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The Strategic Levers European Professional Football Clubs May Implement to Develop Their Business

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Abstract

Abstract in Portuguese

Este documento explora a complexidade crescente da gestão desportiva e, mais particularmente, da indústria europeia do futebol. O objetivo é compreender de que forma os dirigentes dos clubes podem superar a concorrência num sector em que surgem novos intervenientes no mercado e em que os investimentos são cada vez mais importantes, com disparidades extra- e também intra-países. As várias alavancas estratégicas discutidas neste trabalho procuram demonstrar as possibilidades disponíveis para a gestão dos clubes, e oferecem caminhos a serem explorados de forma a obter retornos de investimento acima da média através do mercado de transferências. Em primeiro lugar, foi realizada uma revisão da literatura para examinar os trabalhos académicos sobre gestão desportiva, mergulhando no ambiente do futebol dos últimos anos. Em seguida, o ensaio baseia-se em estudos, relatórios, trabalhos académicos e científicos realizados para identificar os elementos que a gestão pode influenciar a nível empresarial e desportivo. Por fim, foram estabelecidas e testadas hipóteses utilizando um painel de dados do Transfermarkt sobre clubes de ligas médias (fora das 10 principais ligas da Europa), a fim de compreender como a gestão pode estruturar estrategicamente o seu plantel utilizando as transferências para superar as outras equipas.

Palavras-chave: Gestão do Desporto ; Futebol ; Alavancas Estratégicas ; Desempenho

Abstract in English

This paper explores the increasing complexity of sports management and more particularly the European football industry. The aim is to understand how club executives can outperform competition in a sector where new market players are appearing and investments are increasingly important, with disparities extra- but also intra-country. The various strategic levers discussed in this work seek to demonstrate the possibilities available to clubs' management, and offer avenues to be explored in order to achieve higher-than-average returns on investment through the transfer market. First, a literature review was conductedto examine academic works about sports management while diving into the football (soccer) environment of recent years. Then, the essay draws on studies, reports, academic and scientific works carried out to identify the elements that management can influence on a business level and sporting level. Finally, hypotheses were established and tested using a panel of data from Transfermarkt on clubs in medium-sized leagues (outside of the top 10 leagues in Europe) in order to understand how management can strategically structure their roster using transfers to outperform other teams.

Keywords: Sports management ; Football ; Strategic Levers ; Performance

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Glossary of Acronyms

UEFA	Union of European Football Associations
FIFA	Fédération Internationale de Football Associations
UCL	UEFA Champions League
ACF	Asian Football Confederation
CONMEBOL	CONfederación SudaMEricana de FútBOL (South American Confederation
OFC	Oceania Football Confederation
CAF	Confédération Africaine de Football (African Confederation)
FPP	Financial Fair Play
EU	European Union
UAE	United Arab Emirates

1. Introduction

Strategy and its levers have been one of the oldest discussed and studied subject over history, starting initially with war tactics aiming to conquer territories and countries. Indeed, the word's roots come from the Greek *stratos* (army) and *ageîn* (to lead), and as a whole *strategos* (commander of an army)[1], referring to the ability of a person or group to guide the troops to achieve a certain objective. Sun Tzu, a Chinese military general, wrote *The Art of War* about 400 years before Christ. His book remains one of the prominent and most elderly work about military strategy, transcribing the manners to win a war without combat using comprehensive battle plans, therefore minimizing human, material, and financial losses or rather maximizing the use of these resources.

Strategy has been used first as a practice and became broader over time, influencing scholars to research and apply strategy as a theory to a myriad of subjects among which (geo)politics, economics, finance, management, or sport. However, studies have been heavily focused on business strategies over more than a century, in order to increase a company's competitiveness in particular through an efficient use of its resources, assets, and an accurate market positioning. Jonathan Law (2016) defines a business strategy as "an overall longer-term policy for a firm that coordinates the separate functional areas of a business. It defines the business objectives, analyses the internal and external environments, and determines the direction of the firm. Each firm operates in a competitive environment and seeks to formulate a strategy that will provide it with an advantage over its rivals"[2]. However, "many organizations struggle to define what a strategy is and how to create a useful one". while it is simply defined as "specific choices to win in the marketplace" or "an integrated set of choices that uniquely positions the firm in its industry so as to create sustainable advantage and supervisor value relative to the competition" (Lafley & Martin, 2013).

Overall, firms reflect and formulate strategies to put the vision, mission, and plan of the company into action, using their resources, assets, capabilities, and processes. Implemented effectively, their effects tend to create value, namely something a consumer highly rate, that might subsequently generate *sustainable competitive advantages*, "which occurs when an

[1] https://www.etymonline.com/word/strategy
[2] https://www.oxfordreference.com/view/10.1093/acref/9780199684984.001.0001/acref-9780199684984-e-876?rskey=Yy2ogl&result=911

organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors" (Wen-Cheng W. et al., 2011).

These attributes have been at the core of the focus for businessmen, researchers, and authors, in particular over the second part of the 20th century. Michael Porter (1980) have been one of the most read and mentioned author for his outstanding works on strategy and competitive advantages. He wrote and summarized three main types of "generic strategies" (Annex A) most companies might implement to create value and acquire a relative significance on their market(s). These fundamentals competitive strategies are references still utilized today and the basis of loads of articles as well as books on the topic. Porter talks about *overall cost leadership* or advantage based on cost on the one hand and *differentiation* on the other hand, . Both these strategies aim eventually to engender profits for the ones that use them effectively.

Cost advantage refers to the ability of a company to cement its position or gain market share by having a relatively lower cost structure than its competitors and to constantly and consistently try to continue lowering the costs operations might provoke or engender. This strategy allows organizations that use it efficiently to either lower the price of its goods or/and services to be under the market price and gain competitiveness through sale price, or to maintain price but increase margins compared to competitors with relatively higher cost structures. Either way, it might help organizations to gain market share by increasing their sales volumes through low prices and subsequently market share, or to increase profits that might be reinvested later to reinforce, develop, or create a competitive advantage. However, limits of this strategy occur when goods or services are too different between each other, or not similar enough, as other features than the sale price might enter the purchase decision process. It mainly works on basic goods as "R&D, service, sales force, advertising" and other costs are cut as much as possible. Moreover, only a few companies - if not a single one – might benefit from having the lowest costs (cost leadership), as competitors having higher costs and potentially prices for similar product might rapidly lose customers and market share. If there exists few companies on a market that have the lowest possible cost structure and decide to enter into a price war, market share might remain unchanged but margin and therefore profits would dramatically decrease, potentially in the worst case preventing investments and enabling another company with larger capabilities to enter the market. Finally, cost advantage often underlies economies of scale through large volume and standardization of the production, which is not always possible – if production costs are not scale sensitive – or desired.

On the other hand, differentiation regards the ability of a company to offer higher-valued product than competitors to be able to maintain or increase margins by offering relatively more favored products or services. For instance, differentiation might be implemented through added or disruptive feature on a product, innovation, design, reliability, communication, a certain brand image, and other characteristics that might firstly be difficult for other firms to imitate on the short-term and secondly lead consumers to perceive the goods and services differently – or positioning[3] -, and create a certain brand loyalty at some point. Those approaches are *industry-wide*.

The last generic strategy is *focus* and might be one or both of the first generic strategies but rather aims to concentrate the attention to a "particular buyer group, segment of the product line, or geographic market" to be more effective in meeting consumers' needs on that particular market fragment. Lafley and Martin's integrated set of choices tries to complete Porter's view. Indeed, the authors reflect firstly on the firm's objectives such as market share, financial returns, market capitalization, amount of sales, establishment of a brand among competitors etc. Once the objectives are set, companies need to deal with the choice of a location, target, and distribution channel in order to focus on a specific and defined territory and reflect on what consumers or segment(s) they target as well as how to reach those consumers. Finally, they must study what are internally their ways to succeed on a market, whether it is from a process and capabilities point of view, an investment point of view, or through specific management systems.

Several authors wrote about corporate strategies from their point of view and studies results. In practice, it is quite complicated to define an optimal generic strategy as each market has its specificities. Moreover, globalization added complexity into defining a specific corporate strategy, with issues such as (but not exclusively) management, scope, competition, regulations, politics or customer preferences. The situation changes more and more quickly. It became harder for upper management to define a clear and long-term strategy, and often creates short- to mid-term strategies to counter changes on the markets they are making business on. The football industry, in addition to being a particular industry, is no exception to this phenomenon. The professional sport industry and especially the football industry in Europe and other parts of the world have become sectors generation billions of euros that made clubs turned to real businesses. In the football market, succeeding implies henceforth two main components :

[3] https://dictionary.cambridge.org/fr/dictionnaire/anglais/positioning

- succeeding “on the field”, which could mean winning trophies, qualifying for a regional cup (such as the Champion’s League or Europa League in Europe), or maintaining in the division depending on the size of the club or franchise
- succeeding “off the field” or financially. As any organization, a football club strives to generate profits or at least to mitigate its debts. Revenue streams might have different sources, but a club needs to build a team and therefore to “hire” personnel, and particularly players whose values skyrocketed in the last two decades due to increased competitions on the market. Salaries and transfer fees are a heavy burden on clubs’ shoulders, but not only. Fixed costs for stadiums, training infrastructures, trips, etc might also be consider to some extent.

At first sight, it seems that most professional football teams that succeed on the field generate much more revenues than the others, especially when it comes to clubs that focus on winning trophies. Hence, it seems that clubs need to spend relatively more money than competitors to build a strong team, which will then aims to win trophies, generating more revenues. As an example, in the 2021 Champion’s League’s semi-finals (competition that rewards the best team in Europe) , three out of the four clubs remaining have recent investors that injected funds to strengthen the team.

The purpose of this essay will be to try to understand the different strategic levers that professional football clubs in Europe can operate both in terms of sports performance and business. Although the football industry has existed for many years and that many articles and books have been written, changes in the last decades have changed the landscape with regional integration, increased competition, new legal frameworks and regulatory bodies for example. UEFA created and implemented the Financial Fair Play in the early 2010s, following particularly unreasonable spending by clubs, whether through investors or debt issues, which could have created or could create potential tensions in the future - and sometimes even bankruptcies. It aims to harmonize the financial accounts of European clubs by preventing clubs from exceeding their budget (except under certain conditions). This has led to two things. Firstly, clubs with smaller budgets cannot largely exceed their budgets either financially or in time. This makes it difficult for them to attract other players and keep their own ones to strengthen their roster if their revenues do not allow it. However, as it seems that the richest teams with the highest revenues are those with the strongest squads, this could have created a vicious circle in terms of sports equity and intra-country and intra-regional competition. Secondly, it might change the attractiveness of the industry for investors. Indeed, several private

or corporate investors turned their attention on clubs for different reasons (football fans, brand image, etc.) and spent heavy amounts to reach short-term sport-based success, acquiring players through using their own funds that sometimes massively exceeds what clubs should be able to spend. These investments increased risk of dependency to foreign investors, which may jeopardize the financial health of the company in case of the owners' departure. This particular law revolutionized strategic thinking and turned clubs to try to reduce their debts while trying to perform on the field.

This subject has been selected for different reasons. As a matter of fact, I have always been a fan of football and everything attached to it. Then, this industry is very particular in the way it is built. Indeed, there are a fixed and limited number of clubs evolving in their respective leagues, which create high barriers of entry. Moreover, "business rules" as commonly known are not the norms: even though clubs look for and more for a healthy financial balance, it is an industry lead by fans - whether they are fans "consumers" or "fans" owners -, and rational decision making is heavily biased by feeling which often lead owners to seek pride and prestige rather than profits. Finally, even though there has already been a large corpus about sport's strategy, changing rules and actors on the market, as well as other threats, drastically changed the way clubs' boards should reflect and approach their strategy. To understand what strategic levers might be used by clubs, this dissertation will firstly address the topics around sports and football management, then draw up an inventory of the current state of football and how it has evolved in recent years, aiming in a third part to write more in depth around topics linked to strategies around football clubs . Finally, given the differences existing within countries - in particular in terms of financials -, an analysis will be conducted on medium-sized leagues to determine if there exists transfers strategies that are better suited to outperform rivals.

2. Literature review

2.1 Introducing Sport and Football Management

2.1.1 Defining Sport Management

Sport management is a field derived from studies in organizational management. According to Blanton et al. (1990), "sport management is defined as including the functions of planning, organizing, staffing, controlling and directing within the context of an organization with a primary objective of providing sport or sport related activities, products, or services". The interest around it has grown substantially, helped with the development of sport, sport organizations, audiovisual technologies, and revenues generated by the sports industry. It is also known as sport administration, sport business management, and athletic administration and could also be summarized as "the study and practice of all people, activities, businesses, or organizations involved in producing, facilitating, promoting, or organizing any sport-related business or product" (Pitts & Stotlar, 2013, as cited in Pedersen & Thibault, 2019) involving public, nonprofit, and commercial organizations.

It has started being considered as a discipline following the foundation of specialized journals in the middle of the 1980s (Costa, 2005). Research and publications on the subject have grown very rapidly. The Journal of Sport Management (JSM), the European Sport Management Quarterly (ESMQ), and Sport Management Review (SMR) are the three main journals publishing articles on this subject (Amis & Silk, 2005). As per Gammelsæter (2020), these journals "have altogether published close to 1,800 research articles since 1987" making them references on the matter.

Still, the topic continues to be explored by scholars and some request to broaden the scope of research, to dive deeper into existing work, as well as to question and criticize what has already been done in order to force the field of study to evolve (Gammelsæter, Sport in not industry: bringing sport back to sport management, 2020). As an example, Woratschek, Horbel, and Popp (2014) created the Sport Value Framework based on 10 foundational premises to better explain phenomena in sport management compared to previous literature. Indeed, the authors' analysis emphasize that organizational and economics theories do not transcribe perfectly to sport management and so that there should be dedicated approaches to address sport management circumstances and help sport management decisions. According to them, and contrary to previous research, all elements play a role into co-creating value at a sport event, from management/organizations to sport actors; but also fans. Other authors even added

perspective into the subject, such as Frisby (2005) encouraging the JSM to cover more paradigms linked to "societal ills" in her article about the ugly side of sport, and how both sport and society interacts together.

In the management of franchises and professional sports clubs, sports management has become a key aspect in the creation of strategies to create value by maximizing the allocation of resources that are specific to the franchises.

2.1.2 Focus on Football Management

The field sport management includes a number of sub-fields related on the one hand to corporate, organizational, society, and other associated topics. On the other hand, it is linked to sub-fields corresponding to all sports and the location associated to them. Indeed, depending on the sport and the region it is played in, the entire ecosystem and environment can be different and rules might not apply the same way. There may also be gender-specific differences and the type of management and strategies to be applied may differ. Hence, as per sport management, one can consider football management as any operating functions within the context of a football organization with a primary objective of providing sport or sport related activities, products, or services.

Considered as the most popular sport, football and football organizations have been studied by academics using different angles and approaches. At micro level, clubs aim to allocate their resources efficiently to marginally increase their chances to achieve their objectives. Two main points of interest emerge for scholars here: how to rule a club from a sporting perspective and from a financial/strategic perspective, both going hand to hand to a certain extent. Starting with the sporting perspective, academics continuously try to build models aiming to understand or predict winning factors. Frick and Simmons' (2008), based on a study conducted on German football first division, found that hiring a more efficient head coach – by career points ratio, i.e. number of points per game – lead to better results overall. However, Kuper and Szymanski (2014) rather explain success by players' salaries as their sample of data indicates that "the market in players' salaries […] is so efficient that it explains 92 percent of the variation in clubs' league positions" and "only a few managers […] consistently perform better with their teams than the players' wage bill suggests". Therefore, according to them, almost nothing matter except having demanded players with high salaries.

Even if this view might be or have been partially true, the increasing globalization of the sport has made it even more complex and one might find numerous examples that would counter Kuper and Szymanski's argument. Elements such as concentration of football clubs into groups, areas of scouting, youth training and development programs, integration of players into the first team, excellence of the staff are significant to sporting results. Nonetheless, the element that has now gathered all clubs (to different extent) is data. As in *Soccernomics*, football management and stakeholders has leveraged the use of data becoming prevalent in the field to take informed decision. Although Kuper and Szymanski highlight wages per players as the factor of success, others have used data to highlight numerous topics that might help clubs to succeed on the pitch such as predictive models to match quality supply and quality demand at a given position on the field (Sierksma, 2006), algorithm for recruitment such as the one from the English first division club owner of Brighton Tony Bloom (as per reported by The Athletic, 2023). Limiting the success to wages would undermine the role of data through any form, whether it is on performances, transfers, video analysis, expected goals, etc.

Off the pitch, businesses aspect and especially finances remain significant. In Soccernomics, Kuper and Szymanski's train of thoughts led them to explain "why soccer clubs don't (and shouldn't) make money": the argument is that clubs run as business, i.e. living within their means, both suffer at sporting level and business level. That led "many European football" to show "financial problems derived from situations of great losses obtained in their activity" for different reasons depending on the country. With the implementation of new rules all over Europe however, European clubs can't throw money down the drain anymore, leading academics to build prediction model to better assess and forecast financial insolvency (Alaminos & Fernández, 2019). With ever increasing costs, football clubs have been regarded as commodities or products to generate ever increasing revenues, leading academics to research on football marketing. Bigger clubs have an interest to incorporate branding strategies to optimize their sources of revenues, while it might be more complicated or even counter productive for smaller clubs (Oppenhuisen & van Zoonen, 2006). However, football clubs operate in an environment where decisions from different stakeholders might affect them. According to Scelles et al. (2011), "the optimal sport league product design" for sponsors includes elements such as "a limitation of the risk of a relegation" or "playoffs and playdowns". These can't be established by football clubs alone, but by the system clubs play in.

That led number of academics put into question or reduce the role of football management in the context of football corporate organizations, and to look at football management at a macro

level. Indeed, football as it is nowadays is ruled by a number of institutions at different level and it is important, or necessary, to "outline and understand the impact of football's own governing bodies" (Gammelsaeter & Senaux, 2013 as cited in Söderman & Dolles, 2013). Given the "network structure" that characterized the governance of European sport (García, 2011), it is complex to dissociate football management to the regions it is applied to. According to García (2011), the changes in political institution is an influencing factor on football's management and governance, but not only : there is an "empowerment of stakeholders such as players, clubs, and leagues", as well as public authorities that need to be taken into account while addressing the topic of football management and strategy. If comprehended successfully, football management should result in performances, that are themselves measured on the pitch by points earned in domestic leagues or matches won in cup, and off the pitch by other criteria that might come from the efficient management of resources (transfers, scouting system, youth training, data utilization, balanced finances, branding, revenue growth, and so on). However, the multitude of stakeholders and their interconnections make football management very specific to the size of clubs, their country or region, their league, the institutions them, and competitors. To have a better understanding, the next chapter will be dedicated to explain the state of European Football and the major changes that occurred and impact clubs' strategies.

2.2 About Football

2.2.1 About Football in General

Even though varieties of this sport have been played for a long time –enough to make it hard to trace its origins, football also known as soccer is a sport officially created in 1863 in England[4] with the establishment of the first Football Association (FA) in London, and proper rules of the game. It was also at that time that football has been formally distinguished from rugby, the rules forbidding the use of the hands except by goalkeepers and to trip opposition players.

At first, football was played by schools' teams and teams made of factories' workers during the industrialization with friendly games. Later on came the professionalization due to the interest generated by fans, and in 1904, representatives from different football associations across Europe such as France, the Netherlands, Spain, Belgium, Denmark, Sweden, and Switzerland met to create what is called the FIFA, or "Fédération Internationale de Football

[4] https://www.fifa.com/news/history-football-britain-the-home-football-420

Association", which is still today the body that governs and promotes football on an international level.

Nowadays, football competitions have been standardized almost everywhere around the world. There exist competitions with clubs and national teams. On the first hand, football clubs are generally attached to a city and a stadium in which they play. They play in a league both depending on their level and geographical location – that is a country's league will only accept a club based in the country. Leagues have an annual calendar, generally from August to May in Europe but may vary depending on the location. Clubs play home and away games against each team, therefore two encounters against the same team during one season, and the final ranking depends on a number of points: three points for a win, one point for a draw, and zero point for a loss. The season therefore does not reward the best team with a knock-out game but rather the most consistent team in the league throughout the season. Then, most leagues have a promotion and reward system such as the best teams are promoted to the higher league or qualified for regional competitions if they are in the highest league division, or are directly relegated or have playoff games to save their place among the division against one team from the lower league division. Leagues such as the Major League Soccer or MLS (USA) are exception to the rules as they are closed leagues with no ascent and descent system, and a certain amount of teams (14 in the MLS, 7 for the Eastern and Western Conference) plays playoff games depending on their ranking throughout the season to define which is the best one. Besides, the number of teams in a division vary from country to country and sometimes even differs between divisions into the same country.

Teams may have an unlimited number of players in their roster with different nationalities. The roster is built in order to compete at the highest possible level, and players have the opportunity to move from one club to the other under certain conditions, as they are contractors. Indeed, the roster can be built with the association of two means which are training homegrown players from the academy, namely having youth teams made of potential talents for the future, or using transfers, namely buying and selling players depending on the remaining contract time and their value on the market. Players with no contract can be approached by clubs at any time. However, there are *transfer windows* in which clubs can try to exchange players under contract during a limited period, for example in Western Europe a summer window in July and August, and a winter window during the season in January in which clubs can readjust their team. Although eleven players are required to be on the field from each team, substitutes are part of a roster to increase intra-team competition and compensate for absences

(mostly tiredness, injuries, and exclusions). Thus, "each club has about 25-40 players in its first team" (Kleven, Landais, & Saez, 2010).

On the other hand, national teams are composed most of the time of twenty-three players, passing to twenty-six players since Covid-19, only from the nationality of the country they represent. The number may differ from time to time depending on the games and their competitiveness (real competition with fixed rules, or friendlies in which more players can be summoned). National-team players are not contractors, and the team may be changed, while they cannot change their nationality - or nationalities in case of binational players - at their will. Usually, national teams schedules are less packed than clubs' one, and fixtures take place during so called *international breaks*, meaning determined periods in which players might be summoned to play for their national team while clubs do not play official matches. These breaks are utilized to play either friendly games, or qualification matches for bigger events such as the World Cup for example. Until recently (2020), players with more than one nationality could lose the opportunity to play for their other national team if they played official games with one of their national teams, namely all but friendly games. There are two recent examples of players changing allegiance after having played an official game with another national team. The first case regards Kosovo, officially recognized in 2016 by the FIFA[5], and having the possibility to summon binational players that have already played with another national team. The second example refers to the first time a player have been allowed to play for one of his other countries after having played an official game. Indeed, Munir El Haddadi have played once in 2014 with the Spanish national team, being subbed on for the last 13 minutes of a qualifier game for the UEFA Euro 2016. This event happened when he was 19. Since 2017, he attempted to switch to the Moroccan national team which was denied till January 2021 both by FIFA and the Court of Arbitration for Sport, time at which the FIFA recognized he could play for Morocco, and subsequent to "exceptions" to the official rule adopted at the 70th FIFA congress in September 2020 allowing players to "permit a player, under very specific and limited circumstances to request a reversal of a change of association decision" (FIFA statutes art. 9)[6]. The additional exceptions are stated in Annex B:

[5] https://www.fifa.com/news/66th-fifa-congress-zurich-2016-2878197
[6] https://www.fifa.com/legal/media-releases/fifa-publishes-explainer-on-eligibility-to-play-for-representative-teams

Nowadays, football have become by dint of interest an important industry, with approximately 250 million players and over 1.3 billion followers according to FIFA estimates[7], generating revenue through various channels. Deloitte, a well-known company in auditing and consulting, has been studying sport and in particular football for more than a decade. It has issued the "Annual Review of Football Finance" and the "Football Money League" to discuss football-related topics on a yearly basis, in particular from a financial point of view. In his 2019 edition of the "Annual Review of Football Finance", Deloitte estimated the revenues of the five biggest leagues – also known as *Big Five's leagues* – at approximately €15.5 billion for the season 2017/2018. Those revenues seem to come from four main channels, which are (1) *matchday revenues,* (2) *broadcasting,* (3) *sponsorship,* and (4) *commercial operations* which will be reduced as three channels for the purpose of our study with (1) *matchday revenues,* (2) *broadcasting*, (3) *commercial operations* (including sponsorship).

Matchday revenues have been the first source of revenues for clubs from a chronological point of view as they come from the attendance in stadiums (ticket sales), food & beverages, and other services provided during matchdays. It helped clubs to develop, especially in areas where football was popular and brought excitement for people. Then, the emergence of new technology along with fans excitement towards sports led football to start being televised in the late 1930s (September 1937 by the BBC). Nowadays, broadcasters bring revenues to national associations and federations – and subsequently to clubs and national teams – through the ownership of television (TV) and associated image rights. These rights originate in majority of cases from public auctions or tenders in which broadcasters compete to gain "packs" of TV rights, including a certain number of matches associated to the gained packs and the right to use the matches' highlights for reviews, analyses, and other purposes on TV shows. These rights run on a limited period of time – mostly 3 to 4 years, and have been the main source of revenues for most professional clubs across Europe in the last decades. National associations pass out the broadcasting revenues to clubs under several criteria at their own discretion. It is generally an equation made of the final ranking of the team in the league or cup, the number of broadcasted games of the team as broadcasters have to choose a particular game when several ones are played simultaneously (especially determined through national/global popularity and recognition), and the policy towards performance and equality of the national association. As an example, three main policies remain in Europe. First, associations like the FA (United Kingdom), the Lega Calcio (Italy) or the Ligue Professionelle de Football (France) collectively

[7] https://www.globalbankingandfinance.com/the-economics-of-the-fifa-world-cup-2018/

negotiate the rights and redistribute a larger equal share of the revenues to all teams participating in its leagues compared to other top leagues. For instance, in the UK, "domestic broadcast revenue is distributed on a 50:25:25 basis: 50% is divided equally between the clubs, 25% is awarded on a merit basis, determined by final league positions, 25% is distributed as a facilities fee for televised matches" with the highest-earning club receiving maximum 1.8 times the revenues from the lowest-earning club[8]. This distribution led for instance Leicester City FC, Premier League champion in 2016, to only be the fifth highest-earning team in terms of broadcast revenues, as they were not as popular as other clubs. Secondly, associations such as the Deutsche Fussball Liga (Germany) also negotiate the rights collectively, but the repartition has been until 2020 mostly based on clubs' performance and what one may call sport merit. Indeed, 75% of the domestic rights revenues are passed out using last five seasons' rankings and performance in European competitions, while only one quarter of the revenues is evenly distributed.

However, Covid-19 epidemy seemed to change this policy and that it will follow to some extent the Premier League model, which seem to be the most successful at the moment, and distribute more equally domestic revenues following the "4-Pillar Principle" with the equal distribution (Pillar 1) increasing from 25% to 53%, and performance-based revenues (Pillar 2) decreasing from 75% to 42%, along with a total of 5% distributed to the use of domestic young talents (Pillar 3, 3%) and the interest generated by the club (Pillar 4, 2%). Finally, in countries such as Portugal and until 2016 in Spain, rights are or were not negotiated collectively but individually by clubs themselves with broadcasters, giving Portuguese top clubs such as Benfica, Porto, and Sporting and until recently for Real Madrid and Barcelona in Spain for instance a strong negotiation position. This decentralized negotiations, although strengthening domestic inequalities as the three big clubs in Portugal get approximately 90% of TV rights in Portugal, allow them to be to some extent competitive in European competitions.

When it comes to sponsorship and commercial operations revenues, it is mainly based on (i) merchandising, namely the sales of products with the club's image and logo whether it is pictures, club's name, players' name, etc on different products such as jerseys, scarves, cups, etc. and (ii) sponsorships from private corporations that can be seen on the team's jerseys, around the stadiums and/or on the stadium name, as well as in the training field to advertise brands and merchandising. Sometimes, players have to play in advertisements to promote the

[8] https://www.premierleague.com/news/102362

brand or wear the products of the brand (e.g. Paris Saint Germain's players played in a Nivea ad and have to wear Hugo Boss suits before Champions' League games). The competitiveness of the competition played might directly affect clubs' income as bigger clubs will play additional competitions generating additional revenues (broadcast and matchday revenues, as well as more prestige and visibility for sponsorship opportunities) and inversely smaller clubs might be relegated, playing in lower leagues with less or no broadcasting revenues, less attractiveness for matchday, and sponsors.

2.2.2 Bodies and Regulations

Football is governed by different bodies with a particular role, which can sometimes even impinge on the prerogatives and actions of other bodies. Indeed, there are three main types of institutions governing soccer which are:

i) FIFA, which acts at the global level and has the main purpose of promoting and developing soccer in all countries; but also deals with the awarding and organization of the World Cup (men's and women's) which bring together billions of people, especially for the men's competition. Indeed, over the last 3 events, The audience of the men's World Cup was on average more than 500 million people (Statista, 2021), with more than 3.5 billion people watching part of the last World Cup event in 2018 (Reuters, 2018)9.

ii) Continental institutions that basically have a similar purpose but on a regional level, with the example of the UEFA (Europe) that has for "core mission […] to promote, protect and develop European football at every level of the game, to promote the principles of unity and solidarity, and to deal will all questions relating to European football"10. UEFA organizes European clubs' continental competitions such as the Champions League (most prestigious), the Europa League, and from 2021 onwards the Europa Conference League, that gather the biggest European football clubs in continental competitions starting with a group stage / qualifications game, and followed by a knock-out phase with a home and away game for each team. Then, UEFA also organizes competitions for national teams / associations such as the UEFA Euro that is held every 4 years, with qualification games allowing 24 teams

[9] https://www.reuters.com/article/uk-soccer-worldcup-viewers-idUKKCN1OK19B
[10] https://www.uefa.com/newsfiles/374875.pdf

to enter the final phase of the tournament since the 2020 competition. That logic applies to South America (ruled by CONMEBOL, e.g. Copa Libertadores for clubs and the Copa America for nations) ; North and Central America (CONCACAF, organizing the Champions League for clubs the Gold Cup for nations) ; Africa (CAF, CAF Champions League and Africa Cup of Nations for nations); Asia (AFC, respectively AFC Champions League and Asian Cup) ; Oceania (OFC Champions League and OFC Nations Cup).

iii) National associations that run their own domestic league system, both at the professional and amateur level. In Europe, the league system covers mainly rules that clubs have to follow such as number of participants, prerequisites to participate, financials, transfer windows dates etc.

These institutions as well as the circumstances of the time have seen or allowed the appearance of rules that have drastically transformed soccer and sometimes even the whole society. The following section will focus on rules that have been passed in Europe that have changed the way clubs are run in one of the 55 member countries governed by UEFA.

i. Bosman Rule (1995)

The Bosman law is the eponymous law coming from the family name of a former Belgian professional soccer player, Jean-Marc Bosman, whose career lasted from 1983 to 1996 and who will have left his mark on European and even world soccer, not for his talent on the field, but for his legal battle which has created a seism within the microcosm that is football and its institutions. Until the 1990s in Europe (except in few countries) and especially in Belgium in this case, clubs could prevent players to leave for free after the end of their contract, and had the possibility to require a fee for a then non-contracted players who was still legally obliged to stay in his former club. Bosman's story started with his contract coming to an end with his club of the RFC Liege in Belgium, that offered him a 75% pay cut to renew, while a French club (Dunkirk) offered him a better contract than what he had currently. However, due to the rule mentioned hereabove, player were forced to stay against their will and the player was stuck in his club that was not willing to let him go. Even though he was not an important piece of the team, Liege did not want to let Bosman leave except for a high transfer fee with the knowledge that Dunkirk would not reply favorably to the request. If the situation would stay as it was, two choices were left to Bosman: either staying in his club with a significantly lower

salary and without playing, or being able to convince the other club to find a common ground with Liege for the transfer. He decided to create a third option, which was putting into trial his club to the European Court of Justice, as a contractor done with his contract should not be further legally attached to his "employer", going against "the 1983 URBSFA federal rules" and defining "a transfer as the transaction by which a player affiliated to an association obtains a change of club affiliation". Simultaneously, he filled his case with another complaint regarding UEFA's rule to limit to three the number of foreign players on the field for any given European team in any European competition. Indeed, the European Union was on the verge of being created (1992, Treaty of Maastricht) and the European Economic Community was already in place for more than 30 years (1957, Treaty of Rome) - the latter enforcing the free movements of workers, services, and capital[11] into the Community composed of mostly Western European countries (among which Belgium and France as founding countries and leading this case)[12]. In 1991, the UEFA already accepted that a player would be able to accept a contract with another club at the expiry of his previous one, added to the "Principles of Cooperation between Member Associations of UEFA and their Clubs", supplemented by the 1993 regulation "governing the fixing of a transfer fee" in which clear conditions on compensations were fixed. However, after a few years, the European Court of Justice eventually decided to rule in favor of Bosman on December 15th, 1995[13], erasing the two rules Bosman were running against, and making his name remains in the recent history of the game as the precedent setting the ground work for the shift in power from clubs to players. Nowadays, there still exists barriers for extra-community players, i.e. players usually defined as coming from another region, or in this case coming from a country that is not an UEFA's member. However, this decision largely contributed to the increase in players' (or *football workers* - if one may call it that way) mobility. It also is the starting point of the transfer market as it is commonly known, namely a market in which players are traded as goods and services, sometimes against fees that might defy belief, such as Neymar Jr. – a Brazilian player – moving from Barcelona to Paris Saint Germain (PSG) against €222 million, in an operation worth more than €382 million including salary and excluding taxes. According to Veth (2017), such a transaction "is a political statement" made by PSG's owner, Qatari Sports Investments (QSI), the investment funds of the Sheikh Al Thani (Emir of Qatar).

[11] https://www.europarl.europa.eu/factsheets/en/sheet/41/free-movement-of-workers
[12] https://www.touteleurope.eu/fonctionnement-de-l-ue/les-elargissements-de-l-union-europeenne-de-6-a-27-etats-membres/
[13] https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=CELEX%3A61993CJ0415

The emergence of those kind of transfers in the early 2000s led to a new rule adopted by UEFA in 2010, called Financial Fair-Play (FPP).

ii. Financial Fair-play

The Financial Fair-Play (FPP) and its first regulations, adopted in 2010 and enforced in 2011, have been a tentative from UEFA to limit European professional clubs' short-term expenditures to their revenues. The increase in transfer competition due to an open European market, as well as the arrivals of rich private investors (e.g. Roman Abramovitch, CEO and major stockholder of Evraz, investing in a club based in London - Chelsea FC in 2003) or publicly-funded investments (e.g.: Qatar with PSG in 2011, United Arab Emirates for Manchester City in 2008) created a financially unsustainable environment for competition, with clubs spending "unreasonable" amounts to attract the biggest stars, or at least to try to keep on track with bigger or/and richer clubs. Football being first and foremost a sport driven by passion, investors sometimes don't invest rationally but rather for prestige, reputation, or/and other reasons, potentially leading to situations in which clubs' future is linked to their owner's future and willingness to commit financially. The objective of the FPP is to improve "the overall financial health of European club football"[14] and to "encourage clubs to build for success rather than continually seeking a 'quick fix'", i.e. encouraging clubs to invest for structural and long-term growth rather than being short-term oriented. Indeed, at the time it has been implemented, more than half of the top league's clubs from UEFA members were building up debts year over year, and new joiners did not help the situation. An example could be the club of Malaga CF, that was bought by Sheikh Abdullah Al Thani in 2010, as the club had debts to be refunded. He invested into the club (€80m in 2012[15]), bought players (market value of the squad increasing from €58.6m in 2010 to €121.3m in 2012, or +107%[16]), and started getting sporting results, while finances continued being short - reason why the UEFA announced in late 2012 the club suspension from a potential qualification in the Champion's League and a €300,000 penalty (e.g. due to employees and players wages unpaid, or debts towards tax authorities[17]). Revenues didn't rise enough to cover the club's structural deficit and the new wage structure (from new players), leading to more debts. In the meantime, Sheikh Al Thani

[14] https://www.uefa.com/news/0253-0d7f34cc6783-5ebf120a4764-1000--financial-fair-play-all-you-need-to-know/
[15] https://edition.cnn.com/2012/08/22/sport/football/malaga-cazorla-al-thani-football/index.html
[16] https://www.transfermarkt.fr/malaga-cf/kader/verein/1084/plus/0/galerie/0?saison_id=2012
[17] https://edition.cnn.com/2012/12/21/sport/football/football-malaga-uefa-ban/index.html

launch projects in the city, that wouldn't progress as planned. In 2014, the owner announced he would no more invest in the club[18], leaving the club in an even more critical situation.

Since being released, the FPP has been updated and an independent institution – the Club Financial Control Body (CFCB) - is in charge of auditing the clubs' financial situation and compliance to the rules. To be concise, as of 2015, clubs that want to be able to participate in UEFA competitions - such as the Champions League, the Europa League, and the Europa Conference League – "have to prove they have paid their bills" and must comply with the "break-even requirements", i.e. in this case not accumulating more than €5m debts over the assessment period (last 3 years financials), excluding long-term investments such as investments "in stadiums, training facilities, youth development and women's football". As UEFA's competitions represent both an extra source of income and a source of prestige (through additional visibility and competitiveness), clubs have been used to invest massively to try to qualify for those competitions (either by finishing at a "high" position in the domestic league[19], or by winning the domestic cup). Since the rule has come into effect, clubs are more inclined to invest more strategically as (1) they might get penalties (warnings, fines, deduction of points, withholding of revenues, prohibition on registering players in the squad) (2) they might even be excluded from participating into UEFA's competitions. According to Peeters and Szymanski (2014), the break-even requirements are supposed to restrain investments, transfers (value and volume), number of players under contracts, salaries and others. In theory, these rules indirectly target newly-owned clubs and intervene to prevent invesors from taking a majority ownership stake in a club to satisfy very short-term ambitions to the detriment of the longer-term interests of the club they have taken over as well as the stakeholders they interact with.

The FPP has significantly changed clubs' spending behaviors, especially those held by newly-arrived investors looking for quick results. UEFA published in a report (2019) that clubs' debts represented less than 20% of the amount it was before the introduction of the FPP. However, it has also raised concerns regarding the difficulty for lower clubs to bridge the gap that separates them from high-revenue clubs, and it might therefore favor some clubs and secure their position into the football landscape (at least on a mid-term perspective, excluding

[18] https://www.lequipe.fr/Football/Actualites/Al-thani-se-retire/471418

[19] UEFA members have an allocated coefficient number depending on last five years' performances of clubs' representing a particular nation on regional level. This coefficient grants a number of seats in the following year European competitions.
https://fr.uefa.com/memberassociations/uefarankings/country/about/

unpredictable scenarios such as the COVID-19 situation). As stated hereabove, the FPP only applies to teams playing in UEFA competitions. Several national associations have taken their own measures – either beforehand or after the introduction of the FPP – for clubs operating in their competitions, with rules and penalties that may differ but lean towards the same objectives.

iii. Transfer Market and Youth Players Regulations

The Bosman Ruling and the FPP made clubs redefine their financial strategy, especially with regards to transfer market investments. On top of those two major regulations, both the professional and youth players transfer markets are regulated at different levels (FIFA, Regional and National Associations), limiting even more the leverages available to clubs with lesser revenues. They have to come up with thorough and defined strategy to try to compete at the highest possible level.

First of all, clubs but also players must comply with the transfer market's regulations. FIFA particularly arbitrates on the status of both amateurs and professional players, as well as contractual obligations, transfers eligibility, and players' registration. It regularly publishes updates on a set of articles[20] indicating the minimal guidelines to follow. Other bodies might adjudicate on such topics, but FIFA rules have to remain the least restrictive ones, i.e. regional or national associations have to, at least, release articles that are compliant with the FIFA ones, if not even more prohibiting.

Secondly, regional institutions such as the UEFA in Europe might directly but also indirectly influence the transfer market for the competitions they organize. Indeed, UEFA enforced the Homegrown Player rule in Europe "to encourage the local training of young players, and increase the openness and fairness of European competitions". This rule forces clubs willing to play in the Champions League or Europa League to register (at least) 8 "homegrown" players out of the 25 players they are authorized to register. Homegrown players are defined as players that, "regardless of their nationality, have been trained by their club or by another club in the same national association for at least three years between the age of 15 and 21", with at least four of them being directly trained in the club, and the remainder in the country in which the club is located. Subsequently, the Homegrown Player rule does not directly adjudicates on the transfer market, but impact clubs behavior when it comes to choosing the players for their team. Indeed, an English club would have more interest (i) to invest in its youth players developing activities and (ii) to invest in players that have been trained in the UK. This

[20] https://digitalhub.fifa.com/m/e7a6c0381ba30235/original/g1ohngu7qdbxyo7kc38e-pdf.pdf

rule is stated by UEFA as willing to maintain/give back a local identity to clubs, especially since the Busman Ruling and the heavy investments of rich clubs/owners to accumulate the best players, and therefore aims to some extent (i) to balance the overall competition by preventing rich clubs to dominate all competitions just by buying all the best players and (ii) to force clubs to develop and rely more on local young players.

Thirdly, National Associations represent the most restrictive bodies to regulate transfers. They limit the time in which the transfers and registration of players might happen, in timeframes called "transfer windows", that generally take place twice in the season:

- Before/At the start of the season
- In the middle of the season to adjust the roster if necessary

These windows usually open in July and August in Europe as the season start in August, and then in January. However, there is no written rule and it might vary depending on the association, such as in the UK (2018) in which the association tried to close the transfer window before the starts of the season, i.e. beginning of August (8th) in 2019. They since backpedaled to close it again on August 31st as it is usually the case in Western Europe. On the other hand, leagues such as the Turkish league could trade from June 17 to September 2. This windows are actually "buying periods", i.e. clubs can buy players only during these periods, but are allowed to sell after they close. In this case, a Turkish club could try to buy a UK-based player, but if the UK-based club accept the deal, it would be able to numerically replace its player. The exceptions regard for "free" players, i.e. players that are at the time of the trade not bind by any form of contract with a club, and young players, both category being able to integrate a team at any time if the club has free space in its squad. Moreover, national associations can be equally or more restrictive than regional (e.g. UEFA) or international (FIFA) bodies. As an example, the British Football Association implemented the same Homegrown Player rule for clubs willing to play in British competitions (domestic leagues and cups) than the one proposed by UEFA, to promote young talent as the Premier League (British top league) is the league generating the most revenues, making clubs inclined to spend money and foreign talent which would prevent the promotion of talent, but also harm the National teams from UK as young British players had less opportunity to play and therefore develop. Additionally, even if the Bosman Ruling promotes the free movement of European players within member countries (and here UEFA members), each league has its own codes regarding non-EU players[21]. Indeed,

[21] read here non-UEFA players

associations such as the LFP (France) limit to four the number of non-EU players registered in a team. Even a player plays for a non-UEFA national team, he is considered as EU player if he has the passport of a country ruled by UEFA. These rules, despite not directly preventing clubs to transfer players, influence their decision. For instance, a club knowing that a promising young talent is developing in its academy might refrain itself to buy a player, thinking long-term necessity of having a homegrown player in its team. The same logic applies for a French club having three non-EU players. It might therefore keep the last spot empty in case an opportunity comes up and rather invest on a EU player if a position is available.

Eventually, after complying with the abovementioned rules, clubs may negotiate between each other for the trade of players. Indeed, if a player is contractually bound to a club and wants to leave their club during a transfer window, the current club and the destination club have to agree on the "transfer fee" or market value of the player – using several criteria such as age/potential, remaining time on the contract, etc. Few leagues also allow the utilization of release clauses, such as the club cannot refuse to transfer a player if the amount written in the clause is offered, and it is up to the player to decide whether they would leave or stay. The most valuable transfer belongs to this category, Neymar Jr. joining Paris SG from Barcelona after the controversial payment of €222m despite the FPP. Contrary to other sports (e.g. in the NBA for American basketball), when the clubs find an agreement or the value in the release clause has been reached, the players still have to find an contractual agreement with the destination club before joining it.

On the other hand, the "youth market", or market for teenage people, is also heavily regulated. FIFA has a whole section regarding "International Transfers Involving Minors" in its "Regulations on the Status and Transfer of Player" (Art. 19, 20, and 21, pp29-33)[22], i.e. players under 18 years old. It serves the purpose of protection children and teenagers development, but also for clubs. Basically, the transfer of minors is forbidden except if the minor fill one of the few conditions that serve as exceptions

- "The player's parents move to the country in which the new club is located for reasons not linked to football". That includes clubs being forbidden to find a job to the player's parents to attract them.
- The player is above 16 years old and "the transfer takes place within the European Union or European Economic Area" (and other living, academic, and sporting conditions).

[22] https://digitalhub.fifa.com/m/e7a6c0381ba30235/original/g1ohngu7qdbxyo7kc38e-pdf.pdf

- The player lives next to a national border (player and club each being located maximum at 50km of the border, i.e. the maximal distance would be 100 km but could not 25km-75km). For instance, Eden Hazard (Belgium) has been trained in Lille (France) or Antoine Griezmann (France) has been trained in Spain, as they were living close to their respective border.
- The player flees their country without their parents for non-football-related reasons
- "The player is a student and moves without his parents to another country temporarily"

Clubs deciding to bypass the rules might encounter severe sanctions, and recent examples act as proof. Whether FC Barcelona, Real Madrid CF, Atletico Madrid (Spain), or Chelsea FC, they have all breached the rules and been sanctioned[23], i.e. they got fined, but more importantly had to release the minor players involved and they couldn't buy players during two consecutive transfer windows for their teams.

As young players might leave when they get 18 (or 16 in EU), there also exists a "training compensation" and a "solidarity mechanism" to protect clubs, or at least to compensate and reward them for training players. Indeed, whether financially or from a competitive point of view, amateur (and low income generating) clubs are usually less attractive for players, but they are essential in the football landscape. Players might tend to leave them when they get the opportunity to go in a bigger club, most of the time for free when they come from amateur clubs. In a situation in which a player is transferred from one club to another against a transfer fee, all the clubs in which he has been trained from the age of 12 to 21 will get a slight part of the fee calculated based on the training costs of the club of destination (Training compensation, Annex 4, pp. 83). The solidarity mechanisms occurs when "a professional moves during the course of a contract" and requires that "5% of any compensation paid within the scope of this transfer […] shall be deducted from the total amount of this compensation and distributed by the new club as a solidarity contribution to the club(s) involved in his training and education over the years" (Annex 5, pp. 85). The distribution of the compensation will be done by giving 5% per year when the club trained a player from age 12 to 15, and then 10% from age 16 to 23. The solidarity mechanism however only occurs when the player is transferred in a country that is not ruled by the same national association as the

[23] https://www.eurosport.com/football/barcelona-handed-transfer-ban-for-breaching-rules-over-minors_sto4198156/story.shtml

training club (e.g. the transfer of a player trained in France to another French club will not generate the solidarity mechanism).

In the past 30 years, a considerable change in football's environment happened, especially when it comes to subject related to transfer of players (professional, youth, and amateurs) and budget restrictions. Whether the initiative of those changes came from bodies, clubs, or players, new regulations have been established. These changes forced clubs to review and adapt their strategy to remain competitive in a more and more competing industry. Hereafter will be addressed strategies that clubs have been and can implement to remain competitive and improve their competitiveness based on two main points: revenues and on-the-field performances.

2.3 Competitive strategies in football: a revenue-based view

Football is seen nowadays as a billion-euros-generating industry. Clubs willing to play the first roles, or in the worst scenario to survive in the professional divisions or at the highest level, need to find ways to earn additional income every year. It encouraged clubs, particularly in Europe, to become real brands and develop their *brand image*[24] throughout the world. This phenomenon was amplified by the opening of the transfer market and globalization of flows, the development of broadcasting technologies, the arrival of investors from all over the world, as well as tighter and more restrictive financial regulations increasing competition and making clubs accelerate the race for revenues. Whether they are wealthy individuals like Roman Abramovitch with Chelsea in London (2003 – 2022), companies like Red Bull (Salzburg in 2005, New York in 2006, Leipzig in 2009, Bragantino in 2019), or even states (through investment funds or private equity) including but not limited to the UAE (*Abu Dhabi United Group for Development and Investment*) with the City Football Group owning 13 clubs[25], Qatar (*Qatar Sports Investments*) taking over Paris Saint-Germain in 2011, or recently (2021) Saudi Arabia with Newcastle through the Saudi Public Investment Fund (PIF) ; lots of investors entered the football industry in the 2000s and 2010s with competitive objectives therefore spending more than most market players to have more exposure. According to UEFA in its European Club Footballing Landscape (2016, pp. 22), it is approximately, it is approximately

[24] The perception of the brand in the minds of consumers https://www.oxfordreference.com/display/10.1093/oi/authority.20110810104511780#:~:text=The%20perception%20of%20the%20brand,perceptions%20constitute%20the%20brand%20image.
[25] https://www.cityfootballgroup.com/our-clubs/

40 football clubs that have been taken over by foreign investors in the best 15 European leagues from 2010 to 2016.

Despite the revenues generated in the industry, the FPP was introduced to halt the constant financial losses from clubs, partially driven by the entrance of new market players (investors) overspending. Indeed, UEFA (2011) reported a cumulated €1.7 billion losses from first division European clubs before the FPP was put in place. These losses were constantly reduced over the years (before the pandemic crisis of Covid-19), even turning to profits in 2017 and 2018[26], with already half the leagues being profitable in 2015 and 2016 (respectively 25 and 26 leagues out of 54, against less than 15 in the years before[27]).

However, when looking at the cost structure of European clubs, the most impactful buckets, i.e. wages and operating expenses (Opex) also increased. Remaining expenses also increased and are related to non-operating costs (representing less than 5% of total costs for ~75% of the clubs) mostly linked to financing and tax activities, as well as transfer expenses that need to be analyzed at country/club level as most transfers in Europe are done within European leagues, meaning that a spend from one club is a revenue for another club[28] (only 8% of transfers came from outside Europe between 2008-2017[29], usually clubs in biggest leagues are the biggest spenders).

Relative to revenues, wage over the pre-pandemic period[30] stayed relatively stable (between 61% and 65%, average: 63%) despite a downward trend while Opex's[31] weight on revenues decreased (39% in 2010 to 29% in 2019, average: 33%). Hence, in order to be profitable, clubs had to address the growth of costs with an over proportional growth in revenues. That has been especially visible in selected clubs (top 20) and in selected countries

[26] https://www.uefa.com/insideuefa/protecting-the-game/news/025f-0fe85ed2acf8-db382645ca21-1000--benchmarking-report-highlights-profits-and-polarisation/, Annex C

[27] https://www.footballbenchmark.com/documents/files/public/UEFA%20Club%20licensing%20benchmarking%20report.pdf pp.103/126

[28] See Annex D

[29] https://www.uefa.com/MultimediaFiles/Download/OfficialDocument/uefaorg/Clublicensing/02/59/40/27/2594027_DOWNLOAD.pdf pp.81/118

[30] Sample taken 2010-2019
https://www.uefa.com/MultimediaFiles/Download/OfficialDocument/uefaorg/Clublicensing/02/64/06/95/2640695_DOWNLOAD.pdf 84/132

[31] "Historically, much of a club's operating cost base has been either fixed […] or linked to the number of matches played (matchday expenses)"
https://www.uefa.com/MultimediaFiles/Download/OfficialDocument/uefaorg/Clublicensing/02/64/06/95/2640695_DOWNLOAD.pdf pp104

among which the UK, Germany, and Spain, that were the main contributors for the profits made in 2017-18 in Europe. In one of its latest *Football Money League* (2022), Deloitte estimated that top 20 clubs' revenues reached €9,300 million in 2019, or 40% of total revenues generated by the European top division clubs (711 clubs). Deloitte groups clubs' revenues in three main clusters that are Broadcast (%), Commercial, and Matchday. The review will consider these three buckets.

2.3.1 Revenues from Matchday activities

Revenues from matchday-related activities are the origins of football revenues. Indeed, they were chronologically the first revenues clubs have generated and "represented the major revenue source during the first hundred or so years of professional football in Europe". They mostly include the sales of tickets – or gate receipts – as well as food and drinks. According to UEFA (2022)32, solely gate receipts accounted for 14% (€3.3B) of clubs' revenues, therefore being a strategic driver that clubs need to take into account. However, the landscape of football has drastically changed over the decade, and the Covid-19 lockdowns and restrictions taking part in closing stadiums made some people find other ways to spend their income and time. Clubs therefore have a necessity to improve the fans' experience in stadiums.

Certainly, the location of a stadium has its importance in attracting fans to the structure. Indeed, whether it is the country, the league, the city, the history, the tourist influx, the culture, etc., there will be disparities in the strategic efforts that clubs will have to put in place to fill their stadium. For instance, according to Transfermarkt.com, UK's top division (Premier League), considered the most popular league in the world, saw its stadiums filled to 96.7% in the 2018/2019 season (+1150bps over 10 years). As for the second division (Championship) of the same country, although increasing (+494bps) over 10 years, it only reached 72.3% with an average attendance of 20,174 people (+12.8% over 10 years). It shows that degree of competitiveness and exposure helps filling stadium. However, it doesn't mean that the fan experience is always better and that attendance is related to the quality of the team. There are outliers, and clubs like Norwich prove the opposite. It has an attendance of +95% of its stadium capacity over the last couple of years (average attendance of 26,000) while being mostly in the second division. To break the barriers and attract people from their home to the stadiums, clubs

[32] The European Club Footballing Landscape

have to focus on giving a unique experience to their fanbase. It has to be such a memorable experience that tickets are seen as a commodity and it is desirable to come over doing something else.

First, clubs may invest in their own infrastructure. In recent years, some clubs have bet on the construction of new stadiums to increase their revenues through capital expenditures, mostly because it would be more expensive either to demolish it and reconstruct it or to buy it from the owner as oftentimes clubs rent the stadium. According to Deloitte's 2019 report, Atletico Madrid witnessed a surge in matchday revenues (+39%) from the 17/18 season to the 18/19 one. This surge was partly attributed to the club's new stadium, the Wanda Metropolitano, which averaged approximately 55,000 fans per match. Furthermore, it helped the club generating other revenues linked to events such as being selected to host the UEFA Champions League Final in June 2019. Similarly, Olympiques Lyonnais (France) saw a substantial boost in revenues only coming from ticket sales (+17%) following the opening of the Groupama Stadium in 2016, without taking into account other matchday revenues. More than that, Deloitte (2019) explains that "in anticipation of the 2018 FIFA World Cup (in Russia), matchday revenues increased by almost 50% as clubs benefited from stadia and infrastructure developments and increased popularity". Although it is possible to design and build a state-of-the-art stadium with more comfort and new technologies, it might not be desired for all clubs for different reasons such as the investments needed, but also the location of the current one that may be preferred or the willingness of the fans to stay in the current one. Whether it is the owner or the tenant of the stadium, the club might simply invest into improving or repairing the existing infrastructures. According to scholars, aesthetic, cleanliness, newness, access, and comfort of a stadium "are positively related to game attendance" in the USA (Shank, 2005). It is what PSG did in the Parc des Princes (Paris' stadium). Indeed, the club invested €80M into the property, owned by Paris city hall to maximize attendance and experience. However, this option is limited as a tenant as it might also be a source of conflicts between all stakeholders, as capital expenditures are made on the long run. PSG has tried to take over the stadium to continue building around it but had encountered tough negotiations with the city hall, leading the club to look for other options.[33] Few days later, fans declared they would not move from

[33] https://www.lemonde.fr/sport/article/2023/04/26/en-conflit-avec-la-mairie-de-paris-le-psg-joue-la-carte-du-stade-de-france-contre-le-parc-des-princes_6171015_3242.html#:~:text=Paris-,Le%20PSG%2C%20en%20conflit%20avec%20la%20Mairie%20de%20Paris%2C%20joue,contre%20le%20Parc%20des%20Princes&text=Enqu%C3%AAteLe%20Paris%20Saint%2DGermain,pour%20l'instant%20cette%20id%C3%A9e.

the enclosure of the Parc des Princes (Hermant, 2022), putting PSG in a bind : while it is ready to invest into the infrastructures, the club won't get the full benefit of it and therefore stopped its efforts. Fortunately, there are other components that are important when it comes to fans' experience and maximizing matchday's revenues.

Indeed, Silveira, Quevedo-Silva, and Cardoso (2018) studied "Factors influencing attendance at stadiums and arenas" in Brazil. The result of their study indicate that team loyalty, team identification, and satisfaction with the event are the three main factors leading consumers to buy tickets. They also states that it would be beneficial to "create a fan intelligence department within the structure of soccer clubs" in order to study the "level of identification, loyalty, satisfaction and involvement" of fans and how to develop it. Maximizing experience into the stadium might be of a crucial importance since live broadcasting has a negative effect on matchday attendance for games (Allan and Roy, 2008; Buraimo & al., 2010). One of the way clubs address this subject is by creating exclusive content for fans inside the stadium.It might be done through players' interactions (fans meeting players), on-field events (half time show or challenges for selected fans/local clubs), interactive features (such as in the NBA or other American Sports with cameras pointing to fans), but also with the help of an special atmosphere. Clubs such as Liverpool FC or Borussia Dortmund are recognized into European Football for their unique atmosphere and it has been a dream for fans around the world, but not only, to go to one of these clubs' game. The topic has become such a key driver of competitiveness that third-party companies have specialized into matchday hospitality and events. For instance, Sportfive is a marketing agency that, among other topics linked to sponsorship, is in charge for several clubs as Olympique Lyonnais of the VIP part of the stadium. The agency looks for companies to invest in private lodges and is in charge of the hospitality and catering. It also helps sponsors with marketing activations, creating sometimes challenges for fans within or outside the stadium.

Finally, the pricing strategy and the services offered are of a pivotal importance for any organization, and football clubs are no exception. Proper ticket pricing can help maximizing the revenues generated by a sporting event and is needed to fill up stadiums and making the product both attractive and accessible. It is clear that having high prices might repel fans while having low prices might either reduce profits or "devalue" the product (sporting event) in customers' minds. Clubs need to find the right balance to optimize their attendance rates. They usually use customer segmentation, selling tickets at different prices relative to the position in the stadium. They also adjust ticket prices depending on the team's current performance or the

match (people are willing to pay a higher price if the opposition is a better team or a rival). What has been seen lately for clubs willing to maximize their fill rates is to offer group package of several games, which are different than season tickets. Indeed, if fans are willing to buy a ticket for a "big game", it comes with the acquisition of two or three other "smaller game" tickets, that they will have paid for, and therefore might be inclined to come. Yield management – or dynamic pricing – is a flexible pricing method that allow companies to adapt their prices depending on their customers' willingness to pay a good or service (limited in number), namely the current value it has. It is used in industries such as the airline industry to adapt seat prices and is suggested to be used in the football industry. In its 2014 Sports Analytics edition, Deloitte highlights the significance of pricing based on actual value, emphasizing that numerous sport franchises (among which football clubs) have yet to adopt this pricing method, consequently missing out on the opportunity to maximize their revenues. As stadiums have a limited capacity (number of seats) as well as a limited number of direct confrontations (number of at home game against a specific opponent). The consulting firm advocates the analysis of customers' behaviors and expectations, as well as the drivers of demand. Today, it might be accomplished through "Big Data", dealing with extensive datasets. For instance, a club can make use of historical attendance for specific games to foresee how much fans are willing to spend compared to other games, but also other insights such as services they are likely to ask for, merchandising they might buy, plan food (not only quantity, but also types of food depending on the time of the match).

Even though performance in the league is a significant aspect to generate revenues during matchdays, the whole experience can't be neglected as a growth opportunity to increase income. Performance, stadiums infrastructures, experience, and pricing altogether play a role in matchdays strategy; but not only. Indeed, they might be essential to develop another source of revenues, linked to commercial and sponsorships.

2.3.2 Revenues from Commercial and Sponsoring operations

According to Deloitte's Money League, commercial revenues emerge as the most promising growth driver for elite clubs. These revenues primarily comprise sponsorship agreements, merchandising sales, and the utilization of brand infrastructure for various events.

First, securing sponsorship agreements with external companies and refining existing sponsorships constitutes a part of it. Sponsors, in this context, are organizations that invest in football clubs for marketing purposes. This investment can take various forms, including

manufacturing equipment, sponsorship applied to jerseys or in the stadium, naming, and more. Negotiating sponsorship deals relies on improving brand awareness and recognition. Efforts to reinforce these factors through improved team performance, advertising initiatives and fan loyalty can facilitate the negotiation of new agreements. It should be noted that countries with less profitable football industries may face greater challenges in this regard (Şener & Karapolatgil, 2015). Researches by Nielsen (2022) has indicated that football fans respond positively to sponsorships and "are more likely than the general population to be influenced by sponsorship". They tend to educate themselves about the sponsors, change their perception, and buy the products. As a result, clubs need to carefully construct proposals outlining their vision and the benefits that potential sponsors can derive from partnering with them. For instance, Olympique Lyonnais has consistently increased its sponsorship revenues year after year. They have achieved this by prioritizing their longstanding sponsors, such as Adidas as the equipment manufacturer and, since 2013, Hyundai as the primary jersey sponsor. Adrien Bailleul from Sportfive explained in a podcast[34] how the deal between Olympiques Lyonnais and Huynday occurred, the club looking for additional revenues and the company willing to enter the French market. Additionally, since acquiring their own stadium, the Groupama Stadium, in 2016, they successfully negotiated a naming partnership with Groupama Bank, yielding approximately €6 million annually. On top of these, the club has secured additional partners, including sleeve sponsors and sponsors within the stadium.

Furthermore, possessing its own infrastructure contributes significantly to the augmentation of commercial revenues. Ownership opens up opportunities to dispose of the assets as one's wishes, encompassing opportunities such as hosting sporting events (including matches involving other teams, such as European competition games), engaging in business-to-business (B2B) activities such as seminars, and organizing cultural events. Additionally, these facilities can serve as venues for accommodating spectators during matches and can also be leveraged to enhance brand awareness, for instance, through the establishment of a club museum showcasing its history, merchandising outlets, and dining establishments. These initiatives collectively contribute to elevating the overall customer experience, which holds significant importance for fans.

Subsequently, clubs may pursue strategies to enhance their international renown or simply to reinforce local roots. While top league performance and star players remain pivotal

[34] https://open.spotify.com/episode/4F6O0ADqDrRkEzLGHEUKJR?si=48b1fbcb9d674c1b

attractions, most clubs endeavor to expand their presence in new markets. Some European clubs utilize the off-season to conduct training sessions and participate in friendly matches on other continents, such as Asia and North America, in a bid to elevate their brand recognition in those regions. The transfer policies adopted by a club can also significantly boost brand recognition[35] and commercial revenues[36] (Navarro, 2019; Juste & Hawkins, 2023). On the other hand, as per Fabrice Bocquet (2022) – the former CEO of professional football club FC Lorient from 2015 and 2020 and current CEO of OGC Nice – in its book "L'important c'est les trois points", smaller clubs might have an interest in reinforcing their local presence and completely aligning their identity to the values, culture, and principles that share people from the territory, such as Athletic Bilbao or Real Sociedad (clubs in Spain) where most players come from the academy or the Basque Country. Converting a high share of locals might be seen as more desirable than competing with giant clubs in the world for a low gain.

In summary, clubs can augment their commercial revenues primarily through means such as sponsorships, merchandising, stadium infrastructure, and expanding into new markets or reinforcing local presence. To accomplish this, they often strive to heighten their brand recognition through targeted advertising initiatives.

2.2.3 Revenues from Broadcasting

Lastly, broadcasting revenues account for income generated through the sale of television rights, which are acquired through public tenders. These rights are sold both within the country (domestically) and to international markets. The allocation and distribution of these revenues are determined by national football institutions and, as a result, the distribution may vary from one country to another.

KPMG (Football Benchmark, 2019) draw the landscape of broadcast revenues in the Big Five leagues. It highlights that broadcasting revenues serve as the primary income driver for smaller clubs in those leagues. During the 2017/2018 season, it was observed that the lowest-ranked clubs had a smaller portion of the total broadcasting revenues. Nevertheless, for those clubs (in the top three leagues, namely the Premier League in England, La Liga in Spain, and Serie A in Italy), broadcasting revenues accounted for more than 75% of their total income. This figure was still significant, representing up to 50% of the total revenues for the highest-

[35] https://www.marca.com/en/football/spanish-football/2019/06/14/5d0381daca474143378b4583.html
[36] https://rmcsport.bfmtv.com/football/ligue-1/tournee-au-japon-et-en-coree-du-sud-l-arrivee-de-lee-kang-in-le-psg-a-la-conquete-de-l-asie_AV-202307310291.html

earning clubs. Therefore, broadcasting revenues are a critical income source that clubs may seek to increase, although they should also strive to diversify their revenue streams.

However, enhancing a league's attractiveness for a modest club or impossible endeavor. National football institutions may need to formulate collective strategies. For example, in France, some matches are scheduled on Sundays at 1 p.m. to appeal to the Asian market. Additionally, the league may consider introducing an extra non-European player slot in squads (currently limited to four non-European players) to players from selected parts of the world to attract fans.

The Premier League stands out as the most lucrative league in terms of broadcasting deals, employing strategies such as the "no single buyer" rule, which involves collectively selling domestic and international broadcasting rights. Furthermore, they distribute broadcasting revenues more equitably to allow lower-ranked clubs to acquire quality players and enhance the overall competitiveness of the league. The French league decided to reduce the number of participants to follow the example of the German and Portuguese leagues with 18 clubs, to distribute the revenues to less teams and try to make it more competitive.

Increasing broadcasting revenues appears to be a challenging endeavor at the individual club level. Collective efforts and strategies, centered around the league's competitiveness and the presence of star players, appear to be the most influential factors when negotiating broadcasting rights[37].

2.4 Competitive Strategies in Football: Transfer Market and Performance

To strengthen their competitiveness, clubs may choose to prioritize the acquisition of talented players for their teams. The Bosman ruling played a major role in the upswing in player transfers, particularly in European soccer. According to the European Club Association data (from a PwC study in 2014), there were a total of 14,322 player transfers in European leagues during the 2011/2012 and 2012/2013 seasons, with approximately 66% of those transfers occurring within Europe. Rising soccer revenues and the entry of new investors have intensified competition between clubs on the transfer market. This trend is clearly illustrated by UEFA (2018) publishing the evolution of transfer spending and revenues[38]. These figures show an almost uninterrupted upward trend since 2010, with Europe's five biggest leagues accounting

[37] https://www.marca.com/primera-plana/2022/11/03/63626284268e3e5c4a8b45c6.html
[38] Annex E : Evolution of transfer accounting income / costs over last ten years

for 71% of transfer spending worldwide. The aim of this review is to examine the importance (or not) of these player transfers for performances.

The PwC study, based on data from 2008 to 2013, shows that sporting performance does not depend solely on spending on player transfers but is somewhat related. As shown in Annex F, clubs such as Borussia Dortmund achieved comparable or better results than the likes of Liverpool, Paris Saint-Germain and Manchester City over this period. However, the study distinguishes four different strategies that clubs can adopt, each with its own key factors and effects on competitiveness. Starting with the least impactful strategy, the use of homegrown talents from the academy. It is mostly adopted by financially constrained clubs seeking to develop promising young talents for potential future sales. Then, associated to medium to high degree of competitiveness, comes both strategies of scouting young talents to acquire them at low price and develop them as well as the strategy to acquire "mature" players at moderate cost; destined to clubs willing to nurture and enhance the potential of young talents coupled with the experience from older players. Despite the study's emphasis on the lack of a direct link between transfer investments and sporting performance, the acquisition of star players emerges as the most competitive strategy. However, it's worth noting that only a select few clubs possess the financial means to pursue this strategy. Furthermore, the study establishes a positive correlation between transfer expenditures and domestic league results, as measured by the points achieved by clubs. It also highlights that some clubs managed to remain competitive without making exorbitant investments in player transfers It is important to note, however, that this study has two notable biases. Firstly, it was carried out at a time when the Financial Fair Play (FFP) rules were not yet fully in force. As a result, the results may not accurately reflect the current situation, as high investments in star players may no longer be feasible for clubs owned by investors facing stricter financial constraints. Secondly, Annex F shows the performance of clubs such as Manchester City and Paris Saint-Germain, both of which underwent a change of ownership during the period studied. These clubs made considerable financial investments during this period to improve the competitiveness of their teams, while other clubs already had established star players in their ranks. Later on, Manchester City won three back-to-back Premier League championships from 2021 to 2023 and numerous domestic cups as well as the Champion's League.

Through 25 years of European soccer data with the aim of assessing club competitiveness in the light of squad changes, it seems that there are three main squad-related success factors (Rossetti & Caproni, 2016): the importance of a well-conceived long-term

strategy and adherence to it, the need to acquire both domestic and foreign players to become or remain competitive, and the importance of a degree of stability within the squad, with less than 30% of the team needing to be changed. This trend is also illustrated by UEFA's 2018 data, which shows that clubs are making increasing use of cross-border transfers, with 65% of all transfers being cross-border. The study shows that competitiveness cannot be achieved through player transfers alone, as squad stability plays a decisive role in success. It is in line with the hypothesis deduced from clubs such as Manchester City, who first made considerable investments to renew their teams, then continued to invest in key players while retaining the core of their squad. Van der Berg's work in 2011 also revealed a positive correlation between expenses on personnel and performance in European competitions. The limit of it is that there are growing inequalities between clubs but also between leagues. In 2015, a substantial 81% of European top-league clubs' gross transfer expenses were attributed to the four largest European leagues (Liu & al., 2016; Matesanz & al., 2018). This resulted in a Gini coefficient of approximately 0.9 concerning transfer fees, underscoring the significant disparities. Their research also reveals a positive correlation between transfer investments and sporting success, while these escalating inequalities tend to impede competition between the "big money spenders," predominantly those participating in the UEFA Champions League, and smaller clubs.

Rohde and Breuer (2016) conducted a study aimed at deciphering the complex relationships between four decisive factors: financial success, sporting success, team investment and majority private investors. Their study revealed a network of interactions between these elements. Their results show that financial success is closely linked to national and international sporting success. Sporting success contributes to increased revenues in a number of areas, including matchday revenues (due to increased spectator numbers), commercial revenues (due to merchandising and sponsorship contracts) and broadcasting revenues (due to greater broadcast share and increased interest in the team worldwide). Furthermore, financial success is closely linked to brand value, showing a direct link between sporting success and investments made, the latter often involving private investors.

To sum up, transfer investments appear to be a decisive performance factor in the soccer sector. There is some evidence to suggest that clubs who strengthen their squads by paying high transfer fees are more likely to win titles and participate in European competitions. Nevertheless, these competitions appear to widen the gap between top-level clubs, who enjoy higher revenues thanks to brand awareness, sponsorship and broadcasting rights, and more

modest clubs. Financial Fair Play (FFP) rules also limit the ability of smaller clubs to build competitive teams, as they are subject to a debt test. This forces clubs to adopt alternative strategies in the transfer market, such as promoting local talent in their academies or taking calculated risks on young players with a view to their development and potential sale.

However, most studies focused on transfers have been conducted on top clubs with tens or hundreds millions to spend. Moreover, there exists a certain limit within the existing literature about the role the turnover within a squad plays into sporting results. Hence, the coming chapter will try to assess how transfers, squad renewals, and squad value might affect sporting results and what strategy football clubs' boards might incline to take based on the results of the study.

3. Methodology

In the literature review, we have seen that there are a lot of components that come into play to be able to enhance a club and its structure. Clubs play with « rules » given by selected institutions (e.g. FIFA, UEFA, National bodies) that create and rule competitions. As competitions might be uneven when it comes to revenues, exposure, attractiveness and such, clubs might deal with more or less constraints than their competitors on international but also national level. To minimize these constraints, or rather in order to maximize their potential, they can adopt strategies that will tend to maximize their potential revenues (matchday, commercial, and broadcast) and performances (especially at national level).

Unfortunately, it is extremely complicated being able to demonstrate which clubs are better at choosing and implementing the best option when it comes to strategies and action levers, first as there is limited data and insights from clubs' top management, and second because they do not have the same starting line and objectives. A top club in England might be willing to spend tens of millions for an almost unsignificant impact whereas other clubs, in countries that aren't as big in terms of football, or in lower leagues, might struggle and will need to take the right strategic decisions to overperform against competitors that might have greater assets. Sometimes, it is even a matter of saving the company from bankruptcy.

As nowadays, top leagues have way more money than other countries so that these leagues are under the radar for most people, even among the biggest football fans. Therefore, most studies focus on the biggest leagues, or one of them, with a tiny part being focused on small leagues (usually when the researcher is from the country of the league). This paper will try to carry out the same type of study that were undertook on bigger leagues, but with 5 leagues after the 10th one (excluding Ukraine from the analysis because of the recent war) taking the first leagues from following countries: Turkey, Switzerland, Serbia, Czech Republic, Norway respectively ranked 11th, 12th, 13th, 15th and 16th at the 2023 UEFA Country Ranking [39]. The study will be carried out using Transfermarkt.com public data and will aim to find correlation between dependent variables on the following independent variable : points taken. It has a higher interest to look at points taken rather than ranking as clubs might have an uneven number of points from one year to another and still be at the same rank in the table.

[39] https://www.uefa.com/nationalassociations/uefarankings/country/#/yr/2023

After collecting all the data needed for the study in Excel for the years 2018 to 2023 (namely seasons from 2018/2019 to 2022/2023), and due to the structure of the different leagues and Covid-19 that had an effect even within the leagues themselves, the data was reworked to be used separately (league by league) but also together. Given the independent variable the study aims to predict, i.e. points taken, they have been put out of 100. Namely, two teams A and B in the leagues 1 and 2, have respectively 50 and 40 points. As league 1 has 20 teams, league 2 has 12 teams, and a win means 3 points :

$$A\ points : \frac{50}{(20*3)} = 83.3$$

$$B\ points : \frac{34}{(12*3)} = 94.4$$

The study uses six populations called models here, even though the statistical model is almost the same. They go from model 1 (M1) to (M6). M1 to M5 represent the data for five years for a selected league (respectively Turkey, Switzerland, Serbia, Czech Republic, Norway in the order of the 2023 UEFA Country Ranking), while M6 takes them all.

Regarding independent variables in M6, raw values have been standardized using the Z-score method[40], in order to put the same scale to my set of data. For that, I calculated the mean and standard deviation of each subset of data / population. Then, I subtracted the mean of each value and divided the result by the corresponding standard deviation.

I then computed the sets of data and made multiple linear regressions in Excel. In the following tables can be found the list of variables and the hypothesis set before doing the regression.

[40] https://builtin.com/data-science/when-and-why-standardize-your-data#:~:text=Z%2Dscore%20is%20one%20of,and%20thus%2C%20the%20same%20scale.

List of Variables

Variable Name	Variable Category
Points taken	Dependent variable
Squad Value	Independent variable
Value per player	Independent variable
Amount transfers spent	Independent variable
Number of transfers (arrivals and departures)	Independent variable
Number of players in squad	Independent variable
Squad average age	Independent variable
Number of foreign players in squad	Independent variable

Null and Alternative Hypothesis

H0 : None of the independent variables explains the variation in points taken

Alternative Hypothesis	
H1	Having the most valuable roster has an influence on points taken in a league season
H2	The more the player average value, the more points taken in a league season
H3	The more a club spend on the transfer market, the more chances to earn points
H4	Squad tenure (arrivals/departures) has an impact on performance
H5	The depth of a squad is important in a season
H6	The average age of the squad play a role on performances
H7	Having a higher than average share of domestic player impact performances

Descriptive Statistics

Turkey					
Variable	Average	Min	Max	Std deviation	Std error
Squad Value	48,31	11,78	202,65	40,06	4,09
Value Per Player	1,18	0,26	4,83	0,93	0,10
Amount transfers spent	4,55	0,00	45,54	8,43	0,86
Number of transfers	26,66	6,00	49,00	7,93	0,81
Number of players in squad	40,56	30,00	58,00	5,20	0,53
Number of foreign players in squad	17,76	11,00	26,00	3,07	0,31

Switzerland					
Variable	Average	Min	Max	Std deviation	Std error
Squad Value	33,74	8,10	83,50	19,48	2,76
Value Per Player	0,91	0,29	2,53	0,54	0,08
Amount transfers spent	2,45	0,00	18,68	3,74	0,53
Number of transfers	16,84	5,00	31,00	5,25	0,74
Number of players in squad	37,56	28,00	50,00	4,41	0,62
Number of foreign players in squad	18,66	3,00	31,00	6,11	0,86

Serbia					
Variable	Average	Min	Max	Std deviation	Std error
Squad Value	16,80	4,68	75,63	16,80	1,83
Value Per Player	0,42	0,11	1,80	0,42	0,05
Amount transfers spent	0,44	0,00	9,30	1,54	0,17
Number of transfers	25,21	7,00	66,00	8,24	0,90
Number of players in squad	40,85	29,00	53,00	5,18	0,57
Number of foreign players in squad	7,14	0,00	16,00	3,72	0,41

Czech Republic					
Variable	Average	Min	Max	Std deviation	Std error
Squad Value	17,93	6,20	100,30	19,62	2,17
Value Per Player	0,47	0,13	2,45	0,45	0,05
Amount transfers spent	1,06	0,00	11,64	2,36	0,26
Number of transfers	18,80	6,00	37,00	6,24	0,69
Number of players in squad	36,93	29,00	51,00	5,25	0,58
Number of foreign players in squad	8,90	1,00	21,00	4,37	0,48

Norway					
Variable	Average	Min	Max	Std deviation	Std error
Squad Value	9,45	1,88	31,45	5,71	0,64
Value Per Player	0,26	0,06	0,70	0,12	0,01
Amount transfers spent	0,38	0,00	4,50	0,81	0,09
Number of transfers	28,94	12,00	46,00	7,66	0,86
Number of players in squad	35,26	24,00	50,00	5,70	0,64
Number of foreign players in squad	10,53	0,00	19,00	3,65	0,41

4. Obtained Results, Findings, and Discussion

In this section, we will examine the results of the regressions and check the outcome in parallel with the hypothesis we set.

M1-5 = Each league separately, from 2018 to 2023

League	Adjusted R Square	*Significance F*
Turkey	0,84	0,00
Switzerland	0,85	0,00
Serbia	0,75	0,00
Czech Republic	0,71	0,00
Norway	0,88	0,00

Taking the outcome of the regression, the models can explain, at least partly, the dependent variable (points taken). The adjusted R^2 range from 0.71 to 0.88, i.e. the models can explain 71% to 88% of the variation in points taken. All of the significance Fs or p-value are below 0.05, meaning that the model is statistically significant.

Therefore, we can by rejecting the null hypothesis H0.

H1: The roster total value has an influence on points taken in a league season

Country	*Coefficient*	*P-value*
Turkey	0,06	0,75
Switzerland	-1,15	0,00
Serbia	1,78	0,04
Czech Rep.	-0,36	0,44
Norway	-2,60	0,00

Based on the results of the regressions, the model is significant for three leagues (Switzerland, Serbia, and Norway) with coefficients going in opposite directions (Serbia having a positive correlation while Switzerland and Norway have a negative relationship). We can therefore assume that there is a correlation between the squad total value and points taken in a league, but the impact is ambiguous.

H2 : The average value of the players in a roster has an influence on points taken in a league season

Country	Coefficient	P-value
Turkey	12,78	0,11
Switzerland	62,22	0,00
Serbia	-22,31	0,49
Czech Rep.	43,15	0,02
Norway	205,48	0,00

For all models except M3, the model is statistically significant and seems to indicate a large impact of the average value of players on points taken. For an additional million per player, teams can expect at least 12.78 additional points. We can observe that the lower ranked the league, the bigger the impact is, as players are valued significantly less importantly. Based on the result, we can validate H2 for M1-M5.

H3: The transfer market spendings have an influence on points taken in a league season

Country	Coefficient	P-value
Turkey	-0,16	0,33
Switzerland	-0,11	0,65
Serbia	-2,68	0,05
Czech Rep.	0,95	0,25
Norway	-2,30	0,02

The independent variable is only statistically significant for M3 and M5, and has negative correlations towards the points taken. Even though H3 is rejected as the majority of the models doesn't consider the variable as statistically significant, the fact that for M3 and M5 the variable is negatively correlated is still noticeable. It would mean that in these leagues, spending on transfers might have the opposite effect of what is generally looked for by clubs, i.e. increasing the competitiveness of the league. It might indicate that making a large number of deals on the transfer market is detrimental to the team as there are many changes.

H4: Squad tenure / renewal has an influence on points taken in a league season

Country	Coefficient	P-value
Turkey	-0,12	0,15
Switzerland	0,07	0,70
Serbia	-0,17	#NUM!
Czech Rep.	0,33	0,15
Norway	-0,05	0,56

The variable (number of transfers, both departure and arrivals) is not statistically significant in these models. H6 is rejected.

H5: Squad depth has an influence on points taken in a league season

Country	Coefficient	P-value
Turkey	0,08	0,73
Switzerland	0,99	0,01
Serbia	-0,29	0,45
Czech Rep.	-0,03	0,92
Norway	1,36	0,00

H5 is rejected as the variable is only statistically significant in two models out of five. Nonetheless, it seems that in Switzerland and Norway, roster that have most players have more chances to take points during games.

H6: Player's age has an influence on points taken in a league season

Country	Coefficient	P-value
Turkey	0,48	0,47
Switzerland	-3,51	0,00
Serbia	-2,23	0,02
Czech Rep.	0,61	0,60
Norway	1,09	0,10

Age is statistically significant in M2 and M3 only, which means that for an additional unit in the average age of the roster, teams are inclined to lose points. However, it doesn't seem to be significant for all model so H6 is rejected.

H7: Foreign players share in a squad has an influence on points taken in a league season

Country	Coefficient	P-value
Turkey	0,44	0,08
Switzerland	-0,08	0,63
Serbia	0,11	0,81
Czech Rep.	0,01	0,97
Norway	-0,13	0,53

H7 is rejected as only Turkey is concerned by the statistical significance of the variable.

Based on the multiple linear regressions performed on the five leagues separately, we can highlight two main observations. The first one is that the correlation and statistical significance of an independent variable on the dependent variable might differ from a league to another. Indeed, total value of the squad, average value of a player, age, depth of the squad are variables that might help predicting the number of points taken in Switzerland but not in Turkey for example. The second one is that for some countries such as Turkey, the model as a whole is statistically significant ($F < 0.05$) and there is a high correlation ($R^2 = 0.84$) between the

variables. However, taken individually, none of the variables have a statistical significance with regards to the evolution in points taken.

M6 = All data together

Regression Statistics	
Multiple R	0,89
R Square	0,79
Adjusted R Square	0,79
Standard Error	7,21
Observations	392,00

Based on the results shown above, Model 6's adjusted $R^2 = 0.79$, meaning that the model explain up to 79% of the dependent variable, points taken in the league.

	Significance F
Regression	0,00
Residual	
Total	

The p-value of the regression (or significance F) is lower than 0.05, indicating that the model is statistically significant and that it explains the variation in the dependent variable.

Hence for M6, the null hypothesis is rejected.

When it comes to individual independent variables however, there are differences between the variables, that make the model more or less precise and make the dependent variable more or less predictable. Indeed, based on the p-value of each dependent variable, it seems that only a few elements have a statistically significant correlation with points taken and might come in opposition with the regressions applied on single leagues without standardization.

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	45,81	0,36	125,88	0,00
Squad Value	1,35	3,49	0,39	0,70
Value per player	13,28	3,25	4,09	0,00
Amount transfers Spent	-1,85	0,77	-2,41	0,02
Number of transfers (arrivals and departures)	-0,55	0,43	-1,26	0,21
Number of players in squad	0,18	0,60	0,30	0,76
Squad average age	-0,26	0,39	-0,67	0,50
Number of foreign players in squad	1,68	0,45	3,69	0,00

Based on the table above, H1, H4, H5, H6 are rejected as their p-value > 0.05, hence the variables are not statistically significant in M1. Hence, we can reject that squad value, the amount received from transfers, the transfer balance, the number of transfers, the number of players in the squad, and the age are predictors of points taken in this model.

H2: The average value per player is a statistically significant factor to predict the number of points taken in a league, with the greater coefficients of the model (13.28). It means that for a "unit" of value per player (standardized value), the team will in average gain 13 more points.

H3: Surprisingly, based on H2, one might predict a positive coefficient for the amount spent on the transfer market. Despite being statistically significant, the variable is uncorrelated (-1.85) to points taken in a league. Therefore, in smaller leagues such as the one analyzed here, the transfer market might be of a lesser importance when it comes to winning.

H7: Again, M6 is counter intuitive here. As value of player is a positive predictor of points taken, but not spendings on transfers, M6 might imply that homegrown players is the solution in these leagues. However, H7 proves that there is a positive relationship (1.68) between points taken and number of foreign players in the squad.

From the aggregated data analyzed in M6, the model suggests that in these leagues, the clubs that want to outperform competition need to increase the value per player of their squad, but not necessarily through expensive transfers. H7 rather seems to demonstrate that it is important to have a domestic scouting department, but also outside of the country where foreign players might be cheaper and grow in the club. It might also imply that the biggest clubs in the selected leagues still have more chances to gain points, as they are more likely to attract players than their competitors if the players are free of their contract and valuables.

5. Conclusion

5.1 Limitations About the Literature Review, the Methodology and Regression

The dissertation has a notable limitation in terms of redundancy in the literature review. The literature is characterized by a recurring pattern, with a substantial reliance on the Deloitte framework for analyzing club revenues. As a result, there is a plethora of articles that relate to these established clusters and focus on the clusters Deloitte made i.e. the three main sources of club revenues: matchday, commercial, and broadcasting. Unfortunately, there are few research papers that venture beyond these clusters to shed light on other factors of football club performance, especially those that are not dependent on transfer market activities. This predominant redundancy severely limits the diversity of information sources used in the work. Adding new perspectives proves to be an enormous challenge. Limited access to knowledge from football clubs' top management further increases the complexity of this restriction. However, recent developments in the form of streaming platforms have begun to solve this problem by offering a glimpse behind the scenes of clubs. In addition, contributions such as the one from Fabrice Bocquet on the management of a professional club outlined multiple aspects that govern the day-to-day running of the clubs, especially about strategy and stakeholders management. The persistent redundancy of existing literature remains, however, a notable limitation of this work.

Moreover, it is surprisingly difficult to obtain complete and accurate data on football players and their impact, especially when it comes to lower leagues that sometimes lack robust monitoring systems. Despite the interest in the sport and the importance of the data collected, accessing a comprehensive dataset seems to be a challenging task. It is often necessary to go through numerous sources, sometimes examining each individual match and evaluating players at a granular level. A comprehensive and easily accessible dataset remains inaccessible. There is room for improvement in methodology and variable selection. For example, instead of classifying players only by age or nationality, a more sophisticated approach could take into account their position and the percentage of total minutes played that they contribute. Moreover, the regression analysis used does not take into account critical factors such as historical success, the reputation of clubs, the quality of their youth academies (which can avoid the need for transfers by attracting top young talent), or a club's participation in European competitions. These omissions underscore the need for a more comprehensive and refined analytical framework.

In summary, it is difficult to draw firm conclusions from the results obtained from the regression analysis. Although the model does indeed explain a significant proportion of the variation in the independent variables, the inclusion of a large dataset covering several samples and time periods should ideally have led to clearer results. Surprisingly, the extension of the scope raised further questions, as some dependent variables that we would intuitively expect to predict results about a club do not systematically exhibit strong correlations or statistical significance in the model. This complexity underlines the need for nuanced interpretation of the results.

5.2 Suggestions for Future Research

Based on the abovementioned limitations, there could be multiple approaches that could be relevant for future research. Regarding qualitative data, it might be interesting to interview a set of directors of professional football clubs in Europe. From selected questions, it might help highlighting and explaining how clubs face strategic issues that might come from their size, location, budget, assets, structure, competitors… and analyze if clubs that have similarities can apply similar strategic features and have relatable results or not. Hence, it could be interesting to cluster clubs by their average ranking rather than their league. Besides, as clubs have so many differences, research may focus more on following a club over a period of time, such as what do streaming platforms on a season. Researchers might draw a starting line and write down starting data, and follow closely the strategy and actions applied by a given club and the metrics associated.

Then, the work was initially thought to check whether FPP was making a real difference both in the way clubs invest in their long-term assets and how the gap between bigger leagues/clubs with smaller ones. The latter seems to be indeed the case but it is difficult based on the element that was presented here to conclude on the matter. On top of that, it has been more than a decade it entered into force, however, it has known some flexibility during the starting years and then a full stop with Covid happening all over Europe (and the world).

Finally, regarding future researches, it could be noted that UEFA launched the conference league in 2021 and will change the number of teams in the Champion's League. It might be interesting to build a model assessing how European teams create a gap with their domestic competition. Besides, Saudi Arabian teams started investing massively in top players that usually shine in European top competitions. It might create even bigger unbalances between clubs that are visible - and hence sell players with overrated fees to Saudi Arabian teams,

making massive profits out of them – and smaller teams that have to deal with financial constraints.

5.3 Conclusion

For any business, it is essential to determine a strategy and implement actions that will create additional value to that of competitors. Soccer as an industry is no exception. However, the rules that govern it and the ecosystem of which clubs are a part are on the one hand quite different from other business sectors, but have also evolved rapidly in recent years with the emergence of new competitions, new rules, and a massive influx of investors (private and institutional) with ever-increasing capital. This has prompted UEFA, but also private companies, to take a close look at the financial situation of soccer clubs, which was gradually deteriorating. This has not led clubs to reduce their expenditure, but rather to seek to increase their revenues more rapidly by activating three levers: matchday revenues, mainly made up of ticket sales and stadium services. Secondly, clubs have had to seek to develop their commercial revenues. This involves commercial partners willing to spend ever-increasing sums to gain visibility in merchandising and infrastructure, as well as penetrating new markets to attract new customers and boost club revenues. In recent years, this has led clubs to invest in foreign players who could offer them visibility on other continents, through institutional agreements to play matches in foreign countries, but also through friendly tours to play matches for a fanbase eager to see certain stars. Conversely, some clubs, cruelly lagging behind and lacking the same visibility as their competitors, have concentrated on winning over local audiences. Last but not least, evolution in television technologies, streaming and the emergence of social networks have created or strengthened links between clubs and their sportsmen and women, and their fans. The revenues generated by these activities have enabled clubs to continue investing large sums in order to strengthen their position on the transfer market, which has exploded following the Bosman ruling and the competition between clubs.

Given that the main research was focused on the top leagues, this work was carried out with the aim of determining whether the same conditions applied to clubs playing in leagues with less budget, but also to determine whether there were any common factors that might enable certain investments to be optimized in order to create and consolidate a team capable of systematically winning more points than the competition. An attempt at explanation was made by collecting Transfermarkt data over the last five years for five leagues outside the European top ten. Nine hypotheses were drawn up, and it would appear that only some of the variables could explain the model. On the consolidated model, i.e. all the data gathered, it seems that the

average value per player and the number of foreign players in the squad are positively correlated with a club's sporting success in its domestic league (measured by the number of points won), while the amounts spent on the transfer market are not. This suggests that in the case of smaller leagues, it may be wiser to seek to invest in players with potential, whose value is low but who could develop rapidly for future resale. This can be done via the academy or by transferring players to lesser-regarded leagues, where transfer fees will be lower. When we look at the leagues separately, there are some models for which the variables are not statistically significant. However, it is also possible to observe that the total value of a squad is not necessarily positively correlated with sporting results, indicating that it may be preferable to invest in few players with high added value rather than many players and dilute the average value of the squad.

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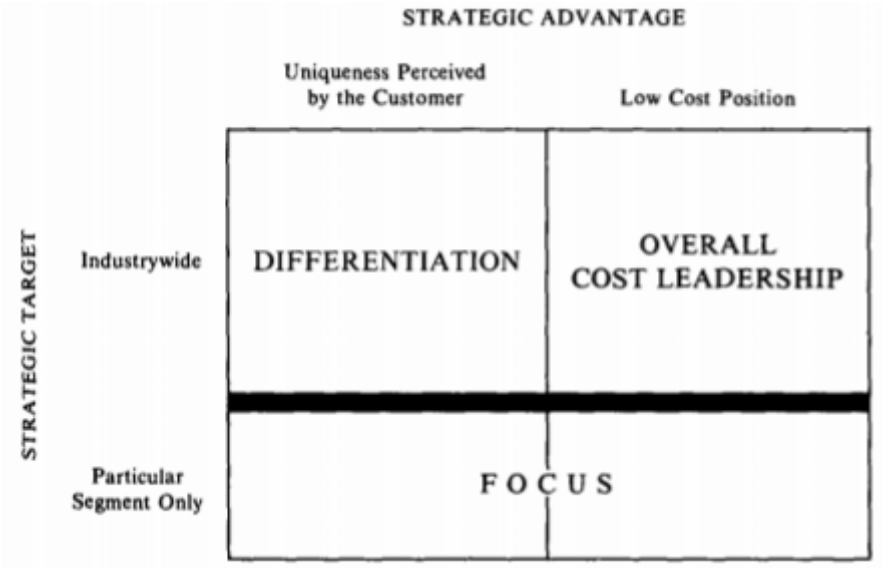
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7. Annexes

Annex A: Three Generic Strategies (Porter, 1980)



Annex B: Fifa Rule for the Reversal of Country's Association

1) Exception 1
    i) "The player was fielded in a match in an official competition at any level (with the exception of "A" international level) in any kind of football for his current association"
    ii) "At the time of being fielded for his first match in an official competition in any kind of football for his current association, the player did not hold the nationality of the association which he wishes to represent"
    iii) "The time of being fielded for his last match in an official competition in any kind of football for his current association, the player had not turned 21 years old"
    iv) "The players meets any of the requirements provided in article 6 or article 7"
2) Exception 2
    i) "The players was fielded in a match in an official competition at "A" international level in any kind of football for his current association"
    ii) "At the time of being fielded for his first match in an official competition (at any level) in any kind of football for his current association, the player held the nationality of the association which he wishes to represent"
    iii) "At the time of being fielded for his last match in an official competition in any kind of football for his current association, the player had not turned 21 years old"

iv) "The player was fielded in no more than three matches at "A" international level in any kind of football for his current association, whether in an official competition or non-official competition"

v) "At least three years have passed since the player was fielded for his last match at "A" international level in any kind of football for his current association, whether in an official competition or non-official competition"

vi) "The player has never participated in any kind of football at "A" international level in the final tournament of the FIFA World Cup or a final tournament of a confederation competition."

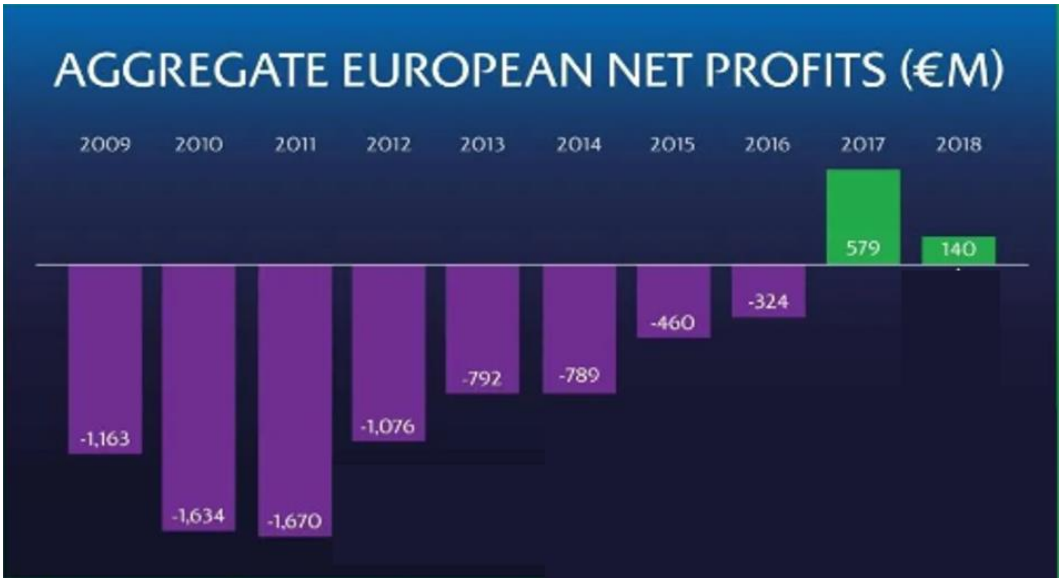
3) Exception 3

i) "The players was fielded in a match in an official competition at "A" international level in any kind of football for his current association"

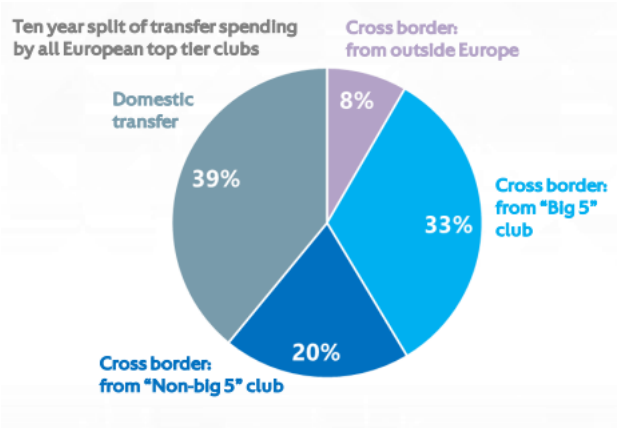
ii) "The player permanently loses his nationality without his consent or against his will due to a decision by a government authority"

iii) "The player holds the nationality of the association that he wishes to represent."

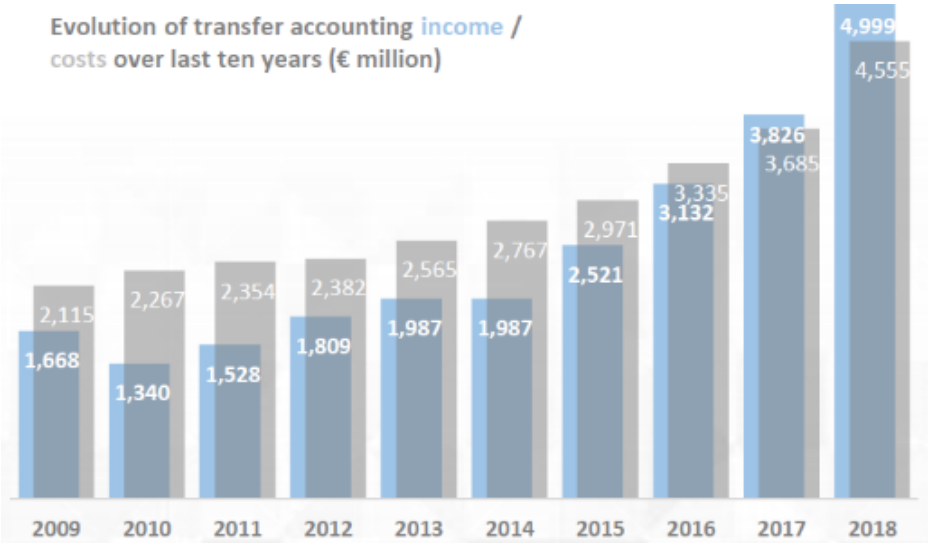
Annex C: Aggregate European Net Profits, with a clear evolution following the FPP



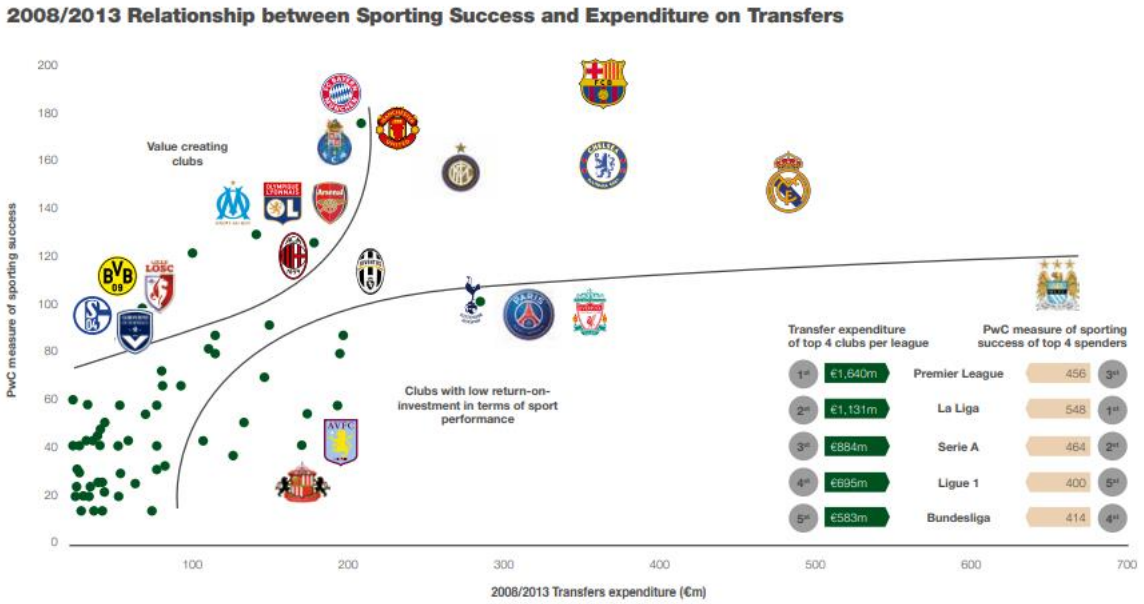
Annex D: Ten year split of transfer spending by all European top tier clubs from 2008 to 2017



Annex E: Evolution of transfer accounting income / costs from 2009 to 2018 in Europe



Annex F: Link between Sporting Success and Expenditure on Transfers



Annex G: Evolution of European Club Summer Window Transfer Spend in €m

