section. Figure 1.4 provides a graphical summary of our approach.

1.3.2. Applying the strategic framework to the soccer industry

Porter's value chain will be significantly different in the football industry than in a variety of other sectors. Figure 1.5. in Appendix 1 presents our tailoring of the model to a football club, based on Vas (2020) adapted to a professional football club[20]. We identify five primary activities an organization must perform and in which it must excel to gain a competitive advantage, namely selection & recruitment, team value management, sport performance, image & brand and sponsorship, merchandising & services.

- Selection and Recruitment is the activity to spot and attract high-potential players featuring the relevant attributes and values to evolve with the club
- Team Value Management[21] is the aggregated value creation associated with the development of players under contract, integration of youth players into the senior team and player trading excellence

[18] Freeman, R.E. (2015). Stakeholder Theory. In Wiley Encyclopedia of Management (eds C.L. Cooper and).
[19] Bazanini, R., Ferreira, A. A., & Bazanini, H. L. (2014). Entrepreneurship in the Society of Spectacle: Soccer Management in a Globalized World. Global Journal of Management and Business Research, 23-35.

[20] Several partially overlapping applications of the Porter's value chain model to the case of a football club have been proposed.
See for instance https://facenovywofopus.modellervefiyatlar.com/value-chain-analysis-for-a-night-club-51121zl.html last consulted on 29/06 2021
See also http://vtdogwoodnflmarketingmarvel.blogspot.com/2014/12/using-porters-value-chain-for-nfl.html last consulted on 29/06/2021
[21] McKinsey & Company (2020)

- Sport Performance is the delivery of good sports results and is considered as a means to an end: the production of sports results is a driver for the other commercial activities and ultimately a possible source of value creation
- The development of the Image & Brand of the club is both impacted by the activities above but also requires some specific resources and skills as we will see.
- Developing successful Sponsorship, Merchandising & Services is the final key activity driving profitability and ultimately value creation.

As a result, football managers should assess each activity of the club's value chain and choose in which one they want to particularly excel and also sometimes which part of these activities they may prefer to outsource.

Now that all elements have been introduced, we can apply the conceptual framework discussed in the previous section to the specific case of a professional soccer club. Table 1.1 to 1.10 present the complete list of resources and capabilities identified for each primary activity (and its associated support activities). Figure 1.6 explores in more details the interactions between the infrastructure and in particular the stadium and the image and brand. Figure 1.7 to Figure 1.11, show the resources graphically by looking at their uniqueness (I, R, N in the VRIN model) and their business impact (the V of the model and an estimate of their business importance).

Table 1.11 summarizes what we consider to be the critical resources and capabilities in our opinion and we will now discuss them in some detail.

Selection & Recruitment :

This first step towards value creation is undoubtedly of paramount importance since this activity will largely determine the success of all the following ones. It is not only a question of tapping into the right markets but rather to explore those which are hardly exploited by the larger clubs, depending on the respective positioning of each. In this respect, a consistent scouting process must be established both in terms of resources and capabilities. The challenge is to gain a competitive advantage in the supply of players to be developed thereafter. If some clubs decide to focus on a more locally-oriented recruitment for reasons of shared values and identity, it has become more and more difficult to ignore wider prospecting abroad. Given the limited staff available to the prospecting cells, it has become imperative to develop a broad network with the required reliable contacts. In summary, developing a network to identify players on a broad geographical basis, including in some less prospected markets and developing the associated skills to manage it and detect the most promising players is a key source of competitive advantage.

Table 1.11 : Key Resources and Capabilities by Major Activity		
Activity	**Resources**	**Capabilities**
Selection and recruitment	• Develop a local and international network of scouts and partners	• Building an integrated and collaborative wide scouting network with a consistent scouting process : squad planning, creation of scenarios, potential player identification and filtering, scouting (video, live and selection process, recommend selected candidates)
Team Value Management	• Investment or agreements with partner clubs to get access to their youth academy • Squad of mature and experienced players • A broad pool of young promising players to feed the main squad in the future	• Development of players under contract • Youth development • Excellence in player trading : perfect timing
Sport Performance	• Access to a stadium with all necessary facilities for the fans and the players (Venue Performance Rating)	• Develop, align and maintain a vision and an identity : in terms of recruitment, style of play,… Key role played here by the coach
Image and Brand	• Infrastructure - Stadium – Location • Image & brand strength	• Create coherence between the sporting and the commercial dimensions around the brand identity • Engage stakeholders through collaboration including internal teams (sport and management), support from local authorities, architects, sponsors,… • Develop synergies with partners to create a competitive advantage • Engage fans, which are not only supporting the team but also customers of products and services, with a complete package
Sponsoring, Merchandising and Services		• Develop a 4P's (product, price, promotion, place) marketing strategy tailor-made for a football club by moving from "a marketing of sport" to "a marketing through sport" • Build an integrated experience bringing together sports, leisure, and entertainment as "consumer goods" and leverage this with other products and services • Concept of totemism i.e. marketing of symbolic goods raised to a merchandise status

Team Value Management[22]

The next point is devoted to the nurturing and flourishing of the previously selected young players. In addition to them, exchanges of know-how and knowledge with carefully selected partner clubs may prove beneficial while eventually offering access to players already further down in their development process. Only a few of this broad pool of young promising players will be capable of accessing the elite level required to join the major team. Those unexperimented talents will need to learn from accomplished mature players and coaches who will be in charge of guidance as well as minimization of their mistakes. The successful development of these either shaped or acquired players will possibly lead to their trading in the future. For instance, it will be a matter of sound management of the contract extensions, for example by urging them to extend their contract before a loan approval to another club, in search of playing time. The market value of these players relies heavily on this duration factor, except for the possible clauses contained in their agreement. Therefore, the timing of the sale will be a strategic indicator to measure the amount that may be obtained. In summary, managing dynamically the pool of players is another key to success closely associated with strong negotiation skills and optimal trading of players.

Sport Performance :

In the area of sport performance, the emphasis is truly on the infrastructure needed for both quality training and games winning. Players and staff must have access to state-of-the-art indoor and outdoor facilities to deliver high quality services as well as to receive the support of their 12th man at home, namely the fans. Some key performance indicators (KPI’s) exist to appreciate the quality of these assets and act as a benchmark tool such as the Venue Performance Rating. In addition to the hardware part, the management must remain consistent with the club’s vision and identity and follow a well-defined guideline in terms of recruitment and style of play. This must always be in accordance with the real needs of an inspiring coach who must endorse the club’s beliefs and shared values. Having access to a good infrastructure, in particular an excellent stadium ideally in a prime location like a large city with a broad hinterland is a major source of differentiation as we discuss next. It has an impact on sport performance but also on the image and brand of the club. Engaging the fans, the players and the whole organization in a coherent way in line with the history, the location and the style of the club plays a key role. As mentioned above, we see sport performance as the primary activity

[22] McKinsey & Company (2020)

of producing good results to support the image & brand and ultimately the commercial activities. We defined the objective of a professional football club as maximizing its enterprise value and sport performance is a key way to achieve this objective.

Image and brand :

We have discussed the importance of the main tangible assets of a soccer club in the previous paragraph but it is equally fundamental to the construction of a coherent image and brand. Geographic location adds to the list of variables a club should leverage since the attractions of a city or the ease of access in terms of mobility are likely to increase or decrease the attractiveness to the average customer/fan. Here too, KPI's have been designed to quantify the value and strength of a brand, as we will see later. The secret of success is therefore to create coherence between the sporting and the commercial dimensions around the brand identity. This alignment must engage various stakeholders through collaboration including internal teams (sport and management), support from local authorities, architects, sponsors, among others. The ultimate purpose is to develop synergies with partners aiming to create a competitive advantage. Last but not least, the brand should offer a complete package containing a complexified product portfolio (Andrews (2015)) to reach fans that must be viewed and treated as demanding customers.

Sponsoring, Merchandising and Services

We will rather talk about capabilities in the framework of the last component of our value chain adapted to the inner workings of a football club. The right balance has to be found with regards to the marketing mix of the company, namely product, price, promotion and place. The brand must implement a marketing strategy tailor-made for a football club by moving from "a marketing of sport" to "a marketing through sport" and build an integrated experience bringing together sports, leisure, and entertainment as "consumer goods". The concept of totemism (Bazanini et al. (2014)) which is the marketing of symbolic goods raised to a merchandise status will serve to leverage a complexified portfolio of goods and services in the market. In this context, the signing of a well-known celebrity should always be seen from both a sporting and a commercial perspective, as additional income could be generated by a good marketing campaign.

The specific resources and capabilities associated with the emergence of the Super League which we describe above has been investigated in detail by Andrews (2020). Figure 1.12.

summarizes this analysis. He stresses the importance of adaptive learning on developing infrastructure, accessing capital and implementing engagement mechanisms and ultimately enhancing the skills of people and the organization. This is the basis of what he calls the complexification of the Super Club model mentioned above.

In this chapter, we have discussed a model of how a soccer club operates discussing its key drivers and we have applied several strategic frameworks to identify key activities, resources and capabilities. In the next two chapters, we will try to test these ideas by looking first at a large sample of clubs and then by analyzing in more details a limited number of case studies.

Chapter 2: Empirical Analysis

2.1. Objective, methodology and data sources

In Chapter 1, we first introduced a model of a football club and its possible value drivers. We then applied the resource-based view approach to identify the possible key resources capabilities and core competencies. The objective of this chapter is to provide a first empirical test[23] of the model introduced previously. This analysis is focused on the top 125 UEFA[24] football clubs as of December 2020. Table 2.1 in Appendix 2 provides a summary of the dataset gathered for these clubs. Section 2 shows the evolution of the football industry over time and section 3 an analysis of the sources of revenues of football clubs. In section 4, we will introduce different concepts of value and present a first analysis of their relationships with each other. Section 5 provides an analysis of the drivers and interactions between sport performance and the estimated value of the team. We also discuss the drivers of team value gains and losses. In section 6, we discuss a way to classify these 125 clubs into various segments using a cluster analysis. Finally, in section 7, we draw some conclusions from this statistical analysis, but also show its limitations and raise some further more granular questions to be discussed in the following chapter thanks to a detailed analysis of a limited number of case studies.

2.2. The football industry and its development over time

Football is generally considered to be the most popular sport in the world but a formal ranking of sports very much depends on the criteria used. Different approaches provide different rankings of sports but all of them put soccer undoubtably at the top of the list. Figure 2.1[25] in Appendix 2 present one such ranking. Most rankings show that football is well ahead of its direct followers like basketball, tennis or cricket. Although football is a world-wide sport, professional soccer is dominated by Europe. In this thesis, we will concentrate our study almost exclusively on the European environment. Figure 2.2[26] in Appendix 2 shows the evolution of

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[23] All statistical analysis presented in this chapter have been performed using STATA V16

[24] https://www.uefa.com/

[25] http://www.biggestglobalsports.com/worlds-biggest-sports/4580873435 accessed on 9 Mars 2021. For an alternative ranking of sports see https://statisticsanddata.org/most-popular-sports-in-the-world/ accessed on 9 Mars 2021 which also puts football well ahead of all other sports.

[26] https://www.statista.com/statistics/261218/big-five-european-soccer-leagues-revenue/ last accessed on 27/06/2021

revenues for the 5 biggest European championships from 1996-1997 to 2019-2020. The graph illustrates the following key points :

(i) Over that period, revenues have increased at an average compounded growth rate of 8.6%

(ii) The English championship is the largest by far and the gap has steadily increased over that period

(iii) The last year for which statistics are available show already the strong negative impact of the pandemic on revenue.

The negative impact on the pandemic has also impacted the 2020-2021 championships all over the world. The pandemic has had a major impact not only on the level of revenues but also on its composition since fans no longer had access to stadiums. Now that the impact of the pandemic may progressively fade out, the key question is whether some of the changes observed will have long-lasting effects on the clubs and their sources of revenues. On that specific question, the jury is still out as of today.

2.3. An analysis of football clubs revenues

In this section, we analyze the sources of revenues of a group of twenty professional European soccer clubs. Total revenues for the season 2018-2019 are presented in figure 2.3[27] in Appendix 2. Revenue ranges from €200 million for SSC Napoli up to more than €800 million for FC Barcelona. Figure 2.4[28] in Appendix 2 shows the revenue breakdown between broadcasting, commercial and match-day revenues and shows that the mix varies significantly across the twenty clubs analyzed. For instance, broadcasting rights represent around 70% of revenue for SSC Napoli but only a bit more than 30% for FC Barcelona.

As shown in figure 2.5[29] in Appendix 2, broadcasting represents on average 44% of revenue, matchday revenue 60% and all other commercial revenues 40%. This corresponds to a breakdown for the year 2018-2019, the last year before the impact of the pandemic. A statistical analysis of the revenue breakdown as a function of the club size measured by its total revenue shows that the percentage of income coming from matchday does not very much correlate with

[27] https://www.statista.com/statistics/271636/revenue-distribution-of-top-20-european-soccer-clubs/ last accessed on 27/06/2021
[28] https://www.statista.com/statistics/271636/revenue-distribution-of-top-20-european-soccer-clubs/ last accessed on 27/06/2021
[29] https://www.statista.com/statistics/271636/revenue-distribution-of-top-20-european-soccer-clubs/ last accessed on 27/06/2021

the club size but also shows that larger clubs depend significantly less from broadcasting rights and generate a larger proportion of their income from other commercial activities.

We next investigate whether the various sources of revenues are influenced by sport performance as measured by the UEFA score[30]. We analyze how each source of revenue depends on the UEFA score but also plausibly on the championship using the English championship as the reference market. The statistical analysis is summarized in table 2.2 in Appendix 2. The main conclusions from the analysis are the followings:

(i) All sources of revenues are clearly positively impacted by sport performance but
(ii) Only broadcasting revenues depend on the national championship of the club
(iii) An analysis of the data reveals that club specific factors also influence all sources of revenues of a club.

2.4. A statistical analysis of value drivers

We now turn our attention to different elements of value introduced in chapter 1 and their relationships. We begin by introducing the various concepts and their definition[31]. We use two elements to measure the brand of a football club based on a score computed by Brand Finance on a scale from 1 to 50. Brand Finance provides a ranking of the brand value for a subset of 50 top clubs out of the 125 analyzed in this chapter. Based on their analysis we assign a value of 1 to the lowest brand value and a score of 50 to the top one. Brand Finance also introduces a related concept of brand strength which is defined as « the efficacy of a brand's performance on intangible measures, relative to its competitors. In order to determine the strength of a brand, we look at Marketing Investment, Stakeholder Equity, and the impact of those on Business Performance » (Brand Finance (2020)).

A second important element identified in our model of a football club is the value of the portfolio of players. Transfermarkt[32] provides measures of the estimated market value of teams for a large number of football clubs based on the estimated individual values of its core team of players[33].

[30] The UEFA provides a detailed description of the way clubs coefficients are calculated : see https://www.uefa.com/memberassociations/uefarankings/club/about/ last accessed on 26/06/2021

[31] Source : Main database
[32] https://www.transfermarkt.com/ last accessed on 26/06/2021
[33] In this chapter, we use market value as of 14 February 2021

Finally, the total value of a football club is measured by its enterprise value also called its asset value. KPMG (KPMG Sports Advisory Practice (2020)) provides estimates of market value for a subset of 32 clubs. A number of football clubs are also listed on the stock exchange and their enterprise value can be measured as the sum of their market capitalization and their net financial debt defined as their total interest bearing debt less their cash position.

We will also use in the following analysis an enterprise value score from 1 for the lowest to 50 for the highest value as provided by Brand Finance (Brand Finance (2020)).

Figure 2.6[34] in Appendix 2 shows the estimated brand value in 2020 for the top 10 football clubs. Real Madrid CF has the highest estimated brand value of around 1.6 USD billion.

Figure 2.7[35] in Appendix 2 shows that there is a strong positive correlation between the estimated brand value and the brand strength. In what follows, we will focus our attention on the brand value rather than the brand strength. Figure 2.8[36] illustrates the strong correlation between the enterprise value and the brand value scores. Figure 2.9[37] shows also a strong positive correlation between the UEFA score and the estimated team value.

Finally, figure 2.10[38] confirms that the enterprise value estimate by KPMG is strongly correlated with the market value for the subset of clubs in the KPMG study which are also listed on the stock exchange. All these relationships are consistent with the expected relationships based on the model of a football club which we introduced in Chapter 1.

The model introduced in chapter 1 assumes that the enterprise value of a club is impacted by its brand value as well as its sport performance, which in turn could have an impact on the brand value. Table 2.3 and 2.4 in Appendix 2 analyze the impact of those two key drivers on the enterprise values using the enterprise value scores calculated by Brand Finance and the enterprise value determined by KPMG respectively. In the two cases, we also measure the impact of the sport performance either by the UEFA score or the market value of the players and also control for the potential impact of the various national championships using the English one as the reference.

[34] https://www.statista.com/statistics/234493/football-clubs-in-europe-by-brand-value/ last accessed on 27/06/2021
[35] Source : Main database
[36] Source : Main database
[37] Source : Main database
[38] Source : Main database

We consider first the conclusion of the analysis based on the Brand Finance data and then from the KPMG data. The main conclusions are as follows:

(i) When considered separately either the brand value score or the UEFA score have a strong positive impact on enterprise value ranking but when considered simultaneously only the clubs' brand score appears significant. But of course, this is influenced by the positive correlation between the sport performance and the brand value. The same conclusion holds if the sport performance is measured by estimated value of the team rather than the UEFA score.

(ii) The impact of the national championship a club belongs to generally has no significant impact on the enterprise value. The overall conclusion is thus that the enterprise value is impacted by both its sport performance directly but also by its brand value which itself could possibly be impacted by the sport performance. Separating the two appears to be difficult based on this sample. If we now consider the KPMG data, the conclusions are slightly different and show that both the brand value and the sport performance have a significant impact on the enterprise value. Again, differences in national championships do not seem to have much of an impact. When considered together, we conclude that the two channels sport performance and brand value and thus commercial activities have an impact on the enterprise value as suggested in chapter 1.

2.5. Sport performance, market value of the team and team value management

In the previous section, the analysis has been focused on the interaction between the various value components of the model i.e. the upper part of figure 1.1. We now turn our attention to sport performance and its potential drivers. Table 2.5 summarizes the descriptive statistics for the main variables that we will be considering in this section. All data have been retrieved in February 2020 from the Transfermarkt data base mentioned above. We will first focus on the drivers of the sport performance and more specifically the drivers of the UEFA score and the market value of the players. Figure 2.11 in Appendix 2 summarizes the hypothesized model. First, it assumes that the UEFA score is both influenced by and influences the market value of the players. In other words, the quality of the team measured by its market value is assumed to influence the sport performance as measured by the UEFA score but the sport performance in turn has an impact on the value of the players. We thus have a reciprocal relationship between these two variables. The next question is to identify the drivers of the market value of the players. We will focus on a few variables which are summarized in table 2.5 and which cover:

(i) The purchasing of players and consider the gains and losses made of this activities,
(ii) The importance of players turnover measured by the transfer activity
(iii) The size of the squad and
(iv) Different measures such as the average age of the team or the age of a player at signing

These different variables correspond to some of the variables (resources and capabilities) discussed in chapter 1. We will also consider additional variables which can impact the analysis such as the capacity of the stadium which we use as a proxy for the size of the fan base, the image, the location of the club and its size and we will also control for the impact of the championship each club belongs to.

The results of the model presented above and estimated for the top 125 UEFA clubs are presented in table 2.6[39] in Appendix 2. The conclusions of the analysis can be summarized as follows :

(i) The UEFA scores depends strongly on the market value of the players and vice versa. This confirms the strong inter-relationships between sport performance and value of the team.
(ii) The various variables capturing how the club builds its core squad such as the average age of the team, the level of transfers or the age of players at recruitment time seem to have no significant effect on the market value of the team.
(iii) Everything else equal, listed clubs tend to have a slightly lower value for their team
(iv) And finally, when considering the championship of the club and using as the reference the smaller European championships (i.e. all championships but the Big 5), we notice that the value in the top 5 sample championships is higher than in the smaller ones, again everything else equal.
(v) Turning now to the determinant of sport performance as measured by the UEFA score, we notice that the market value of the player has a significant positive impact as mentioned above, that the stadium capacity as a proxy for the fan base and overall

[39] Table 2.6 reports the regression results using the ordinary least squares (OLS) method and the results using the two stage least squares methods (2SLS). Given the interactions between the market value of the players and the UEFA score this latter estimation method is the correct one. Comments will be based on that estimation approach.

size of the club has a somewhat positive impact on the performance. Everything else equal, we notice this time that clubs operating in the smaller championships tend to do better than those operating in the Big 5.

This statistical analysis does not provide any support for the role of a number of selection criteria in impacting the market value of the team. This is, in our opinion, a somewhat puzzling conclusion which might be a pure statistical effect but might also mean that indeed those variables are not key in driving the value of a team. In chapter 3, we will look at the more granular level at the role of these key sport drivers.

We also considered player trading as one possible core competency of a club. We will analyze the role of this skill by considering the drivers on the gains (or losses) on the team value. Gains on the team values are measured by the difference between the current team value in February 2021 as estimated by Transfermarkt and the purchase value of all the players of the team which is also provided by the same website. We will consider gains in absolute terms i.e. in million euros but also relative gains i.e. gains as a percentage of the market value of the team. Figure 2.12 summarizes the hypothesized model. We would expect gains to be driven by sport performance (as measured by the UEFA score), to be potentially impacted by the team management drivers, the type of ownership of a club and the overall size of a club as proxied by its stadium capacity. Finally, the gains may also depend on the championship in which the clubs operate. Table 2.7 in Appendix 2 presents the results of the model estimated with data for the top 125 UEFA clubs. The main conclusions are the followings :

(i) As expected, sport performance has a strong positive effect on absolute and relative gains on team value.

(ii) The purchase value of the team has indeed a strong negative effect on the gains. This suggests that the key capability is to identify the best players but then to be able to negotiate the lowest possible purchasing value. In other words, trading skills are an essential ingredient for the success of a football club.

(iii) All the other key sport management drivers that we use have practically no significant effects on the gains, confirming again that trading skills are really essential.

(iv) Finally, the influence of the championship is significant when considering the gains in absolute terms but not when the gains are measured in relative terms.

Looking again at the model of chapter 1, we conclude that trading skills are a core competence which we will investigate further in chapter 3 which focuses on a limited number of case studies.

2.6. Classifying the top 125 clubs: a cluster analysis

It is certain that clubs operate in championships with very different characteristics and do not have the same resources to compete in the industry. We have discussed above for example the emergence of a Super League, the ownership structure of the clubs, and we have noticed in the previous section in this chapter that very often conclusions of an analysis are impacted by the championship in which a particular club evolves. Clubs are thus not all made equal and the question is can we group them in a limited number of homogeneous segments based on objective criteria. The objective of this section is to use a cluster analysis to allocate our sample of 125 clubs to a limited number of market segments. This will also be an important element to consider when looking at the case studies discussed in the next chapter. Clubs are classified based on the following variables: UEFA scores, market value of the players, relative gain on the team, transfer value relative to team value, squad size, number of transfers relative to squad size, average age of the team, relative age difference, stadium capacity, whether the club operates in one of the Big 5 championships and finally whether the club is listed or not. In this section, we follow the approach presented in Mooi & Al (2018) Chapter 9. Table 2.8 in Appendix 2 shows the methodological approach for our cluster analysis.

Figure 2.13 in Appendix 2 shows the dendrogram associated with our cluster analysis for the top 10 clusters. The selection of the number of clusters for the analysis is described in the methodological note mentioned above which led us to select four clusters. Table 2.9 in Appendix 2 presents the four selected clusters which we now briefly describe.

The first cluster which we call Big 5 – Super League contains the top 20 European clubs. It essentially includes most of the clubs which were involved in the Super League project. However, on the one hand, the following clubs which are part of our cluster were not involved in that project : Sevilla FC, Olympique Lyonnais, AS Roma, SSC Napoli, Atalanta BC and SS Lazio. On the other hand, AC Milan which is not part of this cluster, was part of the Super League project. The second cluster which we call Big 5 championships includes all other clubs operating in the top 5 European championships, the third cluster called small championships – listed includes 9 clubs mostly in Portugal and Turkey which are listed and operate in the smaller

European championships. Finally, the last cluster called small championship - other includes all other clubs of the top 125 UEFA ranking.

The next step in the analysis is to investigate what actually differentiates the members of each cluster. This analysis is presented in Table 2.10 in Appendix 2 and leads to the following conclusions :

(i) The championship a particular club belongs to is a major uncontrollable factor that differentiates European football clubs.

(ii) In terms of UEFA score and market value of the players, we observe significant differences across the four clusters. There are significant differences between the Super League and the other members of the Big 5 championships. They have teams worth about three times more and do much better in terms of UEFA ranking. We observe a similar phenomenon between the top clubs of the other championships which are also all listed.

(iii) In terms of age and recruitment, the average age and the number of years with the club seem to be higher for the super-league teams than for those operating in the smaller championships. This is consistent with the hypothesis that the smaller clubs train and operate with younger players on average who gain experience and then after a few years are transferred to bigger clubs where they tend to stay longer. The smaller clubs develop and then feed the larger clubs, in particular the members of the Super League.

(iv) In terms of transfer strategy, smaller clubs transfer obviously less in monetary terms but not in relative terms, i.e. They generate higher returns from their development and selling strategy in comparison with large clubs.

(v) This suggests the existence of a clear differentiated strategy for the members of the Super League on the one hand and the clubs operating in the smaller championships on the other hand.

2.7. Some conclusions from the analysis and some open questions

The objective of this chapter was to test on a sample of football clubs some aspects of the model identified in chapter 1, in particular the role of resources and key capabilities in value creation, and to also identify the strategies implemented by these clubs.

The analysis clearly shows that the Top 125 European clubs are confronted to very different market environments and constraints. The championship in which they operate, financial resources and other factors influencing the size of the club (such as its location and the size of its stadium) play an important role.

We have seen that the largest clubs tend to depend a lot more on revenue from commercial activities and must therefore have access to the resources and develop the capabilities to be commercially successful.

We have also confirmed that both the brand value and the sport performance impact the enterprise value i.e. value creation despite the fact that sport performance also probably influence the value of the brand.

Looking now at sport performance, we have identified a strong reciprocal relationship between UEFA score and the market value of the team. It looks like the value of the team is not much influenced by a number of sport management decisions but that value creation crucially depends on the negotiation skills to buy key players.

The cluster analysis clearly shows that football clubs follows very differentiated strategies and in particular the fact that clubs operating in the smaller championships can actually become quite successful by acquiring and developing younger and less experienced players and then selling them to larger clubs which themselves then retain and leverage the more mature players.

This chapter generally supports the ideas developed in the first theoretical chapter with one major exception which is that the sport management policy seem to have a very limited role if any in the whole value creation process.

In the next chapter, we will look at the role of some key resources and capabilities at a far more granular level by considering in detail a few case studies. A particular point of attention will be to investigate the various sport management policies implemented by the various clubs we considered.

Chapter 3: Analysis of Some Selected Case Studies

3.1. Introduction

The last chapter of this Master Thesis contains four case studies corresponding to distinct business models and complexity levels that will help us understand the evolution of soccer clubs in a changing environment. First, The Leicester City case will put into perspective an emerging club in full mutation since its takeover by foreign investors. We will take a look into an organization which attempts to extract the benefits of its inner workings while spreading its acquired know-how. Secondly, the case of Dortmund, which is at first glance the one that most closely resembles a traditional company, is of a highly developed commercial level. We will explain how the club was able to overcome its difficulties by pioneering a number of entrepreneurial innovations. Thirdly, we will take another step forward with the extension of the model to a network of clubs owned by the Red Bull Group. It will allow us to understand that this policy, developed for marketing purposes, is in fact a much more complex value-added strategy. Lastly, we will dig even deeper with a networking model pushed to the extremes. The City Football Group, backed by the United Arab Emirates, intends to form a giant multinational group of football clubs in order to expand its influence. We will notice that the stakes linked to this costly pursuit are socio-political and diplomatic as well as being economic. Then, we will discuss whether the objective of extending the soft power of a state is compatible with the notion of return on investment.

The case studies analysis are based on the key resources, capabilities and core competencies identified in chapter 1 and focus on a more detailed, granular analysis of their importance. For each selected club, we explain why it has been chosen to illustrate some key dimensions and how it managed to develop a sustainable competitive advantage on that basis. In this regard, the Porter’s value chain will serve as a relevant reading grid and a guide in the writing of this chapter. Henceforth, we decided to leverage the adapted model that we developed in Chapter 1 to elaborate our comments. The following themes are analyzed in those cases : Selection & Recruitment, Team Value Management, Sport Performance, Image & Brand and Sponsoring, Merchandising & Services.

A significant amount of information for this chapter is retrieved from The Athletic[40]. This Sports Media company headquartered in New York is considered to be a leading and reliable reference in its field by redefining the way fans get access to Sports content.

3.2. Leicester

3.2.1 Presentation

Leicester City is an English football club that essentially became successful after its takeover, in August 2010, by the Thai billionaire Vichai Srivaddhanaprabha, owner of the Duty Free company King Power[41]. Table 3.1 in Appendix 3 provides some key information on the club, including its history and performance. Leicester is an interesting case because it is a club that is far from being part of the traditional Super League and yet manages to do well. After narrowly missing out on promotion to the Premier League on the previous year, Leicester finally put an end to a 10-year wait by joining the highest echelon of English football after the 2013-2014 season. Two years later, in the 2015-2016 season, it achieved one of the most resounding feats in the history of sport by beating all the odds and winning the Premier League. What makes its prestige so undeniable is that it managed to finish ahead of the usual tenors, namely the Big 6, with far fewer tangible resources. Those clubs, Liverpool, Manchester City, Manchester United, Chelsea, Arsenal and Tottenham, belong to the Super League caste and usually share the prizes among themselves. Such a performance earned them the nickname of “The Unbelievables” in reference to “The Invincibles” Arsenal players who had played a whole season without being beaten. The Foxes continued to perform well afterwards, winning their first FA Cup title to punctuate their 2020-2021 season. They have also participated in the UEFA Champions League despite some unlucky attempts to qualify in recent years.

3.2.2. Selection and Recruitment

Pundits as Rob Tanner, a Leicester specialist, generally agree that “Leicester are threatening to punch well above their weight again in the Premier League, defying the belief that to aim high you have to spend big”[42]. This is the philosophy which attracted, convinced and finally retained one the most coveted manager of the Premier League. Brendan Rodgers reportedly had many opportunities in the coaching market but had turned them down for the sake of trust and freedom

[40] https://theathletic.com/ last accessed on 4/07/2021
[41] https://www.kingpower.com/?lang=en accessed on 8/06/2021
[42] https://theathletic.co.uk/2177321/2020/11/03/leicester-recruitment-secrets/ last accessed on 8/06/2021

of work. The consistent productivity of a recruitment policy embedded in a long-term oriented club's culture, structure and leadership is best reflected in the background of Jon Rudkin[43], a longtime manager of the club who served in the organization for many years before becoming its director of soccer. The long-standing relationship between Lee Congerton[44], Chief Scout, and Brendan Rodgers, who know each other from their experiences in different jobs, is also a good illustration. The two men behind the scenes like to let the imagination of the man who makes the team, Rodgers, run wild in order to create the best possible team and later optimize the sporting results. In order to achieve the good match, emphasis is applied on the selection & recruitment processes. The structure tries to sign young players sharing their values of self-esteem and hard-working, making the choice of sought-after profiles limited. In other words, Leicester's recruitment decision-makers typically sample the potential supplier clubs to retain only those whose values are shared and where similarities to their own beliefs are found. For example, the recruitment department has spotted an impressive number of very talented players in the lower French divisions.

In order to explain the consistent success and efficiency of their recruitment policy, the process of identification of a potential targeted player is summarized as follows[45] : researching the players' abilities and personality, selecting youthful profile of good value with the potential to be developed and establishing his suitability to fit the Leicester profile.

In practice, the Foxes are also constrained to prospect in different markets to differentiate themselves given the relative financial gap among the "Super League" big clubs they compete with. They need to attract talent sooner and faster through channels further down the food chain pyramid. This means getting players from good clubs in smaller leagues with more dependence on outgoing transfer money due to the composition of their revenue streams. In line with this strategy, it led to the acquisition[46] of a private subsidiary in Belgium in the form of an investment in a sister club, namely Oud-Heverlee Leuven. This organization is completely supported by the parent club while keeping its part of independence and identity. The local management is financially endorsed and benefits from the acquired knowledge at every level[47]. On the one hand, they invested in facilities like fields and stadium but also in data and video analysis. On the other hand, soft skills including marketing, customer relationship management

[43] https://www.transfermarkt.com/jon-rudkin/profil/trainer/6626 accessed on 8/06/2021
[44] https://www.transfermarkt.com/lee-congerton/profil/trainer/16219 accessed on 8/06/2021
[45] https://theathletic.co.uk/2177321/2020/11/03/leicester-recruitment-secrets/ accessed on 8/06/2021
[46] https://www.bbc.com/sport/football/39946036 accessed on 8/06/2021
[47] https://www.ohleuven.com/ accessed on 8/06/2021

through fans and players recruitment process have been implemented. Marc Brys, Head Coach of the Belgian entity confirms "there is a vision, a plan, we have invested in the foundations, the know-how of Leicester is very useful"[48]. Asked about his investment, the late Vichai Srivaddhanaprabha declared "Louvain is close from Brussels, The Belgian National Team is great and the championship as well. There is potential"[49]. According to him, the aim is not to swap players between both sides while allowing to line-up a Leicester B for players in lack of playing time. Nor is it a way to circumvent the rules that came into effect following Brexit regarding obtaining a work permit in the United Kingdom. The reality of the facts so far proves him right. Actually, this practice has been used sparingly since they are only three loaned players from Leicester to OH Leuven at the moment.

3.2.3 Team Value Management

Leicester is an English Premier League team that has distinguished itself in recent years by excelling in player trading rather than in the youth academy development. Indeed, they were able to consistently achieve impressive residual values by the selling of key players over a sustained period. If it is obvious that shareholders had to invest massively to launch and build such a project, with an estimated purchase value of players around €311 million[50], it is also true that the financial guarantees provided by the foreign private majority investor and the amount offered by the main sponsors have been a significant help. However, it remained relatively conservative in comparison with investments from other major clubs in the industry. The current development of the brand and the history of the club do not allow them to benefit from the same level of global revenue streams. The organization did not have the means and assets to compete on an equal footing with the biggest competitors in the field of net investment, hence they focused early enough on Team Value Management to become a reference in this field. Paradoxically, the willingness of most popular players keen to pursue their growth in an ambitious but low pressure club is not to say that the ownership is against a good selling from time to time. Inevitably, business imposes the need to create residual value but only after having taken advantage of the sporting profitability. In recent years, the big sales have been N'Golo Kante (bought €9 million, sold €35.80 million), Riyad Mahrez (bought €500 thousand, sold €67.80 million), Danny Drinkwater (bought €900 thousand, sold €37.90 million), Harry Maguire (bought €13.70 million, sold €87 million) and Ben Chilwell (trained at the club's

[48] Sportfoot Magazine n.47 Novembre 2020 : Nous avons un objectif, pas un délai
[49] Sportfoot Magazine n.47 Novembre 2020 : Nous avons un objectif, pas un délai
[50] Data base Football clubs

academy and sold €50.20 million). Interestingly, all these transactions involved clubs from the English Big 6, which also explains the importance of the amounts collected. The next jackpot could be hit with the expected sales of Youri Tielemans, James Maddison (each valued at €55 million) or Wilfred Ndidi (valued at €60 million), among many others.

Brendan Rodgers, their long-standing manager, embodies this vision and recognizes the leading role played by this strategy : "We always knew it was going to be really difficult to punch our way through into that top six because of the resources, qualities and the size of clubs at that level"[51]. In an environment where management turnover is often common place, stability is essential. One of his greatest achievement is to have won over most of the club's employees to his cause. Rodgers articulates its ambitions around defined promises to players and directors of each club he is involved with. First, an open communication. Second, quality in the work. Third, maximization of the investment, improvement and development of players. Trust between owners, directors and management appears to be a key success factor. In this regard, it is essential to underline that there is no interference within the hierarchy. Political conflicts are mostly avoided as far as director of football, head of recruitment and coaching roles are concerned. Meanwhile, the limited power of agents makes conflicts of interests rare. In this regard, the manager of the team is empowered and hold final word regarding transfers and staff appointment including Head of Recruitment. We observe a stable continuity within the scouting and recruitment departments and in the way to identify new potential prospects independently of human resource turnover. The names can change but not the direction.

Last but not least, the club heavily invested in the creation of a state-of-the-art training center and other facilities. The club can also count on its King Power Stadium[52], also known as Leicester City stadium for compliance with UEFA sponsorship laws. The 32,273-seat stadium is only the 20th largest in England in terms of capacity. Although Leicester fans are known to be noisy, we will not consider it as a means of differentiation. Apart from the stadium, however, the infrastructure delivers the best environment possible to develop players under contract and maximize their performance level. With such an investment, there is also room for further improvement in the youth categories development as well.

[51] https://theathletic.co.uk/2177321/2020/11/03/leicester-recruitment-secrets/ last accessed on 8/06/2021
[52] https://www.transfermarkt.com/leicester-city/stadion/verein/1003 accessed on 8/06/2021

3.2.4. Sport Performance

To summarize Leicester's sporting achievements only as having lifted the Premier League trophy would be somewhat reductive. The club also holds another record, that of having won the most titles in the Championship, the second English division. Ironically, they share this characteristic with Manchester City, another historic club that became great later on following a significant takeover that impacted the performances. The club has also taken part in 5 FA Cup finals but has only won it once, in 2021, which shows its progression. At the European level, their rank is logically still very low. The club has participated only 3 times in the Europa League (1998, 2001 and 2021) and only once in the Champions League, in 2017, following its title, still reaching the quarterfinals of the tournament. Again, it was an unexpected performance for a team of this magnitude that reinforces the feeling of competitive advantage somewhere in the value chain.

3.2.5. Image and Brand, Sponsoring, Merchandising and Services

Leicester's performances have undeniably caught the eyes of the world and won them many admirers across continents. The image is strengthening and the brand awareness is growing at a rapid pace. Their merchandising products can be found in many different places while expanding into markets that are far from saturated. The popularity is certainly even more developed in Thailand given the investors' connection with the country. The shirts of the club, as well as those of the sister club Oud-Heverlee Leuven, are sold en masse in the country's airports. However, it must be admitted that the club is not yet on par with the brilliance of the biggest clubs of the old continent because of their historical roots and their success over time. Whether Leicester will ever be able to catch up with them is an open question.

3.2.6. Conclusion

In summary the three areas for which Leicester City has acquired and developed unique resources and capabilities and excels are the selection and recruitment, team value management and as a result increasingly sport performance. This is particularly highlighted by their excellence in development of players under contract as well as player trading and perfect timing at resale. This is less reflected in their integration of young players into the senior team. While the example of Ben Chilwell is the exception that proves the rule, there is still room for improvement in this area. The construction of a new academy within a state-of-the-art training center will certainly help for this purpose while reinforcing strengths in the other fields. Generally speaking, by continuing to operate in this way, there is every reason to believe that they will be able to repeat the kind of Chilwell's experience. To this end, keeping their project coach along with his approach of Team Value Management as long as possible will be a strategic point. It will also be interesting to see how the collaboration with the Oud-Heverlee Leuven partner develops and whether it in turn can benefit from it. The supply of players will not be the only way to evaluate this operation since the know-how acquired and shared in both directions will be just as important. As a result, the club should be even less dependent on the occasional investor-led upgrading by the owners and should continue to be managed in a sustainable, debt-free manner, using only the commercial surplus from its activities. This diversification of revenue streams would provide the club's financial department with an alternative way to balance the books and even make a profit without relying on the sale of its top performers. This could, hence, lead to longer players retention.

3.3. Borussia Dortmund

3.3.1. Presentation

Borussia Dortmund (BVB) is an emblematic German club located in the Ruhr region (see table 3.2 in Appendix 3). While the BVB case is now a remarkable demonstration of best practices in the field of player management and trading, this has not always been true in previous times. Indeed, to understand the management model applied today, it is necessary to immerse oneself in a context of bankruptcy that the club came close to on several occasions between 2003 and 2005. Overly ambitious plans by the executives in place during this period nearly led to the Westphalian club's demise, accumulating a debt of approximately €200 million and making the employer unable to fulfill its payroll requirements. The already tense financial situation was not helped by the sport performance of the team and became rapidly unsustainable when the team failed twice to qualify for the group stage of the Champions League. Meanwhile, the stock index of the only German club listed on the market also dropped drastically. This constrained the Borussia company to trade a significant part of its stadium to Commerzbank, namely the equivalent of 75% of his home arena rights. The organization also had to give up a portion of its marketing and player entitlements to an insurance provider. Then, as surprising as it may seem, came the more than welcome assistance of Bayern Munich (see table 3.3 in Appendix 3), which had already reacted in a similar way with two clubs in its region experiencing financial difficulties. As previously with FC Sankt-Pauli and 1860 Munich, Bayern granted Borussia a financial support of €2 million which came without interest while covering 1% of the total debt. Of course, while Thomas Treß [53] acknowledges that the contribution was not negligeable, many other factors played a significant part in rescuing the club. Dortmund' chief financial officer specifies that convincing investors was one of them and details that : "Bayern Munich lent the former management €2 million in September 2004 until the end of October 2004. €1.5 million was paid back. And I guess, because Borussia Dortmund made a capital increase in October 2004, so from this money they paid Bayern Munich back, aside from €500,000 which was paid in June 2005."[54].

The succeeding managerial team was fully aware that such types of mistakes should be avoided, as the financial department manager stresses out : "Borussia Dortmund and all the people in the club learned that you cannot spend money which you did not earn. […] You have to focus your economic strength and not have the idea to compete with clubs like Bayern Munich or Barcelona, because these clubs have much higher revenues and more economic strength"[55].

Hans-Joachim Watzke[56], the current chief executive officer who took over the helm of operations following this period of high turbulence put in place a recovery plan through an austerity policy. His management worked hard to streamline the workflow via smart cost management, persuading banks of the project's credibility and building strong business partnerships.

Last but not least, the main strategy has turned to thoughtful recruitment and excellence in the trading of players acquired at reduced costs. The sustainability of this business approach reinforced both sporting and financial aspects while leveraging on cutting-edge infrastructures and facilities for youth development. This successful system of thinking enabled them to climb back to the top of the German and European soccer scene very quickly.

[53] https://www.transfermarkt.com/thomas-tress/profil/trainer/29401 accessed on 23/06/2021
[54] https://www.sportspromedia.com/opinion/borussia_dortmund_bite_the_hand_that_once_fed_them accessed on 23/06/2021
[55] https://www.sportspromedia.com/opinion/borussia_dortmund_bite_the_hand_that_once_fed_them accessed on 23/06/2021
[56] https://www.transfermarkt.com/hans-joachim-watzke/profil/trainer/6910 accessed on 23/06/2021

After putting things into context, we will be able to study the areas in which Borussia Dortmund was able to develop a relative advantage over the competition. We insist on the fact that the objective is not to compete in the long run with Bayern Munich, which has much greater means at its disposal. Although BVB has ambitions to lift trophies, the runners-up position suits them as long as they can reach Europe through UEFA Champions League and put together a competitive team year after year. This is the reason why we will also focus on the comparison with its powerful Bavarian rival along this case.

3.3.2. Selection and Recruitment

Michael Zorc[57], the sporting director of Borussia Dortmund (BVB), is born in Dortmund. He spent his whole career in Borussia Dortmund, playing nearly 600 matches during 17 seasons as well as being the team's captain for many years[58]. He is the charismatic leader that an ambitious team needs to reach its objectives.

The development of young players is viewed as a pillar of the strategic orientation of the entity. The club official website describes it as the duty to "develop junior talent into a strong professional team that meets the high sporting demands of Borussia Dortmund"[59]

The organization also claims to be fully conscious of its standing and lower financial resources compared to either its main domestic competitor, the Bayern Munich, or some international competitors. On the national scene, Bayern seems to be unreachable while on the international stage, members of the Super League inner circle appear economically more impactful. The response to this issue, allowing them to systematically compete with the best, consists in "a great deal of professionalism and creativity by a close interlocking of youth, amateurs, and professionals"[60].

The management is first and foremost conscious of the indisputable supremacy of Bayern Munich Football Club regarding national awards. The "Rekordmeister"[61] reigns over the Bundesliga, for almost a decade. The club from Munich is about to win its 9th German First Division Championship title in a row. The Black and Yellows representatives are also aware that revenues from the Bundesliga are not equivalent to those of the English Premier League.

[57] https://www.transfermarkt.com/michael-zorc/profil/trainer/3295 accessed on 23/06/2021
[58] https://www.transfermarkt.com/michael-zorc/profil/spieler/38033 accessed on 23/06/2021
[59] https://aktie.bvb.de/eng/BVB-at-a-glance/Strategy2 accessed on 23/06/2021
[60] https://aktie.bvb.de/eng/BVB-at-a-glance/Strategy2 accessed on 23/06/2021
[61] https://www.transfermarkt.com/bayern-munich/erfolge/verein/27 accessed on 23/06/2021

Interestingly, BVB is not especially known for the quality of its broad cooperation with partner clubs in terms of discovering elite players from these sources. They developed a large network to spread a consistent philosophy and ideas. Nevertheless, in our opinion, it actually looks like it is implemented more for commercial purposes either to reach new customers or even to support a good cause than to actually feed the team with players. This is the reason why we decided to address this strategy in the Sponsoring, Merchandising and Services section. In practice, to convince and win over the most attractive young players, the organization leverages on a "modern, professional, and global scouting"[62] network. The young talent recruitment is centered on post-formation, meaning that players are typically acquired later in the grooming value chain. The club is desperately in need to hold all the technological tools to lead a consistent scouting process and track the most suited potential acquisitions.

Last but not least, the club is also able to untie the purse strings to secure the services of a suitable coach for its philosophy and style of play. the latest recent example is the purchase of the remaining years of the contract of their next coach from next season onwards, Marko Rose[63], by activating a €5 million clause[64] in his binding contract with Borussia Mönchengladbach. It is worthwhile to notice that this trend has been pursued since the latest club has already found his replacement, the Austrian Udi Hütter[65], already acquired by paying an even higher amount of to poach the current Eintracht Frankfurt manager[66].

3.3.3. Team Value Management

It is valuable to notice again that the club's strategy is focused on post-formation rather than on supporting players from an early age. Players are generally acquired slightly later in their development process, but early enough to be shaped following Dortmund's standards, enabling them to reach their full potential more quickly. The club strategic statement declares: "As a consequence, Borussia Dortmund has a very young squad, and will continue to have one in the

[62] https://aktie.bvb.de/eng/BVB-at-a-glance/Strategy2 accessed on 23/06/2021
[63] https://www.transfermarkt.com/marco-rose/profil/trainer/24197 accessed on 23/06/2021
[64] https://www.transfermarkt.com/official-rose-will-take-over-at-borussia-dortmund-in-the-summer-ldquo-we-are-very-happy-rdquo-/view/news/380359 accessed on 23/06/2021
[65] https://www.transfermarkt.com/adi-hutter/profil/trainer/5018 accessed on 23/06/2021
[66] https://www.dw.com/en/bundesliga-adi-h%C3%BCtters-eintracht-frankfurt-falter-at-reborn-borussia-m%C3%B6nchengladbach/a-57241762 accessed on 23/06/2021

future. This path, which we have been pursuing very forcefully for many years now and which will be developed further in the future, sets us apart from many competitors"[67].

Their main mean of differentiation, but also of survival among the top European clubs, has been to develop a strong competitive advantage in value creation and production of up and coming stars. They have, henceforth, the opportunity to sell and balance the books. Here again the strategies of the two rivals are drastically opposed and the differences in amounts involved are enormous. They do not receive the same financial amounts to spend[68].

Raphael Honigstein and Tom Worville from The Athletic establish the cleavage as follows : "Bayern can lock in their best performers long-term, whereas Dortmund are forced to have a much more fluid squad composition, based on nurturing high-potential prospects and spending more money on mid-class players looking for the next step"[69]. Although this may seem paradoxical, the high turnover rate regarding incoming and outgoing transfers of players allowed them to spend larger amounts in transfer fees than the wealthy Bavarians. Indeed, those expenses were respectively of €480 million and €380 million between 2014 and 2019. The difference is in the balance of trade since, over this period of time, while BVB was creating an healthy profit of €80 million, Bayern, not facing any sales constraints, was maintaining a negative trade balance of €160 million.

Thanks to this combined excellence in the integration of youth players into the senior team, development of players under contract and especially in player trading, the club has been rewarded with a prominent place in the McKinsey ranking[70] on Team Value Management. The best illustration provided by The Athletic article is as simple as this : "BVB added more than €400 million to their squad value over the last five seasons, mostly thanks to clever resource management and the development of players"[71].

The strategic goal is constantly driven by "the principle of maximizing sporting success without piling up new debts"[72]. The funding of team value management is mainly supported via surplus

[67] https://aktie.bvb.de/eng/BVB-at-a-glance/Strategy2 accessed on 23/06/2021
[68] Data base Football clubs V7 last accessed on 7/06/2021
[69] https://theathletic.com/2175741/2020/11/05/dortmund-bayern-munich-bundesliga/?article_source=search&search_query=Bayern%20Dortmiund accessed on 23/06/2021

[70] https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/the-value-pitch-the-importance-of-team-value-management accessed on 7/06/2021
[71] https://theathletic.com/2175741/2020/11/05/dortmund-bayern-munich-bundesliga/?article_source=search&search_query=Bayern%20Dortmiund accessed on 23/06/2021
[72] https://aktie.bvb.de/eng/BVB-at-a-glance/Strategy2 accessed on 23/06/2021

from commercial activities but the incoming revenue generated by transfers is essential too given the difficult financial history of the club.

The investor-led upgrading, which consists of cash constantly injected by shareholders, is not considered as a viable option. The German 50+1 model engaging fans and favored by the fans makes this kind of fund raising impossible. This is a restriction imposed by the Bundesliga itself to its clubs with the aim to counter excessive foreign investment. In a nutshell, out of the net transfer investment streams identified by McKinsey[73], sustained revenue surplus is the only plausible lever of growth. Investor-led upgrading and debt financing are not even considered as reliable and sustainable strategies.

3.3.4. Sport Performance

BVB maintains the image of a club that has always been able to surround itself with entertaining, charismatic and rigorous coaches. The superior quality of their approach of the game is widely recognized in terms of tactical, psychological and most importantly physical aspects through players management. This is best illustrated by the fact that many coaches who have worked for the club are now thriving at other clubs. The best examples of success are Jürgen Klopp and Thomas Tuchel, now respectively actives at Liverpool Football Club and Chelsea Football Club. In parallel, the club detains some of the most “bankable” young prospect in the world with the English man Jadon Sancho[74] and the Norwegian attraction Erling Haaland[75]. Both footballers are highly rated on the transfer market. Sancho is currently valued at 100M€ by the specialized website Transfermarkt. It means that this should require at least a sum of money in this range for any potential buyer while Haaland will cost even more, with an estimated price tag of €110 million. These amounts are obviously only estimates and do not take into account potential clauses in contracts or balances of power. To provide them the best environment to flourish, future coaches should systematically follow in the footsteps of trainers who like to work with young technical players rather than more experienced and mature ones.

[73] https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/the-value-pitch-the-importance-of-team-value-management accessed on 7/06/2021

[74] https://www.transfermarkt.com/jadon-sancho/profil/spieler/401173 last accessed on 15/05/2021
[75] https://www.transfermarkt.com/erling-haaland/profil/spieler/418560 last accessed on 15/05/2021

While the club has often been able to rely on a team built from players with a wealth of individual qualities, the club has always put team spirit and intensity at the core of its philosophy. The team is one of the best balanced chemistry between young highly-rated talents and experienced mature players guiding and supervising their evolution.

The straightforward style of play is all about direct verticality and quick transitions by exploiting spaces. The pressing and fast pace imposed on the opponent allow disruptive assaults and thrilling counter-attacks in reconversion. It is a risky but spectacular way to play. The emphasis is strongly put on "intensity", “authenticity”, "commitment", and "ambition”.[76]

The institution also praises its impressive infrastructures and facilities by willingly assessing the following statement : “with the help of superb framework conditions, such as a modern training center and foundation of BVB Fußballakademie GmbH we foster and develop highly and extremely talented players[77]”. Workshops are also organized by a professional team of sociologists to educate and explain them what is “the meaning of playing for Dortmund”[78].

Always in line with their Selection & Recruitment approach, their attitude towards the overwhelming dominance of the Bavarian giant is humble and pragmatic. In the long run, they know very well that their most realistic chances of sporting success are to lift the DBF Pokal (German national cup) and to qualify for the Champions League knockout stage rather than to be crowned national champion. They certainly do not claim to position themselves as a strong contestant for the national title but as an opportunistic outsider[79].

3.3.5. Image and Brand

The corporate culture is deeply rooted in the Westphalian region as evidenced by the commitment to perform for the club of the Sporting Director Michael Zorc and other executives. In the same way, the managers ensure a dedication around “social responsibilities towards the fans, club members, the city of Dortmund, and the region”[80]. The mission and positioning is

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[76] https://aktie.bvb.de/eng/BVB-at-a-glance/Strategy2 accessed on 23/06/2021
[77] https://aktie.bvb.de/eng/BVB-at-a-glance/Strategy2 accessed on 23/06/2021
[78] https://theathletic.com/2175741/2020/11/05/dortmund-bayern-munich-bundesliga/?article_source=search&search_query=Bayern%20Dortmiund accessed on 23/06/2021

[79] In the most symbolic way, even when they were able to reach the final of the most prestigious club competition in the world, they failed in the face of the magnitude of the task. As was expected by most specialists at the time, they lost the 2012-2013 UEFA Champions League Final in Wembley Stadium, London, against the Bayern Munich.
[80] https://aktie.bvb.de/eng/BVB-at-a-glance/Strategy2 accessed on 23/06/2021

deployed trough the idea of "building of a long term modern football company establishing itself at the top level of the German national league"[81].

The Stadium, called Signal Iduna Park but famously known for its Yellow Wall is viewed as the epicenter of the project. It plays a big part in their unique selling proposition (USP) which differentiates them from the crowd of competitors. It is a unique selling point both for fans and players through emotional pull and atmosphere. While the award can be seen by some as subjective judgment, the enclosure has once been designated as "the best and most beautiful football stadium in the world"[82] by The Times[83] which described it as "the best atmosphere on the Continent on a game-to-game basis". The enclosure maximizes the fan engagement via the expression of a concentrated energy and an unwavering support at home.

Loyal to its principles, Dortmund always tries to retain control of its assets and business model. They master and strengthen the football-related BVB brand and image perfectly which in turn lead to a successful expansion through global markets. This branding follows exactly the same logic than the team : Deliver "an intensive football experience through intensity, authenticity, commitment and ambition"[84].

3.3.6. Sponsoring, Merchandising and Services

The choice of sponsors is also strongly impacted by the geographic location of the two clubs. The assertion is simple : "Munich, a hotbed for technology, media and services is nearly three times the size of Dortmund, which is situated in the post-industrialized Ruhr area"[85]. This development often comes at a price for a segment of the more conservative fans who praise the respect of traditions. Once again, Dortmund opted for authenticity and regionality with the selling of the stadium's naming rights to the local insurance and financial services company Signal Iduna. Once again, Goliath outperforms David in terms of revenue[86] while leveraging on its own local insurance company. The contract allowing Allianz to give its name (Allianz Arena) to the Bayern stadium is worth six times more than the corresponding naming agreement for Dortmund. The same ratio also applies to shirt sponsors. On the one hand, Deutsche

[81] https://aktie.bvb.de/eng/BVB-at-a-glance/Strategy2 accessed on 23/06/2021
[82] https://aktie.bvb.de/eng/BVB-at-a-glance/Strategy2 accessed on 23/06/2021
[83] https://www.thetimes.co.uk/article/the-top-ten-football-stadiums-r7pj5mggbc3 accessed on 23/06/2021
[84] https://aktie.bvb.de/eng/BVB-at-a-glance/Strategy2 accessed on 23/06/2021
[85] https://theathletic.com/2175741/2020/11/05/dortmund-bayern-munich-bundesliga/?article_source=search&search_query=Bayern%20Dortmiund accessed on 23/06/2021
[86] See Appendix 3

Telekom is Germany's biggest mobile network company. On the other hand, the appearing sponsor on Dortmund's shirts, 1&1, is an internet company providing webpages. As a main result, the gap between the commercial revenue of both clubs is a highly significant difference of €200 to €300 million at the beginning of each season. Nevertheless, The Dortmund's directors still assume that the key strategic objectives drivers will be covered by a growing income obtained through marketing rights as well as a rise of the business turnover[87]. These factors should in turn generate a sustainable improvement of the value of the BVB company. Its strategists identify traditional revenue streams of professional football as the way to get bigger : games ticketing, TV marketing, advertising, retail, and transfers. Those touchpoints will remain at the core of the BVB business model in the future.

Another key partnership is the one with DAZN[88], a global over-the top (OTT) Sports Media reaching over 400 million monthly users across 37 markets covered by 18 languages[89]. The platform delivers a personalized service through a tailor-made fan engagement. To do so, it leverages on cutting-edge technology able to display targeted advertising to DAZN customers. The content is widely spread thanks to over 1800 publishing partners, social media influencers and sports stars forming an impressive network.

Borussia Dortmund has partnered with DAZN Media Team for the launch of a significant global marketing campaign. Its stated purpose was to increase the reach of fans in South East Asia through several engagement mechanisms. The brand has been able to expand its regional awareness via a well-thought out social media campaign. DAZN was assigned to create weekly entertainment content to engage potential prospects. The communication was articulated across the showcase and highlighting of prestigious competitions such as German Bundesliga and UEFA Champions League. Regular followers of the club's Facebook account could access the inspiring work powered by DAZN Media's creative content studio in Singapore in their local language. The Fanbase to convert was geo-targeted on Thailand, Vietnam and Indonesia. The ultimate goal of the move can be summarized as the necessity to "reach, engage and grow the club's fanbase in the region, whilst increasing loyalty, interaction and match viewership online as well as directing fans to watch the Borussia Dortmund documentary on Amazon Prime"[90]. Finally, the collaboration was able to leverage synergies thanks to the previous deployment of

[87] https://theathletic.com/2175741/2020/11/05/dortmund-bayern-munich-bundesliga/?article_source=search&search_query=Bayern%20Dortmiund accessed on 23/06/2021
[88] https://media.dazn.com/en/ accessed on 23/06/2021
[89] https://media.dazn.com/en/dazn-media/ accessed on 23/06/2021
[90] https://media.dazn.com/en/press-releases/2019/11/borussia-dortmund-and-dazn-media-team-up-for-asia-campaign/ accessed on 23/06/2021

the Japan's J League. The Nippon Championship had previously used the services of the Tech Media to "manage its international social media strategy with the goal to grow its brand presence and following overseas through digital and social media"[91].

This collaboration between an internationally renowned fan activation agency and one of Europe's biggest clubs has strengthened its connection with the Asian nations. The modern communication has given the Germans a young and dynamic image in a market that is far from saturated. It is with this logic that the famous international pre-season tours generally take place.

Although it was made impossible by the sanitary crisis measures ahead of this season, the club pledged to support its international followers in this difficult time. The Head of International & New Business department and his team competed in ingenuity to prepare something for their distant admirers in China and South East Asian countries. In this regard, they launched the Virtual BVB Tour of Asia to stay in touch with that audience. The reaction to the situation being to take advantage of the technological tools at the club's disposal, BVB Managing Director, Carsten Cramer, quoted : "this inspired us to strengthen our digital communications from Dortmund to Asia in close cooperation with our office locations in Singapore and Shanghai as part of our preparations for the 2020/21 Bundesliga season"[92]. As far as the online content is concerned, virtual meetings with players, livestreams of training sessions and even friendly matches were delivered. Moreover, special online press conferences were hosted in Singapore and Tokyo in order to grant interviews to local Bundesliga's TV partners. On site activities included Black and Yellow bus tours through Shanghai. On this occasion, special treatment was given to the region's loyal fan clubs as well as to corporate relations including Evonik, Puma, Rowe, Duisport and several Asian companies. The involvement of Evonik[93] and Puma, two main partners, regarding the launch of the new cup jersey is a particularly demonstrative evidence. The large German chemicals company[94] and the famous international sportwear corporation took part in the announcement of the revealed kit worn at events such as DFB cup matches, UEFA Champions League matches and international friendly matches. Evonik Industries AG is listed on the Frankfurt Stock Exchange and headquartered in North Rhine-Westphalia to which the city of Dortmund belongs. While PUMA is the third largest

[91] https://media.dazn.com/en/press-releases/2019/11/borussia-dortmund-and-dazn-media-team-up-for-asia-campaign/ accessed on 23/06/2021
[92] https://www.bvb.de/eng/News/Overview/BVB-bound-for-Virtual-Asia-Tour accessed on 23/06/2021
[93] https://corporate.evonik.com/en accessed on 23/06/2021
[94] https://en.wikipedia.org/wiki/Evonik_Industries accessed on 23/06/2021

sportswear manufacturer in the world, the club's tendency to partner with local, albeit multinational, companies is once again highlighted.

BVB Evonik Soccer Academy occupies a prominent place in the expansion strategy of the Borussia Dortmund's merchandising through international cooperation[95]. Its worldwide reputation and track record especially in terms of youth development plays a key role in the provision of this service.

It consists in the transfer of know-how to international clubs, schools and universities relative to sporting skills as well as social educational values. This sharing of competences and soft skills is realized thanks to the on-site involvement of BVB's philosophy representatives, which is spread to an impressive list of partner clubs and various organizations (see box 3.1 in Appendix 3 for more details).

3.3.7. Conclusion

In conclusion, the relative competitive advantages developed by Dortmund are multiple and are spread across the different activities of the value chain. In the selection & recruitment part, we identify a strong local and international network of scouts partners. These are articulated around a strong personality, a charismatic and inspiring sports director for the rest of the organization. In the same way, the choice of the coach is also made in a thoughtful way and adapted to the operating needs of the club. These are fundamental criteria in the optimization of Team Value Management. This field of expertise is supported by high-level infrastructures. The youth teams are full of talented prospects who can reasonably expect to make the jump to the first team. The more mature players on that team act as guides for these youngsters to take over. The revenues generated from the commercial activities as well as those linked to the previous outgoing transfers allow consequent means of financing the Team Value Management without accumulating debt and putting the club in danger. Although the club has considerably less money in absolute terms than Bayern Munich, this does not prevent Dortmund from achieving positive results in terms of sport performance. At this stage, they can rely on their unique stadium in the world filled with singing and passionately cheering fans. Their identity values of intensity, authenticity, commitment, and ambition can be found at all the club's levels, on and off the field. This sustained vision also ensures consistency with the strong brand image that it has allowed them to build and deploy around the globe. It goes without saying that the

[95] https://www.bvb.de/eng/BVB/BVB-Evonik-Football-Academy/International-Cooperations accessed on 23/06/2021

academies launched with the help of partners and the numerous activations directed at international fans have had a beneficial effect on the brand's positioning. The club's digital presence, particularly through its collaboration with DAZN, has enabled its expansion and recognition in Asia. The implementation of this marketing plan through sport, via a marketing mix leveraging on the latest technological development, accentuated merchandising sales opportunities in the region.

3.4. Red Bull Group

3.4.1. Presentation

Red Bull GmbH is a private company, headquartered in Fuschl am See, not far from the city of Salzburg in Austria, that sells energy drinks whose production is outsourced to Thailand. The organization became especially known for its involvement in sponsoring first, and then for its ownership of various events and sports teams. The brand first opted for a niche market by specializing in extreme sports before moving into more traditional sports. To cut a long story short, Red Bull Marketing is a unique case in the field of brand management with its decision to leverage a strategy to enhance its brand awareness within niche markets. Their sport marketing approach disrupted the market by targeting specific investments in strategic areas. The objective has undoubtably been to build a strong image of adventure, adrenaline, achievements and success[96] . To do so, the trend followed by the group was in the first place focused on less bankable sports before investing in the most popular game in the world. It is this last aspect that we will focus on in this case study. After acting in sponsoring like the majority of its mainstream competitors, it quickly decided to opt for a more value creative alternative, investing directly in the industry i.e. by hosting sporting events. The race to reach larger audiences forced it to opt for a still more ambitious strategy. Instead of relying on external players to advertise its brand, it simply chose to create its own content consumption only accessible on its own channels. In addition to that, by keeping its distribution rights it created other sources of revenue.

[96] https://medium.com/box-2-box-eng/the-marketing-strategy-that-drives-red-bull-to-invest-in-football-14c169edcee0 accessed on 23/06/2021

Actually, Red Bull Media House (RBMH) takes in charge the corporate communication and the spread of the Red Bull brand. This managerial change is Blue Ocean type in the sense that it completely revolutionizes the way goods are sold. This way of working makes it possible for the organization to attract most of the profits all along the value chain. The same approach applies to the way they operate in football.

Red Bull's strategy and behavior in the football industry differs greatly from the objectives of most other clubs. The first football club acquired by the group in 2005 was in Salzburg, a choice making sense given the short distance from Red Bulls' Austrian headquarters. This led to their decision to take over SV Austria Salzburg while taking it through a complete rebranding leading to a change of its name into Red Bull Salzburg. Shortly afterwards, they added three additional performance-dedicated entities, namely New York Red Bull, RB Leipzig and Red Bull Bragantino in Brazil. It also acquired strategic feeder clubs to assist them in their mission. Those lesser-known clubs are New York Red Bull II, Liefering (Austria Second Tier) as well as Red bull Brasil. The administrative systems, however, differ greatly from country to country. The Red Bull Brasil case illustrates really well this complexity. This subsidiary was the first move in order to establish a contact point with the talent goldmine that the Brazilian market represents but the local bureaucracy soon decided otherwise. In a nutshell, it constantly slowed down the granting of the required licenses. The second attempt, Red Bull Bragantino, a club they promoted from Serie B (Brazil's 2nd division) by winning the title in a short period of time, proved more successful. This victory came about quickly thanks to the resources made available by the group, allowing them to acquire better players under the eyes of their most powerful rivals. Red Bull had to be patient, content to be a simple shirt sponsor during the first year of collaboration before rebranding the club to its name. Another aspect of how the brand portfolio is organized is the property rights that exist in different regions. This explains why it is only allowed to own its Austrian and American entities, while finding creative solutions for the others. The problem occurred when Red Bull tried to enter its parent company into one of the most visible European leagues; Germany. In addition to that, the close linguistic and geographical ties between Austrians and Germans was an attraction for Red Bull's expansionist ambitions. However, the rules of the German Bundesliga are the most drastic, due to the 50+1 ownership model limiting foreign investments, as already explained. The cultural shock was not easy to overcome either as the group encountered protests from fans of the clubs they were approaching for a takeover. As a result, they quickly had to lower their expectations and accept to acquire a club playing in the 5th level of the German divisions while located thirteen kilometers from the city of Leipzig, in eastern Germany. This required ingenuity to circumvent the rule when taking possession of SSV Markranstädt, including the constraint that a sponsor may not appear in the name of the club. The most obvious subtlety lies in the acronym of the team, namely RB Leipzig. Officially, RB does not stand for "Red Bull" but rather for "RasenBallsport" which literally means "lawn ball sport". In a more sophisticated way, they overcome the majority voting law by limiting the number of members to 750, and just 19 with voting rights, all working for the Red Bull company.

To give a quick benchmark against the German elite, we can refer to the two clubs studied earlier in this chapter[97] . Bayern Munich has 293 thousands members while Borussia Dortmund has 154 thousands. All of them have voting rights. This scheme, of course, gave RB Leipzig undeniable control over the decision making process. Subsequently, the second attempt to enter the Brazilian market also ran into legal problems and forced the multinational to establish a private association rather than a Private Limited Company. The desired exposure brought by the participation of its teams in major competitions did not limit for long to the name, logo and colors of its contenders. The overall communication had to focus on the energy and high intensity promoted by the marketing of the drink, and this had to be reflected in all intangible aspects of the game. This assumption is summarized by Thiago Scuro, Head of Football Operation of RB Bragantino : "Technique and aggressiveness are the two basic pillars (…) athletes who have a good level and who have a physical profile and aggressive attitude to make a high intensity game (…) that heavy, slow striker who only waits for the ball in the last third does not part of our athlete profile "[98].

Red Bull Football Group is a very atypical case since it operates following a true pyramidal structure. At the very top of the pyramid, we find the Red Bull Leipzig, as the flagship team of the group. The next layer is made up of 3 clubs that must have the ambition to maintain fairly high performance standards and dominate their league, respectively in Austria, USA, and Brazil. At the bottom of the pyramid, the last layer is made up of clubs whose only objective is to feed the teams above them, without nurturing any sporting ambitions (see figure 3.1 in Appendix 3).

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[97] Football Benchmark - The 50+1 rule in the Bundesliga – Strength or weakness? accessed on 9/06/2021
[98] https://medium.com/box-2-box-eng/the-marketing-strategy-that-drives-red-bull-to-invest-in-football-14c169edcee0 accessed on 23/06/2021

3.4.2. Selection and Recruitment

The plan is based on a well-established strategy that resembles a pyramid structure. The best performers from clubs at the bottom of the ladder, i.e. Brazil, USA and Austria, earn the right to move up to the next level. This first process ends up in Germany. Nevertheless, the best of them which turn out to be of an even higher standard, may be traded for far more than the cost of their development. The decision-maker continuously establish a well-defined recruitment policy for each franchise whose distinctions can be summarized as : (i) American selection , Blue Ocean Strategy, (ii) Brazil , The golden mine and (iii) The rest of the world.

In the US, the Head of Football department proceeded to a breakthrough innovation in the field of talent identification, building a revolutionary cost-free program for a pipeline of young players from all over New York and its surroundings. Once the profile is validated by the scouting network, they are given access to a soccer education system offering them prospects for development across the continents. This bet on the future has already paid off handsomely and promises to further contribute to the development of many talents.

However, these sources of supply were not enough for Red Bull's masterminds, who decided to attack a promising and already crowded market. South America, and especially Brazil, is sometimes referenced as the “Eldorado of undiscovered football stars”[99] by clubs’ scouts around the world.

The key to succeed in the Brazilian market’ talent identification is to develop a broad network with various stakeholders. Recruitment units have to deploy boots on the ground to deal with the political trends while they desperately need to make connections with local presidents of clubs. This is certainly not a low-cost approach: Brazilian market is expensive not in terms of wages but transfer fees. Moreover, a recent trend is threatening the Red Bull’s usual recruitment network. Indeed, many observe an attempt from the biggest clubs to cut out the middle man[100]. This trend shift in the industry is summarized as follows : “The race to identify and sign the best youngsters in Brazil is intensifying. The biggest clubs are no longer content to wait until a player is 20 or 21. They want to get a deal done when the player is 16 or 17, monitor his progress

[99] https://medium.com/the-innovation/how-red-bull-is-building-a-profitable-football-empire-1b59fe4f71fb accessed on 23/06/2021

[100] https://theathletic.co.uk/1702441/2020/03/28/real-madrid-brazil-recruitment-vinicius-rodrygo-reinier-neymar/ accessed on 25/05/2021

closely until he can move, then shape his tactical and technical development"[101]. This leads to a strong reduction of the average amount of appearances with the local Brazilian team year after years since the most promising ones leave their land at the first opportunity.

Another factor which adds to this move is that the majority of Brazilian football teams do not have reserve teams to let players evolve since they are used to identify talent very early. It means that talent is estimated mature enough to gain access really early to the first team and rare are those who succeed after a certain age. As a matter of fact, it lowers the level of the Brazilian league which loses early its best talents while the economic situation of local clubs does not allow them to refuse financially attractive offers.

Red Bull strategy is to convince the best talented players that the Red Bull project is the most suited to their career plan and allow them real possibilities for promotion. Money is not the only convincing factor since conditions for a change of environment, from South America to Europe, become meaningful. Representatives have to negotiate with families to ensure them a significant playing time as well as possibilities of progress in terms of sporting perspectives.

The group's recruitment networks obviously extend far beyond these two countries and it is not uncommon to see channels operating across Western Europe, most notably in France and Scandinavia, as part of the constant search to talent identification.

3.4.3. Team Value Management

One man is largely responsible for the implementation of a breakthrough idea in team value management. Ralf Rangnick[102] is the real architect of the project. He entered the Red Bull sphere in June 2012, joining RB Salzburg and RB Leipzig as their joint sporting director until June 2015 and June 2019 respectively. He even did some interim work as manager of RB Leipzig team during this time, but this did not allow him to have an overall influence on the network as he wanted. He then became the Global Sports Director on the football matters for Red Bull Group, including stakes at RB Leipzig, RB Salzburg, New York RB and RB Bragantino, from July 2019 to July 2020. He is also credited with revolutionizing the way

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[101] https://theathletic.co.uk/1702441/2020/03/28/real-madrid-brazil-recruitment-vinicius-rodrygo-reinier-neymar/ accessed on 25/05/2021

[102] https://www.transfermarkt.com/ralf-rangnick/profil/trainer/196 accessed on 25/05/2021

tactics, and in particular pressing, are thought of in Germany. His charism combined with this system of thinking earned him the nickname "The Professor" by the German media.

Rangnick's theory for achieving a vision rely essentially on three pillars : Capital, Concept & Competence. "If those three things come together, then you can be successful. If you only have one or two of them, it's more difficult"[103]. "He's the sporting motor of our club and so is fundamental to our future development"[104] states RB Leipzig's CEO Oliver Mintzlaf[105], another "wise men pushing the club onwards and upwards with all the energy packed into one of the cans sold worldwide by Leipzig's multi-billionaire owner, Red Bull mogul Dietrich Mateschitz"[106]. While the club is certainly not short of money, the path to success was certainly not guaranteed. If money and results were perfectly correlated, the German championship ranking would certainly not look like it does. The impressive achievement is due to a strict policy and sustainable mechanisms of improvement.

The aim of this orientation towards football business for Red Bull is completely different from the one taken for the other sports in which it is active. This is not about marketing sponsorships but profits. The discovery, development and resale of these young talents is part of a logic of direct financial gain, selling players like they would sell drinks. With a view to perfecting the supply chain and production line, Red Bull is completely reshaping the value chain of all the franchises it takes under its wings.

It cannot be denied that the financial means made available to work are a significant help. However, not all clubs that have this money at their disposal do so. The club has always remained faithful to its policy of investing in promising young players. Even more noticeably, the group has also given its sportsmen and women, and more particularly its footballers, access to the best possible facilities. This is Red Bull's way and tangible proof of improving the production chain of the sporting elite. The state-of the-art infrastructure, called The Athlete Performance Centre, is located in the vicinity of Salzburg. "[It] offers coaches, experts and medical stuff who work in the fields of strength and conditioning, physiotherapy, mental performance, nutrition, research and development and environmental consulting"[107]. Elite

[103] https://www.bundesliga.com/en/news/Bundesliga/brains-behind-rb-leipzig-s-rise-ralf-rangnick-contract-2021-red-bull-464992.jsp accessed on 25/05/2021
[104] https://www.bundesliga.com/en/news/Bundesliga/brains-behind-rb-leipzig-s-rise-ralf-rangnick-contract-2021-red-bull-464992.jsp accessed on 25/05/2021
[105] https://www.transfermarkt.com/oliver-mintzlaff/profil/trainer/36854 accessed on 25/05/2021
[106] Bundesliga | Who is Ralf Rangnick: The brains behind RB Leipzig's remarkable rise accessed on 25/05/2021
[107] From Cliff Diving To Formula One and Football: How Red Bull Built A World-Class Sporting Empire (forbes.com) accessed on 25/05/2021

athletes, sponsored or not by Red Bull, are granted "complete physiological evaluations, 3D movements analysis, sleep consultations and mental performance assessment"[108]. This mountainous city hosts also The Red Bull Academy, "which nurtures young talents from the ages of eight to 18 in both football and ice hockey with the hope they will one day represent one of Red Bull's constituent teams"[109]. The approximatively 200 football trainees can leverage on six outside pitches as well as one indoor hall.

However, economies of scale and value created are often hidden but go far beyond the tangible aspects. On this side, the Head of Football Operation of RB Bragantino, Thiago Scuro, clarifies the synergies in place : "There is a person in the technical area who talks to all sports directors, in the commercial area, in the legal area … (…) we have exchanges of ideas; of practice among sports directors (…) we also have eight professionals who work monitoring athletes in South America, to attend Red Bull Bragantino but also to provide information to other clubs in the group"[110] (see box 3.2 in Appendix 3 for some examples of transfers and synergies).

These synergies developed by the group are often accused of limiting competition in the transfer market by minimizing trading prices during transactions or circumventing the rules. Critics of this strategic approach allegedly accused it to be a cartel disrupting the market with anti-competitive practices. They claim that transferring these players to non-Red Bull clubs would have cost those outsiders much more money, which is not totally meaningless.

A famous example of this practice has been the transfer case of Marcel Sabitzer[111] from Rapid Vienna to RB Salzburg via RB Leipzig. The departure was made possible by a clause in his contract stipulating that the player would be released from his obligations by paying the modest sum of €2 million from outside Austria. This condition was intended not to strengthen a direct competitor in the competition. The Germans from RB Leipzig acquired the player and made him available to Red Bull Salzburg the following day for the following season. A direct arrival in Salzburg would have required a much more expensive investment, if not an impossible transaction. There, however, the current iconic Leipzig captain played a major role in polarizing the Austrian Bundesliga before moving to the German Bundesliga. The midfielder, currently

[108] From Cliff Diving To Formula One and Football: How Red Bull Built A World-Class Sporting Empire (forbes.com) accessed on 25/05/2021
[109] From Cliff Diving To Formula One and Football: How Red Bull Built A World-Class Sporting Empire (forbes.com) accessed on 25/05/2021
[110] Together we're stronger: the synergy of Red Bull football teams | by Theodoro Montoto | Box 2 Box (ENG) | Medium accessed on 20/05/2021
[111] https://www.transfermarkt.com/marcel-sabitzer/profil/spieler/106987 accessed on 25/05/2021

valued at €42 million by Transfermarkt, is now often linked with a move to the European top flight, away from the Red Bull galaxy, for a much higher fee than his cost of acquisition.

In the same vein, given the opacity of the amounts involved, it is difficult to assess whether agent fees are calculated on the same scale when a player moves up the chain.

3.4.4. Sport Performance

First, it looks like the sporting results of the weakest clubs of the pyramid do not appear to be a top priority. Their role is to discover players with the potential to play higher up in the organization or to be sold for a good sum of money. This is certainly not the case for the flagship team of the project, RB Leipzig, which has experienced a meteoric rise to the top. Die Roten Bullen already secured a second place in their first year in the top flight, during the 2016-2017 season. This performance guaranteed them a coveted place in the lucrative Champions League for the 2017-2018 season. They have since brilliantly reached the semi-finals of this competition over the course of the 2019-2020 season.

Coaches are hired based on the knowledge of their playing principles. They must share the global values of the Red Bull global philosophy and follow a training process within the clubs' academies. They are trained, drilled, but have real possibilities to evolve within the organization.

In this regard, tactical devices may vary (3–4–2–1 from Leipzig, 4–4–2 from Salzburg and New York, and 4–3–2–1 from Bragantino), but attitude remains the same. The vertical and direct approach to the game combined with the willingness to fight for every ball reflects the brand's positioning to perfection. To follow this path, the branches rely mainly on young players who can physically keep up with the pace and who have time to learn their trade in this way. This talent management is also true for the coaches in charge of these youth-oriented teams. The managers want a modern approach to the game and give a chance to young coaches with less experience but closer to their players while bringing new ideas. It is therefore quite natural that coaches follow one another within these franchises. They take over from someone who has inspired their own principles. Members of the Red Bull family often stay in it for a long time and it is not uncommon for them to return to the network during their career. This allows a great deal of flexibility in terms of planning and workforce succession.

The style of play & playing identity and coaches training and evolution can be illustrated as follows : when the ball is lost, players have eight seconds to regain possession of it and ten seconds to try their luck while making an attempt to score a goal. Players are fully committed to this style of play and are convinced that it is the best path for their individual development. Trainings are adapted to the methods : tools are put in place to condition them and speed up their decision-making process.

The New York Red Bulls, for instance, have been busy rebuilding their internal workings in order to realign with their European sister clubs. One of the earliest move in this regard has been to rejuvenate the team. The main focus for the club is not to be the most successful club in the American Major League Soccer (MLS) but rather to fit into the overall Red Bull model: "signing young players and coaches for good value, developing them, succeeding with them in the league and, eventually, moving them up within the organization or out of it for a profit"[112]. However, this is an absolute objective that is difficult to accept for the fans, who sometimes feel that their club has been denatured and protest against a lack of ambition. They feel that they are just one part of the chain that must be used to supply the larger chains.

3.4.5. Image and Brand

As we have explained above, image building and brand awareness are the core matters of the Red Bull strategy. In the same way as the impact that their events must leave in other sports, the impression left by the clubs they own therefore plays a fundamental part in their positioning. Let us now consider the implications of this strategy on the brand and image of the Red Bull clubs whose communication is handled by the Red Bull Media House (RBMH).

Interestingly, a supporter of a team acquired by Red Bull, and even the team in question, does not necessarily share the values advocated by the brand. Success on the pitch is not the only thing that matters to a club's supporters, and constant marketing can get in the way. Some supporters of clubs taken over by the group do not find themselves comfortable at all in the new identity imposed by Red Bull and decide to switch to another team or to create a new one. Many Austria Salzburg fans were deprived of the authentic values of their club and did not

[112] https://theathletic.com/2122577/2020/10/07/how-hiring-gerhard-struber-aligns-new-york-red-bulls-with-their-sister-clubs/ accessed on 25/05/2021

adhere to the values set up by the incoming management team. It was not only renamed RB Salzburg, but also lost its logo and colors. It is therefore a trade-off for the brand, which must expect to lose fans who would rather join another club more in line with their own image than continue to support a club they no longer feel close to. On the other hand, the brand is also aware that it will continue to gain adherents as long as it continues to offer an attractive playing style and accumulate high-flying performances. It would have been interesting to observe the reactions and the repercussions on the image and brand if one of the Red Bull clubs, most likely Leipzig, had been involved in the failed Super League project.

3.4.6. Sponsoring, Merchandising and Services

Red Bull Group is as expected the main sponsor of each football club that it controls. This remains an essential element of their marketing deployment, an assumption confirmed by one particular case. When the group acquired a stake in Red Bull Bragantino, it was not immediately able to change the club's features for legal reasons already mentioned. Instead, the group was content to appear as the team's main shirt sponsor for a short period of time before transforming it into the common identity. Meanwhile, this does not prevent Red Bull teams from teaming up with other brands, even if they do not appear visibly on the merchandising such as jerseys. For example, on the official website of RB Leipzig[113], the club highlights its collaboration with local real estate partner CG Elementum, sports betting company Unibet and even the car manufacturer Volkswagen. It is interesting to note the involvement of the latter since it is also the somewhat less controversial owner of Vfl Wolfsburg. As explained earlier, Volkswagen and Bayer have received special dispensations from the German Football Association because of their working ties to local communities, respectively in Wolfsburg and Leverkusen. They have therefore met with smaller protests from the crowds than RB Leipzig and TSG Hoffenheim. However, the exposure that the Red Bull logo gains from appearing on these shirts and stadiums pales in comparison to the association of its brand with the events it hosts, the stars and the football clubs it holds in its portfolio. It is good to remember that Red Bull doesn't just trade players but also mainly sells cans of energy drinks, and so has to make its consumers willing to purchase them. However, sales from growing merchandising, club-related services

[113] https://www.dierotenbullen.com/en accessed on 9/06/2021

and, most importantly, profits from departing players will continue to play an important role in the Red Bull business model.

3.4.7. Conclusion

To summarize, the soccer part of the Red Bull Group has accumulated both hard and soft key resources and capabilities overs a short period of time, partially by leveraging skills in their own industry. They applied their existing know-how and were able to roll it out in their football division through all layers of the pyramid afterwards while also giving to the network of athletes access to quality tools to cultivate their personal and collective development. As such, the Red Bull teams benefit from quality technologies and facilities in each country in which they decided to be implemented. However, the most state-of-the-art academy is in Salzburg, at the core of their Austrian roots. In addition to these cutting-edge training centers, scouting cells have a gateway to interesting markets that they tend to mastermind. Their recruitment model and technical scouting software that enable them an in-depth exploitation of these fields appear to be a competitive advantage. It may be considered as sustainable because of the difficulty encountered in imitating these inner workings. Another one is the broad network of clubs which permits them significant cost savings when moving players across the web. In this manner, the group can keep control over the intermediaries they negotiate with as well as on agent commissions paid. They can also plan the succession of coaches and staff in advance. By defining a roadmap and splitting tasks, they can avoid having to improvise under pressure. However, there is still some doubt as to how the club will recover from the departure of two of its leading builders. Ralf Rangnick had already resigned at the end of last season due to disagreements with his management and Julian Nagelsmann[114], who will officially leave the club on June 30 2021, will fly to Bavaria, for an adventure with the rival of Bayern Munich. This transaction, although denied by the purchaser, allegedly cost a whopping €25 million which should allow Leipzig to make some sound investments. Fortunately, they have already found his replacement in the person of Jesse Marsch[115], who has been trained in and comes from the pyramidal network of the club. He previously coached in New York, already worked in Leipzig as an assistant manager and also managed Salzburg with which he has obtained encouraging results. However, those losses, as well as that of Dayot Upamecano[116], who also opted for Bayern Munich in return for the payment of his release clause of €42,5 million, have

[114] https://www.transfermarkt.com/julian-nagelsmann/profil/trainer/8402 accessed on 9/06/2021
[115] https://www.transfermarkt.com/jesse-marsch/profil/trainer/17275 accessed on 9/06/2021
[116] https://www.transfermarkt.com/dayot-upamecano/profil/spieler/344695 accessed on 9/06/2021

not been well received by the group, which fears for the image sent to competitors as well as the public. Leipzig, one of the main pursuers of the German champion letting go its best coach and its best player in the same summer window does not make good publicity to the ambitions of the club. It is likely that the adaptative leadership will react by aligning and maintaining the vision and identity that made its strength in terms of recruitment and playing style. Last but not least, a trade-off will have to be made when it comes to commercial investment and fan engagement given the criticism and praise that Red Bull clubs receive around the world. The strategy adopted in the search for sponsors will also be interesting to see evolve.

3.5. City Football Group

3.5.1. Presentation

In this last case study, we will look at another business model that develops the Red Bull approach even further and will try to discover what is the distinctiveness in approach that differentiates it from the multi-club Red Bull Group.

Abu Dhabi's long-term underlying investment strategy is to move away from its dependence on oil by diversifying its economic focus. This includes opening up to tourism, the arts and of course sports through the organization of events and the ownership of flagships sport clubs. At a geopolitical level, such actions make sense as they develop the creation of soft power legitimizing the golf country on the international diplomatic scene while being also crucial to the stability of the government to remain in place.

Manchester City (see table 1.5 in Appendix 3) used to be a mid-league club but successive investments brought the club's ambitions to a higher level. The Citizens, as the team use to be labelled, were acquired in July 2007 by Thaksin Shinawatra, former Prime Minister of Thailand. An official of the United Arab Emirates (UAE) purchased the club from him in September 2008 for £210 million. Following legal disputes incurred by the previous owner, Thaksin, the purchase was made at an affordable price but the incomer injected considerable amounts of money to pay off debts. After various transactions, the equity investments into the City Football Group (CFG) are currently split among three influential powerhouses (see figure 3.2 in Appendix 3 for an organization chart of the group). Abu Dhabi United Group (ADUG) holds

77% of the shares. ADUG is an investment fund owned by the Prime Minister and member of the Emirati royal family, Sheikh Mansour bin Zayed Al Nahyan (also Minister of Presidential Affairs for his country). A second stake of 13% is owned by China Media Capital (£265 million investment) and CITIC Group ($400 million investment) since 2015. Both are Chinese companies and the latter previously used to be called the China International Trust Investment Corporation. It is therefore unsurprising to notice a significant correlation between investment decisions and government policies. Another minority investor is the American private equity firm Silver Lake, with a 10% stake acquired in November 2019 for $500 million.

The development of City Football Group has followed a relentless exponential curve over the last decade. The global branding strategy led by Abu Dhabi sovereign wealth fund, the most powerful emirate within the United Arab Emirates (UAE) along with Dubai, is carefully considered. This expansion across the sport industry must inevitably be accompanied by some contextualization. In contrast to its peers of the Middle-East, Abu Dhabi like Dubai, given their geographical locations, were soon forced to focus not only on their access to oil resources. They decided to differentiate their economy by diversifying their global investments. In this respect, sport rapidly played a major role through two well-known mechanisms : sponsorship related to sporting properties and sporting club ownership. The leverage on the launch of their global airline carrier called Etihad Airways, now in operation in six continents, is associated with this strategy. The first major football-related investment via an investment group led by a member of the Abu Dhabi royal family was precisely the purchase of the then mid-ranked club Manchester City presented above and generated a lot of reactions. In fact, the money invested was to enable them to quickly close the large gap with the city's perennial rival, Manchester United. Unsurprisingly, Etihad became the main sponsor and provider of funds using techniques than we previously presented such as naming rights of the stadium as well as on the shirt. As a result of this irruption in the market one can easily state that the Sky Blues, another nickname for Manchester City worked out to match the Red Devils' pulling power. They completely outperformed their opponent in terms of sport performance while the Citizens may have developed a sustainable competitive advantage. The most interesting thing to analyze in this case study is the development of a complete global-scale network of clubs in the following years. Those worldwide well-thought-out investments permitted the group to reach each continent but to achieve different objectives. This, leads to a benefit of owning a club network : the creation of internal synergies and the cost savings that go with them. Most functions can be performed by one person, reducing the number of staff needed and giving a more unified vision and strategy to the group. This coherent management approach simplifies decision making and can be felt in each area of the organization, from sporting areas to commercial, as in the case of Red Bull.

However, this possible competitive advantage will have to be discussed and analyzed because the line between wealthy investors looking for prestige, visibility and political strategic objectives and businessmen looking for sounds investments with good financial returns is not always easy to detect. The mechanisms and distinctive processes will be investigated in detail to figure out how those emerging markets were carefully chosen and on which level competition is taking place. We will also cover the questions of Sam Lee, Matt Slatter and additional contributors who conducted the investigation of this atypical group for the sports business magazine The Athletic[117]. On this occasion, they wondered how exactly can the “overarching governing objective” be defined for the organization. They also tried to identify the deeper global purpose between “produce a return on investment”, “launch franchises all over the globe” “achieve sporting dominance” and “create a marketing platform”.

The ultimate vision of the organization is described by The Athletic as follows : to be the best football organization in the world. In other words, the publicly declared vision can be summarized as “Football as a sprawling entertainment business like Disney”[118]. In this regard, the group intends to become a global brand through the creation of a global network of football clubs via a well-defined strategy : owning, rebranding and renaming registration platform (property clubs) by covering each continent and retaining talent as much as possible. In theory, each subsidiary should embrace a curve that promises sustainable viability in its own right. In practice, these peripheral entities are generally acquired at rather advantageous market conditions. It means that the relatively low development cost of a single player who gets noticed by potential high bidders may in turn occasionally offer a record sales to his employing club while ensuring their self-sufficient survival for a few years without requiring the backing of the group.

[117] https://theathletic.com/2244579/2020/12/10/cfg-manchester-new-york-city-soriano/?article_source=search&search_query=part%20two%20special accessed on 3/06/2021
[118] https://theathletic.com/2244423/2020/12/09/city-football-group-manchester/?article_source=search&search_query=zone%20part%20one accessed on 3/06/2021

This thinking appears perfectly endorsed by the sayings of Ferran Soriano[119], Manchester City's CEO, announcing the acquisition of the Melbourne football club : "We want all our teams to take benefit from our global organization. We have experience in football performance, medicine, sport science, and of course tactics and technical development. We also know about player recruitment and have large scouting networks all over the world to look for players for the Melbourne team as well as the others"[120]

At first glance, our grid of analysis suggests that the core competencies that such an implemented pyramidal structure would obviously support are the selection & recruitment combined with team value management through youth development and trading capabilities.
In fact, the business model officially promises to "develop players either good enough for Manchester City first team either for another CFG club or not good enough but tradable for big sums"[121].

In reality, the truth is that very few players develop themselves technically, tactically or both to one day join the organization's flagship. Therefore, the supply is almost unilaterally made thanks to net investment i.e. the acquisition of mature players with cash injected from outside of the group.

The whole project revolves around two pillars: Abu Dhabi and Ferran Soriano, a Spanish businessman whose ideas are partly shaped by his training at ESADE and a former executive of FC Barcelona. Through his current job, he is finally given the means to realize the vision that was denied to him on the Catalan side. After an experience in the aviation field, City Football Group managed to convince him that he was the right man for the project. According to Professor Simon Chadwick, director of Eurasian Sport at Emlyon Business School : "Together, they bring a distinctiveness in approach that differentiates them from other multi-club groups, such as Red Bull (the owners of clubs in Austria, Brazil, Germany and the United States)"[122].

"Abu Dhabi was looking for vision at City while Soriano wanted a way back into football so he could translate his view of football's future into a new reality,"[123] ensures Simon Chadwick.

[119] https://www.transfermarkt.com/ferran-soriano/profil/trainer/41525 accessed on 10/06/2021
[120] Sports Business Management Decision Making Around the Globe (2021)
[121] https://theathletic.com/2244423/2020/12/09/city-football-group-manchester/ last accessed on 31/05/2021
[122] https://theathletic.com/2244423/2020/12/09/city-football-group-manchester/ last accessed on 31/05/2021
[123] https://theathletic.com/2244423/2020/12/09/city-football-group-manchester/ last accessed on 31/05/2021

Ferran Soriano has such an admiration for clubs that can produce a global brand that he has dedicated a book to it entitled "Goal: The Ball Doesn't Go in by Chance: Management Ideas from the World of Football"[124]. In this book, he claims that elite clubs have to “capture the growth and become global franchises”[125] to no longer be simple promoters of local gatherings but worldwide event organizers. It is according to him the only way for elite clubs to develop a sustainable competitive edge impossible to copy for competitors. He then focuses on the importance of a multi-national oriented strategy to avoid wasting resources through the appropriate allocation of financial means. He emphasizes the need to engage fans across continents, including tours of their own territory and gala matches against local teams. The success is often such that the support is shared equally between the two teams. More specifically, he drafts a manual with three concrete deployment phases consisting of :

- Step 1 : Product distribution implying the worldwide share of broadcast rights and replica kits. In addition to that, a summer tour is recommended to reach and convert a maximum of potential prospects with the aim of turning them into loyal followers.
- Step 2 : Opening of academies in these regions to promote the elite club thinking and build a strong brand image.
- Step 3 : Natural progression by the launch of sister clubs in the form of franchises in order to offer an "always on" presence in these foreign countries.

In practice, outsourcing of marketing and sales to local organizations is common practice, as is the relocation of offices to provide a better view of the events. Build bridges allowing cooperation between talent identification networks is one of the outcomes.

3.5.2. Selection and Recruitment

Selection and recruitment is a key asset for CFG on which it ambitions to differentiate itself. This objective translates into concrete means with approximately 100 people mandated by the group in charge of football operations. In sharp contrast to others, its processes are said not to be as data-driven as some of its competitors, which may have created conflicts between data

[124] Soriano, F. (2011). Goal: The Ball Doesn't Go In By Chance: Management Ideas from the World of Football. United Kingdom: Palgrave Macmillan.
[125] https://www.theguardian.com/news/2017/dec/15/manchester-city-football-group-ferran-soriano accessed on 1/06/2021

analysts and scouts, who consider their work to be sufficiently substantial thanks to the synergies induced by the close collaboration with their analytical counterparts.

CFG's research and development department has developed the City Football Academy, drawing inspiration from sports and industries such as the NBA and NFL, brands such as Nike and government organizations such as the Australian Institute of Sport (AIS)[126]. As a result, a state-of-the-art training facility was created to continue to produce young players, but at a higher level matching the changing needs in standing and quality.

In conjunction with this investment, the so-called Emerging Talent Programme[127] was born from the involvement of two leaders : On the one hand, Brian Marwood[128], managing director of global soccer, takes care of optimizing the logistics ensuring the best talent management until the eventual arrival in the Manchester City core team. On the other hand, Txiki Begiristain[129], through his role of sporting director, is responsible for signing the best players. Partner clubs are seen as registration platforms likely to welcome and retain a larger number of interesting young players given the limited places in the parent company. While regulations on transfers differ from country to country, these options are of course designed to offer a way around certain constraints. Globally, synergies are also created to overview the big picture as local scouting departments are mandated by City to identify, select and recruit the best local talents. This saves considerable time, energy and money. This collaboration is particularly visible between the Japanese employees of Yokohama F. Marinos and the European staff. These players could then probably be sent to the Netherlands, Germany or Belgium as previous experiences of developing Japanese players in these leagues have often proved to be successful. From their perspective, a gateway to Europe and a relatively secure career plan is sufficient to convince them.

City Football Group maintains intensive contacts with recruitment units in South America, particularly through the networking of Txiki Begiristain, City's director of football, while taking a leading role in decisions on the allocation of players to clubs together with Marwood. Logically, Montevideo City Torque should serve as a rallying point for talents spotted in this region, at least as a first stage.

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[126] https://www.ais.gov.au/ accessed on 1/06/2021
[127] https://theathletic.com/2244579/2020/12/10/cfg-manchester-new-york-city-soriano/?article_source=search&search_query=part%20two%20special accessed on 3/06/2021
[128] https://www.transfermarkt.com/brian-marwood/profil/trainer/9440 accessed on 1/06/2021
[129] https://www.transfermarkt.com/txiki-begiristain/profil/trainer/6616 accessed on 1/06/2021

Family clubs can also use Manchester City's talent identification services, for which there is a relative scarcity of worthy players, to help them identify talent at their own level. These targets will then be acquired for their specific needs with a view to retain them while negotiations will be conducted by local sporting directors.

Last but not least, to create an ideal framework of development, several optimal career paths are studied inspired by successful player profiles by including variables such as playing time and competitions attended into the equation. In summary, these are the career paths generally taken by the players identified in their countries :

(i) Japan, then Netherlands, Germany or Belgium

(ii) South America, then Uruguay followed by France, Spain or the USA

(iii) Australia, then other Anglo-Saxon leagues.

3.5.3. Team Value Management

In terms of Team Value Management, investors' strategy deserves to be further discussed. Manchester City is following a trend of recruiting players and selling them, if possible at a significant profit, without them ever having played, or having played very little, for the parent club. "The top clubs use their financial strength to tie down talents early. They often develop during loan spells at other clubs"[130] . They take out loans through the clubs belonging to either the ownership network or the partner clubs. They may also occasionally leave to seek sufficient playing time for their development outside the broad network of clubs. In many cases, these players do not even meet the requirements for a work permit in England. They are therefore not even eligible for the team that recruited them. Indeed, in order to be allowed to work as a footballer in the UK as a non-EU citizen, one has to meet conditions such as a minimum percentage of participation in the national team, relative success in continental competitions or the league as well as a certain number of matches played with the previous club. Age is also a factor in the granting of special talent status by a commission. This system, based on a minimum number of points to be obtained, aims to promote the development of young English players, particularly to supply the national teams, by prohibiting the recruitment of foreign minors. Following Brexit, it is worth noting that even EU citizens will be subject to such barriers in the

[130] https://www.transfermarkt.com/how-man-city-amp-co-make-transfer-profits-with-players-never-featuring-for-them/view/news/352192 accessed on 27/05/2021

future. Another point to note is the legal difficulty for English clubs to locally have at their disposal a feeder club or a reserve team playing at a respectable level.

In line with this strategy, some CFG clubs are chosen to develop talents with no objective of achieving results since their sole purpose is to showcase the players selected by the scouting unit in order to maximize their potential profit on resale. The level of the competitions in which players take part as well as the valuation of these leagues will undeniably influence the market value of those individual human assets. This is most notably due to TV rights contracts as well as other structural factors attached to competitions which will impact growth rate in the transfer market of those respective countries. As a matter of facts, all other things being equal, a player in the Spanish league will get a higher value than one evolving in the Australian league. It is therefore not particularly necessary to keep these players in a team for a long time to see their price soar. However, those specific selected clubs are also viewed as the right place to develop specific players due to cultural and environmental factors. A player from Latin America, for example, is more likely to acclimatize in an Hispanic country. Moreover, a notable benefit of this approach is the retention of transfer allowances within the group account. Sometimes the departure of a mature player from these smaller clubs to another covers their running costs for several years, as illustrated by the successful case of Aaron Mooy[131] whose transfer from Manchester City, after a stage by Melbourne City, to Huddersfield Town in July 2017 brought in approximatively €9.10 million. This reflected the extent of linkages across the network that led to this value creation before the perceived flow of money from outside.

A significant number of clubs use this value creation strategy, made possible by the constant growth in the use of loans, although the case of the City Football Group is an extreme illustration. The parent club Manchester City, for example, sent currently 17 players on loan whose aggregated market value reach €107.90 million[132]. It is ranked fifth in this category behind Chelsea, Real Madrid, Fiorentina and Inter Milan. The Financial Times stresses this aspect in its study "How player loans are reshaping European football's transfer market"[133] which focuses on data provided by Transfermarkt : "loan deals only accounted for six per cent of transfers in the top 5 European leagues at the start of the 1990s. Since then, this figure increased to 29 per cent"[134]. This logistics management undeniably requires the establishment

131 https://www.transfermarkt.com/aaron-mooy/profil/spieler/123951 accessed on 31/05/2021
132 https://www.transfermarkt.com/statistik/leihspieler accessed on 27/05/2021
133 https://www.ft.com/content/9bd82b30-caf2-11e9-a1f4-3669401ba76f accessed on 27/05/2021
134 https://www.transfermarkt.com/how-man-city-amp-co-make-transfer-profits-with-players-never-featuring-for-them/view/news/352192 accessed on 27/05/2021

of a full-time team responsible for the supervision of loanees. However, an external factor could come into play as the FIFA wants to regulate the player loan market to avoid abuses. The assumption hypothesizes that "the world association plans to limit the number of players out on loan to eight. In addition to that, a maximum of three or four players can be loaned out to the same club at the same time"[135], while adding at the same time that "talents under 21, who were developed at their parent club and are under contract there for a longer period of time, can be loaned out in unlimited numbers to support their development by giving them match practice"[136]. According to the New York Times[137], the regulation is planned to come into force in the 2021/2022 season, and then to be tightened the following year, leaving only 6 loan possibilities for players over 21 years old. The market expects a reduction in transfer prices as a result of an increase in the number of players available on the market. Since any legal means of circumventing a rule is open to abuse, as we saw in the Red Bull case with the controversial transfer of Sabitzer, City's methods have also come in for criticism. The complaint came from the Australian Central Coast Mariners who, having sold one of their own player to Manchester City, saw him go straight into the shirt of Melbourne City. The detail that ignited the fire was the transfer ban in the A-League, which left the Australian Football Association with no choice but to prevent such ambiguity from happening again. This amendment is now known as the Caceres[138] Rule.

In addition to the network of clubs it already owns, the football multinational group has embarked on establishing partnerships with international clubs. These agreements promise to transfer knowledge and know-how across the entire organizational chain. In this regard, a recent collaboration involves Club Bolívar joining the circle of partner clubs. It confirms that "Bolivia's most decorated club will now benefit from the City Football Group's infrastructure, coaching, scouting and contacts"[139]. The official statement pursues by quoting City Football Group chief executive Ferran Soriano : "We are very pleased to grow our global presence through this important collaboration with Club Bolívar, City Football Group's first partner club,

[135] https://www.transfermarkt.com/how-man-city-amp-co-make-transfer-profits-with-players-never-featuring-for-them/view/news/352192 accessed on 27/05/2021
[136] https://www.transfermarkt.com/how-man-city-amp-co-make-transfer-profits-with-players-never-featuring-for-them/view/news/352192 accessed on 27/05/2021
[137] https://www.nytimes.com/2018/09/13/sports/soccer/fifa-report-transfer-market.html accessed on 11/06/2021
[138] https://www.transfermarkt.com/anthony-caceres/profil/spieler/226739 accessed on 1/06/2021
[139] https://www.transfermarkt.com/partnership-with-club-bolivar-man-city-rsquo-s-ownership-group-announces-new-agreement/view/news/377611 accessed on 26/05/2021

this long-term agreement is the first of its kind and will enable Club Bolivar to draw down on and utilize the wide range of football industry expertise developed by City Football Group"[140]

Pep Guardiola[141], Manchester City FC manager, is to be considered one of the best coaches in the world for his revolutionary ideas on the game. He has undoubtedly created what many consider to be the best team in history during his time at FC Barcelona with his so-called tiki-taka focused on ball possession. Furthermore, he managed to make a club like Bayern Munich adhere to his philosophy and completely transformed the way his experienced players played. He is one of the key figures of the project, bringing leadership, charisma and credibility. Guardiola Playbook is a relevant tool for the network in order to develop the playing style wanted by CFG and available to each employee. It supports the ideology and the willingness to perform in each area of the game. The whole network benefits from largely spread guidelines and a common database which allows a standard assessment of the qualities required to work in one of the links in the chain. For the selection and recruitment process, these checks imply people in place, processes in place, adequate infrastructure, technology available and possible innovation to achieve a competitive advantage[142]. In addition to this knowledge sharing, it is not uncommon for City to send one of its members to lead one of its development teams in order to make the most of their skills. The turnover of coaches from club to club is seen positively and encouraged. It is currently the case in Belgium, where Liam Manning[143], former academy director at NYCFC in USA, took over the reins of Lommel. The ultimate objective is to enable all coaches belonging to the City network to learn the house methods by providing them with the necessary resources to improve. Brian Marwood, an advisor at the Premier League club in close contact with local staffs, agrees : "all the sporting directors are fully aware of the style of play and what the requirement is. In some respects, we put that above anything else. We're very protective of that and we work very hard to make sure all of the clubs implement that in the best way they possibly can."[144]

In conclusion, the same applies to each player, invited to evolve in the pyramid. Although officially belonging to his own team, he must be able to adapt flexibly to any other member in

[140] https://www.transfermarkt.com/partnership-with-club-bolivar-man-city-rsquo-s-ownership-group-announces-new-agreement/view/news/377611 accessed on 26/05/2021
[141] https://www.transfermarkt.com/pep-guardiola/profil/trainer/5672 accessed on 3/06/2021
[142] https://theathletic.com/2244423/2020/12/09/city-football-group-manchester/?article_source=search&search_query=zone%20part%20one accessed on 1/06/2021
[143] https://www.transfermarkt.com/liam-manning/profil/trainer/76341 accessed on 1/06/2021
[144] https://theathletic.com/2244423/2020/12/09/city-football-group-manchester/?article_source=search&search_query=zone%20part%20one accessed on 1/06/2021

the web of clubs. Those will pay the required transfer fees by themselves, while the amounts received from eventual sales will end up in the same bank account.

Possible critics may oppose that City has already been fined €20 million for violating financial fair play rules, point out that the club can afford to manage wages flexibly compared to competitions where salary caps prevent the payment of Premier League standard salaries, or that ultimately, cases of players reaching the Manchester City first team are ridiculously rare. Those critics are reinforced by figures provided by the well-informed magazine The Athletic : "Research by The Athletic has shown 36 per cent of players to have arrived at CFG clubs since 2013 have left for free and the group has made a profit in the transfer market on only 7.5 per cent of those players. CFG clubs have made a total loss of around £420 million in terms of player trading, although only Manchester City are in the red. The other nine CFG clubs have made a net profit of £19 million"[145] Moreover, despite the multiplication of loan system, only one player is at this stage considered to have made his way to the top. The lucky one is Oleksandr Zinchenko[146], and still, he waited his time by transiting through clubs outside the network.

3.5.4. Sport Performance

The amounts spent were enormous for the results obtained. After the takeover of the club, €500 million in losses had resulted from winning an FA Cup in 2011 and a Premier League in 2012. The business model was undoubtedly overspending and it was time to streamline some processes.

For most of the clubs under the Manchester City umbrella, it is not even a question of participating in a European competition given the fact that "UEFA only allows one club under the same ownership structure to play in its tournaments"[147]. The idea that the results and sport performance of these teams are not primarily priorities within the organizational structure is further reinforced by the choice of some of these cheaply purchased clubs. Indeed, their

145 https://theathletic.com/2244579/2020/12/10/cfg-manchester-new-york-city-soriano/?article_source=search&search_query=part%20two%20special accessed on 3/06/2021
146 https://www.transfermarkt.com/oleksandr-zinchenko/profil/spieler/203853 accessed on 3/06/2021
147 https://theathletic.com/2244423/2020/12/09/city-football-group-manchester/?article_source=search&search_query=zone%20part%20one accessed on 1/06/2021

demographic situation will probably never allow them to obtain a substantial fan base as they are geographically located a few blocks away from much more prestigious clubs.

Nevertheless, all the clubs franchised by the brand must conform to a chain of values, whether it be hardware or software. The style of play to be deployed is no exception to the rule, which is constantly monitored by City executives through a conscientious auditing. These practices are directly inspired by the mistakes made and the wise decisions that have shaped the learning curve of the organization. These experience effects apply from the most mainstream decisions to the most granular, from sporting tactics to medical surgeries.

In the United States, the championship is divided into two parts: the so-called regular phase decides who will qualify for the play-offs, leaving room for a mini-competition to decide the champion. If we take the case of NYCFC, we can see that the club is consistent, holding the record in terms of wins and points acquired at the end of the regular phase. However, the club has so far struggled to leverage this to win the laurels.

3.5.5. Image and Brand

Let's put in perspective the stakes involved in the image that the City Football Group must maintain to better understand the project. In this regard, it is necessary to look at those club assets as tools used as propaganda by a sovereign state. This Middle Eastern country, part of the Persian Gulf, is constantly torn by power games and geopolitical struggles with his opponents. Maintaining a positive reputation is not always easy when you are regularly targeted for human rights violations[148], but it helps to have interests in sports to deflect attention.

The accumulation of trophies alone is not enough to bridge the gap between a brand under construction and the amount of international followers of the biggest clubs in the world. In this regard, some clubs are only used for branding and marketing objectives. "Our brand is perfect, because it is 'City' and we know we can add that word to any city,"[149] assesses simply Soriano. When a club is added to the portfolio, not only the name is changed, but also the colors are directly redesigned to display the sky blue used in all branches. The branding must therefore adapt to a common identity policy.

[148] https://www.theguardian.com/world/2013/dec/22/abu-dhabi-migrant-workers-conditions-shame-west accessed on 3/06/2021
[149] https://www.theguardian.com/news/2017/dec/15/manchester-city-football-group-ferran-soriano accessed on 1/06/2021

The business side of things, however, remains paramount, with many hoping the repercussions of American MLS brand development over time will take the form of a virtuous circle on the market value of players. The process seems on track with the number of young American prospects making a name for themselves in Europe recently while contributing to enhance their home country's image.

Some critics will always assume that City is a way to improve the image of a country that has not always been free of blame. They will add that it is a hobby for leaders who do not know what to do with their money. Others will argue that their means will always allow them to circumvent the rules laid down by financial fair play.

However, more and more pundits, wealthy investors and, in contrast, competitors are looking at this model as a potential solution to the structural crisis in which the clubs find themselves, an interesting way of harnessing the demographic expansion of football and providing some stability to the industry. Indeed, like the stock market, this can be seen as a portfolio diversification activity and risk reduction through the gain of additional guaranteed income.

3.5.6. Sponsoring, Merchandising and Services

It is honestly acknowledged by many CFG executives that the objective number one of the massive purchase of clubs was, before turning to selection and recruitment, purely commercial. The logic behind this strategy was to maximize profits from merchandising in every continent and to build interesting sponsorship relationships.

Soriano was stunned about the revenues of some clubs with a fanbase that could have provided them with much more. He could not hide his disappointment, claiming that "a team with a global following of 500 million fans might have an income of only €500 million. That's one euro per fan"[150]. The main criticism was that most of the intercontinental followers did not contribute to the club's wealth in any way. The answer was, according to him, in one word: glocalization. When combining global and local marketing approaches, the company maintains a strong message that is widely deployed while adapting to the demands and requirements of specific markets. This has not only meant the sale of merchandise from the star club in these territories, but rather the creation of "a corporation that would have both a global brand –

[150] https://www.theguardian.com/news/2017/dec/15/manchester-city-football-group-ferran-soriano accessed on 1/06/2021

in Manchester City – and lots of local brands, developing talent through a network of clubs that would also provide a pipeline of players for City”[151].

The attraction enjoyed by these sister clubs also lies in the bargaining power that this union gives them since a sponsor wishing to establish itself on a long-term basis with the Manchester City powerhouse is thus obliged to commit to supporting partner clubs on other continents.

As a confirmation of the wide range of synergies available to a group of this magnitude, the turnaround in the City Football Group's relationship with one of its main sponsors, Nissan, is symbolic. The Japanese multinational is headquartered in Yokohama, Japan. It is therefore not insignificant to learn that the car manufacturer decided, in 1972, to establish its football club in the city while having them play their home game at the Nissan Stadium. At first sight, however, there was no question of the CFG executives being involved in any way in the management of the club. On reflection, however, their skills and connections eventually led to a close collaboration between the two parties. This advanced partnership eventually convinced Nissan to grant them the right to a 20% stake in their football business, allowing the group to extend its influence and knowledge of the Japanese market.

Still in Asia, the Chinese market is not considered the most buoyant and the investment in Sichuan Jiuniu is primarily commercial in nature. Yet, devoting significant resource investments to it is therefore not seen as a strategy to be followed in the short term. City strategists are nevertheless aware of the opportunities that Sichuan province offers in terms of business prospects, with its population of over 80 million, and the strategic importance that their pioneering role in the industry ensures them.

When it comes to Oceania and more specifically Australia, there is a latent question about the market strategy to be developed within the Melbourne City Club. Proponents of a marketing-oriented logic argue that the club would be better off convincing late-stage glories to come and finish their careers here, an approach that has paid off for other Australian clubs in terms of corporate branding. However, the current management frowned on this solution and favored the subsidiary as a development platform.

Finally, to finish with the most obvious case, New York City was of course chosen for its city and the demographic prospects it offers. Despite the fact that soccer has a much smaller following than the passion found in other parts of the world, “the greater New York area is

[151] https://www.theguardian.com/news/2017/dec/15/manchester-city-football-group-ferran-soriano accessed on 1/06/2021

perhaps the most important media market in the world. It's also the biggest population center in the US and corporate dollars are abundant. It's hard to imagine a better city to move into for a European club looking to grow their global reach"[152]. The entry of the New York Yankees, a local baseball team and "one of the most venerable institutions in the city"[153], into the CFG's shareholding in May 2013 proved to be strategic at a political level. The operation was supposed to support the launch of NYCFC franchise, made official with €100 million paid directly to the American League, by bringing its full weight to bear in negotiations. It was particularly expected around the construction attempt of their own stadium that they still have not managed to achieve. This setback forces them to play momentarily in the Yankee Stadium at a heavy cost, when they do not have to relocate to make room for their hosts. Moreover, this fallback solution does not allow them to play the exciting soccer they would like to deliver while it largely reduces incomes related to ticketing and events organization as well as sponsorship opportunities. It also damages their image and credibility in the eyes of American fans. This ordeal could be coming to an end through "an agreement with New York City that would allow the team to construct a privately financed, 25,000-seat stadium in South Bronx as part of a development project costing more than $1 billion"[154]. Construction could be launched in 2022 with a move-in date of 2024, if not delayed. This promises to be a key element in the future development of the club due to the financial impact and the commercial income it will bring.

3.5.7. Conclusion

To conclude, the City Football Group is an advanced case of a soccer club behaving like a multinational company. This approach has undeniably resulted in economies of scope and operational savings. The coordination between their various scouting networks and partnerships around the world have proven to be a great help in recommending worthy players for the web of clubs. For this, the club was able to count on competent professionals as well as inspiring executives, aligned around the same vision: to become the greatest club in the world. Nevertheless, it seems certain that this in-depth squad planning through the constant elaboration of scenarios may have caused harm to the young promises of the academy. These players were in most cases denied access to the first team in favor of more mature players bought at a high price. It is very difficult to evaluate the possession of a competitive advantage by the group for

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[152] https://theathletic.com/2244579/2020/12/10/cfg-manchester-new-york-city-soriano/?article_source=search&search_query=part%20two%20special accessed on 3/06/2021
[153] https://www.nytimes.com/2020/02/07/sports/soccer/nycfc-stadium-bronx-mls.html accessed on 3/06/2021
[154] https://www.nytimes.com/2020/02/07/sports/soccer/nycfc-stadium-bronx-mls.html accessed on 3/06/2021

the simple reason that the organization does not need them to survive or to prosper. They can practice investment-led upgrading every year and access huge amounts of money to reshape their team according to their needs. There is no need to make a sale, by excelling in player trading, to build the next competitive team. Meanwhile, they can also offer above-market wages to show themselves persuasive. In relative terms, however, our opinion is that they have underperformed at the sport level in comparison to teams far less equipped than they are. As far as the parent company, Manchester City, is concerned, this is especially true. Even though the club won many trophies on the domestic front, they consistently failed on the continental stage. They have repeatedly underperformed in the UEFA Champions League against teams practicing Team Value Management much better than them. The recent loss in the final of the 2021 edition against Chelsea illustrates the difficulties encountered in fulfilling the proven ambition of investors. The struggles encountered by New York City with its stadium have also demonstrated that there is still room for improvement since the franchise will need its own infrastructure to continue its growth. The short term goal must be to finally get a long awaited title while extending its development in the elite players training. The equation to be solved is also to determine if it is possible for all teams playing under the City label to benchmark with the Guardiola Playbook given the extreme differences in levels observed with the parent team. It is also argued that the alignment of the corporate culture and sporting identity is not as obvious as at Red Bull GmbH[155]. The strength and awareness of the brand has grown dramatically since the Emirati takeover, that is a fact. They have been able to create a certain coherence between the sporting and commercial dimensions of their business, even though their style of play is not as smooth and homogeneous as that of the Red Bull teams. Getting the approval of the local authorities has not always been easy either, like in New-York, probably also because of the country's image in terms of human rights.

When we talk about capital gains, the profitability of a model with a 20 to 50 years horizon can be questioned. The main argument of the financial pundits is that the group's investments, even more so when one takes into account the restructuring expenses incurred, do not come close to the profitability of the same amount of money invested over the same period on the stock markets. Here are the financial results obtained by this model. Manchester City, the parent company, accumulated losses for 6 years before making a slight profit, a trend that the pandemic is likely to halt. The multiple subsidiaries are currently achieving loss-making accounting

[155] https://theathletic.com/2244579/2020/12/10/cfg-manchester-new-york-city-soriano/?article_source=search&search_query=part%20two%20special accessed on 11/06/2021

deficits which "are dragging the group's overall results into the red"[156]. There are however positive signals that accompany those club's takeovers obtained at very democratic prices as the fact that Manchester City's market share within the group is constantly reducing. The business figures of Melbourne and New York City has doubled and tripled respectively, still poor to compensate the amounts granted.

Nevertheless, an informed public should not deviate from the goal of the Emiratis, which is not money but soft power, "the positive underlying direction of travel is encouraging for CFG's accountants and should keep MLS, UEFA and any other spending regulator off its clubs' backs for the foreseeable future, but it is not what gets CFG's executives excited"[157]. In addition, an equity stake still seems to be of great interest to investors and it remains to be seen whether this scenario could be replicated and extended to other clubs in the model. What profit could be made from the resale of one of the entities would also be of interest if this ever happens.

3.6. Lessons from the case studies

We chose these four distinct case studies because they represented varying degrees of complexity.

First, Leicester City, a growing club with a strong stable culture in the Other Big 5 category. By lacking the means to compete on equal terms with its local and international rivals, the management had to turn to a differentiation approach while tapping into alternative markets. It proved to be very good at player trading and timing, which translated in a very strong cash position as well as an enhanced bargaining position. The sport performance, adjusted given the relative position against competitors, confirm the success of a strategy that works well but will have to be confirmed in the long run if the club intends to disrupt the current hierarchy.

Secondly, Borussia Dortmund, an historical club deeply rooted in its local culture but whose international reputation is no longer to be demonstrated, being amplified by a sound international marketing. BVB relies on a rather young team fitting with the culture of the club while focusing on post-formation rather than building on academies. Dortmund's high turnover

[156] https://theathletic.com/2244579/2020/12/10/cfg-manchester-new-york-city-soriano/?article_source=search&search_query=part%20two%20special last accessed on 14/06/2021
[157] https://theathletic.com/2244579/2020/12/10/cfg-manchester-new-york-city-soriano/?article_source=search&search_query=part%20two%20special last accessed on 14/06/2021

contrasts with Bayern Munich's, it has to trade its players as part of its business model while Munich can actually keep them in the long term. Management consistently hires strong reputable coaches to deliver sport performance through a highly defined and specific style of play. The stadium takes a key role in driving the team and ensuring consistency between image & brand and belonging to its region. This is again a very different positioning than Munich's more international scope. In terms of commercial activity, Dortmund is differentiating itself by well targeting the emerging Asian markets using highly sophisticated marketing tools.

Third, Red Bull Group, an organization that has sought to build a network of clubs around its brand image through a style of play that is consistent with how it wants to be perceived by its consumers. It offers a reversed case of a group where the image & brand comes first and football becomes a means to enhance the value of the brand. Red Bull's recruitment is focused on two key markets : South America, and Brazil in particular, and the New-York area in the US. The playing style of the football clubs must reflect the high energy and aggressiveness associated with the brand while state-of-the art infrastructure is made available to support sport performance. It translates into an aggressive trading approach in terms of team value management by leveraging skills from the drink industry to football.

Finally, CFG, a group that has taken this idea to the extreme, considering that developing a global brand is a key element of developing a sustainable competitive advantage, but is slow to capitalize on the true benefits. In the meantime, it has put sport performance as a low priority and has emphasized player trading as a major activity rather disconnected from the team's requirements. Sport performance and outcome of its trading activity have been disappointing up to now.

From these business analyses, we can conclude that size and global reach in terms of access to players and fan base for sales and marketing purposes are two essential dimensions. Someone wishing to implement this strategy will have to make sure that the gap between the feeder clubs and the parent team is reasonable, otherwise it will look like two parallel business plans. It is likely that the trend towards the multiplication of soccer clubs within the same organization will continue for reasons of profitability. Companies that want to take the plunge should therefore focus on tapping new markets from Europe and Latin America to the US and Asia.

These practical cases allow us to confirm most of the hypotheses put forward in our model (see figure 1.1. in Appendix 1). In the selection and recruitment process, it is important to hold a strong network of competent partners. An arbitration could be made between the management of feeder clubs and the training of young people in the academy although a balanced mix between these two policies is of course not to be excluded. This choice will be made according to the degree of maturity at which we wish to integrate these players into the first team, in order to minimize the cost of building a team (see figure 1.3. in Appendix 1). Later on, after a sound team value management, it will be a question of extracting the greatest possible profits by an excellence in the trading of the developed players. This maximization of transfer receipts will be achieved via a perfect timing at the time of their resale. Capital is a must to carry out this value creation stage. Substantial financial resources must be invested in players acquisition and then in the infrastructure necessary for those players to flourish. These elements will also be key to creating a virtuous circle between sport performance and increasing the aggregate value of the player portfolio. Sound management of the payroll of contracted players and commissions paid to agents should prevent clubs from getting into trouble, but is not considered a key capability in itself. As far as the commercial part of the activities is concerned, the proper implementation of the three previous steps should lead to a strengthening of the image and brand provided the right identification of profitable markets. Stadium ownership emerges as a strategic move to avoid a significant loss of the ticketing and match-day revenue stream. It will also offer more flexibility in hosting alternative events and attracting sponsors, with external factors such as geographical location and ease of access also coming into play, confirming that the stadium is a key resource. The emphasis will also be on individual and collective reputation, as clubs will have to work with their respective federations given the value placed on the perception of these leagues abroad. These recurring revenues and margins will act as a positive variable on the value of the brand while ensuring the structural sustainability of the club. It will no longer have to rely on investor-led-upgrading from a donor, which is not a viable model in the long-run.

Conclusion

It is now time to bring together the theoretical analysis and in particular the possible key resources and capabilities introduced in chapter 1 with the results of the statistical analysis developed in chapter 2 as well as the outcome of the case studies presented in chapter 3.

First, it is worth noticing that we focus on a professional football club where success is measured by value creation through the evolution of its enterprise value. Hence, we build a model that describes the strategic drivers of enterprise value.

We focus first on sport performance and team value management and their drivers in terms of key resources and capabilities. We also focus on the brand value and the commercial dimension of professional football clubs which in turn we postulate are influenced by sport performance.

To be more specific, we then consider the role of infrastructure, financial resources, player development and trading, existence of networks of partners and M&A as ultimately driving team value performance as well as brand value and commercial activities.

As a next step, we recast this descriptive model in a strategic framework by using both the concept of the value chain and a resource-based approach. We identify five primary activities (Selection & Recruitment, Team Value Management, Sport Performance, Image & Brand and Sponsorship, Merchandising & Services) and for each of them identify the possible key resources and capabilities.

For Selection & Recruitment, the key resource identified is the development of a local and international network in order to optimize talent spotting while the main capability will be the development of internal skills along with a deep collaboration in terms of scouting.

For Team Value Management, the key resources are the creation of the right squad in line with the club style and strategy and a privileged access to relevant partner clubs. The main capability that has been underlined is the excellence in player development and player trading.

For Sport Performance, the importance of having access to a state-of-the-art infrastructures is viewed as a key resource to prosper, combined with the capability of adopting a playing style and a team spirit in line with the values and identity of the club.

For Image and Brand, the key resources are the stadium, its strategic location and additional facilities around it. The main capability is to maintain a strong coherence between sporting and commercial dimensions while engaging a broad range of stakeholders (such as fans, local authorities, sponsors, etc.) to create partnerships with synergies.

For Sponsorship, Merchandising & Services, we only identified capabilities. One of them appears to be the development of the appropriate marketing mix while another one consists in the building of an integrated experience bringing together sports, leisure and all associated goods and services, all aligned with the values and the identity of the club.

In chapter 2, we look at the importance of these potential resources and capabilities using a data base covering the top 125 UEFA clubs.

We first show that sport performance as measured by the UEFA score and therefore ultimately the drivers of sport performance have a significant positive impact on the various sources of revenue for a club.

We assume that achieving a sustainable competitive advantage must ultimately translate in value creation for a professional soccer club and consider the enterprise value of a club as a proxy. The results of the statistical analysis suggest that both brand value and sport performance tend to influence the enterprise value although separating both influences is not an easy task.

We next try to identify how team value management and other drivers impact sport performance and the market value of the players while acknowledging that sport performance and team value of the players influence each other. The statistical analysis confirms the strong interaction between performance and market value and suggests that excelling in trading and to some extent infrastructure (using stadium size as a proxy) are important factors. However, other possible drivers of team value management such as the characteristics of the team like average age or the number of transfers do not appear to play a major role. It may be that the capabilities required to be excellent at team value management are just poorly captured by the variables we are using.

If we focus on the drivers of the trading activity and its success, that we measure by the difference between the current value of the players and their purchase cost, the analysis confirm that it is essential to develop the right capabilities to become excellent at this activity. The key here is not to overpay for players.

Finally, it is obvious that we cannot compare all professional football clubs with each other in absolute terms since for instance some of them have access to simply more capital or just larger infrastructure which are not available to others. We conduct a cluster analysis and identify four major groups of football clubs. The first cluster which we call the Big 5 Super League includes the largest professional football clubs, all operating in the 5 major European leagues (England, Spain, Italy, Germany, France). A second group includes all the other clubs operating in the Big 5 championships. The third includes nine clubs operating in minor European leagues and all listed on the stock exchange. And finally, the last group involves all the clubs belonging to the smaller European championships.

In chapter 3, we focus on a number of case studies. Given the growing importance of the Super League and the latest development this year, with the possible creation of a new competition independent from the UEFA, we focus on four specific cases in increasing order of complexity, size and scope. We begin with Leicester, which is a member of the Big 5 championships but not of the Super League. We then consider the case of Dortmund, a member of the Super League but with less resources than Bayern Munich which we compared it with. We then turn our attention to the case of the entry of Red Bull in the football industry and finish our analysis by a discussion of Manchester City, one of the largest football organizations in the world. The objective of this chapter is to be a lot more granular in the discussion of the key resources and capabilities and to go beyond the statistical results of the last chapter. Ultimately, we want to test with a different approach the possible resources and capabilities identified in chapter 1.

Leicester is an English football club that has grown significantly relatively recently but is still not a member of the Super League. The club has been particularly successful at building a strong and stable culture on which its whole development relies. Its capabilities are not particularly in the areas of selection and recruitment of young players from its own academy but mostly in the development of slightly more mature players acquired on different markets and the optimal timing of their trading. This translates into a strong financial position giving the club flexibility in its trading and bargaining activities. As far as its academy is concerned, this is still very much work in progress. All these key capabilities confirm the success of a strategy that has allowed the club to achieve a strong sport performance adjusted for its relative position against its major competitors. To a large extent, the club has not yet reached the same image, brand value and commercial revenue as the members of the Super League. These are certainly areas where the club still needs to acquire and develop the necessary resources and capabilities.

Dortmund has developed a very wide network of feeder clubs, partnerships and academies for the selection and recruitment of young players. However, a detailed analysis suggests that these key resources and capabilities have been mostly used to boost the image, the brand value and the commercial activities of the club and not so much to feed the sport activity. The club has developed a strong and coherent culture and image, both for sport activities and the associated commercial ones, strongly rooted in its history and location in an old German industrial area. This also appears in the selection of its partners such as in particular its sponsors who share the same values and origins. Dortmund has also developed strong capabilities in selecting and developing relatively young players and integrating them in a playing style in line with the club's culture. The club's resources are certainly more limited than for instance the Bayern Munich, which has several implications for the club's strategy. To drive its development, the club has become excellent at trading relatively young players, thus generating a relatively high turnover by constantly adapting the squad. One of the key resources of the club is its stadium and associated facilities which are an integral part of the image and culture of the club. Once again, as in the case of Leicester, the success in the acquisition and development of the relevant resources and capabilities translates into a strong sport performance, again on an adjusted basis relative to a member of the Super League such as the Bayern Munich. Despite the fact that the club cannot rival the Bayern Munich, it has created an entirely coherent culture and set of values based on its local German roots; the profile of the fans, the composition and style of play of the squad, its partnerships and its image are all consistent. This has not prevented the club though to develop its presence outside of Germany and particularly in Asia to grow its fan and customer reach.

While the case of Leicester illustrates how to progressively build the image, the brand and the commercial activities based on the successful development of the football activities, the Red Bull Group provide an example of the opposite process. Red Bull offers a reversed case of a group where the image & brand developed in the drink industry comes first and is used to leverage the entry of the group in the football industry using sport as a means to enhance the value of the brand. The Red Bull brand is associated with high energy and some aggressiveness which are characteristics of its drinks. The same image was implemented when the group entered the football industry and is reflected in all activities including its playing style again, as in the previous example, showing the importance of the consistency between the sport and the image and brand. The group developed skills in acquiring and transforming existing football clubs going through a rebranding exercise and building recruitment capabilities with a particular focus on the South-American market and the New York area. The group's sport activities are characterized by a team value management based on an aggressive trading approach and the use of state-of-the-art infrastructure and support. The sport performance of the clubs showcased by Red Bull highlights excellent and improving results over time. The group has successfully been able to leverage its existing brand strengths and marketing capabilities in the football industry, developing a culture aligned with its brand image.

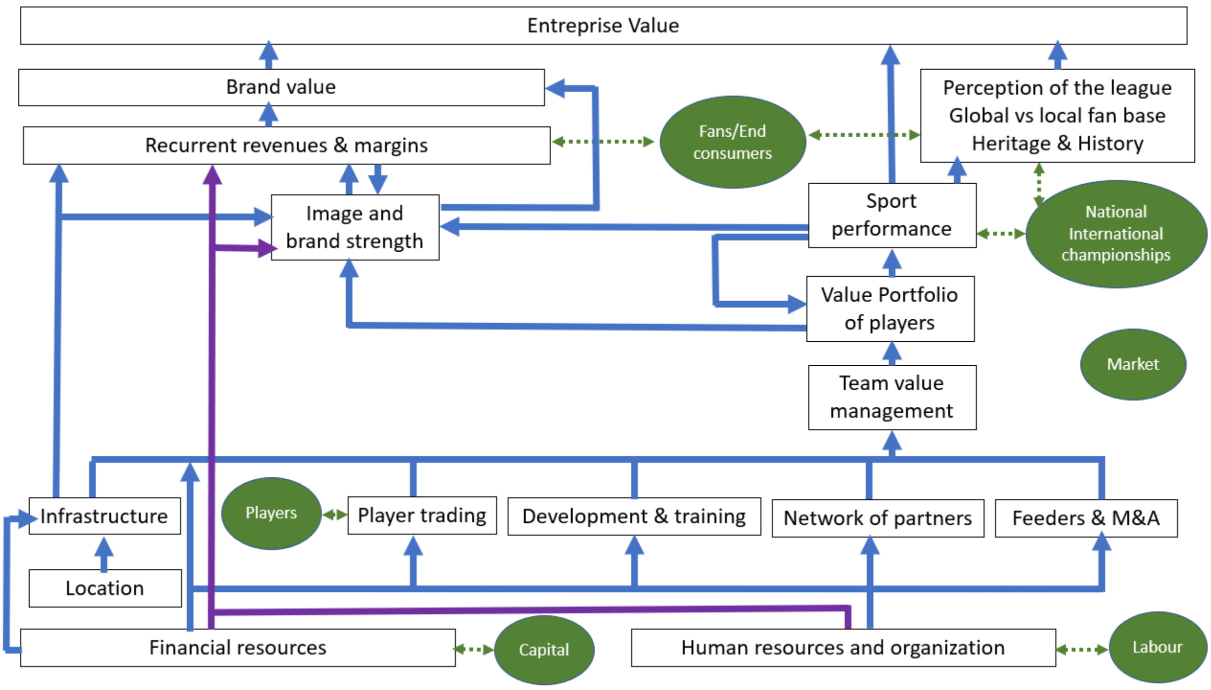
The City Football Group illustrates a very ambitious global strategy based on the progressive roll out of a common global brand through the acquisition and the implementation of multiple partnerships around the globe. The main focus is on leveraging the brand for commercial activities and the sport performance is not considered by the group to be crucial for its success, except possibly for the parent company Manchester City. The group stresses that it considers that developing a global brand is a key element of developing a sustainable competitive advantage. While developing an integrated recruitment network and generating synergies across the clubs, pure player trading is considered as an activity on its own and not exclusively to support sport. The limited emphasis on and poor sport performance of its clubs is also associated with a disappointing track record in terms of team value creation. The case illustrates that sport performance is an essential pillar of commercial success and ultimately value creation. It also shows that the whole business model must be coherent, as we have seen in the other cases where the image, the brand, the commercial activities, the playing style, the profile of the fans, the sponsors and the other stakeholders all need to be aligned to be successful. The relatively poor performance up to now of the City Football Group may possibly be explained by the nature of its owners who might have political as well as economic objectives in mind.

Both the statistical analysis and the case studies tend to confirm the importance of the key resources and capabilities introduced in chapter 1 but our analysis certainly has limitations which now have to be addressed. The various variables used for the statistical analysis do not capture perfectly the different resources and capabilities previously discussed but are at best proxies for some of them. The purpose of the case studies is precisely to go beyond these limitations but with a very limited sample. It would be good to try to combine the two approaches by considering a much broader number of cases and creating more sophisticated measures of the resources and capabilities required to support a sustainable competitive advantage. This could be the subject of further research.

Appendix

Appendix chapter 1 : Detailed analysis and assessment of resources, capabilities and core competencies

Figure 1.1. : A theoretical model of the value drivers of a football club



Source : Personal analysis

Figure 1.2. : Sources of revenue

Source : based on categories identified in https://medium.com/@Thorpeskii/many-lovers-of-the-beautiful-game-of-football-still-cant-wrap-their-heads-around-how-clubs-afford-d6a2f5c93d36 consulted on 28/03/2021

Box 1.1 : Ownership of German football clubs

What does for instance the German "50 + 1" rule actually mean ? The "50 + 1" ownership model in a constraint applied in principle to each professional football club of the German Bundesliga. It stipulates that half of the shares plus one and their associated voting rights of the company have to be reserved to the clubs' members in any team member of the league.

Historically, German football clubs used to be fully owned by the fans in a way similar to the "socio" model advocated in Spain which we describe below. Officially, these not-for-profit organizations were legally recognized as registered associations and eligible for a reduced tax rate[158]. The emphasis was on democracy in line with members' associations visions. Those stakeholders used to be involved in order to mandate the chairman and executives through elections. However, the significant growth of the Bundesliga in the mid-1990s forced them to review and then rearrange their model into something more professional. A rule enacted in 1998 allowed clubs to offer special status to their football-related activities. This led to the conversion of these entities into profit-making public or private limited companies. Therefore, professional German football clubs have been given the permission to divide the stakes ownership in the hands of several entities, still given the "50 + 1" rule. In that way, members are able to maintain a high level of decision power on the club strategy. The point is that it makes it impossible to allow a foreign private majority Investor into the championship, potentially seeking only profits. Legally, there is at best only room for private minority investors.

Hence, the board of directors is appointed by fans who are not only consumers but also decision-makers. This situation inevitably creates very different power dynamic compared to the rest of the world. Two typical profiles emerge : the local businessman and the former footballer. The last option should preferably be a legend of the club, for the sake of credibility, as he will less publicly held accountable for poor management performance. This contrasts sharply with the lack of intimacy of directors and owners often observed in other leagues.

However, internal political struggles often emerge when it comes to designate the elected candidate and rivalries for control are frequent. It can easily lead to bad interactions across the different levels of hierarchy. It makes long-term scenarios and powerful executive decisions difficult while emphasizing short-term results to stay on board. This model requires a strong leadership and personality to work.

By doing so, without any possibility of significant takeover, the model unfortunately lacks incentives for potential foreign or even local investment. While it seems obvious that individuals would have been keen to invest their money in exchange for control, it remains to be proved in the case of private minority investment. It creates without any doubt a limitation to growth and development. In terms of funding, the main result is that value has to be generated through a sustained organic revenue surplus. This complexifies the management of German clubs, an aspect which we explore later on in some case studies in chapter 3.

However, it is worthwhile to note that we find exceptions to the rule. VFL Wolfsburg and Bayer Leverkusen are privately and totally majority owned respectively by the automotive giant Volkswagen and the pharmaceutical company Bayer. This is due to historical reasons since those teams were representative of the working class and the corporations, though now international, remain well locally implemented in the region.
TSG Hoffenheim is another special case. It can even be branded a success story since the entity was a modest fifth division club until a fan and former youth player, Dietmar Hopp, decided to invest his money in it. This billionaire was actually the co-founder of SAP, the software provider company. In just over twenty years, Hopp continuously managed to offer financial support promotion after promotion in order to get access to the top flight and stabilize it at the top of the table. He has therefore well conducted his project while the team is now a Champions League regular contender. This is why he was given the right to take private majority ownership.

Last but not least, RB Leipzig is the most recent and disruptive case to study. They are officially and legally member-owned since they managed to circumvent the rules. In the same way as they did with the ban on a club bearing the name of a company. The organization employs a reduced and closed number of twenty-one members, most of them being employed by the foreign private majority owner : The Austrian Red Bull Group. A whole analysis of their situation will be made further.

[158] KPMG Football Benchmark : Football Benchmark - The 50+1 rule in the Bundesliga – Strength or weakness?
Last consulted on 30/06/2021

Those clubs are generally accused to be artificially created clubs by traditional fans. Those are protesting against unfair competition and loss of traditional values. They argue that there is a contempt for the connection between fans and the institution. This is the reason why some voices have been raised to change the current model.

This system partly explains why it was unthinkable for German clubs Bayern Munich and Borussia Dortmund to join the failed attempt to create a Super League between the elite most powerful clubs in European football. It just wasn't possible without the approval of the supporters. Their anger would have been terrible for the persons in charge who were given a taste of the protests that would await them.

Box 1.2 : Ownership of Spanish football clubs

The Spanish model is also recognized for its uniqueness and complexity. The overwhelming majority of clubs in the country had established a management system called the socio-model until a law came into effect that disrupted the political environment. This law, entitled Ley 10/1990 del Deporte, imposed on all sports organizations, including soccer clubs, forced them to modify their articles of associations. This meant giving investors the opportunity to acquire an ownership stake in the clubs, possibly even via the stock market. To prevent this, four major clubs had the possibility to turn themselves into privately-owned S.A.D.s/PLCs. As a matter of facts, being a Sociedad Anonima Deportiva is the Spanish equivalent of a Public Limited Company. This rule was to be implemented with almost immediate effect as entities had to comply with it as from June 1992, since non-compliance would have meant fines and non-participation to the 1992-1993 season of the Spanish competition. To make matters more complicated, the appearance of the Seventh Additional Provision of the law could allow some clubs to potentially circumvent it. 4 clubs were meeting this condition i.e. they had consistently made a profit during the five previous accounting years. After undergoing a thorough check by the Liga de Fútbol Professional (LFP), Real Madrid CF, FC Barcelona, Athletic Club Bilbao, and Club Atlético Osasuna, received the green light from the federation to continue operating as member-owned non-profit sports associations. These companies applying tailored governance rules due to their sport-oriented purpose benefit from advantageous interest rates on their borrowings as a result of their supposedly not-for-profit organization. What is true of their relationship with the banks is also true of their relationship with the state, since the government also provides loans, especially to enable them to survive in case of bankruptcy risk. Their associated activities related to less popular and revenue generating sports also benefit from this situation. Part of the rationale for these advantages may rely on the non-payment of dividends as well as the reinvestment of cash flow into the firm. However, this also has reverse implications as the club is unable to raise money including via the stock market and has as sole option to leverage its core revenue generating activities to fund its projects. The few possible alternatives available to them would run the risk of contravening the rules laid down by the Financial Fair Play rules.

In terms of the political organization chart, these particular cases therefore operate with an elected president who is not the owner of the ship. Club members receive voting privileges in exchange for an annual club fee while also gaining discounts on match tickets and a highly symbolic sense of belonging to the daily management of the club. It is important to note that Real Madrid, FC Barcelona and Athletic Bilbao all have a very important place in their respective communities due to their "special cultural and nationalistic significance for the ethnic groups"[159]. This argument is often taken up in the speeches of election candidates who advocate to their voters the choice of tradition and sometimes conservatism, even possibly going so far as to encourage populism or nationalism. The downside of this power battle between egos is that it often leads to institutional instability. This quest towards individual ambitions, which takes place at the ballot box every 4 years, is that it prevents any stability in the leadership. This can damage the performance of the organization as well as the image and credibility of the institution. It may also force competing participants to make promises that they cannot reasonably keep, such as signing expensive star players, and to the blurring of relationships with other stakeholders. Despite all the values of democracy that such a system promotes, the decision-making held by the socios comes to a virtual standstill after the presidential election for the benefit of the winner and his team. Their meager voice gives them a say in the composition of the annual budget, but again they must rely on elected officials to speak for them at the General Assembly. Their commitment is therefore much weaker than it would be if the company went public and makes it impossible for them to object to a non-consensual expenditure.

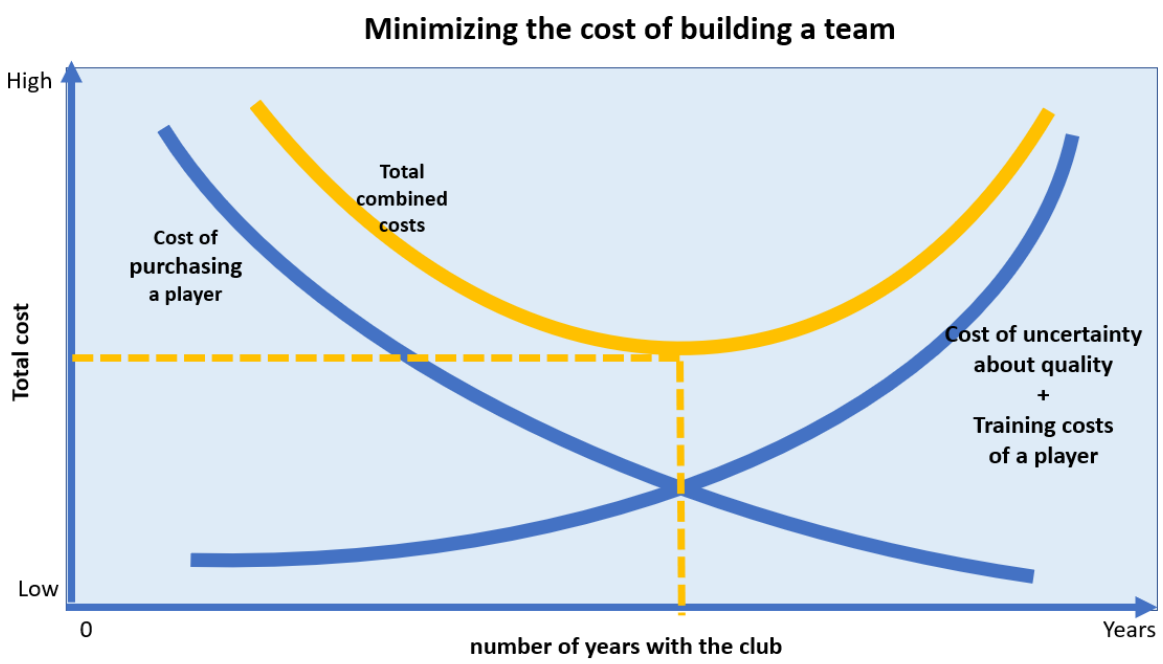
Last but not least, critics of this model also point to the encouragement of elitism and nepotism in key positions. According to the Seventh Additional Provision of Ley 10/1990 del Deporte, the elected president and his team of directors must be able to provide significant financial guarantees, i.e. a provision of 15% of the projected

[159] https://bleacherreport.com/articles/404511-cure-or-curse-socio-club-ownerships-in-spanish-la-liga accessed on 5/06/2021

annual budget, in order to access their responsibilities. This significant involvement is taken to prevent negligence and ensure the sustainability of the institution in the event of cash flow problems. On the contrary, some argues that it only makes these wealthy individuals more untouchable while reinforcing their sense of impunity and diminishing their incentive for transparency. On top of that, they can count on the power of allied media to propagate their views and deliberately disclose strategic information for political calculations, which does not help to distinguish truth from falsehood.

To conclude, the member-club model can to a certain extent be considered as a competitive disadvantage when compared to the way other big clubs operate in more flexible leagues. On the other hand, a move away from it could expose them to a hostile takeover and the ensuing loss of identity. Some clubs, namely Real Madrid and Barcelona, would have allegedly expressed interest in changing status and this perspective could alert many since "both are huge brands, have marketability, large global fan base and assets making them very attractive"[160].

Figure 1.3. : The trade-off between acquiring mature players and developing young talents



Source : Personal analysis

Box 1.3. : A simple model of the trade-off between acquiring mature players and developing young talents

The basic idea of our simple model is that training and developing a player involves costs and risk-management such as uncertainty about the ultimate quality of the individual and the risk of dropping out during the education process. As a matter of fact, buying an older, more mature player is less risky since he progressively builds a track record but the acquisition cost is simultaneously increasing as well. There is thus a balance to be found between the two aspects. As a consequence, some clubs may develop capabilities to scout young players and

[160] https://bleacherreport.com/articles/404511-cure-or-curse-socio-club-ownerships-in-spanish-la-liga accessed on 5/06/2021

train them well while others may focus on acquiring skills and a network to select more mature players and become good traders.

- More formally, if we consider a player today and t the number of years he has been with the club
- We introduce three parameters; a is associated with the acquisition costs, e is the cost of training and u a measure of the uncertainty about the ultimate skills of a player or the risk that he drops out
- For illustration purposes suppose for simplicity that total cost is given by:

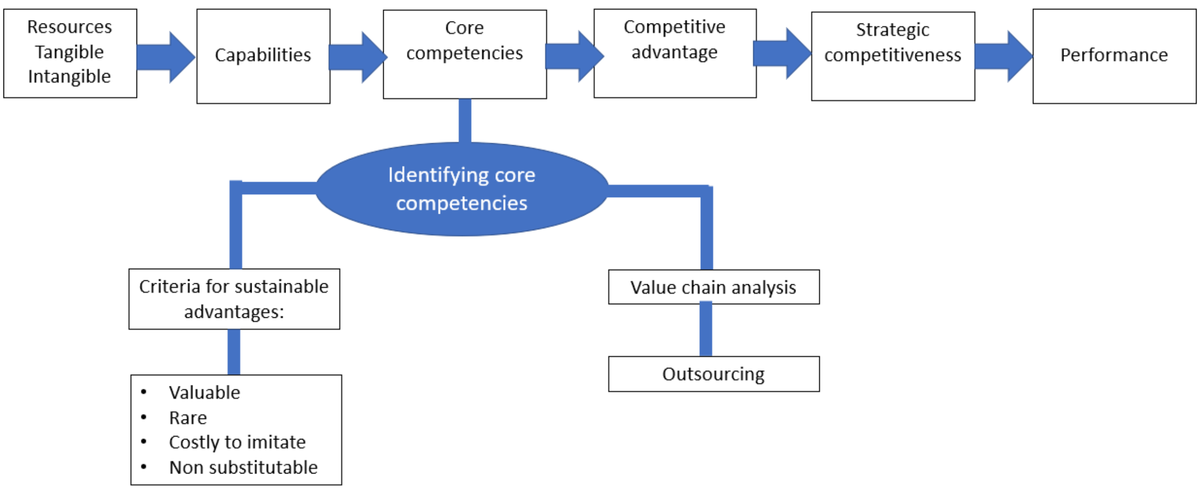
$$C = \frac{a}{t} + (u+e)t$$

- from which we can derive the optimal recruitment strategy that minimizes total cost of a club,

$$t^* = \sqrt{\frac{a}{u+e}} \quad and \quad C^* = 2\sqrt{a(u+e)}$$

- some clubs could thus focus on younger players and others on trading more experienced players with a proven track record. Clubs must develop core competencies in this selection areas but may focus on different approaches depending on their relative skills versus other clubs.

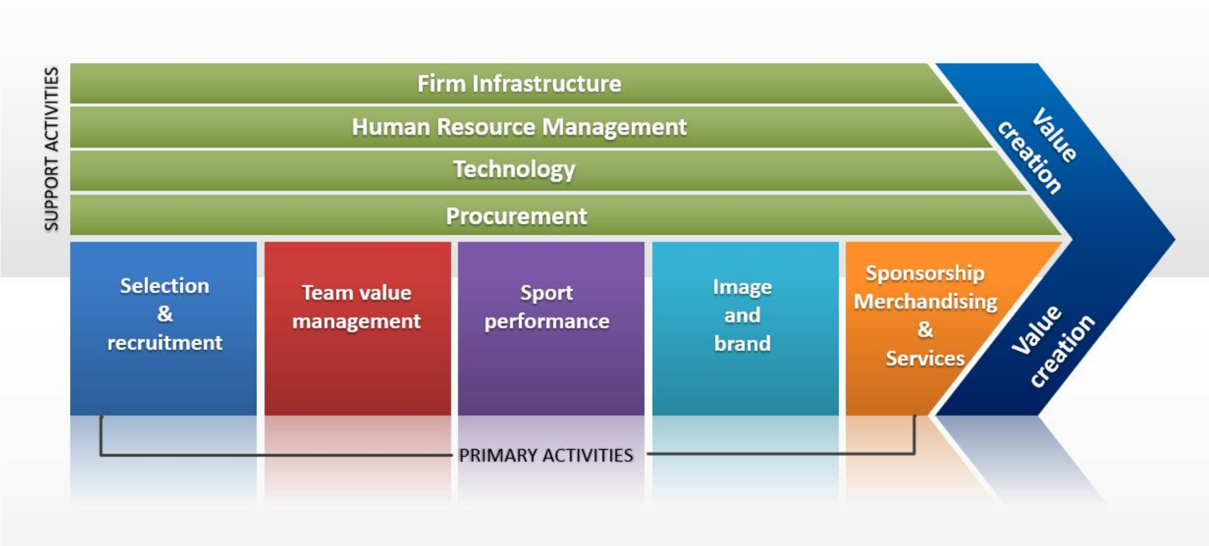
<u>Figure 1.4. : From resources and capabilities to performance</u>



Source : adapted from Nguyen (2021)

https://www.slideshare.net/DrLamDNguyen/chapter-3-the-internal-organization-resources-capabilities-core-competencies-and-competitive-advantages last consulted on 29/06/2021

Figure 1.5. : Value Chain of a professional football club



Source : Vas (2020) page 103, Porter's Value Chain adapted to a professional football club

Table 1.1. : Selection and Recruitment - Resources

Ressources		Importance	V	R	I	N
Tangible Ressources						
Tangible Assets						
	Academy : Training Center and other facilities including possibly residence for young players	High	Y	N	N	N
Financial Ressources						
Intangible ressources						
Technological						
	Proprietary information network, Big Data, Digital platforms, Technical scouting softwares and databases, recruitment model	High	Y	Y	N	N
	Machine learning models to build teams by optimizing the matching among the XI players in the team	Medium	Y	Y	N	N
Commercial						
Human						
Organisational						
	Build a specific organization for the academy covering coaches and delegates, medical services, HR, residence administration, communication,...	Medium	Y	N	N	N
	Develop a local and international network of scouts and partners	High	Y	Y	Y	Y

Source : Personal analysis

Table 1.2. : Selection and Recruitment - Capabilities

Capabilities	Individual		Organizational		Description	Importance	V	R	I	N
	Technical	Social	Technical	Social						
Talent										
	X	X			Select a strong Sporting Director, must be an inspiring and charismatic leader as Head of Recruitment.	High	Y	Y	N	N
	X	X			Selecting the right coach is one of the most important decisions for a club and should be coherent with the strategic approach for TMV	High	Y	Y	N	N
Speed										
Shared Mind-Set and Coherent Brand Identity										
Accountability										
			X	X	Select professional specialists in sport who take their responsibilities with maximum dedication and excitement	Medium	Y	N	N	N
Collaboration										
			X	X	Build a team of professional specialists. e.g. Assessing a player by involving management, players, a psychologist and coaches	Medium	Y	N	N	N
			X	X	Building a integrated and collaborative wide scouting network with a consistent scouting process : squad planning, creation of scenarios, potential player identification and filtering, scouting (video, live and selection process, recommend selected candidates)	High	Y	Y	Y	Y
				X	Academy : Build good cross-organizational interactions dedicated to young players.	Medium	Y	N	N	N
Learning										
				X	Learning from mistakes and avoiding improvising under pressure.	Low	Y	N	N	N
Leadership										
Customer Connectivity										
Strategic Unity										
				X	Define a roadmap and splitting the workload	High	Y	N	N	N
Innovation										
Efficiency										

Source : Personal analysis

Table 1.3. : Team Value Management - Resources

Ressources		Importance	V	R	I	N
Tangible Ressources						
Tangible Assets						
	State-of-the-art training facilities	Medium	Y	N	N	N
	Investment or agreements with partner clubs to get access to their youth academy	Medium	Y	Y	Y	Y
Financial Ressources						
	Financial ressources and cashflow generation to support TVM in line with ambitions	Medium	Y	N	N	N
Intangible ressources						
Technological						
Commercial						
Human						
	Squad of mature and experienced players	High	Y	Y	Y	Y
	A broad pool of young promising players to feed the main squad in the future	High	Y	Y	Y	Y
Organisational						

Source : Personal analysis

Table 1.4. : Team Value Management - Capabilities

Capabilities	Individual Technical	Individual Social	Organizational Technical	Organizational Social	Description	Importance	V	R	I	N
Talent										
			X	X	Development of players under contract	High	Y	Y	Y	Y
			X	X	Youth development	High	Y	Y	Y	Y
			X		Excellence in player trading : perfect timing	High	Y	Y	Y	Y
			X		Supporting TVM financially via surplus from commercial activities, investor-led upgrading and possibly debt financing	Medium	Y	N	N	N
Speed										
Shared Mind-Set and Coherent Brand Identity										
Accountability										
Collaboration										
			X	X	Identify, develop and manage agreement and investment in partner clubs to broaden the pool of young players	Medium	Y	N	N	N
Learning										
Leadership										
Customer Connectivity										
Strategic Unity										
Innovation										
Efficiency										
			X	X	Carefully manage salaries of players providing the right incentives while managing financial impact and risks for the club	Low	Y	N	N	N
			X	X	Carefully manage fees paid/received to borrow/lend players	Low	Y	N	N	N
			X	X	Incentivise but control agent fees	Medium	Y	N	N	N

Source : Personal analysis

Table 1.5. : Sport Performance - Resources

Ressources		Importance	V	R	I	N
Tangible Ressources						
Tangible Assets						
	Access to a stadium with all necessary facilities for the fans and the players (Venue Performance Rating)	High	Y	Y	Y	Y
	Fitness Tracking Technology and Health Tracking Technology	Medium	Y	N	N	N
Financial Ressources						
Intangible ressources						
Technological						
Commercial						
Human						
Organisational						

Source : Personal analysis

Table 1.6. : Sport Performance - Capabilities

Capabilities	Individual Technical	Individual Social	Organizational Technical	Organizational Social	Description	Importance	V	R	I	N
Talent										
	X	X	X	X	Tactical, Physical and Psychological preparation of the players	High	Y	N	N	N
	X	X	X	X	Team Management before, during and after the match including debriefing	High	Y	N	N	N
	X	X	X	X	Team Balance and Team Chemistry rather than focus on individual qualities	High	Y	N	N	N
Speed										
Shared Mind-Set and Coherent Brand Identity										
Accountability										
			X	X	Analyze and deal with players performance making sure you get the best of the players	High	Y	N	N	N
Collaboration										
Learning										
Leadership										
Customer Connectivity										
				X	Develop a corporate culture consistent with size and characteristics of club fans and aligned with the internal organization	High	Y	N	N	N
Strategic Unity										
		X		X	Develop, align and maintain a vision and an identity : in terms of recruitment, style of play,... Key role played here by the coach	High	Y	Y	Y	Y
Innovation										
Efficiency										

Source : Personal analysis

Table 1.7. : Image and Brand - Resources

Ressources		Importance	V	R	I	N
Tangible Ressources						
Tangible Assets						
	Infrastructure - Stadium - Location	High	Y	Y	Y	Y
Financial Ressources						
	Access to Capital	High	Y	N	N	N
Intangible ressources						
Technological						
Commercial						
	Image & brand strength	High	Y	Y	Y	Y
Human						
Organisational						

Source : Personal analysis

Table 1.8. : Image and Brand - Capabilities

Capabilities	Individual		Organizational		Description	Importance	V	R	I	N
	Technical	Social	Technical	Social						
Talent										
Speed										
Shared Mind-Set and Coherent Brand Identity										
			X	X	Create coherence between the sporting and the commercial dimensions around the brand identity	High	Y	Y	Y	Y
Accountability										
Collaboration										
			X	X	Engage stakeholders through collaboration including internal teams (sport and management), support from local authorities, architects, sponsors,...	High	Y	Y	Y	Y
			X	X	Develop synergies with partners to create a competitive advantage	High	Y	Y	Y	Y
Learning										
			X	X	Adaptive Leadership : Be reactive and adjust to threats and opportunities along with partners	Medium	Y	N	N	N
				X	Collective learning organization	Medium	Y	N	N	N
			X		Develop a "Stadium Science" i.e. tools to evaluate a stadium performance such as the Venue Performance Rating (VPR) assessing the role of Stadia in driving Brand Strenght and Brand Value	High	Y	Y	N	N
Leadership										
Customer Connectivity										
			X	X	Engage fans, which are not only supporting the team but also customers of products and services, with a complete package	High	Y	Y	Y	Y
Strategic Unity										
Innovation										
			X	X	Moving progressively towards a more complex and diverse set of services and products revolving around the club 'brand'	High	Y	N	N	N
Efficiency										

Source : Personal analysis

Table 1.9. : Sponsoring, Merchandising and Services - Resources

Ressources		Importance	V	R	I	N
Tangible Ressources						
Tangible Assets						
	Club's official TV Channel and Over-The-Top streaming platform	Medium	Y	N	N	N
Financial Ressources						
Intangible ressources						
Technological						
Commercial						
Human						
Organisational						

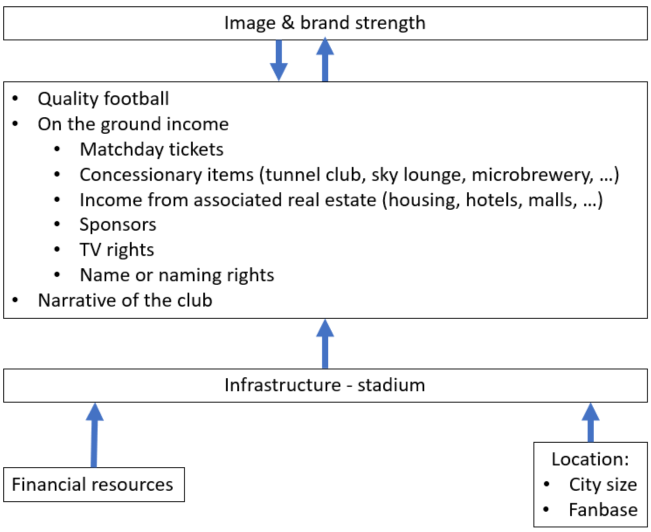
Source : Personal analysis

Table 1.10. : Sponsoring, Merchandising and Services - Capabilities

Capabilities	Individual Technical	Individual Social	Organizational Technical	Organizational Social	Description	Importance	V	R	I	N
Talent										
Speed										
Shared Mind-Set and Coherent Brand Identity										
			X		Evaluate sponsorship opportunities and their impact on the brand strenght and value	High	Y	Y	N	N
Accountability										
Collaboration										
Learning										
Leadership										
Customer Connectivity										
			X		Develop a 4P's (product, price, promotion, place) marketing strategy tailor-made for a football club by moving from "a marketing of sport" to "a marketing through sport"	High	Y	Y	Y	Y
			X	X	Build an integrated experience bringing together sports, leisure, and entertainement as "consumer goods" and leverage this with other products and services	High	Y	Y	Y	Y
			X	X	Concept of totemism i.e. marketing of symbolic goods raised to a merchandise status	High	Y	Y	Y	Y
Strategic Unity										
Innovation										
			X	X	Develop partnerships with tech-oriented companies, active social networks and take advantage of all technological advances in Media communication	High	Y	N	N	N
Efficiency										

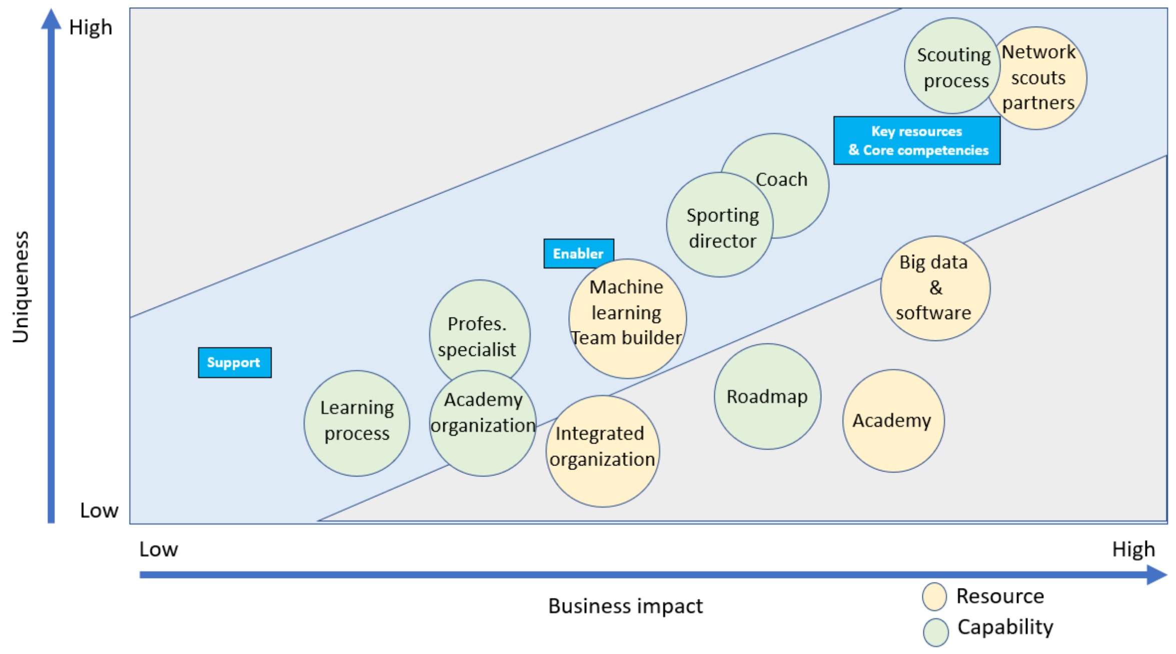
Source : Personal analysis

Figure 1.6. : Drivers of image and brand



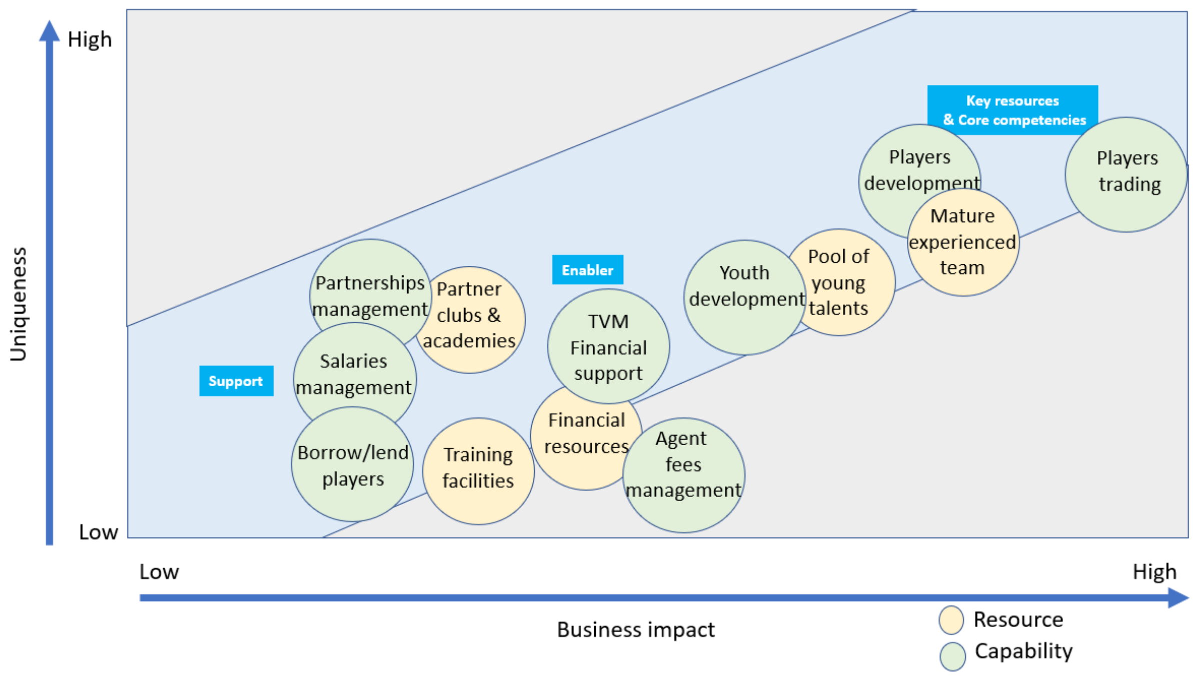
Source : Personal analysis

Figure 1.7. : Selection and Recruitment: Resources, Capabilities and Core Competencies



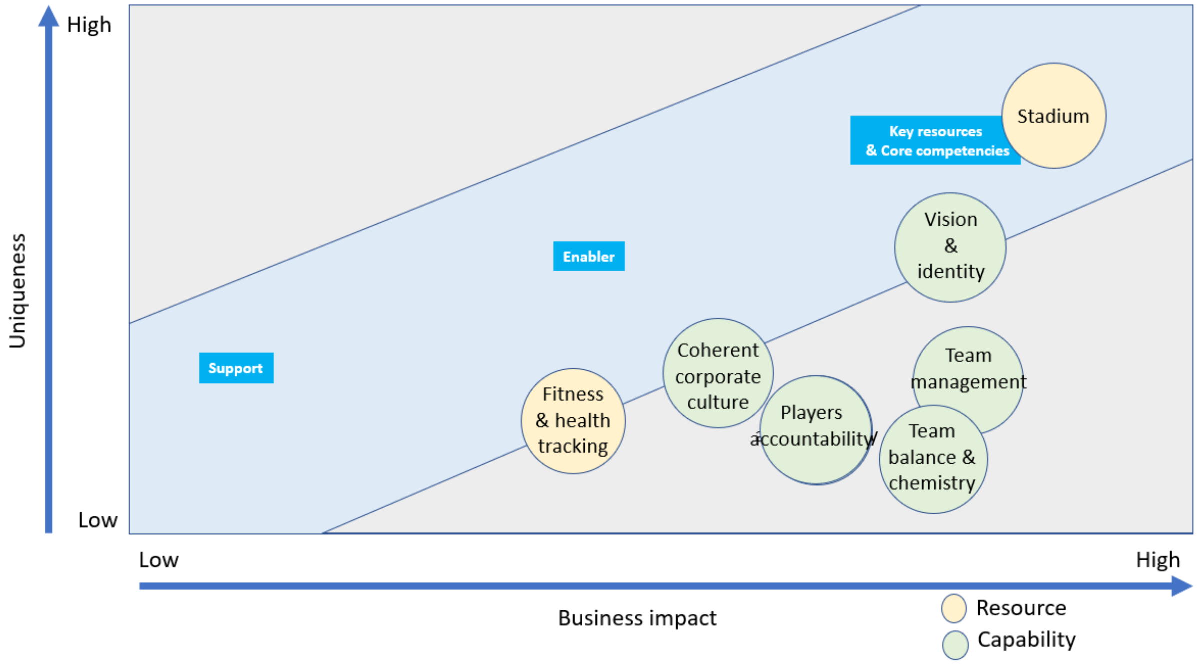
Source : Based on table 1.1. to 1.10.

Figure 1.8. : Team Value Management: Resources, Capabilities and Core Competencies



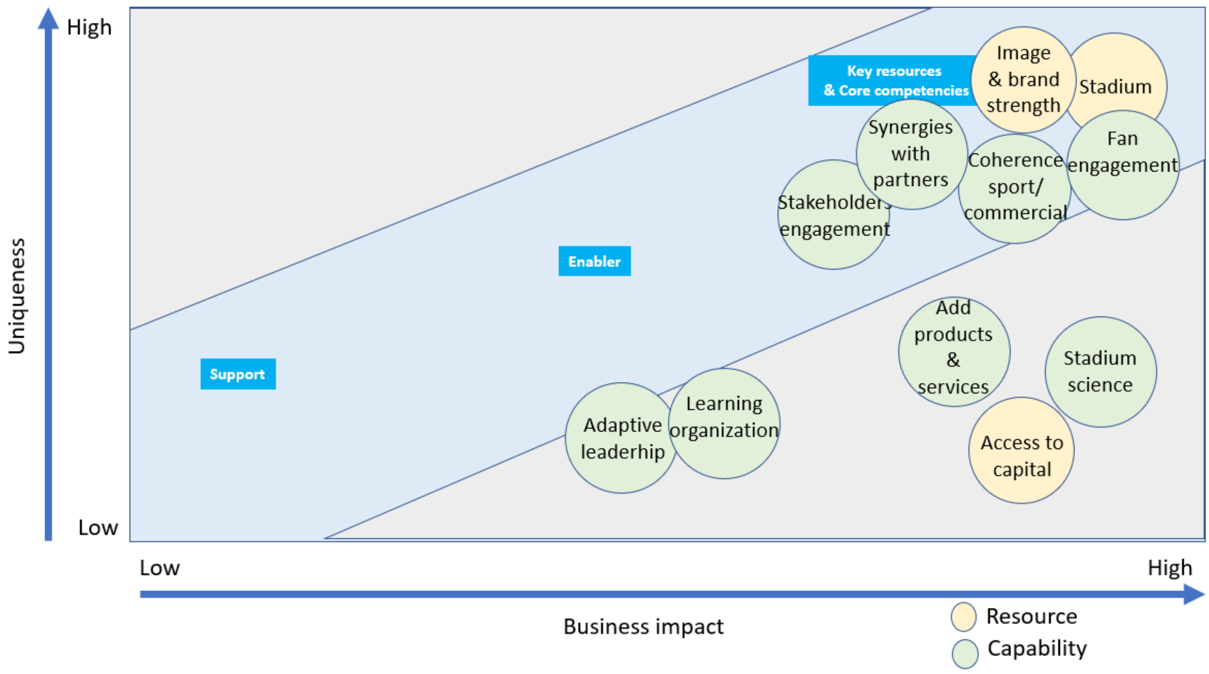
Source : Based on table 1.1. to 1.10.

Figure 1.9. : Sport Performance: Resources, Capabilities and Core Competencies



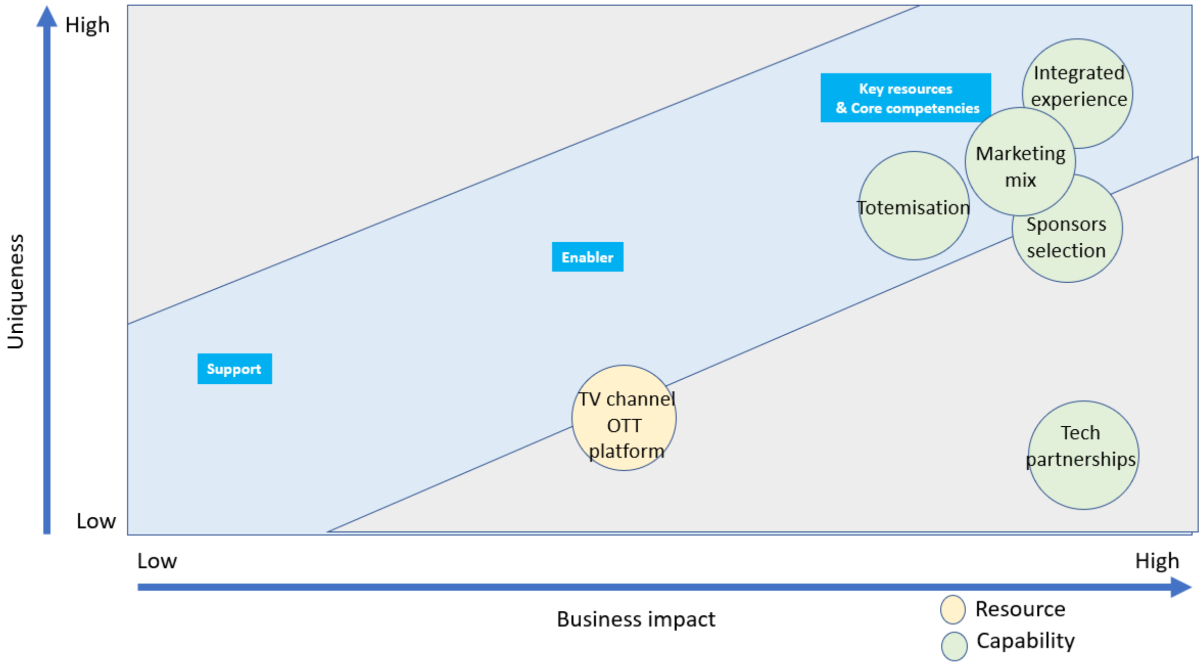
Source : Based on table 1.1. to 1.10.

Figure 1.10. : Image and brand: Resources, Capabilities and Core Competencies



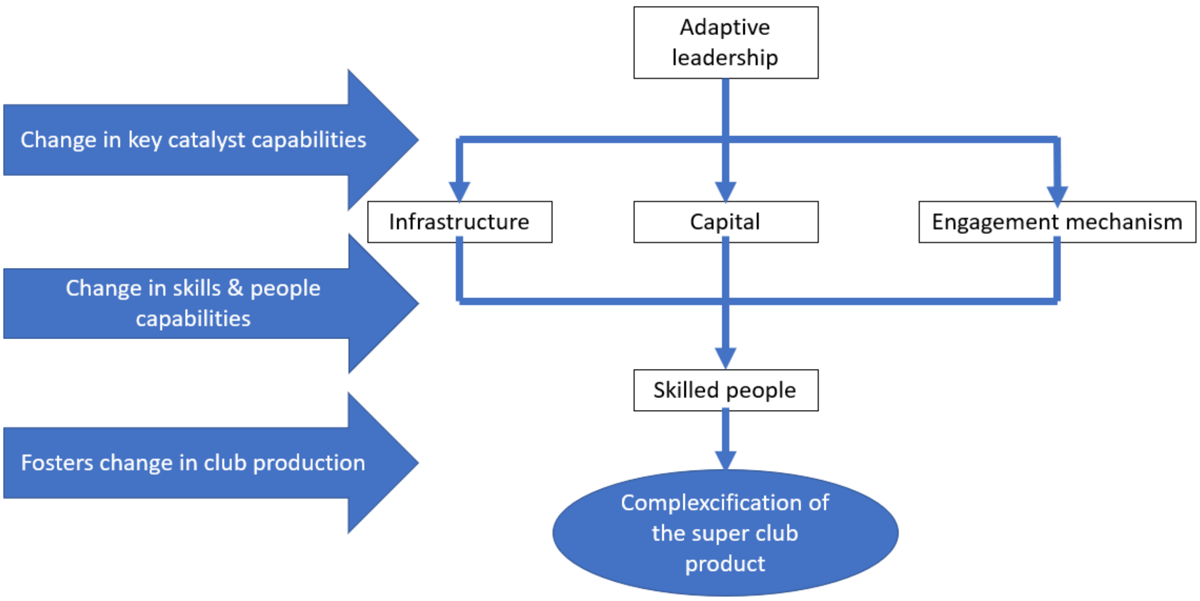
Source : Based on table 1.1. to 1.10.

<u>Figure 1.11. : Sponsors, Merchandising and Services: Resources, Capabilities and Core Competencies</u>



Source : Based on table 1.1. to 1.10.

<u>Figure 1.12. : The emergence of super clubs</u>



Source : Andrews (2015)

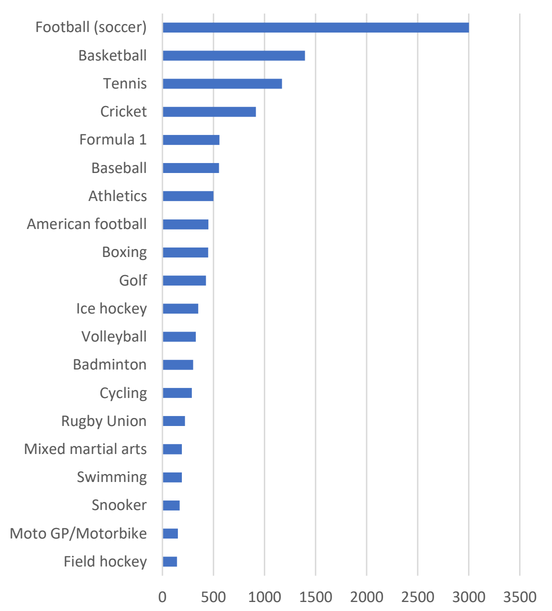
Appendix chapter 2 : Detailed statistical results

Table 2.1. : Description of the main database

The dataset includes the top 125 UEFA clubs based on their ranking at the end of 2020 for which a number of variables have been constructed from various sources. Some analysis in chapter 2 are based on a subset of clubs because of missing data.

Variable	Name used in the document and comments	Source		Date
position	UEFA ranking	UEFA	https://www.uefa.com/	17-12-20
club	club name	UEFA	https://www.uefa.com/	17-12-20
Country	National championship	UEFA	https://www.uefa.com/	17-12-20
score_16_17	UEFA score season 2016-2017	UEFA	https://www.uefa.com/	17-12-20
score_17_18	UEFA score season 2017-2018	UEFA	https://www.uefa.com/	17-12-20
score_18_19	UEFA score season 2018-2019	UEFA	https://www.uefa.com/	17-12-20
score_19_20	UEFA score season 2019-2020	UEFA	https://www.uefa.com/	17-12-20
score_20_21	UEFA score season 2020-2021	UEFA	https://www.uefa.com/	17-12-20
Score_tot	UEFA score	UEFA	https://www.uefa.com/	17-12-20
nat_ass_contrib	National association contribution factor	UEFA	https://www.uefa.com/	17-12-20
club_brand_value_top50	club brand score (1 to 50)	Brand Finance	Brand Finance (2020)	2020
club_brand_strength_top50	club brand strength (1 to 50)	Brand Finance	Brand Finance (2020)	2020
Enterprise value ranking	EV score (1 to 50) (EV = Entreprise Value)	Brand Finance	Brand Finance (2020)	2020
mv_players_meur	MV players (MEUR) (MV = market value of the team)	Transfermarkt	https://www.transfermarkt.com/	14-02-21
pur_value_meur	Purchase value (MEUR)	Transfermarkt	https://www.transfermarkt.com/	14-02-21
avg_age_at_signing	Average age of the team at signing	Transfermarkt	https://www.transfermarkt.com/	14-02-21
squad_size	Squad size	Transfermarkt	https://www.transfermarkt.com/	14-02-21
avg_age	Average age of the team	Transfermarkt	https://www.transfermarkt.com/	14-02-21
mv_top_18_meur	MV of the top 18 players (MEUR)	Transfermarkt	https://www.transfermarkt.com/	14-02-21
trans_arr_nb_19_20	Number of transfers (in) season 2019-2020	Transfermarkt	https://www.transfermarkt.com/	14-02-21
trans_arr_val_19_20	Value of transfers (in) season 2019-2020 (MEUR)	Transfermarkt	https://www.transfermarkt.com/	14-02-21
trans_dep_nb_19_20	Number of transfers (out) season 2019-2020	Transfermarkt	https://www.transfermarkt.com/	14-02-21
trans_dep_val_19_20	Value of transfers (out) season 2019-2020 (MEUR)	Transfermarkt	https://www.transfermarkt.com/	14-02-21
Stadium capacity	Stadium capacity	Transfermarkt	https://www.transfermarkt.com/	14-02-21
construction_costs	Construction cost of the stadium (MEUR)	Transfermarkt	https://www.transfermarkt.com/	14-02-21
Listed	Listed (1 if club listed, 0 otherwise)	Yahoo Finance	https://finance.yahoo.com/	13-02-21
Currency	Currency	Yahoo Finance	https://finance.yahoo.com/	13-02-21
FX rate	Exchange rate	Yahoo Finance	https://finance.yahoo.com/	13-02-21
Market Cap	Market capitalisation (in M units of local currency)	Yahoo Finance	https://finance.yahoo.com/	13-02-21
Market cap eur	Market capitalisation (in MEUR)	Yahoo Finance	https://finance.yahoo.com/	13-02-21
Total Debt	Total interest bearing debt (in M units of local currency)	Yahoo Finance	https://finance.yahoo.com/	13-02-21
Total debt eur	Total interest bearing debt (in MEUR)	Yahoo Finance	https://finance.yahoo.com/	13-02-21
Net Debt	Net debt (Total debt less cash in M units of local currency)	Yahoo Finance	https://finance.yahoo.com/	13-02-21
Net debt eur	Net debt (Total debt less cash in MEUR)	Yahoo Finance	https://finance.yahoo.com/	13-02-21
Asset value eur	Asset value or EV = Market capitalization + Net debt (MEUR)	Yahoo Finance	https://finance.yahoo.com/	13-02-21
Net debt/asset value	Net debt/asset value	Yahoo Finance	https://finance.yahoo.com/	13-02-21
Revenue	Revenue (in M units local currency)	Yahoo Finance	https://finance.yahoo.com/	13-02-21
Revenue eur	Revenue (in MEUR)	Yahoo Finance	https://finance.yahoo.com/	13-02-21
EBITDA	EBITDA (in M units local currency)	Yahoo Finance	https://finance.yahoo.com/	13-02-21
EBITDA eur	EBITDA (in MEUR)	Yahoo Finance	https://finance.yahoo.com/	13-02-21
EV KPMG	EV KPMG (MEUR)	KPMG	KPMG Sports Advisory Practice (2020)	2020

Figure 2.1.: World's most popular sports



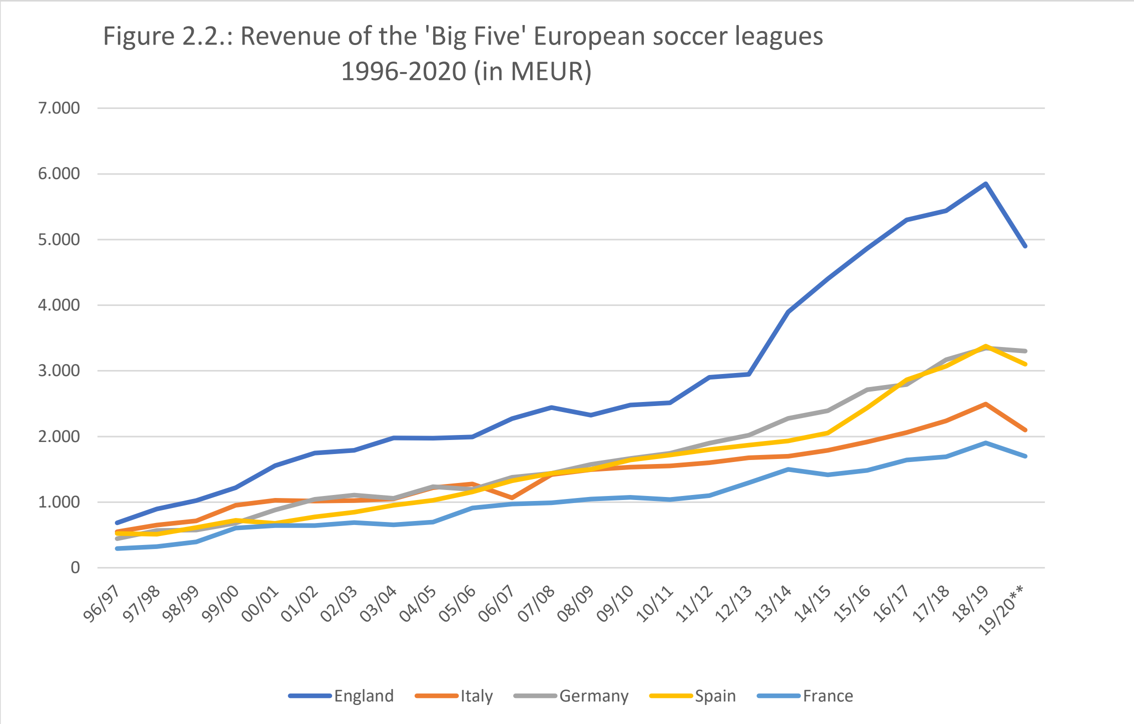


Figure 2.2.: Revenue of the 'Big Five' European soccer leagues 1996-2020 (in MEUR)
7.000
6.000
5.000
4.000
3.000
2.000
1.000
0
96/97
97/98
98/99
99/00
00/01
01/02
02/03
03/04
04/05
05/06
06/07
07/08
08/09
09/10
10/11
11/12
12/13
13/14
14/15
15/16
16/17
17/18
18/19
19/20**
England
Italy
Germany
Spain
France

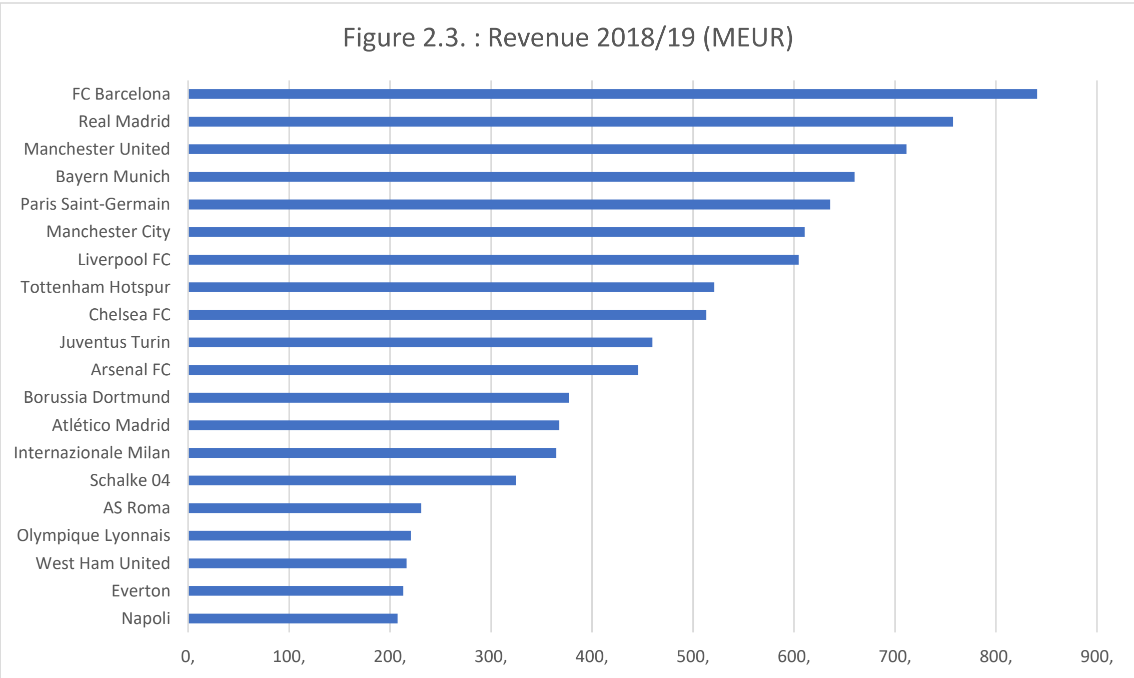


Figure 2.3. : Revenue 2018/19 (MEUR)
FC Barcelona
Real Madrid
Manchester United
Bayern Munich
Paris Saint-Germain
Manchester City
Liverpool FC
Tottenham Hotspur
Chelsea FC
Juventus Turin
Arsenal FC
Borussia Dortmund
Atlético Madrid
Internazionale Milan
Schalke 04
AS Roma
Olympique Lyonnais
West Ham United
Everton
Napoli
0,
100,
200,
300,
400,
500,
600,
700,
800,
900,

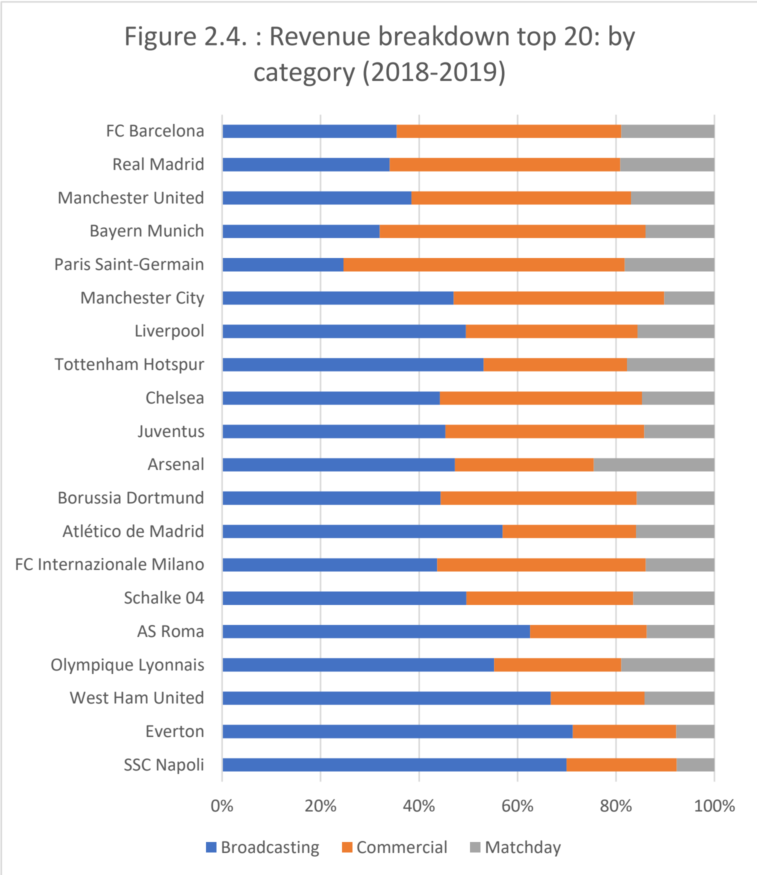


Figure 2.4. : Revenue breakdown top 20: by category (2018-2019)

<u>Figure 2.5. : Impact of club size on revenue breakdown (2018-2019)</u>

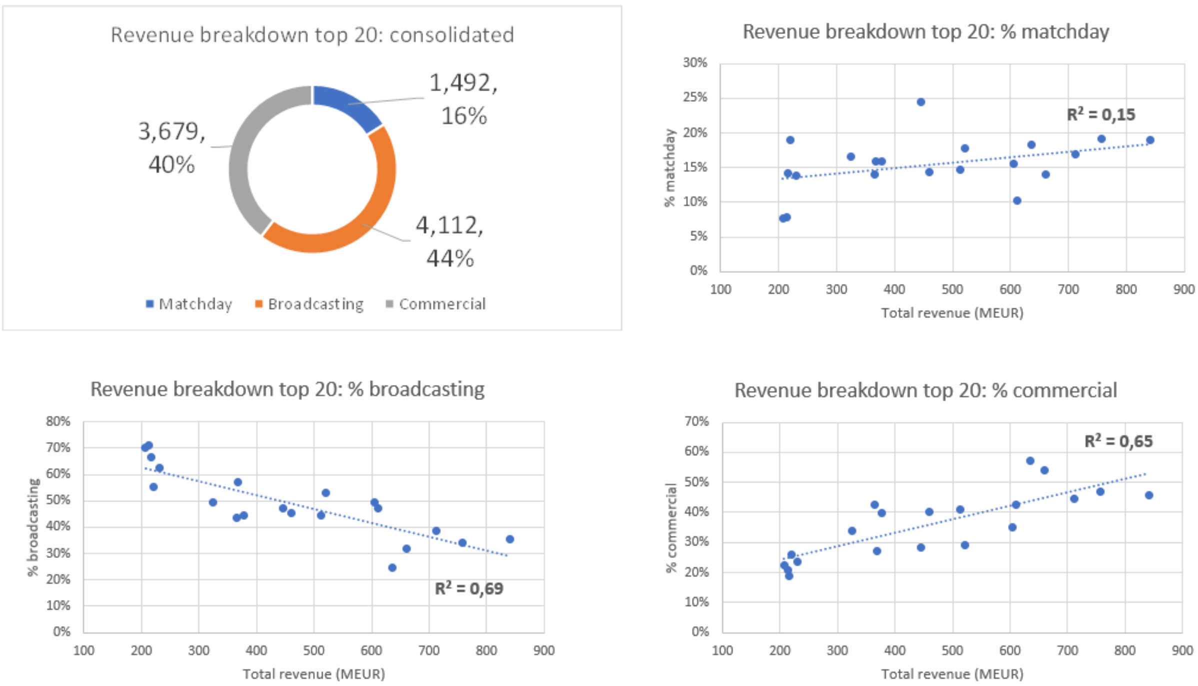


Table 2.2. : Impact of sport performance on revenues

VARIABLES	(1) revenue matchday	(2) revenue broadcasting	(3) revenue commercial	(4) revenue matchday	(5) revenue broadcasting	(6) revenue commercial
UEFA score	0.66***	1.09***	2.24***	0.74***	1.11***	2.30***
	(0.21)	(0.20)	(0.64)	(0.20)	(0.20)	(0.55)
Germany	-15.02	-67.68***	7.08		-66.82***	
	(19.85)	(19.27)	(61.64)		(17.07)	
Spain	14.21	-30.63	2.15		-32.48*	
	(22.00)	(21.36)	(68.33)		(18.93)	
Italy	-40.41**	-79.76***	-81.12		-65.67***	
	(17.90)	(17.38)	(55.61)		(15.40)	
France	-10.21	-117.34***	-7.03		-115.37***	
	(23.38)	(22.70)	(72.62)		(20.11)	
Constant	28.98	157.28***	12.98	13.35	153.19***	-6.82
	(17.78)	(17.27)	(55.24)	(18.12)	(17.04)	(49.76)
Observations	20	20	20	20	20	20
R-squared	0.62	0.83	0.57	0.43	0.82	0.49

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Note : Estimation method: seemingly unrelated regressions (SUR)

Correlation matrix of residuals:

	revenue matchday	revenue broadcasting	revenue commercial
revenue matchday	1.00		
revenue broadcasting	0.40	1.00	
revenue commercial	0.74	0.46	1.00

Breusch-Pagan test of independence: chi2(3) = 18.302, Pr = 0.0004

Source : main database

Figure 2.6. :

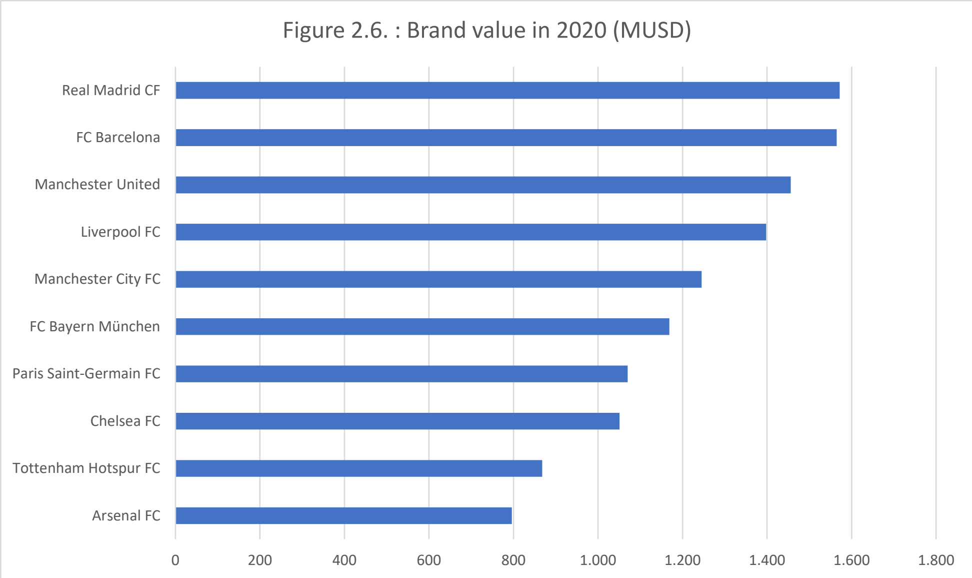


Figure 2.6. : Brand value in 2020 (MUSD)

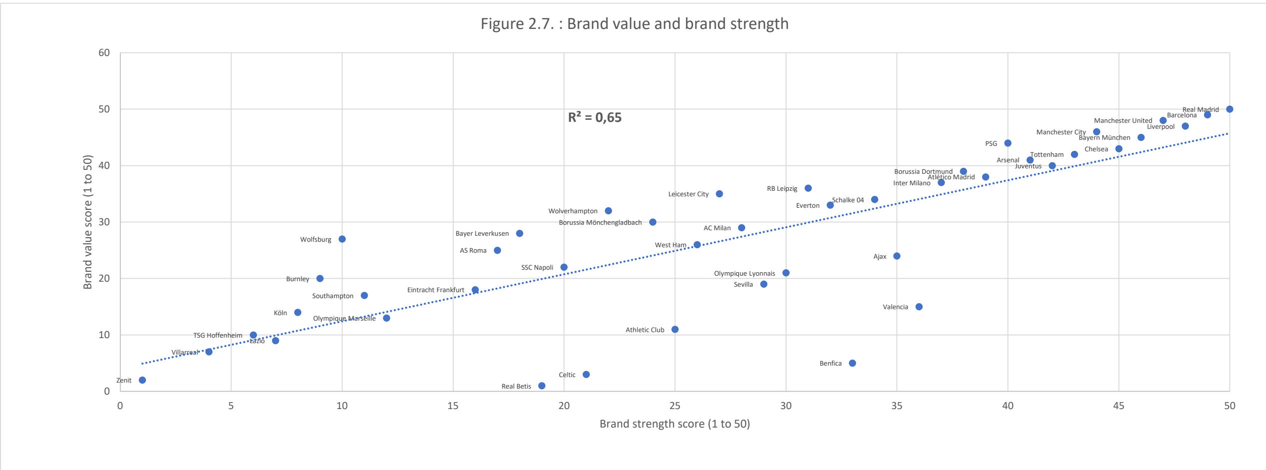


Figure 2.7. : Brand value and brand strength

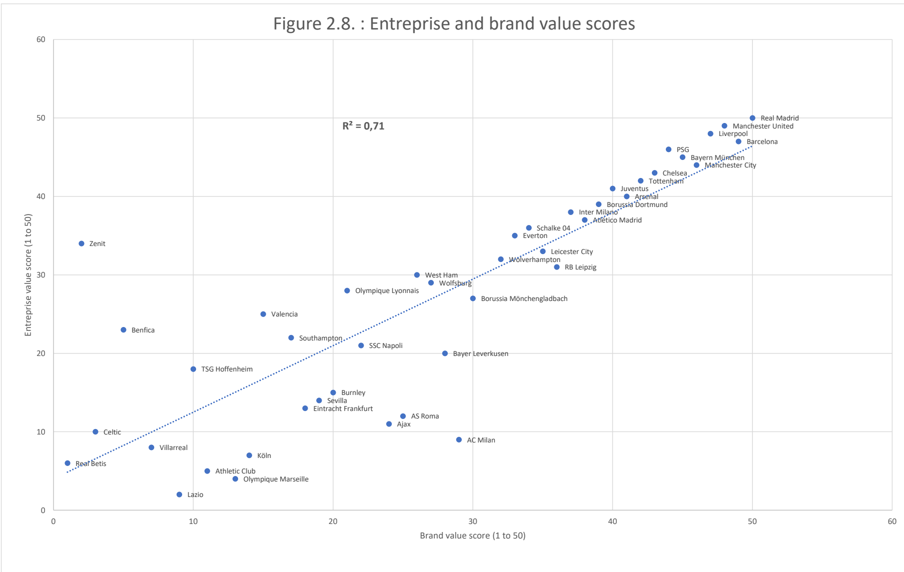


Figure 2.8. : Entreprise and brand value scores

Figure 2.9. : UEFA score and team value

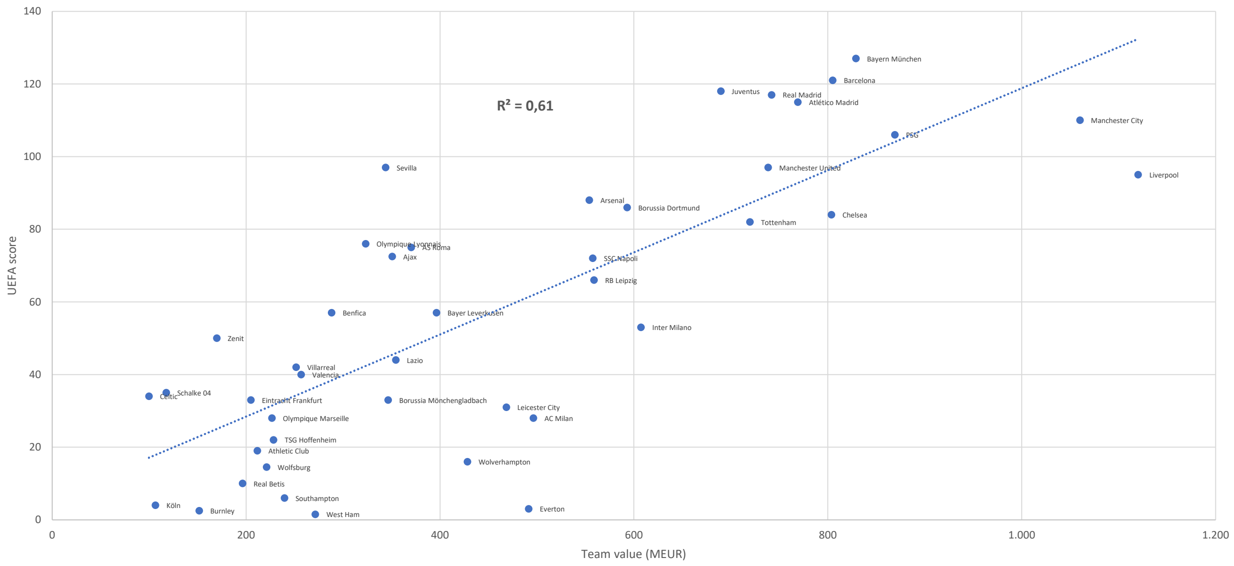


Figure 2.10. : EV KPMG and EV based on market capitalisation

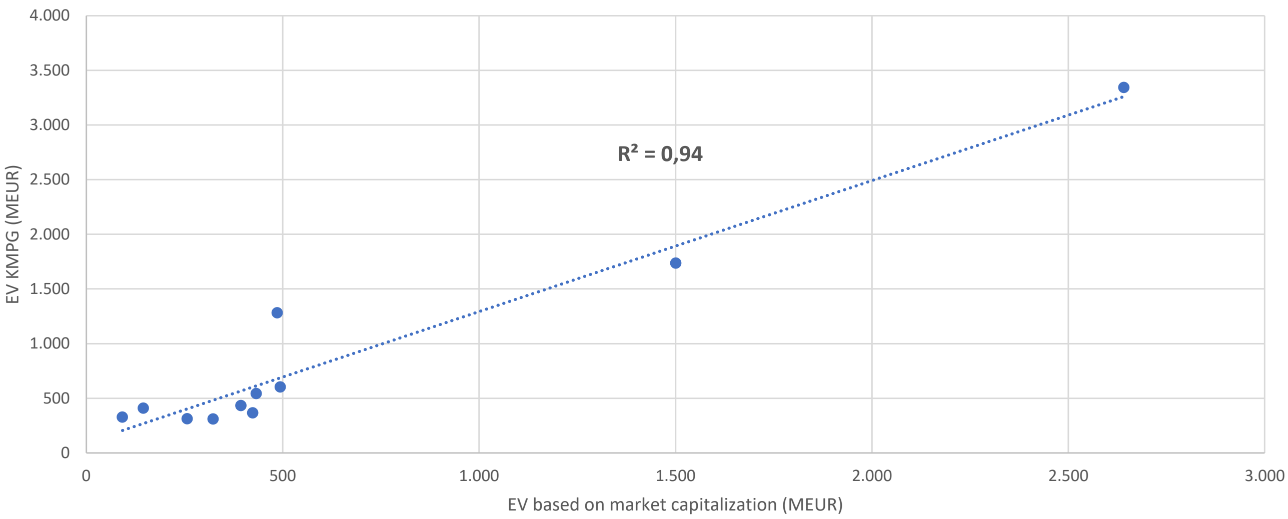


Table 2.3.: Impact of brand value and sport performance on Enterprise value (Brand Finance data)

Dependent variable EV score	(1)	(2)	(3)	(4)	(5)
club brand score	0.92***		0.76***	0.75***	0.71***
	(0.09)		(0.16)	(0.18)	(0.19)
UEFA score		0.27***	0.06		0.04
		(0.04)	(0.05)		(0.07)
MV players (MEUR)				0.01	0.01
				(0.01)	(0.01)
Germany	-2.48	-8.60**	-3.48	-1.48	-2.55
	(3.30)	(4.01)	(3.39)	(3.40)	(3.84)
Spain	-0.99	-17.15***	-4.10	-1.60	-3.43
	(3.61)	(4.33)	(4.46)	(3.64)	(4.68)
Italy	-7.48*	-19.27***	-9.74**	-8.20**	-9.42**
	(3.85)	(4.71)	(4.28)	(3.89)	(4.37)
France	-1.06	-15.12**	-3.80	-1.55	-3.18
	(4.93)	(6.08)	(5.44)	(4.94)	(5.62)
Other	8.51*	-17.15***	4.05	7.57	4.97
	(5.04)	(5.40)	(6.29)	(5.09)	(6.59)
Constant	3.19	22.15***	5.58	3.25	4.82
	(4.00)	(3.36)	(4.47)	(3.99)	(4.74)
Observations	43	43	43	43	43
R-squared	0.77	0.65	0.78	0.78	0.78

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Test that the championship has no impact on the EV score

	F (5,36)	F (5,36)	F (5,35)	F (5,35)	F (5,34)
F	2.14	5.36	2.09	2.11	2.04
Prob > F	0.0825	0.0009	0.0901	0.0871	0.0974

Source : Main database

Table 2.4.: Impact of brand value and sport performance on Entreprise value (KPMG data)

Dependent variable EV KPMG (MEUR)	(1)	(2)	(3)	(4)	(5)
club brand score	70.93***		43.57***	44.10***	37.31**
	(9.64)		(12.55)	(14.87)	(14.52)
UEFA score		20.61***	11.64***		9.18*
		(3.14)	(4.00)		(4.91)
MV players (MEUR)				1.59**	0.71
				(0.71)	(0.82)
Germany	-108.84	-512.03	-326.68	154.52	-162.32
	(383.73)	(409.45)	(339.84)	(371.61)	(390.01)
Spain	432.39	-764.11**	-76.80	413.13	22.23
	(316.37)	(309.58)	(324.46)	(290.87)	(345.38)
Italy	-97.75	-1,011.64***	-447.33	-163.95	-403.13
	(328.60)	(320.97)	(308.21)	(303.41)	(314.04)
France	-54.84	-1,114.42**	-556.59	-106.32	-473.60
	(455.83)	(482.62)	(429.83)	(419.52)	(442.55)
Other	415.82	-1,245.73***	-275.67	321.30	-171.88
	(513.20)	(341.18)	(502.94)	(473.49)	(519.51)
Constant	-1,023.24**	466.18	-691.66*	-1,047.98**	-772.89*
	(431.70)	(289.72)	(389.94)	(396.88)	(402.99)
Observations	29	32	29	29	29
R-squared	0.77	0.73	0.83	0.81	0.84

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Test that the championship has no impact on the EV score

	F(5,22)	F(5,25)	F(5,21)	F(5,21)	F(5,20)
F	0.8	3.74	0.83	0.94	0.76
Prob > F	0.5642	0.0116	0.5422	0.473	0.5889

Source : Main database

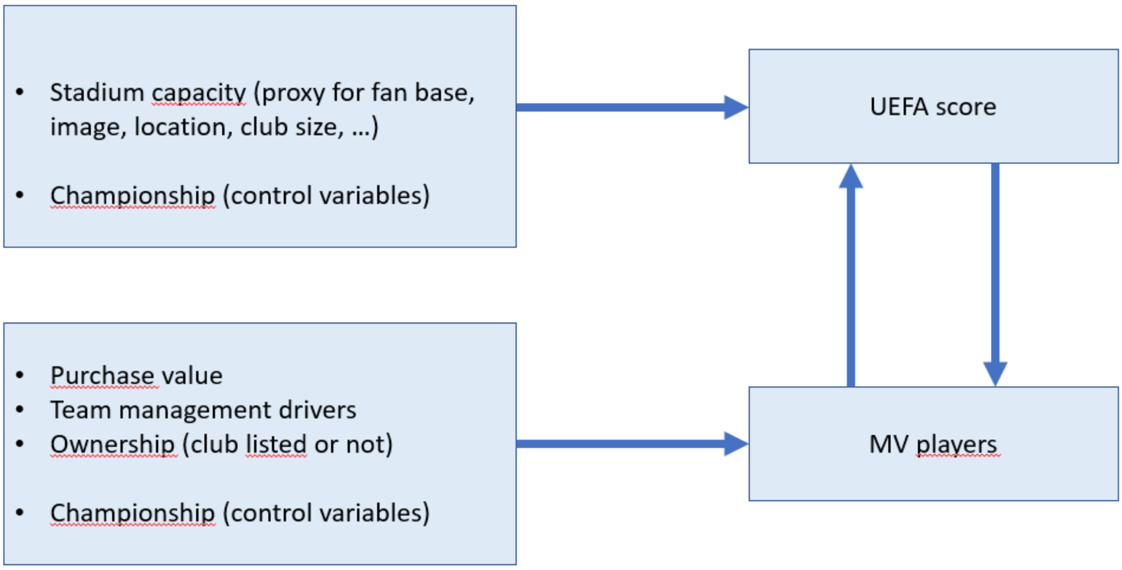
Table 2.5.: Team values and team management variables

Descriptive statistics

Variable	Number of observations	Mean	Standard deviation	Minimum	Maximum
MV players (MEUR)	125	217	242	9	1,120
Purchase value (MEUR)	125	120	177	0	931
Gain on the team (MEUR)	125	97	97	-22	549
Relative gain on the team	125	60	24	-16	100
Total value of transfers (MEUR)	125	98	117	0	554
Transfer value relative to team value	125	52	119	0	1324
Squad size	125	27.1	3.1	20.0	37.0
Total number of transfers	125	43	19	15	146
Number of transfers relative to squad size	125	159	72	48	584
Average age of the team	125	26.2	1.4	22.0	29.0
Average age of the team at signing	125	24.2	1.4	20.0	27.0
Average age difference	125	2.0	0.8	1.0	6.0
Relative age difference	125	8	3	4	21

Source Main database

Figure 2.11. : The hypothesized model of the drivers of UEFA score and MV players



Source : Personal analysis

Table 2.6.: Drivers of UEFA scores and Team value

	(1)	(2)	(3)	(4)
dependent variables	MV players (MEUR)	MV players (MEUR)	UEFA score	UEFA score
Estimation method	OLS	2SLS	OLS	2SLS
UEFA score	2.63***	5.78***		
	(0.38)	(2.20)		
MV players (MEUR)			0.14***	0.15***
			(0.01)	(0.01)
Purchase value (MEUR)	0.72***	0.20		
	(0.08)	(0.37)		
Squad size	0.09	-0.69		
	(2.21)	(2.87)		
Average age of the team	33.76	107.25		
	(115.93)	(156.18)		
Average age of the team - square	-0.79	-2.15		
	(2.23)	(2.99)		
Transfer value relative to team value	-0.03	-0.02		
	(0.05)	(0.06)		
Number of transfers relative to squad size	-0.03	-0.16		
	(0.12)	(0.18)		
Age difference of the team and at signing relative to average squad size	-0.81	-5.01		
	(2.52)	(4.30)		
club listed	-22.50	-85.21*		
	(20.82)	(50.37)		
Stadium capacity			0.00**	0.00*
			(0.00)	(0.00)
Germany	121.95***	147.36***	-26.80***	-28.06***
	(21.71)	(32.68)	(4.66)	(4.74)
Spain	98.41***	119.64***	-20.02***	-21.55***
	(23.15)	(32.90)	(4.73)	(4.83)
Italy	168.53***	243.04***	-31.59***	-33.51***
	(33.44)	(66.37)	(5.39)	(5.52)
France	78.00***	145.41***	-26.97***	-28.14***
	(24.02)	(55.27)	(4.81)	(4.87)
England	172.36***	308.40***	-51.32***	-54.93***
	(33.59)	(102.24)	(5.94)	(6.31)
Constant	-348.92	-1,335.33	12.37***	12.98***
	(1,522.10)	(2,055.37)	(2.89)	(2.93)
Observations	125	125	125	125
R-squared	0.94	0.90	0.79	0.79

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

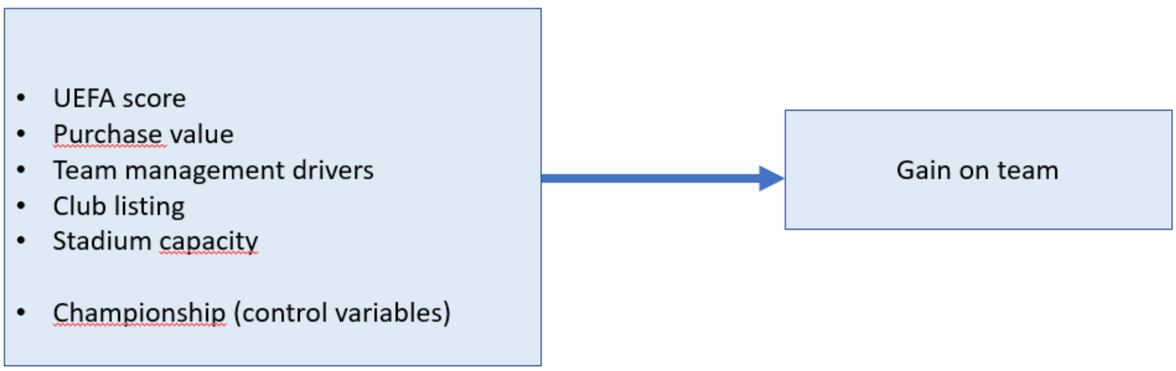
Test of the assumptions that all team value management variables are equal to zero : F(6, 110) = 0.53, p-value = 0.784

Test of the assumptions that there is no difference across championships (MV players) : F(5, 110) = 6.18, p-value = 0.000

Test of the assumptions that there is no difference across championships (UEFA score): F(5, 117) = 19.02, p-value = 0.000

Source : Main database

Figure 2.12 : Possible drivers of team value gains



Source : Personal analysis

Table 2.7.: Drivers gain on the team value

Dependent variable	(1) Gain on the team (MEUR)	(2) Relative gain on the team
UEFA score	2.63***	0.20**
	(0.38)	(0.10)
Purchase value (MEUR)	-0.28***	-0.10***
	(0.08)	(0.02)
Squad size	0.09	1.11**
	(2.21)	(0.56)
Average age of the team	33.76	35.86
	(115.93)	(29.30)
Average age of the team - square	-0.79	-0.69
	(2.23)	(0.56)
Age difference of the team and at signing relative to average squad size	-0.81	-0.39
	(2.52)	(0.64)
Transfer value relative to team value	-0.03	-0.02*
	(0.05)	(0.01)
Number of transfers relative to squad size	-0.03	-0.02
	(0.12)	(0.03)
Germany	121.95***	-12.99**
	(21.71)	(5.49)
Spain	98.41***	-12.69**
	(23.15)	(5.85)
Italy	168.53***	-1.37
	(33.44)	(8.45)
France	78.00***	-11.56*
	(24.02)	(6.07)
England	172.36***	-8.30
	(33.59)	(8.49)
listed	-22.50	-10.06*
	(20.82)	(5.26)
Constant	-348.92	-419.44
	(1,522.10)	(384.74)
Observations	125	125
R-squared	0.61	0.59

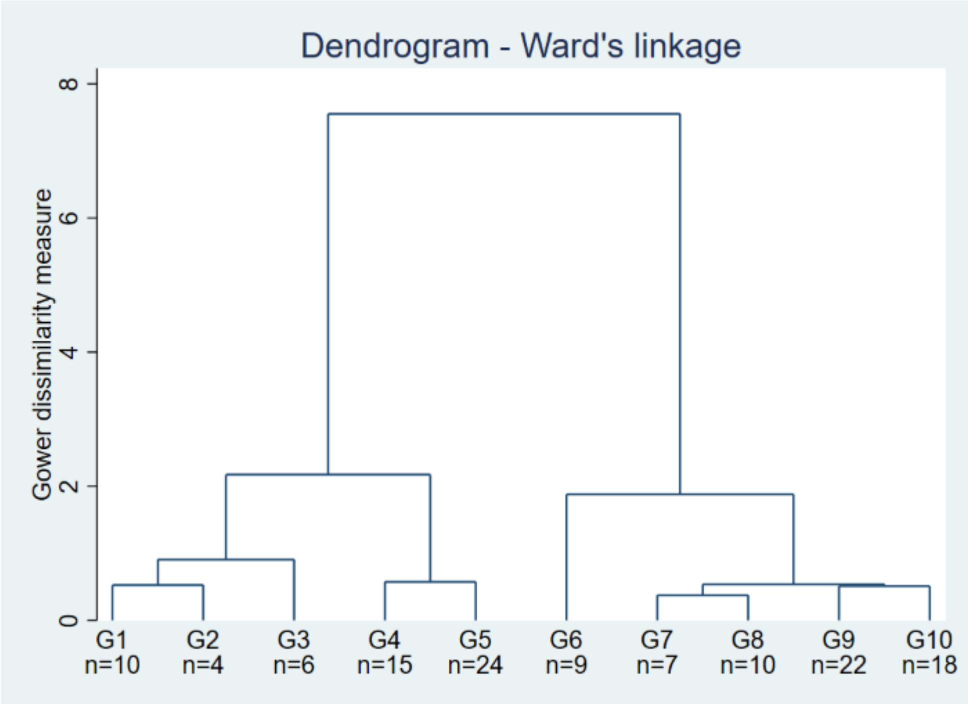
Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Source : Main database

Table 2.8. : Cluster analysis – Methodological note

- Source : Mooi et al. (2018) chapter 9
- Hierarchical clustering method : Ward's linkage and Gower's distance measure
- Selection of the number of cluster based on three criteria : Calinski-Harabasz pseudo-F, Duda-Hart index and pseudo T-squared
- Criteria lead to the selection of 4 clusters
- Robustness of the solution obtained by applying a k-means partioning method using the outcome of the previous method as initial allocation to the algorithm
- The two methods yield the same cluster allocation except for 9 clubs (out of 125) which are moved from the super-league to the other big-5 cluster. They are indicated with a star in the table below.
- The final analysis is based on the outcome of the hierarchical clustering method.

Figure 2.13. : Cluster analysis – Dendrogram



Source : Main database

Table 2.9.: Classification of clubs in the four selected clusters

Allocation of dubs by duster			
Big five - superleague	**Big five - other**	**Small championship - listed**	**Small championship - other**
FC Bayern München *	RB Leipzig	FC Porto	FC Shakhtar Donetsk
FC Barcelona	Bayer 04 Leverkusen	AFC Ajax	FC Salzburg
Juventus	Villarreal CF	SL Benfica	FC Zenit
Real Madrid CF	Valencia CF	Besiktas JK	FC Basel 1893
Club Atlético de Madrid	AS Monaco FC	Sporting Clube de Portugal	FC Dynamo Kyiv
Manchester City FC	FC Schalke 04	F.C. Copenhagen	PFC CSKA Moskva
Paris Saint-Germain *	VfL Borussia Mönchengladbach	Celtic FC	Olympiacos FC
Sevilla FC *	Eintracht Frankfurt	Fenerbahçe SK	GNK Dinamo Zagreb
Manchester United FC	Leicester City FC	Galatasaray AS	SK Slavia Praha
Liverpool FC *	AC Milan		SC Braga
Arsenal FC *	Olympique de Marseille		Club Brugge
Borussia Dortmund	TSG 1899 Hoffenheim		FC Krasnodar
Chelsea FC *	Stade Rennais FC		FC Viktoria Plzen
Tottenham Hotspur	Athletic Club		BSC Young Boys
Olympique Lyonnais	RC Celta de Vigo		FC Lokomotiv Moskva
AS Roma	Granada CF		FK Crvena zvezda
SSC Napoli *	Real Sociedad de Fútbol		KRC Genk
FC Internazionale Milano *	Getafe CF		PFC Ludogorets 1945
Atalanta BC *	RCD Espanyol		APOEL FC
SS Lazio	Real Betis Balompié		PSV Eindhoven
	Wolverhampton Wanderers FC		Istanbul Basaksehir
	Burnley FC		KAA Gent
	Everton FC		Rangers FC
	Southampton FC		RSC Anderlecht
	West Ham United FC		FC Astana
	VfL Wolfsburg		R. Standard de Liège
	Torino FC		AZ Alkmaar
	ACF Fiorentina		LASK
	US Sassuolo Calcio		Feyenoord
	LOSC Lille		Qarabag FK
	Hertha BSC Berlin		FCSB
	FC Köln		Maccabi Tel-Aviv FC
	SC Freiburg		PAOK FC
	FSV Mainz 05		AEK Athens FC
	OGC Nice		Malmö FF
	AS Saint-Étienne		FC Spartak Moskva
	Stade de Reims		FK Partizan
	Racing Club de Strasbourg Alsace		Hapoel Beer-Sheva FC
	FC Girondins de Bordeaux		AC Sparta Praha
			FC BATE Borisov
			SK Rapid Wien
			CFR 1907 Cluj
			Legia Warszawa
			FC Zorya Luhansk
			FC Sheriff Tiraspol
			Rosenborg BK
			FC Rostov
			NK Maribor
			FC Midtjylland
			Ferencvárosi TC
			HNK Rijeka
			Apollon Limassol FC
			Molde FK
			FC Zürich
			Fehérvár FC
			Wolfsberger AC
			Royal Antwerp FC

Source : Main database

Table 2.10.: Analysis of differences across the four clusters

Variable	Big five - superleague	Big five - other	Small championship - listed	Small championship - other	Differences significantly different χ^2	p-value	Total
Number of clubs	20	39	9	57			125
Percent	16%	31%	7%	46%			100%
UEFA score	91	18	47	25	160.3	0.000	35
MV players (MEUR)	660	234	164	59	200.0	0.000	217
Squad size	26.0	26.7	27.1	27.9	7.4	0.059	27.1
Average age of the team	27.1	26.1	26.4	25.8	13.8	0.003	26.2
Age difference of the team and at signing	2.7	2.0	1.4	1.9	20.5	0.000	2.0
Age difference of the team and at signing relative to average squad size	10	8	5	7	20.8	0.000	8
Total value of transfers (MEUR)	268	101	115	34	70.7	0.000	98
Transfer value relative to team value	45	47	64	57	2.2	0.525	52
Total number of transfers	50	39	45	43	3.6	0.308	43
Number of transfers relative to squad size	196	146	166	154	3.4	0.330	159
Relative gain on the team	38	49	61	75	76.5	0.000	60
Stadium capacity	62,339	39,505	51,179	28,218	79.6	0.000	38,852
Big five championship	100%	100%	0%	0%			47%
Germany	10%	28%	0%	0%			10%
Spain	20%	23%	0%	0%			10%
Italy	30%	10%	0%	0%			8%
France	10%	23%	0%	0%			9%
England	30%	15%	0%	0%			10%
Other championships	0%	0%	100%	100%			53%
listed club	30%	0%	100%	0%			12%

Source : Main database

Appendix chapter 3 : selected information of the clubs analyzed

Table 3.1. : Leicester City - Club description, championship and history

Nickname	The Foxes
Ownership status	Foreign Private Majority Investor
Owners country of origin	Thailand
Listed	No
Takeover	Yes
Ground Stadium	King Power Stadium
Stadium Naming	YES
Main Sponsors	King Power (investor company ownership); Tourism Authority of Thailand
Main achievements : track record	1 Premier League Title (English First Division) (2016) 7 Championships Titles (English Second Division) (joint record) (1925, 1937, 1954, 1957, 1971, 1980, 2014) 1 League One Championship (English Third Division) (2009) 3 EFL Cups (1964, 1997, 2000) 1 Community Shield (1971)
UEFA Ranking (December 2020)	49th
Category	Big Five - Other
Purchase value of players (February 2021)	€311 million
Team value (February 2021)	€469 million

Table 3.2. : Borussia Dortmund - Club description, championship and history

Nickname	Die Borussen, The Black and Yellows
Ownership status	German “50+1” model
Owners country of origin	Germany
Listed	Yes
Takeover	No
Ground	Signal Iduna Park
NAMING	YES
Main Sponsors	Evonik, Signal Iduna, 1&1
Main achievements : track record	8 German Championships (1956, 1957, 1963, 1995, 1996, 2002, 2011, 2012) 4 cup victories (1965, 1989, 2012, 2017) 1st German club to win the European Cup Winners Cup (1966) 1 UEFA Champions League (1997)
UEFA Ranking (December 2020)	12th
Category	Super League
Purchase value of players (February 2021)	€288 million
Team value (February 2021)	€593 million

Table 3.3. : Bayern Munich - Club description, championship and history

Nickname	The Rekordmeister, The Bavarians
Ownership status	German “50+1” model
Owners country of origin	Germany
Listed	No
Takeover	No
Ground	Allianz Arena
NAMING	YES
Main Sponsors	Allianz, Deutsche Telekom
Main achievements : track record	31 German Championships 20 cup victories 3 European Champion’s club cup 3 UEFA Champions League 2 FIFA club world cup
UEFA Ranking (December 2020)	1st
Category	Super League
Purchase value of players (February 2021)	€362 million
Team value (February 2021)	€829 million

Box 3.1. : Borussia Dortmund – Some key academy partners

Dortmund Soccer Academy in Japan in partnership with DSA[161] : 45 locations training over 600 pupils supervised by 20 employees, 15 full-time coaches, two part-time coaches and two office workers.
BVB International Academy in America : collaboration between BVB, Youth Soccer International Academy and Puma to launch the BVB International Academy. The ten training centers stand as an answer to the increasing demand and interest in soccer in the United States. The club decided to build on the recent successes of Christian Pulisic[162] and Giovanni Reyna[163] to emphasize the possible success on the way to a professional career. It is more or less the only partnership which has had an impact on their selection and recruitment through real findings for the first team, proving the emergence of this labor market.

Marconi Stallions Football Club in Sidney, Australia : training sessions and coaching workshops held by BVB experienced representatives to improve the talent development system of club Marconi. The most promising youth players receive the opportunity to travel to Germany for a trial period at the parent academy.

Buriram United Football Club in Thailand : Possibility of trials and access to Black and Yellow cultural programme.

Huya Football Club owned by HUPU Sports Shanghai Media Co. : The Chinese online community for sports, games, entertainment and e-commerce[164] is a subsidiary of a company called ByteDance Ltd. which is the creator of the social network TikTok. ByteDance, already an official global partner of the National Basketball Association (NBA), has favored to be listed in US to reach a higher stock exchange valuation. HUPU, for its part, had previously put sporting events in place and partnered with another football club, namely AC Milan. The partnership with Dortmund includes agreements on weekly training session with the Elite-teams of Huya Football Club coordinated by BVB-coaches, regular coach-to-coach clinics and common organization of football events[165].

Iwate Grulla Morioka is a Japanese youth academy active in the J-league third tier. It is partnering with Dortmund Soccer Academy, a local franchise which belongs to the same parent company NOVA Holdings[166], hence creating synergies . Top European coaches are sent in Morioka while top elite players are received in Germany for trial in exchange.

Lukasz Piszczek' BVB Academy in Poland : Lukasz Piszczek is a Borussia Dortmund player and former international footballer who played 66 times for the Polish national team. He will stop his professional career at the end of the season to join his native Poland and most notably the club of his youth LKS Goczałkowice-Zdrój now active in fourth division. Lukasz always maintained his strong attachment to a club where his father is known for his vice-president role[167]. Borussia Dortmund offers supports to the Łukasz Piszczek Foundation, which has its own state-of-the art facilities and Sporting Director, through its expertise but also name and usage rights. The counterpart lies in the fact that "the foundation runs non-commercial courses (and as far as legally possible) commercial vacation courses on behalf of BVB in Poland on a non-exclusive basis"[168].

Academia Borussia is helping a German School in Mexico City supported by the BVB foundation

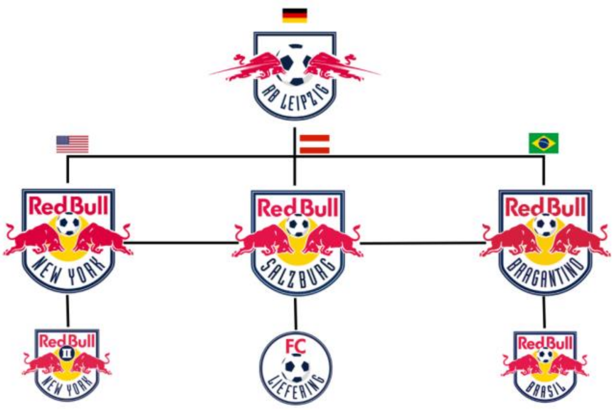
German School Shanghai technical partner of the BVB Evonik Football Academy : Over 200 students receive BVB-ground rules teaching while philosophy advocates organize coaching seminars in two locations.

[161] http://www.dsa.or.jp/design/english/ accessed on 23/06/2021
[162] https://www.transfermarkt.com/christian-pulisic/profil/spieler/315779 accessed on 23/06/2021
[163] https://www.transfermarkt.com/giovanni-reyna/profil/spieler/504215 accessed on 23/06/2021
[164] https://www.bloomberg.com/news/articles/2020-05-14/tiktok-owner-backed-hupu-said-to-seek-100-million-in-new-round accessed on 23/06/2021
[165] https://www.bvb.de/eng/BVB/BVB-Evonik-Football-Academy/International-Cooperations accessed on 23/06/2021
[166] https://nova-holdings.jp/hd_en/?page=sports_dsa accessed on 23/06/2021
[167] https://www.bundesliga.com/en/news/Bundesliga/borussia-dortmund-lukasz-piszczek-coaching-at-polish-club-injury-461812.jsp accessed on 23/06/2021
[168] https://www.bvb.de/eng/BVB/BVB-Evonik-Football-Academy/International-Cooperations accessed on 23/06/2021

Table 3.4. : Red Bull Group - Clubs description, championships and history

Nickname	Die Roten Bullen (The Red Bulls)
Ownership status	Local or Foreign Private Majority Investor
Owners country of origin	Austria
Listed	No
Takeover	Yes
Ground	Red Bull Arena
NAMING	YES
Main Sponsors	Red Bull GmbH
Main achievements : track record RB Leipzig (RBL) : RB Salzburg (RBS) : New-York Red Bulls	 Bundesliga Runners-up (2017, 2021) DFB-Pokal Runners-up (2019, 2021) UEFA Champions League Semi-finalists (2020) 15 Austrian Bundesliga titles (including 8 in a row, ongoing series) 8 Austrian Cup titles (including as many cup-championship doubles) Most points and wins in a regular season (2018)
UEFA Ranking (December 2020)	RB Leipzig : 21th RB Salzburg : 22th
Category	Big Five - Other
Purchase value of players (February 2021)	€179 million (RBL) – €42 million (RBS)
Team value (February 2021)	€559 million (RBL) - €148 million (RBS)

Figure 3.1.: Organization structure of the Red Bull football division



Source : https://medium.com/box-2-box-eng/together-were-stronger-the-synergy-of-red-bull-football-teams-cef1df4c6e7c[169]

[169] last accessed on 9/06/2021

Box 3.2. : Red Bull – Some examples of collaborations, transfers and synergies within the group

Collaborations at professional level are also notified through exchanges between elite clubs. According to the article Together we're stronger: the synergy of Red Bull football teams[170], 25 players had moved from one Red Bull stable to another in the space of 5 years. This calculation extends from the 2014-2015 season to the end of November 2020, just before the opening of the winter transfer window of the 2020-2021 season. Those figures were only applied to transfers between major RB clubs, otherwise it would bring the numbers up to a hundred. This average of 4 moves per season implied the following balance of payments :

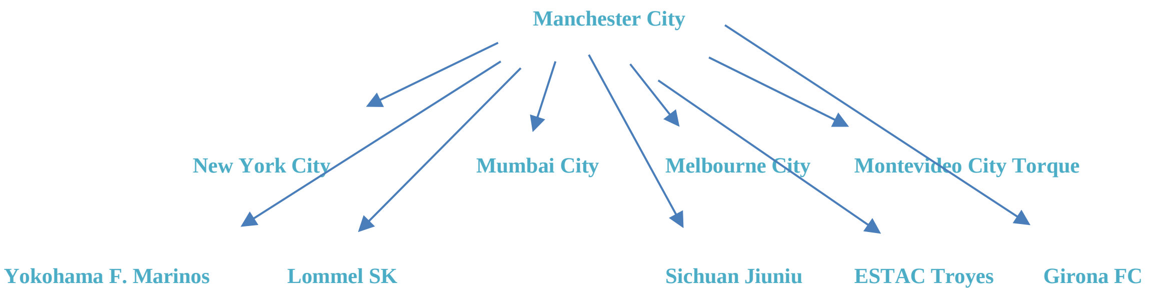
- Exchanges from RB Salzburg to RB Leipzig : 16 players for an amount of €90,5 million
- Exchanges from New York RB to RB Leipzig : 1 player for an amount of €2,63 million
- Exchanges from RB Leipzig to Salzburg : 6 players for an amount of €900 thousand
- Exchanges from RB Leipzig to New York RB : 1 player sent on loan
- Exchanges from RB Leipzig to RB Bragantino: 1 player sent on loan

Table 3.5. : City Football Group - Clubs description, championships and history

Nickname	City, The Citizens, The Sky Blues
Ownership status	Foreign Private Majority Investor
Owners country of origin	United Arab Emirates
Listed	No
Takeover	Yes
Ground	Etihad Stadium
NAMING	YES
Main Sponsors	Etihad Airways, Etisalat, Visit Abu Dhabi, Nissan
Main achievements : track record	7 Premier League Titles (English First Division) (1937, 1968, 2012, 2014, 2018, 2019, 2021) 7 Championships Titles (English Second Division) (joint record) (1899, 1903, 1910, 1928, 1947, 1966, 2002) 6 FA Cups (1904, 1934, 1956,1969, 2011, 2019) 8 EFL Cups (joint record) (1970, 1976, 2014, 2016, 2018, 2019, 2020, 2021) 6 Community Shields (1937, 1968, 1972, 2012, 2018, 2019)
UEFA Ranking (December 2020)	7th
Category	Super League
Purchase value of players (February 2021)	€931 million
Team value (February 2021)	€1.060 million

[170] https://medium.com/box-2-box-eng/together-were-stronger-the-synergy-of-red-bull-football-teams-cef1df4c6e7c last accessed on 9/06/2021

Figure 3.2.: Organigramme of City Football Group



Note : All those clubs fulfill not the same function and may not have the same importance.

Source : Personal analysis

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