THE GLOBAL FOOTBALL INDUSTRY
MARKETING PERSPECTIVES

Edited by
James J. Zhang and Brenda G. Pitts
In recent years, football’s status as “the world’s sport” has shown little sign of waning. From increasing participation at grassroots levels and to the highly lucrative media rights deals secured by the top elite clubs, the game appears to be thriving as it continues to excite and enthrall billions of people around the globe. Nevertheless, there are a number of challenges and opportunities facing the football industry today that warrant further examination.

This book brings together leading international researchers to survey the current state of the global football industry, exploring contemporary themes and issues in the marketing of football around the world. With contributions from Europe, Asia, and the Americas, it discusses key topics such as football club management, the economics of the football industry, match-fixing, social media, fan experiences, the globalized marketplace, and the growing popularity of the women’s game.

Offering insights for researchers, managers, and marketers who are looking to stay ahead of the game, *The Global Football Industry: Marketing Perspectives* is essential reading for anyone with an interest in international sport business.

**James J. Zhang** is a Professor and Director of the International Center for Sport Management (ICSM) at the University of Georgia in Athens, Georgia, USA.

**Brenda G. Pitts** is a Professor of Sport Management and Director of the Sport Business Research Laboratory at Georgia State University in Atlanta, Georgia, USA.
The World Association for Sport Management (WASM) was founded to facilitate sport management research, teaching and learning excellence, and professional practice, across every continent. The WASM book series is designed to support those aims by presenting current research and scholarship, from well-established and emerging scholars and practitioners, on sport management theory, policy, and practice. Books in the series will explore contemporary issues and key challenges in sport management and identify important new directions for research and professional practice. Above all, the series aims to encourage and highlight the development of international perspectives, international partnerships, and international best practice in sport management, recognizing the globalized nature of the contemporary sport industry.

Available in this series:

1 Global Sport Management
   Contemporary Issues and Inquiries
   Edited by Brenda G. Pitts and James J. Zhang

2 Contemporary Sport Marketing
   Global Perspectives
   Edited by James J. Zhang and Brenda G. Pitts

3 The Global Football Industry
   Marketing Perspectives
   Edited by James J. Zhang and Brenda G. Pitts
The Global Football Industry

Marketing Perspectives

Edited by James J. Zhang and Brenda G. Pitts
List of contributors vii

SECTION I
Global football industry 1

1 Contemporary global football industry: an introduction 3
   N. DAVID PIFER, YAN WANG, GLAUCIO SCREMIN, BRENDA G. PITTS,
   AND JAMES J. ZHANG

2 European grassroots football: structural and managerial
   peculiarities 36
   CHRISTOPH BREUER AND TOBIAS NOWY

3 Economic importance of football in Germany 62
   HOLGER PREUSS, IRIS AN DER HEIDEN, AND CHRISTIAN ALFS

4 Nonlocal Portuguese football fans and their love for the
   “Big Three” 78
   BORIS OSORIO AND CRAIG HYATT

5 The driving forces of competitive balance in European
   football: a review of Europe’s top leagues 101
   N. DAVID PIFER

6 Competitive balance in the Chinese soccer league 133
   JIE XU, SCOTT TAINSKY, LIANG WEI, AND NATALIE L. SMITH
SECTION II
Marketing perspectives 151

7 Psychographic profiling and segmenting Major Indoor Soccer League fans 153
GLAUCIO SCREMIN AND SU LIU

8 When the beautiful game turns ugly: fan experiences of perceived match fixing in football 183
ADRIANO M. LAMBERTI AND CRAIG HYATT

9 Videographic analysis of “Weird Guys”: what do relationships mean to football fans? 210
HERBERT WORATSCHEK, CHRIS HORBEL, AND BASTIAN POPP

10 Comparison of marketing approaches in men’s and women’s football events 237
DANA ELLIS AND BECCA LEOPKEY

11 The equalizer: feminist themes in NWSL club marketing 269
CHRIS HENDERSON, BECCA LEOPKEY, AND JAMES J. ZHANG

12 General game support programs associated with professional team sports 303
KEVIN K. BYON, MANDY Y. ZHANG, NOAH Y. HSU, DAN DRANE, BRENDA G. PITTS, AND JAMES J. ZHANG

Index 331
Contributors

Christian Alfs, Johannes Gutenberg University Mainz, Germany
Christoph Breuer, German Sport University Cologne, Germany
Kevin K. Byon, Indiana University, USA
Dan Drane, Winthrop University, USA
Dana Ellis, Laurentian University, Canada
Iris an der Heiden, Johannes Gutenberg University Mainz, Germany
Chris Henderson, Miami University, USA
Chris Horbel, University of Southern Denmark, Denmark and Norwegian School of Sport Sciences, Norway
Noah Y. Hsu, Aletheia University, Taiwan
Craig Hyatt, Brock University, Canada
Adriano M. Lamberti, Brock University, Canada
Becca Leopkey, University of Georgia, USA
Su Liu, China Pharmaceutical University, China
Tobias Nowy, German Sport University Cologne, Germany
Boris Osorio, Brock University, Canada
N. David Pifer, Texas Tech University, USA
Brenda G. Pitts, Georgia State University, USA
Bastian Popp, Saarland University, Germany
Holger Preuss, Johannes Gutenberg University, Germany
Glaucio Scremin, University of West Georgia, USA
Natalie L. Smith, East Tennessee State University, USA
Contributors

Scott Tainsky, Wayne State University, USA
Yan Wang, Shanghai University of Sport, China
Liang Wei, Jinan University, China
Herbert Woratschek, University of Bayreuth, Germany
Jie Xu, University of Illinois, USA
James J. Zhang, University of Georgia, USA
Mandy Y. Zhang, Shanghai University, China
Section I

Global football industry
In recent years, the sport of football, also known as soccer in North America, has managed to further entrench itself as “the world’s game.” Buoyed by an increasingly diverse array of participation at the grassroots level, and spurred forward at its highest professional ranks by bankrolling owners and lucrative media rights deals, this relatively simple, yet beautiful game has continued to excite and enthrall billions of people around the globe. Its premier tournament, the FIFA World Cup, has grown into the largest, single-event sporting competition in the world, with an estimated 3.2 billion people tuning in to watch the 64 matches that were played in Brazil during the summer of 2014 (FIFA, 2014a). The English Premier League (EPL), considered by many to be the most popular professional sports league in the world, recently agreed on a television deal that will distribute over $7.3 billion in revenues to its member clubs over the 2016–2017 to 2018–2019 seasons (Premier League, 2015b). The grassroots level, too, is experiencing growth, with nations that have been reluctant to football’s influence in the past now boasting some of the sport’s highest participation numbers (Johnson, 2015; King, 2014).

Nonetheless, even in the midst of football’s financial and fundamental successes, there remains a need for continued research and recommendation in all areas of the sport. FIFA, after all, finds itself embroiled in scandal and corruption, and mega events such as the World Cup continue to raise questions about the benefits and financial burdens that are left to the host communities. At the top levels of the club game, the influx of new money means that team administrators must find the most efficient and effective ways to transform these funds into on-field success. It also means that the leagues must deal with assertions that the competition is becoming more unbalanced as the revenue gaps between the big and small clubs widen. Therefore, clubs of all sizes can benefit from explorations into potential sources of new revenue and whether or not their current arrangements are providing an adequate amount of capital. Similarly, the businesses and corporations
relinquishing these funds through television and sponsorship deals should be concerned with whether or not these ventures are providing the best value for the money. With some of the payments made by these organizations reaching record-breaking levels, analyses into whether or not they are receiving adequate returns on their investments become warranted.

In regions of the world where football’s influence is not as pronounced, fledgling leagues are looking for ways to grow and market their product so that they, too, can claim a share of football’s lucrative revenues. Some of the teams in these leagues have resorted to paying high wages and transfer fees for current and former star players (Atkins, 2016), believing that these signings will raise both the competitive quality and consumer awareness of their clubs. Others have employed unique marketing promotions in order to attract an increasingly perceptive group of consumers (Jowdy & McDonald, 2002). Nations in these parts are also hoping to increase the success of their national teams while developing and tapping into the rising levels of grassroots participation. Numerous opportunities and challenges currently exist in emerging football economies and across the industry as a whole. The purpose of this chapter is twofold. First, it seeks to provide an overview of football’s growth in order to frame the current situation and build a context for the overall examination. Second, it highlights and discusses the opportunities and challenges that currently exist within football’s international and club environments, paying special attention to developing football nations. As such, the authors were able to offer suggestions to researchers, managers, and marketers who are looking to explore the opportunities and address the challenges that currently exist within the global football industry. Collectively, this all-encompassing review provides an overview of the world’s game and a platform from which future football-related studies can proceed.

**Growth of football**

*Origins and evolution*

With an ancient origin dating back to the second and third centuries B.C., football has managed to withstand the tests of time and propagate its legacy amidst the rise and fall of empires, the outbreak of deadly diseases, and the conflicts brought forth in back-to-back, world wars (FIFA, 2016b). That it has survived in some form or fashion over these 2,000-plus years lends credence to both its inherent durability and its longstanding ability to capture the attention of the masses. Although England is typically credited with establishing and popularizing the modern form of the game, historical records indicate that ancient China actually created the earliest version of the sport around 200 B.C. Known as *Tsu’ Chu*, this sport required players to fend off opponents while maneuvering a leather
ball filled with feathers and hair through a small opening on their opponents' end of the playing field. Use of the hands was not permitted, leaving the feet as the most efficient means of guiding the ball to its intended destination (FIFA, 2016b).

Other primitive versions of the sport were subsequently recorded in Japan and Greece, but FIFA (2016b) credits England for giving structure to the game during the 1800s. Initially, the sport consisted of a mob of participants moving the ball from one end of a field to another, and it was usually played by students at schools and universities. However, the game was rough and informal, and it seemed as though each group of participants had a different interpretation of the rules. Some, such as the school at Rugby, allowed the ball to be carried by hand and tolerated the more aggressive features of the sport such as tackling and tripping. Others, like the school at Cambridge, disallowed the use of the hands and placed more emphasis on the technical ability of the participants. Following years of disorganized and even dangerous matches between rival teams, a subset of organizers finally sought to establish a universal set of rules in order to create consistency and a faction that was separate from the Rugby-style version of the game. These representatives conducted a series of meetings throughout London in 1863, standardizing a series of laws to regulate play and forming the Football Association (FA) that governs the English game to this day. From here, association football distinguished itself from “rugby” and spread quickly throughout Britain and the rest of Europe. By 1872, over 50 English clubs were participating in the sport and the first FA Cup was played out between them. That same year, England played Scotland in the first-ever international match, leading the latter to establish its own governing body for the sport in 1873. Wales (1875) and Ireland (1880) were the next to form their respective governing bodies, and when the Netherlands and Denmark did so in 1889, the game officially left British borders. Prominent football nations such as Argentina (1893), Italy (1898), Uruguay (1900), and Germany (1900) announced the formation of their associations shortly thereafter, and in 1904, the Fédération Internationale de Football Association (FIFA) was created in Paris, France (FIFA, 2016b).

**FIFA and the World Cup**

FIFA was created with the goal of unifying the various national associations that had formed across Europe and the rest of the world at the turn of the nineteenth century. Branding itself as football’s international governing body, the association set out to lend further clarity to the laws of the game while providing a more official means through which international matches and competitions could be staged. As part of its early mission, FIFA sought to establish an international football competition that could determine a
world champion and bolster the growing popularity of the sport. Initially, FIFA held its world championship in conjunction with the Olympic Games, where it proved to be an immense success from 1908 to 1928. However, the amateur nature of the Olympics cast doubt on its long-term viability as a platform for the highest level of football competition, and prompted FIFA officials to devise an alternative. Jules Rimet, FIFA’s president at the time, accordingly took it upon himself to spearhead a movement that would provide football with a championship event of its own. Per his efforts, the FIFA World Cup was born, and the inaugural tournament took place in Uruguay during the summer of 1930. That July, the hosts went on to win the first edition of the tournament with a 4–2 victory over Argentina in the final match (FIFA, 2016a).

Since its inception, the World Cup has lived up to Rimet’s billing and grown into the largest, single-event sporting competition in the world. The number of teams participating in the final stages of the tournament has increased considerably from 13 at Uruguay in 1930 to 32 from 1994 onward. The viewership numbers have also attested to its rising popularity. During the 2014 World Cup in Brazil, an estimated 3.2 billion people tuned in to watch the 64 matches that were played throughout the tournament, with one billion of those viewers tuning in to watch the final alone (FIFA, 2014a). To put these numbers in perspective, the 2014 edition of the National Football League’s (NFL) Super Bowl was watched by 160 million viewers worldwide (Both, 2015), and the opening ceremony of the 2012 London Olympics garnered a global audience of 900 million (Ormsby, 2012).

As an event that is played just once every four years across cities in a designated host country, there is an element of scarcity that surrounds each tournament. The infrequent nature of the World Cup, combined with its position as a showcase for the world’s most popular sport, make it an exclusive event for both the rising number of viewers and the corporations that hope to profit from them. Indeed, commercial sponsors and advertisers pay large sums of money for the opportunity to associate their brands with the World Cup, and television networks engage in extensive bidding wars for the rights to broadcast the event’s matches. In 2014, commercial sponsors partnering with the World Cup contributed $1.6 billion in revenues to FIFA, while broadcasting rights to the tournament fetched upwards of $2.4 billion. Adding in its other sources of income, FIFA raked in close to $5.7 billion in total revenues during the 2011–2014 budgeting cycle. This total set a new record of earnings and represented an increase of over 26% from the $4.2 billion that was accrued over the 2007–2010 period (FIFA, 2010, 2014b). “The [2014] FIFA World Cup was a veritable success,” said former FIFA president Sepp Blatter, “concluding the 2011–14 financial period on a great high” (FIFA, 2014b). With profits of $338 million and financial reserves in excess of $1.5 billion, FIFA appears to be operating on a healthy margin.
Youth and societal development

Today, ensuring the continued success of inspirational tournaments like the World Cup remains at the forefront of FIFA's overall mission. Nonetheless, the ever-growing popularity of the sport has also led the association to identify a new primary objective of improving the game and promoting it globally, particularly through the advancement of youth development programs (FIFA, 2016c). For this reason, FIFA now donates proceeds from World Cup revenues to developmental projects in each of its 209 member associations. Many of these programs exist in third world countries, and therefore depend on these funds for day-to-day operations. The latest financial reports from FIFA (2014b) show that 72% ($3.8 billion) of the association's $5.3 billion in expenses over the 2011–2014 budgeting cycle were directed toward FIFA events and grassroots development projects. FIFA also claims to care about society and the environment, citing the need for its programs and events to not only enhance the lives of football-playing youth, but to leave behind a positive legacy in its World Cup host communities (FIFA, 2016c). Accordingly, FIFA has created a Legacy Fund that provides the hosting association with $100 million to help cover developmental and infrastructural costs that last beyond the duration of the tournament.

FIFA also positions itself as a key player in the quest to provide everyone with the equal right to play. Having seen the ways in which the sport can overcome social, political, and economic barriers, FIFA founded the Women's World Cup in 1991 and embarked on a recent “Say No to Racism” campaign in an effort to eliminate inequality and prejudice from the game. Ironically, the women's game has taken off in past decades, particularly in nations such as China and the United States where the men's game has been slower to catch on. As a result, the sport is now providing a platform for female athletes to showcase their skills and cultivate followings similar to those enjoyed by their male counterparts (Kim, 2015). For its part, FIFA earmarked around $200 million in its latest budgeting cycle for improvements in women's football and other solidarity projects (FIFA, 2014b).

The club game

Although the World Cup stands out as football's premier event and dominates the sporting headlines once every four years, the various club systems that exist across the globe are what truly cultivate and carry the sport on an annual basis. According to global management consulting firm, A.T. Kearney, the worldwide revenues derived from the ticketing, media, and marketing efforts of professional football events amounted to a staggering $28 billion in 2011 (Zygband, Collignon, Sultan, Santander, & Valensi, 2011). To put this figure in perspective, the 2011 combined revenues of the four major North American sports of football, baseball, basketball, and
hockey, along with the more global games of tennis, golf, and Formula 1 racing, totaled $32 billion (Zygband et al., 2011). The fact that football alone was able to generate just $4 billion less in annual income than a combination of the world’s remaining, popular sports speaks volumes to the level of affluence on which it operates. It also highlights the importance of the club game in supplying the demand that is regularly craved by consumers and corporations around the world.

Indeed, the cyclical nature of the World Cup and other international competitions means that these mega events account for just a fraction of the revenues that are persistently generated by the sport. In reality, the European club scene lends fundamental and financial relevance to football on a more consistent basis. Nearly 79% ($22 billion) of football’s total revenues in 2011 were attributable to European club football, with Europe’s top five club leagues – the EPL (England), Bundesliga (Germany), La Liga (Spain), Ligue 1 (France), and Serie A (Italy) – accounting for nearly half of this sum. These 2011 estimates also preceded many of the lucrative revenues that have since flowed into the sport through the updated media rights deals and sponsorship arrangements. In the United Kingdom, for example, the domestic rights for live television broadcasts of the EPL’s 2016–2017 to 2018–2019 seasons were recently sold for over $7.3 billion ($2.4 billion per season) to the highest bidders (Premier League, 2015b). Even in countries that are not traditionally associated with the sport, such as the United States and China, foreign EPL broadcasting rights were able to fetch revenues of $1 billion and $92 million, respectively (Harris, 2016; Sandomir, 2015).

In addition to the rising tide of broadcasting revenues, many of the world’s top leagues and teams are also benefiting from the commercial partnerships that have become more common in recent years. Total commercial revenues across the EPL and Ligue 1 rose by $990 million and $250 million, respectively, between the 2012–2013 and 2013–2014 seasons (Deloitte, 2015) as corporations looked to profit from the rising popularity of these leagues’ teams. Nowhere was this trend more visible than in the record-breaking kit deals that Manchester United was able to obtain prior to the starts of the 2014 and 2015 seasons. The first of these was a $560 million kit-sponsorship agreement with American car manufacturer, Chevrolet, which saw the company’s chevron logo earn a prominent place across the front of Manchester United’s game-worn and replica jerseys (Baxter, 2014). “Chevrolet as a global brand is really trying to strengthen our position in a lot of emerging markets,” said Megan Stooke, Chevy’s director of global marketing. “When you look at the fan base of Manchester United, one of the world’s most popular sports brands, we saw a great alignment in those markets” (Baxter, 2014). The deal, which runs through the end of the 2020–2021 season, is not even the most rewarding portion of Manchester United’s kit. That honor belongs to apparel magnate Adidas and the ten-year, nearly
$1.3 billion deal it agreed with United to be the official manufacturer of its kits through the 2024–2025 season (Bandenhausen, 2015). With these, United will rake in close to $200 million a year for allowing the Chevrolet logo to be emblazoned across its Adidas-supplied jerseys for the next several seasons. As seen in Table 1.1, many of Europe’s other top clubs also take advantage of exorbitant kit deals in order to bolster their finances.

**Pursuit of success**

Even as revenues continue to pour into the club scene, the reality is that very few of these teams are out to pocket their financial profits. Rather, they intend to use the money to fund wins (Szymanski, 2015). As such, clubs in leagues across the world are splashing the cash on the transfer fees and wages that are necessary to attract and retain the top players in the world. The annual reports published by Deloitte on the financial status of clubs in the top five European leagues have shown that the average wage-to-revenue ratios of these teams is nearly 60%, indicating that over half of their revenues are being reinvested in the on-field product (Deloitte, 2015). These wage figures do not even account for the transfer fees—the sums of money paid to purchase an under-contract player from another team—that often accompany player acquisitions and now reach into the hundreds of millions of dollars (Cunningham, 2013; Frick, 2007). But are these expenditures necessary? A study by Hall, Szymanski, and Zimbalist (2002) tested

**Table 1.1 Ranking of European football’s most valuable kit deals by annual revenues (2015–2016)**

<table>
<thead>
<tr>
<th>Team</th>
<th>Manufacturer</th>
<th>Sponsor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manchester United</td>
<td>Adidas ($117m)</td>
<td>Chevrolet ($79.9m)</td>
<td>$195m/year</td>
</tr>
<tr>
<td>Chelsea</td>
<td>Adidas ($47m)</td>
<td>Yokohama ($62.3m)</td>
<td>$109.3m/year</td>
</tr>
<tr>
<td>Arsenal</td>
<td>Puma ($47m)</td>
<td>Fly Emirates ($47m)</td>
<td>$94m/year</td>
</tr>
<tr>
<td>Liverpool</td>
<td>New Balance  ($43.6m)</td>
<td>Standard Chartered ($39m)</td>
<td>$82.6m/year</td>
</tr>
<tr>
<td>Manchester City</td>
<td>Nike ($18.7m)</td>
<td>Etihad Airways ($62.3m)</td>
<td>$81m/year</td>
</tr>
<tr>
<td>Real Madrid</td>
<td>Nike ($46.7m)</td>
<td>Fly Emirates ($32.8m)</td>
<td>$79.5m/year</td>
</tr>
<tr>
<td>Barcelona</td>
<td>Nike ($36.1m)</td>
<td>Qatar Foundation ($32.8m)</td>
<td>$68.9m/year</td>
</tr>
<tr>
<td>Bayern Munich</td>
<td>Adidas ($27.3m)</td>
<td>Deutsche Telekom ($32.8)</td>
<td>$60.1m/year</td>
</tr>
</tbody>
</table>

the link between team payroll and performance within the EPL from 1974 to 1999 and found strong correlations between a team’s winning percentage and how much it spent on wages compared to the league average over time. These results are visualized in Figure 1.1. Tomkins, Riley, and Fulcher (2010) showed a similar relationship between team success and transfer fee expenditures. In both situations, those who spent heavily appeared to reap the associated rewards.

This buyer’s mentality has long been modeled by clubs like Real Madrid in Spain, where each season seems to mark the arrival of a new Galactico. As the richest club in the world, Madrid is seldom afraid to flaunt its wealth in the face of its La Liga and European rivals by purchasing some of the biggest names on the market. Unsurprisingly, Madrid has set and broken the world transfer record five times since 2000 by bringing in star players like Luis Figo, Zinedine Zidane, and Cristiano Ronaldo (Cunningham, 2013). Most recently, the club spent a record amount on Gareth Bale despite having a number of attacking options already present in its squad (Marcotti, 2013). “I must repeat that my policy is to try to sign the best players in the world,” says Real Madrid president Florentino Perez, “in every position where we do not already have that” (Simons, 2004).

Perez’s actions at Madrid highlight a trend that has also taken place within the EPL over the last couple of decades as wealthy, often foreign owners arrive on the scene and inject large amounts of cash into their clubs’ payrolls. Bankrolling owners such as Roman Abramovich at Chelsea and Sheikh
Mansour at Manchester City serve as prime examples of this phenomenon, as both took relatively mediocre clubs to new heights by serving as their benefactors in the transfer market (Szymanski, 2015). The cash they pumped into these clubs was an asset unrealized by teams of less affluent ownership, and it helped them outbid their rivals for the world’s top talents. In the process, a unique facet of the European league structure was also revealed; that is, it is free from the labor market restrictions that impede the fluid movement of players in other professional sport leagues (Frick, 2007). In North America, for instance, the NFL and National Hockey League (NHL) require all of their member teams to keep payrolls beneath a designated salary cap. Similarly, the National Basketball Association (NBA) and Major League Baseball (MLB) tax teams who spend above a mandated salary threshold and redistribute these taxes to teams who do not (Howard & Crompton, 2014). As noted by Hall et al. (2002), “The absence of these restrictions in English football make it more likely that teams can buy success” (p. 166).

The formula for success seems rather straightforward, namely the possession of a bankrolling owner who will buy the top players at will or use the growing revenue streams to make smart decisions in the transfer market. Fledgling teams in less-developed leagues such as the Chinese Super League (CSL) seem to have bought into the former strategy. As shown in Figure 1.2, the 2015–2016 winter transfer window saw CSL teams spend nearly $296 million on player acquisitions (FIFA Transfer Matching System, 2016). To put this total in perspective, teams from the EPL, the wealthiest league in the world, spent a comparatively less $181 million on player transfers, and the sum total of all transfer expenditures in the top five European leagues during this period was just $58 million higher (ESPNFC.com, 2016). Jiangsu Suning FC, a mid-level CSL team for the better part of the last decade, ignited the spending spree with the $32 million acquisition of Brazilian midfielder Ramires from Chelsea. They were outdone shortly thereafter by Guangzhou Evergrande’s $48 million purchase of Jackson Martinez from Atletico Madrid (Spain), but returned to the top of the CSL spending charts with a $57 million move for Shakhtar Donetsk’s (Ukraine) Alex Teixeira (Atkins, 2016). Teixeira was a reported target for EPL giant Liverpool at the time, but apparently opted for a move to China after hearing that Suning would pay him nearly $11.5 million a year over the duration of his four-year contract (Atkins, 2016). Overall, money certainly seems to have a heavy influence in the proceedings of modern football clubs.

**Opportunities and challenges**

**Winning without money**

Spending exorbitant amounts of money on elite-level athletes seemed to be the easiest and most assured method of finding success in European club football over the past several seasons. In England, for example, the strong
correlations between money and performance saw the same teams competing at the top end of the table on a regular basis. In fact, no team ranked outside of the top-four in terms of wage expenditures for a given season had ever won a championship in England’s top flight (Szymanski, 2016). At the end of the 2015–2016 season, however, something happened that shattered these commonly held assumptions and offered hope for the financially less-endowed. Leicester City, competing with a squad whose total, monetary value prior to the start of the season was less than the transfer fees paid for individual players on some of the EPL’s wealthier clubs, won the EPL title. Having begun the season as 5000–1 outsiders, Leicester cruised to victory on the wings of undervalued players and a coach that was considered past his prime (Figueira, 2016). Table 1.2 shows just how far back the team was ranked in terms of payroll relative to its EPL competitors.

How was a team with so little financial backing able to upset the odds and run the table on England’s elite? Although it is perhaps too soon to tell, some are crediting the club’s rise to the efficient and effective use of data analytics (Bahia, 2015). The field of analytics, in many ways, represents one of the biggest opportunities for advancement in professional football.
management and research. By using a host of statistical methods to model the performances and interactions of players and teams, analysts are able to supplement a manager’s observed knowledge with statistical facts and figures that can help guide decision-making. The game of football, though, is inherently difficult to model. It contains a relatively high number of players (22) compared to other sports and is more free-flowing in nature. Gerrard (2007) highlighted the difficulties that can occur while attempting to quantify the contributions of individual players in complex, invasion team sports like football where the discrete actions of the athletes are not as pronounced. Some have also viewed the use of analytics as a means of outsmarting the transfer market. If a team can properly price a player who is over or undervalued by the competition, then it possesses a unique advantage that should aid in its bidding strategies (Carmichael & Thomas, 1993; Dobson & Gerrard, 1999). Again, difficulties arise while attempting to assess athletes in a sport where the traditional statistics are rather limited. The most widely examined metric of football success – goals scored – occurs rather infrequently and as the result of a combination of numerous, seemingly independent events (Sally & Anderson, 2013; Szymanski, 2015). Statistically-minded researchers therefore have an opportunity to search for the “killer stat” that will help improve the ways in which the players and game are evaluated.

As a relatively poor club whose squad was composed mainly of castoffs, unknowns, and cheap transfers, Leicester’s story certainly fits the mold of a team that unearthed some secret store of analytics knowledge. It should come as little surprise, then, that the club was reported to have leaned heavily on analytics throughout its journey to the EPL’s summit. However, it was

<table>
<thead>
<tr>
<th>Club Name</th>
<th>Wages ($)</th>
<th>Wage Rank</th>
<th>EPL Finish</th>
<th>Club Name</th>
<th>Wages ($)</th>
<th>Wage Rank</th>
<th>EPL Finish</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chelsea</td>
<td>245.8</td>
<td>1</td>
<td>10</td>
<td>West Ham</td>
<td>79.23</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>Man. United</td>
<td>231.4</td>
<td>2</td>
<td>5</td>
<td>West Brom</td>
<td>78.09</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Man. City</td>
<td>220.9</td>
<td>3</td>
<td>4</td>
<td>Aston Villa</td>
<td>74.214</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>Arsenal</td>
<td>218.9</td>
<td>4</td>
<td>2</td>
<td>Southampton</td>
<td>67.83</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td>Liverpool</td>
<td>173.3</td>
<td>5</td>
<td>8</td>
<td>Crystal Palace</td>
<td>61.902</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Tottenham</td>
<td>125.9</td>
<td>6</td>
<td>3</td>
<td>Swansea</td>
<td>58.14</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>Newcastle</td>
<td>86.4</td>
<td>7</td>
<td>18</td>
<td>Leicester City</td>
<td>54.948</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td>Everton</td>
<td>85.2</td>
<td>8</td>
<td>11</td>
<td>Norwich</td>
<td>42.18</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td>Stoke City</td>
<td>82.4</td>
<td>9</td>
<td>9</td>
<td>Watford</td>
<td>33.06</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td>Sunderland</td>
<td>80.9</td>
<td>10</td>
<td>17</td>
<td>Bournemouth</td>
<td>28.5</td>
<td>20</td>
<td>16</td>
</tr>
</tbody>
</table>

not simply a matter of recording and analyzing data that set the club apart. Rather, it was the manner in which all areas of the organization seemed to embrace the movement and work collaboratively to put the findings to good use. “Our daily meetings bring all of our departments together, and although a small thing, it definitely makes a difference,” says Peter Clark, Leicester City’s first team performance analyst. “We all help the manager make an informed decision” (Bahia, 2015). Even the Leicester players were introduced to the analytics wave. “It’s part of the culture within the club,” said Clark, “and by exposing the players to data, they are becoming more familiar with it and the insights it can bring” (Bahia, 2015).

It therefore appears that the analysts at Leicester were able to overcome some of the challenges that have hindered the influence of past analytical movements. Namely, Clark and company were able to bridge the gap between theory and practice while ensuring that the reports they furnished were understandable to coaches and players with limited statistical knowledge. They were also fortunate enough to be immersed in an organizational culture that accepted advanced statistics and the potential value they had to offer. Often times, coaches and owners are reluctant to encourage a new way of thinking, particularly when the data speaks against their commonly held assumptions. As noted by Mark Brunkhar, president of Match Analysis, “I would say that the barriers – the scouts and managers – don’t want to cede any of their authority. If you survey football coaches, you’ll get the nod, ‘Yes, we believe in analytics work, we believe in the study of sport’ . . . Just because you have stats available doesn’t mean anyone actually uses them to do anything” (Sally & Anderson, 2013, p. 315). Management within Leicester, however, appeared to acknowledge and embrace the insights that solid, practical data analysis could offer.

Time will tell if the insights offered by Leicester’s analytics department were pivotal to the team’s success, or if they were simple sideshows to factors that played a more vital role in the team’s EPL achievements. Luck, after all, has a definite hand in any sport (Sally & Anderson, 2013; Szymanski, 2015), and Leicester seemed to benefit from both a rare lack of injuries and a comparative letdown by many of the EPL’s financially and traditionally strong sides. The club also seemed hit on all of its signings, a feat that is seldom accomplished in the whirlwind dealings of the transfer market (Kuper & Szymanski, 2012; Tomkins, 2013). Even if Leicester’s analytics department was unique to the sport, many might argue that the club itself was simply primed for such a revolution to take hold. For this reason, some have already equated Leicester’s rapid rise to that of Billy Beane’s Oakland Athletics in the MLB. As documented in the bestselling book *Moneyball* by Michael Lewis (2004), Beane took an historically bad team with one of the lowest payrolls in the MLB on a remarkable regular season run that included a record winning streak and stellar performances by players whom the scouts had undervalued. Although using previously unheralded
statistics, Beane was able to reinvent the game of baseball by fielding a team of affordable misfits that could perform in key statistical areas. However, it was only the Athletics’ historical ineptness that provided him with the freedom and environment in which to impart such dramatic changes. As Beane himself said, “We had nothing to lose. We were in a position where we could try anything, and no matter what happened we were probably not going to end up any worse” (Sally & Anderson, 2013, p. 299). The same could be said of Leicester, a financial minnow that had barely managed to survive relegation from the EPL a year before; a club that had just hired an historically mediocre coach who had been fired from his previous job and was relying on the exploits of a former fifth-division striker (Jamie Vardy) and $600,000 midfielder (Riyad Mahrez) to carry his team to glory (Figueira, 2016). It is therefore easy to minimize the influence analytics may have had on Leicester’s unprecedented success, or to position the club’s achievement as a product of the circumstances. History, after all, has shown that money is imperative for sustained success in England’s top flight.

**Realizing new revenues and tapping new markets**

The very idea that a club of Leicester’s status could win the EPL has left many an analyst searching for answers. However remarkable, the club’s rise to prominence cannot be attributed to analytics alone. Rather, the story may be better explained in light of the revenues that have continued to pour into the English club scene. As mentioned, the EPL is the recent beneficiary of some massive television deals which have endowed its member clubs with millions of dollars (Harris, 2016; Premier League, 2015b; Sandomir, 2015). It has also installed one of Europe’s most equitable revenue sharing procedures, as its member clubs equally split the international broadcast and central sponsorship revenues (Premier League, 2015a). At the conclusion of the 2014–2015 season, these revenues, alone, amounted to almost $40 million per team. As Figure 1.3 shows, the EPL has grown to become the most financially dominant football league in the world. Across Europe, the cumulative revenues of the top five leagues rose by 15% to $12.9 billion between the 2013 and 2014 seasons. The EPL led the way with revenues of $4.45 billion, and its television deals were the largest source of this income (Deloitte, 2015). The gap between the EPL and its next closest competitor, the Bundesliga, is nearly $2 billion, and it currently generates more total revenues than La Liga and Serie A combined (Deloitte, 2015). But what does this mean for its clubs? And what does this have to do with Leicester City’s surprise victory?

For starters, it means that all 20 EPL clubs are now ranked in the top 40, globally, in terms of the revenues they bring in (Deloitte, 2015). Even the smallest clubs, like Leicester City, earn enough money through television revenue sharing to rank in the top six, financially, of every other European
league. It also means that EPL teams are fully equipped to offer plush contracts to the world’s best players. With the talent pool for player prospects widening amidst globalization, law changes, and advancements in technology, English teams stand poised to take full advantage of the numerous recruitment opportunities that now exist. No longer are they limited to domestic or even European players; rather, they can compete to sign high-level talents from across the globe. Football economist Szymanski (2015) noted that the expansion of the global market for playing talent will likely accompany a phenomenon known as talent compression. Citing a prior study by Gould (1983) in which it was shown that there were fewer MLB players with extreme statistical averages following the widening of baseball’s talent pool, Szymanski argued that the same is happening in English and European football. Salary dispersion seems to be getting larger over time, implying that teams are becoming more equitable in terms of playing talent (Szymanski, 2015). Leicester City’s dream season could therefore serve as evidence of these revenues and this phenomenon simply taking hold.

In essence, the early signs seem to be indicating that the EPL is becoming more competitively balanced. A quick analysis of the league’s recent history seems to support this notion. The EPL has had four different champions

\[ \text{Revenues of the Top Five European Leagues} \]

\[ \text{Figure 1.3 A histogram showing the total and proportional revenues (in millions of U.S. dollars) for each of the top five European football leagues} \]

\[ \text{Data was retrieved from Deloitte (2015).} \]
over the past five seasons compared to three in La Liga, two in Ligue 1, two in the Bundesliga, and just one in Serie A. Other analyses have shown that the unpredictability of EPL matches increased in 2015–2016, reaching the highest levels of uncertainty in over a decade. Indeed, the EPL was also the most unpredictable, top-tier league in Europe based on how teams performed compared to bookmakers’ odds (McHale, 2016). Perhaps the television revenues are increasing parity within the league and leading to greater uncertainty in each match. While one season cannot be used to justify the EPL as competitively balanced, the fact that the teams are trending towards equality on the balance sheet and on the pitch makes it a distinct possibility.

As it stands, the growth in the EPL’s broadcasting revenues is showing little sign of slowing down. After all, the star-studded and often global composition of EPL rosters means that these clubs are also entitled to the lucrative revenues that exist in foreign markets. Therefore, English clubs and many of Europe’s top teams are focusing their current marketing efforts on gathering interest from abroad. For this reason they embark on preseason tours of football’s developing fan bases in Asia, Oceania, and North America, selling merchandise and selling out stadiums as they showcase their elite athletes to throngs of adoring fans (Maclurg, 2013). As the interest and viewership numbers continue to rise, so, too, will the payments made through foreign broadcasting deals. This will only pump more money into the pockets of team owners, who will likely then reinvest these revenues in their teams.

Nonetheless, the healthy financial margins and high levels of supporter enthusiasm enjoyed by Europe’s top teams have not yet extended to the domestic clubs that operate in developing football nations such as India, China, and the United States. While the financial backing and established pedigree of Europe’s top clubs leaves them with a massive competitive advantage, questions remain as to how up-and-coming leagues in other parts of the world can also claim a share of football’s wealth. After all, one of the leagues aspiring to reach new heights is the aforementioned CSL. Like the EPL, it seems to be operating beneath the premise that success can be bought, and that in order to market a team, ownership needs to spend millions of dollars to sign top-level talents from across the world. Historically, the evidence does not bode well for China’s most recent strategy turning into a success. After all, the league embarked on a similar spending spree several seasons ago, snapping up such prominent names as Didier Drogba and Nicolas Anelka to serve as the catalysts for its reformation. The strategy did not go according to plan, however, as the Drogba experiment lasted just half a season before he returned to Europe. Many within China regarded the failure to retain his services as a national embarrassment (Ramzy, 2013). Even so, simply signing big names in the hope that they will draw attention to a fledgling league or team may not be enough. As one study pointed out, Chinese fans that were aware of and involved with the CSL and its clubs actually possessed negative satisfaction levels toward the league’s operative and marketing procedures (Gong et al., 2015).
Ultimately, opportunities abound within professional club football to take advantage of growing football markets that have not yet reached their full potential. As noted by Szymanski (2015), “The four biggest countries on earth, India, China, the United States, and Indonesia – with about 45 percent of the world’s population between them – are just starting to switch on to football” (p. xii). Popular European clubs appear to have taken an early step in fulfilling the needs of these markets by embarking on preseason tours and distributing their media rights throughout each of these countries. Although these nations’ own domestic leagues appear to be slightly behind the curve in terms of the star power and revenues they exude, many of them are starting to spend the money that is necessary to acquire high-level talent (Atkins, 2016; ESPNFC.com, 2016). However, whether or not the widespread popularity of the top five European leagues is hampering the advancement of these developing domestic leagues is a question worth asking (Fredrick-Brown, 2005). While many of Europe’s best practices could be and are being emulated, one has to wonder whether the continent’s stronghold on a majority of the game’s revenues and best players will weaken any time soon. If not, the gap between Europe’s elite and the rest of the world may continue to grow.

**Professional football in the U.S.**

There have been several failed attempts to popularize professional football in North America. The first known professional football league, the American League of Professional Football, dates to 1894 (Hollander, 1980). The league was a semi-professional league played in the northeast and mid-west regions of the U.S. (Hollander, 1980). The North American Soccer League (NASL), which was the first professional football league with a national reach in the U.S., was launched in the late 1960’s and peaked in the late 1970s when football superstars such as Pelé, Beckenbauer, and Cruyff joined the league. The NASL had the major challenge of introducing and winning over the minds and hearts of American sport fans. Although the NASL suspended its outdoor operations in the mid-1980s, it introduced football to millions of Americans and contributed to football becoming one of the most popular youth sports in the U.S.; additionally, it served as blueprints for Major League Soccer (MLS; Tomasz, 2009), the current brand of professional football being played in the States.

Other serious attempts at top-level professional football leagues occurred in 1967 with the launch of two competing leagues, the United Soccer Association (USA) league and the National Professional Soccer League (NPSL). The debut of both leagues in the same year was no coincidence. The USA and NPSL leagues started one year after England’s World Cup victory in 1966. The 1966 FIFA World Cup was one of the first major international
sporting events to be broadcasted live on television (Chisari, 2006). The event drew a sizable television audience in America. Over one million viewers in the U.S. tuned in to watch England defeat West Germany in the 1966 FIFA World Cup Final (Wilson, 2017). The USA league was sanctioned by FIFA and had the support of the United States Soccer Federation (USSF) as the Division I professional football league in the U.S. The NPSL, on the other hand, was unsanctioned and labelled as an outlaw league by FIFA, which threatened to punish any player who joined an NPSL team. While the NPSL did not have FIFA’s and the USSF’s support, it did have a ten-year television contract worth $1.0 million per year with the CBS network (Lewis, 2017). After only one season, however, CBS terminated its contract with the NPSL claiming that NPSL games lacked TV appeal due to empty stadiums and foreign players unfamiliar to American spectators (Ludtke, 1976). Without a TV contract and reported losses of $5.0 million at the end of its inaugural season, NPSL executives negotiated a merger with the USA league to form the North American Soccer League (NASL) in 1968 (Lewis, 2017).

NASL executives reasoned that for professional football to succeed in America, football had to look more like other traditional American sports. To create a more exciting, familiar, and ultimately appealing form of football to the average American sport fan, the NASL modified a few century-old FIFA sanctioned rules of the game. The NASL changed the offside mark from midfield to the thirty-five-yard line to cut down on the number of offside infractions and traps. A count-down clock, typical of other American sports, was implemented rather than the traditional upwards to 90-minute clock that was used with stoppage time in Europe. To eliminate a drawing result, the NASL introduced a shootout system. To promote goal scoring, an elaborate point system for wins and losses was implemented, including six points for a win, three for a draw, plus up to three bonus points for each goal scored ("NASL, 1968–1984 – A review of the Golden Era", 2017). These were purposed to cut down on the number of shootouts, ties, and low scoring games, which were considered not appealing to American sport fans (Lisi, Boehm, & Davis, 2017).

The NASL brought football to the forefront of American sports in the late 1970s. The NASL strategy of signing international football stars captured the attention of the American sports media and the public. Péle’s debut match for the New York Cosmos was televised nationally on CBS and brought a television audience of 10 million viewers (Ludtke, 1976). The New York Cosmos average home game attendance tripled for the 1975 season – the season Péle joined the Cosmos – and peaked in 1978 with an average of 47,856 fans per game (Jose, 1989). Filled with football icons, which included not only Pelé but Franz Beckenbauer, Carlos Alberto Torres, and Giorgio Chinaglia, the Cosmos frequently played for home and away crowds of more than 40,000 fans (Jose, 1989). The Cosmos playoff match against the Fort Lauderdale Strikers brought a crowd of 77,691 fans to
Giants Stadium (Yannis, 1977). That was not only the attendance record at a football match in the U.S. but also the highest attendance at Giants Stadium (Jose, 2003). By comparison, the Giants Stadium inaugural game on October 10, 1976 between the New York Giants and the Dallas Cowboys of the National Football League (NFL) brought in 76,042 fans. At its peak in the late 1970s, the NASL expanded to 24 teams with an average attendance of over 13,000 fans per game from 1977 to 1983 (NASL, 2017). Five teams averaged over 20,000 fans per game for at least three seasons and the Cosmos average attendance exceeded 42,000 spectators for three consecutive seasons (NASL, 2017). NASL’s national TV contract with CBS (1974 to 1976), TVS Television Network (1977–1978), and ABC from 1979 to 1981 introduced football to millions of American viewers (Dewberry, 2010; Tomasch, 2009). In 1977, at the pinnacle of the Cosmos’ success and the year Pelé retired, football was the fastest growing sport in the U.S. (José, 2003). Football became one of the most popular youth sports. The number of U.S. Youth Soccer membership grew from 103,432 in 1974 to 1,210,408 in 1985 (U.S. Youth Soccer, 2014). The short-term success on- and off-the field of the NY Cosmos and to a lesser extent the other handful of NASL teams was insufficient to sustain an entire league in the long run. Six years after Pelé’s retirement from the Cosmos, the NASL had contracted from 24 to nine teams. By the end of the 1980 season, all NASL teams reported a running deficit and the league lost its national TV deal with ABC (Baker, 1981; Reed, 1980). With no national TV contract, declining gate receipts, and large debts, the NASL folded in 1984.

Four major factors contributed to the rapid decline and eventually demise of the NASL, including rapid and out-of-control league expansion, overreliance and overspending on international players, lack of ownership control, and lack of a league wide profitability model (Francis & Zheng, 2010). From the 1977 to the 1978 season, the NASL expanded from 18 to 24 teams. The NASL front office, keen to capitalize on the rising popularity of football in the mid-1970s brought by the success of Pelé and other international football stars, allowed any bidder who could afford the $1 million expansion fee to join the league (Litterer, 2008). The NASL had little governance and oversight over its teams. The league was a collection of team owners motivated by the potential for fast and large profits. To achieve financial success, NASL team owners engaged in an arms’ race to sign the next Pelé. Each team was left to fend for itself with little regard for the stability or longevity of the league. The frenzy to match the Cosmos’ signing of international football stars triggered an irresponsible spending spree by NASL team owners (Francis & Zheng, 2010). To put in perspective, in 1980 NFL team owners spent about 40% of a team’s budget on player salaries, whereas NASL team owners spent over 70% of their budget on player salaries. The money and effort spent recruiting international players and the lack of a strong “home-player” league rule left most teams fielding almost exclusively foreign players (Reed, 1980).
Since the demise of the NASL, a new league known as Major League Soccer (MLS) has attempted to learn from the mistakes of its predecessor and stake its claim on American soil. The MLS capitalized on the success of the 1994 World Cup in the U.S. much like those NPSL and USA investors before who saw the increased visibility and interest on football brought by the 1966 England World Cup as a timely and unique opportunity to market professional football to the American public (Francis & Zheng, 2010; Jose, 2003). By the time MLS debuted in 1996, Americans were already somewhat familiar with the sport of football. Nevertheless, the MLS has faced considerable challenges. First, it has faced the herculean task of starting a professional sport league in a saturated American professional sport marketplace where it had to compete with several major and minor established leagues for the attention and discretionary income of American sport fans. Second, the league has had the improbable mission of creating enough interest in a domestic professional football league to achieve financial prosperity and longevity (Strutner, Parrish, & Nauright, 2014). As part of the bidding process to host the 1994 FIFA World Cup, the U.S. Soccer Federation pledged to establish a top-level men’s professional football league in the U.S. In 1993, the U.S. Soccer Federation selected the MLS to be the top level of professional football in the U.S. MLS was officially formed in 1995 as a limited liability organization and made its debut with ten teams in 1996, 12 years after the collapse of the NASL (Fraser v. MLS, 2000). Now, in its 21st season, the MLS is the second iteration of a top-level domestic professional domestic football in America.

One of the biggest challenges MLS has faced from its inception was not to repeat the mistakes that led to the demise of the NASL. That preoccupation has led MLS leaders to structure the league with an “anti-NASL” philosophy (Trekker, 2006). To avoid the decentralization that allowed the NASL to expand uncontrollably and team owners to outspend one another in a destructive manner, MLS leaders set up the league as a single-entity. In a single-entity structure, the MLS retains centralized control over both the league and its teams. The league owns the intellectual property, tickets, and broadcast rights of all its teams. Moreover, revenues are shared and player contracts are negotiated by the league and not individual teams (Fraser v. MLS, 2000). These measures are set to limit spiraling costs, reduce expenditure competitions, prevent disputes over shared revenues, and avoid exploiting salary cap loopholes (Lubove, 1995). In addition to the single-entity legal structure, MLS leaders adopted a strategy of slow and controlled growth with respect to league expansion. The league started with ten teams in 1996 and expanded to 12 in 1998, with two teams being folded in 2002. It was not until 2004, eight years after its inaugural season, that the MLS began a slow and controlled expansion process. Since 2004, the MLS has more than doubled in size, expanding from ten to 22 teams by 2017. Careful consideration was given to award MLS franchises in large and small markets (Francis & Zheng, 2010; Owen, 2005). To control the
over-reliance and over-spending on international players, the MLS limits the number of foreign players to four per team and instituted a hard salary cap for every team. MLS leaders reasoned that the strategy of relying on international talent was short-sighted and a major reason for the collapse of the NASL (Francis & Zheng, 2010). The strategy was to recruit domestic players with the conviction that fans would respond more positively to American players (Gilbert, 1995). Those policies remained in place until 2007 when the league modified its international player rule and made salary-cap exceptions to draw high-profile and talented international players (Thomaselli, 2009).

MLS team valuation and revenues have increased considerably in recent times. In 2016, the average MLS franchise was worth $185 million, an 80% increase when compared to 2013 and a 400% increase when compared with 2008, when the average MLS franchise was worth $37 million. The Los Angeles Galaxy is MLS’s most valuable franchise, worth $315 million (Smith, 2017). Yet, although MLS has grown tremendously in these past 20 years, it continues to be stigmatized as a “second-tier” sport in America. MLS’s TV ratings, media coverage, popularity, and profitability have all grown steadily over the past ten years, but professional football is still far from being considered a “major” sport in the U.S. MLS’s financials pale in comparison to the other Big Four professional sport leagues in the U.S. For example, the LA Galaxy franchise would be ranked in the bottom quarter of the 122 teams in the Big Four professional sport leagues (Sports Money: 2016 Valuations [Smith, 2017]). The total revenue of the MLS is almost seven times lower than that of the National Hockey League (NHL), the lowest revenue generating league among the Big Four leagues, and 20 times lower than that of the NFL (see Table 1.3). The average revenue per franchise of MLS in 2015 was $30 million while the NHL average revenue per franchise was $136.70 million – 4.5 times higher than that of the MLS. The NFL average revenue per franchise in was $380 million, 12.6 times higher than that of the MLS (see Table 1.3).

Although the financial shortcomings of the NASL provided valuable lessons to MLS leaders, the path to financial stability has been long and treacherous. MLS commissioner Don Garber attributed this challenge to the fact that “the league has an inverted economic model. In most other leagues in the U.S. and probably in England as well, the dominant revenue comes from television. Today the majority of our income comes from the gate. After that comes sponsorship and television and then merchandising” (Francis & Zheng, 2010, p. 562; Owen, 2005). Recently, MLS has tried to diversify its revenue streams to get in a path of financial stability. The construction of football-specific stadiums, which reduce stadium leasing fees and allow for a better fan experience, help increase gate-receipt revenue and sponsorship deals (Wahl, 2007). Nonetheless, MLS’s actions to increase profitability
have yet to reach a point where the league is self-sustaining and profitable. Despite charging expansion clubs upwards of $150 million in league expansion fees, the league has reported annual operating losses for most of its existence.

**Growth at the grassroots**

If developing football nations like the United States and China intend to grow their domestic products from within, then perhaps they should start with an examination of their youth development systems. As mentioned before, both of these nations were latecomers to a modern form of the game that was developed primarily in England, and football’s subsequent spread to the rest of Europe and South America was much more rapid and pronounced than it was in either of these nations. Therefore, European and South American nations have long benefited from a steady supply of youth football talent. Children have grown up wanting to emulate the success of famous stars like Pele (Brazil), Diego Maradona (Argentina), Franz Beckenbauer (Germany), and Sir Bobby Charlton (England). Likewise, established systems have been put in place to help discover, develop, and determine which players are good enough to represent their teams at the club and international levels.

Nonetheless, the full effects of globalization and emigration have shown that football’s reach has no limits. As seen in Table 1.4, China and the United States currently rank number one and two, respectively, in terms of player participation at all levels of the game (FIFA, 2006). Recent viewership figures and the aforementioned media rights deals also attest to the game’s rising popularity within these countries (Johnson, 2015; Premier League, 2012; Sandomir, 2015). However, research has shown that youth participation numbers have tended to fall as children move from childhood to adolescence. In the United States, for example, nearly 21% of all six-year-olds

### Table 1.3 Revenue comparison: MLS and Big Four leagues

<table>
<thead>
<tr>
<th>Professional Sport League</th>
<th>Season</th>
<th>Number of Teams</th>
<th>Total Revenue ($B)</th>
<th>Average Revenue per Franchise ($M)</th>
<th>Average Franchise Valuation ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Football League</td>
<td>2015</td>
<td>32</td>
<td>$12.20</td>
<td>$380.00</td>
<td>$2,338.40</td>
</tr>
<tr>
<td>Major League Baseball</td>
<td>2016</td>
<td>30</td>
<td>$9.00</td>
<td>$301.00</td>
<td>$1,536.83</td>
</tr>
<tr>
<td>National Basketball Association</td>
<td>2015–16</td>
<td>30</td>
<td>$5.87</td>
<td>$195.53</td>
<td>$1,355.33</td>
</tr>
<tr>
<td>National Hockey League</td>
<td>2015–16</td>
<td>30</td>
<td>$4.10</td>
<td>$136.70</td>
<td>$0.517</td>
</tr>
<tr>
<td>Major League Soccer</td>
<td>2015</td>
<td>20</td>
<td>$0.61</td>
<td>$30.60</td>
<td>$0.185</td>
</tr>
</tbody>
</table>
play football in some form, but by the time they turn 12, this number has shrunk to 14%. At age 17, it is only 9% (King, 2014). Therefore, one of the pressing needs within these countries involves finding a way to translate the high participation numbers into sustained interest at the more advanced grassroots levels. Cultivating the skill of the athletes who do progress to the highest levels is equally important. To this end, more efficient developmental systems and administrations that better educate young players on the technical and tactical elements of the game could prove beneficial in the long run. In addition, the integration of these platforms with the players’ everyday lives – as seen in Europe’s youth academies – would allow the players to get the practice repetitions that are necessary for increased skill (Helsen, Hodges, Winckel, & Starkes, 2000).

**World Cup legacy**

Many world leaders, national and local governments, and public figures have considered the World Cup to be a means for economic, social, infrastructural, and political advancement. With this viewpoint, though, comes a need to justify to one’s constituents just how beneficial the hosting of a World Cup will actually be. This is particularly important since taxpayer

---

**Table 1.4** Top 20 FIFA associations ranked by total player participation

<table>
<thead>
<tr>
<th>Association</th>
<th>All Players</th>
<th>Registered Players</th>
<th>Unregistered Players</th>
<th>Clubs</th>
<th>Officials</th>
</tr>
</thead>
<tbody>
<tr>
<td>China PR</td>
<td>26,166,335</td>
<td>711,235</td>
<td>25,455,100</td>
<td>2,221</td>
<td>129,057</td>
</tr>
<tr>
<td>USA</td>
<td>24,472,778</td>
<td>4,186,778</td>
<td>20,286,000</td>
<td>9,000</td>
<td>796,300</td>
</tr>
<tr>
<td>India</td>
<td>20,587,900</td>
<td>384,900</td>
<td>20,203,000</td>
<td>6,540</td>
<td>38,640</td>
</tr>
<tr>
<td>Germany</td>
<td>16,308,946</td>
<td>6,308,946</td>
<td>10,000,000</td>
<td>26,837</td>
<td>159,172</td>
</tr>
<tr>
<td>Brazil</td>
<td>13,197,733</td>
<td>2,141,733</td>
<td>11,056,000</td>
<td>29,208</td>
<td>61,000</td>
</tr>
<tr>
<td>Mexico</td>
<td>8,479,595</td>
<td>324,595</td>
<td>8,155,000</td>
<td>311</td>
<td>85,789</td>
</tr>
<tr>
<td>Indonesia</td>
<td>7,094,260</td>
<td>66,960</td>
<td>7,027,300</td>
<td>83</td>
<td>1,069</td>
</tr>
<tr>
<td>Nigeria</td>
<td>6,653,710</td>
<td>58,710</td>
<td>6,595,000</td>
<td>52</td>
<td>33,122</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>6,280,300</td>
<td>271,300</td>
<td>6,009,000</td>
<td>4,100</td>
<td>75,604</td>
</tr>
<tr>
<td>Russia</td>
<td>5,802,536</td>
<td>846,736</td>
<td>4,955,800</td>
<td>14,329</td>
<td>259,830</td>
</tr>
<tr>
<td>Italy</td>
<td>4,980,296</td>
<td>1,513,596</td>
<td>3,466,700</td>
<td>16,697</td>
<td>78,481</td>
</tr>
<tr>
<td>Japan</td>
<td>4,805,150</td>
<td>1,045,150</td>
<td>3,760,000</td>
<td>2,000</td>
<td>249,603</td>
</tr>
<tr>
<td>South Africa</td>
<td>4,540,410</td>
<td>1,469,410</td>
<td>3,071,000</td>
<td>900</td>
<td>20,557</td>
</tr>
<tr>
<td>France</td>
<td>4,190,040</td>
<td>1,794,940</td>
<td>2,395,100</td>
<td>20,062</td>
<td>285,723</td>
</tr>
<tr>
<td>England</td>
<td>4,164,110</td>
<td>1,485,910</td>
<td>2,678,200</td>
<td>42,490</td>
<td>168,186</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>3,474,245</td>
<td>56,245</td>
<td>3,418,000</td>
<td>1,004</td>
<td>310,600</td>
</tr>
<tr>
<td>Egypt</td>
<td>3,138,110</td>
<td>52,110</td>
<td>3,086,000</td>
<td>608</td>
<td>18,270</td>
</tr>
<tr>
<td>Colombia</td>
<td>3,043,229</td>
<td>291,229</td>
<td>2,752,000</td>
<td>2,773</td>
<td>15,800</td>
</tr>
<tr>
<td>Pakistan</td>
<td>2,975,400</td>
<td>64,400</td>
<td>2,911,000</td>
<td>720</td>
<td>9,900</td>
</tr>
<tr>
<td>Spain</td>
<td>2,834,190</td>
<td>653,190</td>
<td>2,181,000</td>
<td>18,190</td>
<td>62,573</td>
</tr>
</tbody>
</table>

Note: Data was retrieved from the FIFA Big Count (2006).
dollars and government resources are often used to erect the stadiums and develop the infrastructure that is necessary to host a tournament of this magnitude (Howard & Crompton, 2014). As seen with the two most recent World Cups in Brazil and South Africa, many of these resources can end up being wasted on stadiums that will see little or no use after the final whistle blows (Douglas, 2015). Such wastefulness can be particularly troubling within emerging economies, like Brazil and China, which could have used the money elsewhere. Therefore, proper planning is necessary to ensure that these tournaments will leave behind a positive legacy. To this end, a variety of studies have been conducted to show the true benefits that actually accrue to a host community (Cornelissen, Bob, & Swart, 2011; Lee & Taylor, 2005; Pillay, Tomlinson, & Bass, 2009), with some going so far as to suggest that the positive economic impacts of mega events and facility construction projects are often overstated (Howard & Crompton, 2014; Hudson, 2001).

Ultimately, it seems that for all of the attention and money that flows through the FIFA World Cup every four years, significantly less consideration is given to the long-term effects that these events will have on their host communities. FIFA attempts to downplay these issues by highlighting the existence of its Legacy Fund or by positioning the World Cup as a key instrument in societal development (FIFA, 2014b, 2016c), but the reality is that many are starting to question the merits of hosting a World Cup in countries that cannot afford it. Many are also starting to question the reputation of FIFA itself after the association became immersed in a series of recent scandals. The first and most pronounced of these indignities saw 30 prominent FIFA officials indicted on the grounds of “rampant, systemic, and deep-rooted corruption” (BBC.com, 2015). The corruption in focus revolved around a series of criminal schemes that saw FIFA officials exchange over $200 million in bribes and kickbacks. Many of these illegal payouts were disguised as developmental costs that were supposed to be applied toward infrastructural improvements in poorer football communities (BBC.com, 2015).

The currently held assumption is that many of these payments were made as bribes to buy the votes of FIFA officials during the bidding processes for the 2018 and 2022 World Cups. Initial concerns, after all, were ignited when the tiny but wealthy nation of Qatar was awarded the rights to host the 2022 World Cup. Qatar contains a population of just 1.5 million and reaches an average temperature of 110 degrees in the summer months when World Cups are normally held (Carlson, 2010). It has almost no club system or suitable facilities to speak of, and its national team has never qualified for a FIFA World Cup. In addition, reports have surfaced of the horrible conditions that are being faced by its migrant construction workers (Gibson & Pattisson, 2014). All of these issues have factored into the negative light that is now being cast on FIFA. Although time is needed for the full line of
facts to emerge in each of these situations, the transparency and honesty of FIFA’s bidding process and financial management are both under question. Those in charge of football’s global governing body are now faced with the challenge of replacing the top executives and repairing the damages that have been done.

**The women’s game**

Despite the issues that have plagued FIFA in recent years, the World Cup as an event still holds a power that extends far beyond the field of play. In 2005, for instance, the Ivory Coast’s qualification for the 2006 World Cup in Germany initiated peace talks between the two parties that had been waging a civil war in the country for years (Rainbow, 2013). Similarly, the 2014 World Cup final inspired the Vatican to call for a global ceasefire on social media amidst rising tensions in Ukraine and the Middle East (Blumberg, 2014). These examples are just two in a long line of scenarios that have seen the World Cup bring joy, hope, and unity to countries around the world. “Sport can reach parts politicians can’t reach,” said former U.K. Prime Minister Tony Blair. “It can help in bringing divided conflicts together in a way nothing else can” (Rainbow, 2013).

Many assert that football, the world’s most popular sport, can bring about positive changes to a nation. Although it may not arrive in the form of lavish World Cup stadiums or a club league that is on par with Europe’s elite, the sport as a whole presents plenty of opportunities for societal enrichment. In the past this was seen through football’s positive impact on gender equality, as the spread of the game presented new opportunities for females to enjoy the benefits of team sports. Ironically, nowhere was this more evident than in nations such as China and the United States; nations where the men’s game had not taken complete hold. However, some recent setbacks have been suffered by the women’s game within both of these countries. The Chinese women’s national team, one of the strongest sides in women’s football throughout the 1980s and 90s, fell out of form at the turn of the century as members of its golden generation retired. A thinned-out pool of talent proved inadequate at replacing the resigning veterans and highlighted the lack of foresight that existed within the national team system (Halsley, 2015; Su, 2015). As such, they have already begun enacting a series of measures that should see the women’s team return to prominence. Amongst these are an overhaul of the youth system, improvements in elite training, and logistic support. A recent appearance in the quarterfinals of the 2015 Women’s World Cup has offered a glimmer of hope that brighter days may lie ahead (Su, 2015). Speaking after the team won in the round of 16, CCTV commentator Shen Fangjiang said, “No matter how far they go, these women deserve applause for their dedication, persistence, and hard work during a tough time for the game in China” (Su, 2015). To reward
their efforts, the CFA created the largest-ever pool of prize money in the history of the women’s game.

However, the improvements being made in China stand in stark contrast to the current status of the women’s game in other parts of the world. Members of the United States women’s national team, for instance, recently filed a discrimination complaint against the United States Football Federation (USSF) on the basis of unequal pay for equal work. The complaint alleges, amongst other things, that the women receive considerably less in performance-related bonuses than their male counterparts and are forced to play and travel under worse conditions (Spies-Gans, 2016). It also argued that the team, which won the 2015 Women’s World Cup, was not being duly compensated for its achievements. “In this day and age, it’s about equality,” said goalkeeper Hope Solo. “It’s about equal rights. It’s about equal pay. We’re pushing for that. We believe now the time is right because we believe it’s our responsibility for women’s sports, and specifically for women’s football, to do whatever it takes to push for equal pay and equal rights. And to be treated with respect” (Spies-Gans, 2016).

Again, it appears as though football is giving a voice to those who seek positive change; however, the issues presented here do not start with the USSF. Rather, they stem from FIFA and the secondary nature with which it has treated women’s football over the years. This is seen simply by comparing the prize monies that are distributed to male and female teams in their respective World Cups. The U.S. women’s national team, for example, took home $2 million for winning the 2015 Women’s World Cup while the 16 men’s teams that were eliminated in the group stages of the 2014 FIFA World Cup were awarded $8 million (Isidore, 2015). Sexist remarks were also a hallmark of former FIFA president Sepp Blatter’s controversial tenure. He was once quoted as saying that in order for the women’s game to attract more viewers, the players needed to “have tighter shorts” (Isidore, 2015). The fact that the women were forced to play on turf fields – a traditionally rougher surface – at the most recent World Cup was the source of further controversy; the men, after all, played all of their World Cup games on natural grass.

While such remarks and playing conditions are inexcusable, the financial disparities can be more easily justified. This is due to the fact that the revenues brought in by the men’s and women’s games vary immensely. Even within the United States, where the women’s team has enjoyed more on-field success than the men’s team, the female version of the sport on average attracts fewer fans and lower television audiences. Despite the recent claims of the U.S. women’s national team, a simple review of facts, figures, and the USSF’s latest financial reports will show that the men sell more tickets, accrue higher television ratings, and ultimately earn more revenues during the standard four-year budgeting cycle (Dure, 2016; Kennedy, 2016; United States Football Federation, 2016). Marketers and managers are therefore