



Football: Broadcasting and the "Big Four" leagues

SUMMARY *Broadcasting rights have been the main driver behind the dramatic increase in the revenues of Europe's four biggest football leagues (England, Germany, Spain and Italy). These rights represented the main revenue source (46%) of these leagues in the 2009-10 season.*

Matchday revenues (mainly ticket sales), broadcasting revenues (negotiated by the leagues or by clubs, depending on the country), and sponsorship and commercial revenues (such as branding on team shirts and sale of jerseys) have been the three key revenue streams for the top football clubs.

The relative importance of these three components varies among and within leagues. For instance, the Italian league is highly dependent on TV rights (2/3 of its revenues), whereas the German league is characterised by dynamic sponsorship and commercial revenues. In Spain, two clubs account for more than half of the total broadcast revenues in the league.

As regards stadium attendance, the top German league is the current leader in Europe, followed by England. In these two leagues, stadiums are often full or nearly full. This is not the case in Italy, where attendance has been particularly affected by old stadiums.

The few available studies on the impact of televised football on stadium attendance tend to identify a small negative impact (English league). However, the amounts paid by broadcasters to the clubs seem to compensate for the losses in matchday revenue. It remains difficult to draw general conclusions from these findings.



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Context

European football's economic dimension has dramatically increased since the 1990s. Despite the current economic crisis, the European football market grew by 4% in the 2009-10 season, reaching €16.3 billion. The market has been dominated by the 'Big Four' top leagues: the English 'Premier League', the German 'Bundesliga', the Italian 'Serie A' and the Spanish 'Liga'.

Figure 1: A comparison of revenues in European football. 2009-10 season, in € million. The 'European Football market' refers to the revenues of the [53 UEFA member countries](#) football professional leagues, FIFA revenues derived from Europe, UEFA revenues (minus payments to clubs) and National Associations revenues (minus payments to clubs).



Data sources: [Deloitte Football Money League 2011](#) and [Deloitte Highlights of Annual Review of Football Finances 2011](#).

Many of the changes that football has experienced have been brought about by the development of TV broadcasting.

Football, now the dominant sport on television in Europe, attracts crowds and massive TV audiences. More than 46 million people in total attended football matches during the 2010-11 season in the Big Four top leagues. Moreover, the May 2009 UEFA Champions' League final was viewed by 109 million people in the world (more than for the annual US Super Bowl game). For the first time, this yearly final was the most-watched annual sports event.

Growing broadcast demand has led to considerable increases in the prices of broadcasting rights. This evolution has resulted in considerable changes in the volume and in the structure of revenues generated by the Big Four top leagues. The funds from TV broadcasts have progressively become more important for clubs, to varying degrees according to the country considered.

Football fans now often have the choice between attending matches in stadiums and watching them live on TV (mostly on pay-TV). In this context, stadium attendance has followed different paths in the Big Four countries.

Evolution of 'Big Four' top league revenues

Three key revenue streams

- *Matchday revenues* include mostly gate receipts (season and day tickets), and also revenue from corporate hospitality (e.g. lounges, business seats, executive boxes). In 2009-10, UEFA estimated the average ticket price to be around €50 in England and Spain, €30 in Germany and €20 in Italy. A club competing in international competitions will harvest more matchday revenues.
- *Broadcast revenues* are revenues from television and radio, for domestic and international competitions (e.g. for UEFA competitions). The emergence of pay-TV broadcasters, competing with traditional free-to-air broadcasters for the award of TV rights, has contributed to the progressive increase in the value of TV rights. In England, Germany and Italy (since the

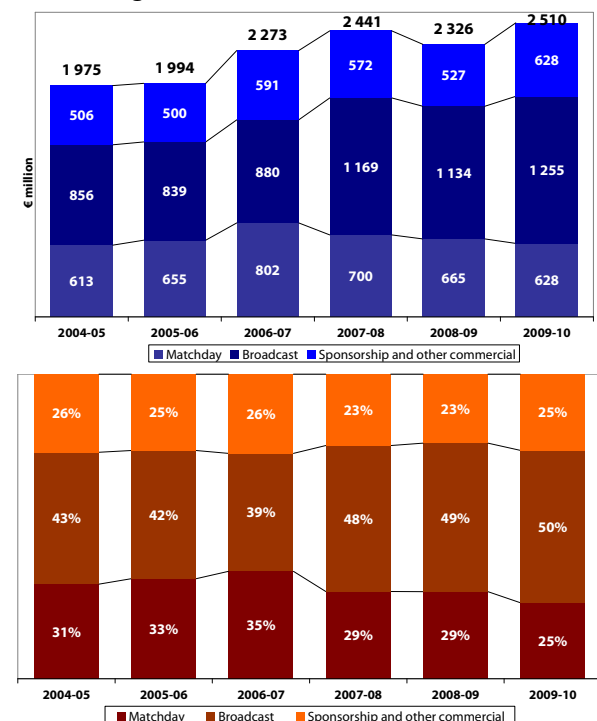
2010-11 season) the league negotiates TV rights for the clubs. Then, it distributes revenues between clubs according to a repartition key. In Spain, each club negotiates directly with broadcasters.

- *Sponsorship and other commercial revenues:* sponsoring revenues stem from branding placed on team shirts, or from 'naming rights' (i.e. a club's stadium is renamed after a brand, e.g. Arsenal's 'Emirates Stadium' for €110 million). Commercial revenues include conferences, catering (dinners offered in executive boxes) and merchandising (the sale of jerseys, scarves, mugs, etc.).

England: the revenue leader

The Premier League is the leading European football league in terms of total revenues, which have increased regularly (the apparent fall in 2008-09 was due to sterling's depreciation against the euro, but sterling revenue increased by 3%).

Figure 2: Absolute and relative evolution of England's Premier League revenues, in € million and %



Data sources: Deloitte Annual Review of Football Finances 2010, Deloitte [Highlights of Annual Review of Football Finances 2011](#), and [ReportCalcio 2011](#). Revenues exclude player transfer fees.

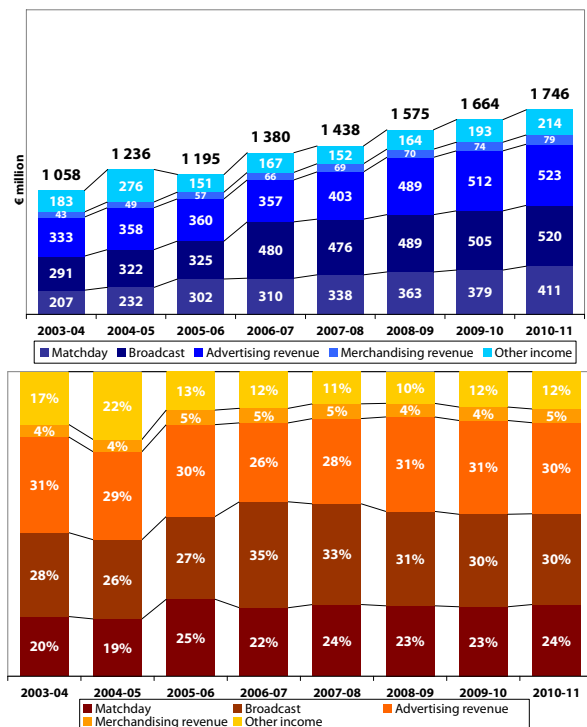
Revenues from broadcasting have exceeded those from matchday attendance since the 2000-11 season. The Premier League is

particularly attractive to international broadcasters, which observers consider to be the main financial competitive advantage of English clubs.

Germany: the most balanced model

The Bundesliga is ranked second in terms of total revenues. It is characterised by the importance of sponsorship and other commercial revenues (47%) and the lowest share of broadcasting revenues in the Big Four (30%).

Figure 3: Absolute and relative evolution of Germany's Bundesliga revenues, in € million and %



Data sources: [Bundesliga Reports 2012](#) and [2008](#), Deutsche Fußball Liga. Revenues exclude player transfer fees.

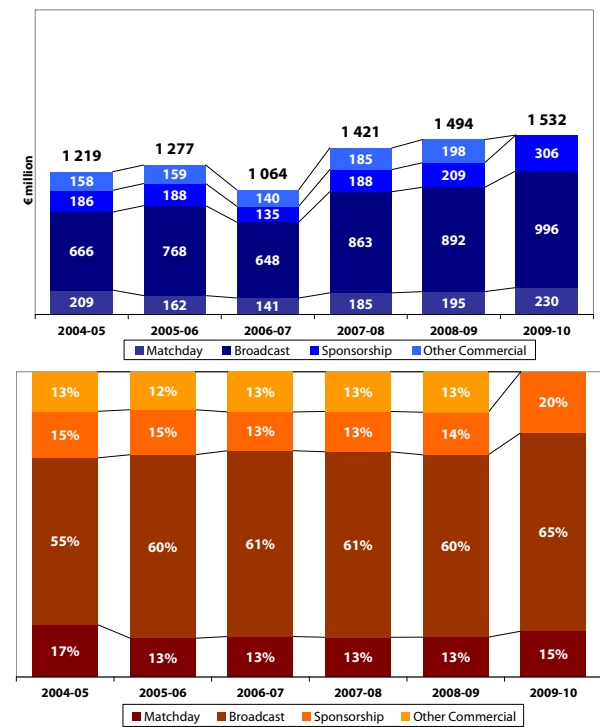
German clubs traditionally generate high commercial revenues. Bayern Munich is the paragon of this German specificity, ranking first in Europe in this category of revenue, which represents 55% of its revenues (see annex). German football is the least reliant on TV rights.

German clubs' strategy is based on new or recently renovated stadiums (some of them for the organisation of the 2006 World Cup). These stadiums offer better conditions for fans and improved business seats, which have increased attendance and commercial revenues.

Italy: the most dependent on TV rights

Serie A is highly dependent on TV rights, which represent nearly 2/3 of its revenues.

Figure 4: Absolute and relative evolution of Italian Serie A TIM revenues, in € million and %



Data sources: Deloitte Annual Review of Football Finances 2010, Deloitte [Highlights of Annual Review of Football Finances 2011](#), and [ReportCalcio 2011](#). Revenues exclude player transfer fees. 2009-10: no split between sponsorship and other commercial revenues. Until the 2009-10 season included, TV rights were negotiated individually by clubs.

Increasing over-reliance on broadcast revenues could represent a threat to Italian football, which, according to [experts](#), needs to develop other sources of income.

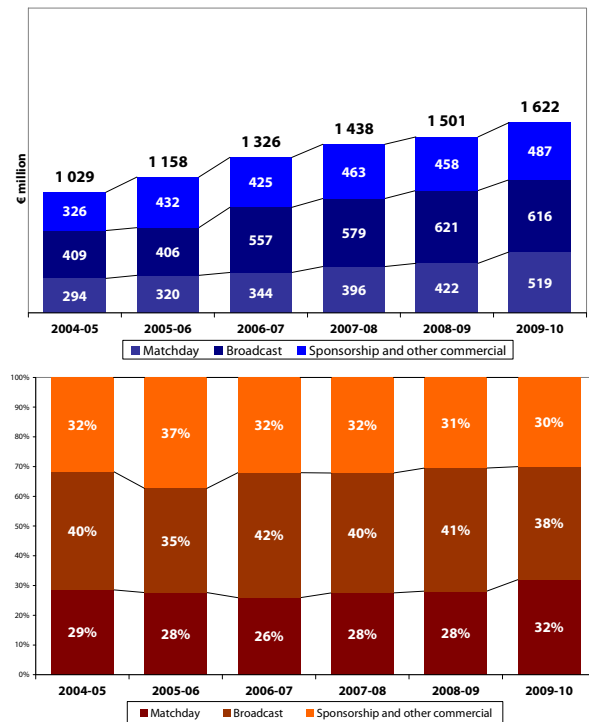
In particular, observers often point to the need for a new generation of stadiums (e.g. more family friendly, offering better corporate hospitality facilities). There are currently almost no corporate hospitality revenues in Italy and the average attendance per game in stadiums is the lowest in the Big Four. Analysts also highlight areas for improvement such as marketing, protection of brands, and improved customer service, which are critical to diversify clubs' income sources. Moreover, as stadiums are not owned by clubs but by local authorities, the revenues they generate are limited to matchdays, which is not the case in England for instance. Owning or renting a stadium for a long period may enable clubs to diversify and increase their revenues. The Juventus Arena, inaugurated in September 2011, is owned by the club. It seats 41 000 (compared to 28 000 before) and has a shopping complex, bar, restaurants, 3 600

premium seats and an additional 120 executive boxes.

Spain: growth driven by two clubs

In Spain the revenue model is quite balanced. However, the specificity of the Spanish league is the weight of two clubs in its revenues.

Figure 5: Absolute and relative evolution of Spain's Liga BBVA revenues in € million and %



Data sources: Deloitte Annual Review of Football Finances 2010, Deloitte [Highlights of Annual Review of Football Finances 2011](#), and [ReportCalcio 2011](#). Revenues exclude player transfer fees.

In the 2008-09 season FC Barcelona and Real Madrid represented 51% of the league's total revenues (47% of matchday revenues, 51% of broadcast revenues and 55% of sponsorship and other commercial revenues). Individual negotiation for TV rights has favoured this polarisation of revenues within the league.

In 2009-10, at an aggregate level, broadcasting rights represented the main revenue source of the Big four leagues (46%),

sponsorship and other commercial revenues 30% and matchday revenues 24%. Broadcasting revenues have been the main driver in the growth of these leagues' revenues.

Figure 6: Rankings of the leagues (2009-10 season).

Ranking in terms of... (1=highest rank)	Premier League	Bundesliga	Liga	Serie A
Total revenues	1	2	3	4
Matchday revenues	1	3	2	4
Broadcasting revenues	1	4	3	2
Commercial revenues	2	1	3	4
Attendance per match	2	1	3	4
UEFA ranking on 16/03/12	1	3	2	4

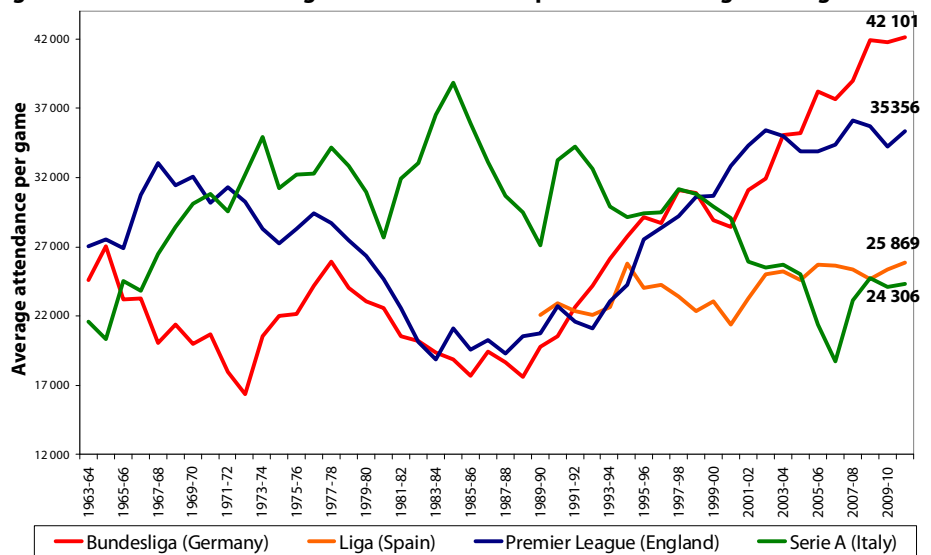
Evolution of attendances in stadiums

Germany leads the ranking in terms of average attendance per match, which has regularly increased over recent years. The high quality of German stadiums is one of the main factors explaining this situation.

England ranks second. Its stadiums have the highest average rate of capacity utilisation of stadiums (figure 8). [Experts](#) consider that the fight against hooliganism and high quality stadiums have contributed to the high level of attendance in the English league (following the Hillsborough stadium disaster, when nearly 100 people died in 1989, stadiums were fundamentally revamped).

At a league level, the mix of clubs in a given season may also impact the average

Figure 7: Evolution of the average stadium attendance per match in the Big Four leagues.



Data sources: England: Deloitte, [Premier League](#) and [European Football Statistics](#). Germany: [Bundesliga Reports 2012](#) and [2008](#), Deutsche Fußball Liga. Italy: Deloitte, [ReportCalcio 2011](#) and [European Football Statistics](#). Spain: Own calculations based on [Memorias anuales de la Liga de fútbol profesional](#).

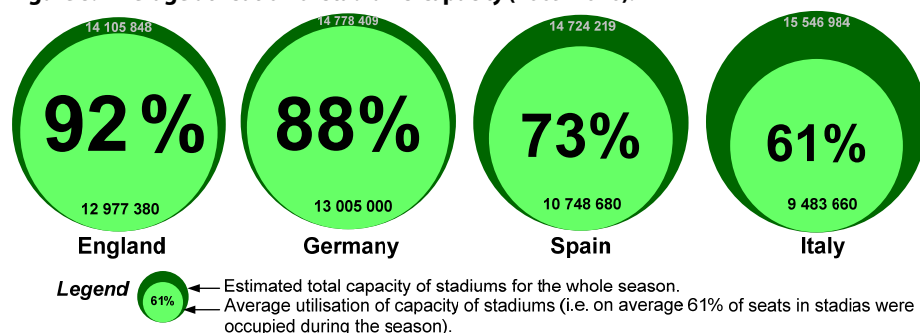
attendance (e.g. the relegation of a popular club may reduce average attendance). This was the case for the decrease observed in the 2009-10 season (relegation of Newcastle United).

In **Italy**, despite a recent recovery, attendance levels remain below their high average of the late 1990s. Specialists point to a series of factors to explain this evolution: violence or perceived insecurity in stadiums, repeated scandals (e.g. match fixing, corruption, doping affairs), the financial difficulty of some clubs, and above all, the bad state of stadiums (in the 2009-10 season, stadiums were on average 69 years old).

Reduced attendance observed for the 2006-07 season was mainly due to the absence of one of the major Italian clubs (Juventus), which was relegated to Italy's second division following a match-fixing scandal. The return to the top league of some historic clubs (Napoli and Genoa) has also contributed to the recent slight increase in attendances.

The figures for average stadium capacity utilisation (figure 8) show that English and German clubs are often 'capacity constrained' (i.e. they could sell more tickets if stadiums were bigger), which restricts attendance growth. This is not the case for Spanish and Italian clubs.

Figure 8: Average utilisation of stadiums' capacity (2009-2010).



Data sources: [UEFA Club Licensing Benchmarking Reports Financial Year 2010](#) and [ReportCalcio 2011](#).

Impact of TV broadcasting on attendances

Most of the studies concern England

Watching matches live on TV may represent a cheap substitute for fans to watching them live

in stadiums. A few academic studies have been carried out to assess the potential impact of TV on attendance in football stadiums. These studies, involving econometric analysis of the reasons for attendance variations by match and by season, have been carried out since the 1970s, particularly in the UK. The effects of live television broadcasts on English match attendance has been one of the aspects studied.

However, academics face difficulties in measuring the real demand for tickets, as many leading clubs are capacity constrained. In these cases the true demand for tickets is not observable.

An overview of findings

A 1996 [study](#) on the effects of live television on English Premier league match attendances in the 1994 season concluded that only live broadcasts on Monday evenings had a negative impact on attendance (around -15%), but not live broadcasts on Sundays. However payments received by the home club for these matches more than compensated for the losses in ticket sales.

Another [study](#) (2004), concerning the 1993 to 1998 seasons of the top two English leagues, concluded that the negative effect of TV on attendance was negligible and that losses in gate and other stadium revenues were smaller than the payments received from TV companies.

A [study](#) on the Scottish Premier League (2008) showed that attendance of season ticket holders is not affected by live broadcasts. However, some supporters buying individual tickets were less likely to attend matches broadcast on a free-to-air TV channel.

A 2006 [study](#) on attendance in English lower divisions showed that attendance falls when a match in a higher status competition (e.g. UEFA

Champions' League) was broadcast live simultaneously.

Some positive effects of TV on attendance cannot be excluded: a 2008 [study](#) concerning lower division matches from 1998 to 2004 found that match screening reduces attendance, but that higher attendance increases TV audience (offering a better show to TV viewers).

Factors that seem to have a significant effect on attendance

The size of the market from which the club draws its support, the geographical distance separating the two playing teams, as well as price (minor price sensitivity of attendance), have been identified as significant factors explaining evolution in attendance. Team performance seems to have a greater influence on attendance than price. Furthermore, matches that are crucial for end-of-season championship standings tend to attract more people to stadiums.

Moreover, a [study](#) (2008) showed that in Germany the presence of 'superstar players' in Bundesliga matches increased attendances when playing both at home and away.

Main references

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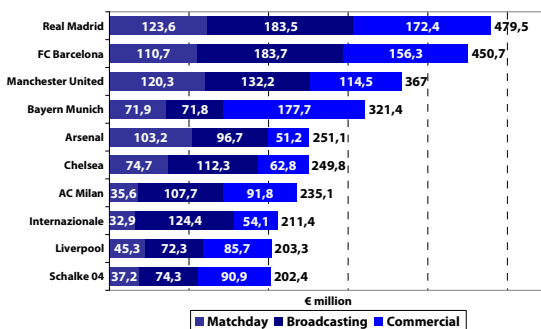
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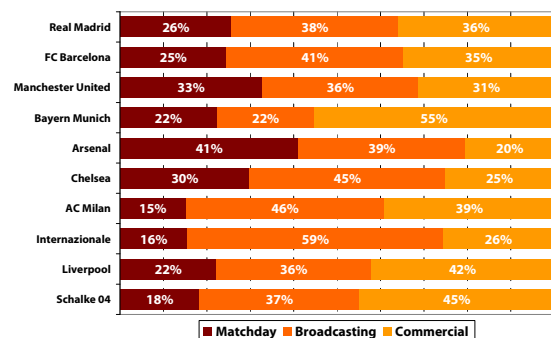
Annex: Revenues of the richest European football clubs

Figure a: Breakdown of revenues for the ten richest football clubs in the 2010-2011 season, in € million



Data sources: Deloitte Football Money League 2012 (February 2012).

Figure b: Breakdown of revenues for the ten richest football clubs (2010-2011 season), in %



Data sources: Deloitte Football Money League 2012 (February 2012).