Branding strategies in football market
Football market and economics

- Major Football Brands are in Europe
- The European football market grew to €15.7 billion in 2008/09
- Top 5 leagues represent over 50% of total (€7.9 billion)
Revenue mix in the Top 5 Leagues

- Broadcasting rights are the main source of revenue for the ‘big five’ leagues (3.7 billion in 2008/2009)
- Matchday revenue increased by €39 million (2%) to €1.8 billion in 2008/09 across the TOP 5 leagues
- Commercial revenue increased by €117 million (5%) to €2.44 billion in 2008/2009
- Average league attendances increased in three of the Top 5 leagues in 2009/10 (Bundesliga, La Liga and Serie A), with the 4% fall in the English Premier League and in Ligue 1

Source: ICM Research
Revenue performance of Top 20 clubs

Combined revenues of the Top 20 clubs was over €3,9 billion in 2008/2009

Source: ICM Research on DELOITTE Data
Business model evolution

Yesterday ...

- Matchday is a primary revenue source
- Revenues depending on the performance on the pitch
- Sponsorship deals are not too structured
- TV rights are a key contributors to total broadcasting revenues

...Today

- Stadium as Real Estate asset and entertainment venue
- Marketing strategies build revenues outside the season and on non-match days
- Football players have a fundamental role because they are brands in themselves
- TV is not the only interesting media but also social network and mobile connection marketing strategy
- Club chooses their sponsors selectively and deals are very structured
- Converting fans into customers

Create a model that is still delivering revenue even if the team isn’t doing so well

Source: ICM Research
The strategic assets of football clubs

- **Brand**
  Define a brand strategy and rethink the business model is the first step in exploiting process of brand potential

- **Stars**
  Major European teams understand the central role of players in the corporate strategy

- **Sponsors** *(contract related assets)*
  To reach audiences in international markets, football clubs use it sponsors to create partnerships relevant to that area

- **Stadium**
  Stadiums are places where people can find restaurants, bar, shops and club museum, not only a football match

Source: ICM Research
Brand-driven business strategy

- The main challenge in the football market is to **insulate the business model from the performance on the pitch**

**Brand Value**

**Match Day**
- Domestic league tickets
- Cup tickets

**Other Event**
- Music concert tickets
- Conferencing tickets
- Tours for fans

**Commercial**
- Sponsorship
- Branded products

**Football players**
- Personal branding
- Structured contract

**Media**
- TV Rights domestic and worldwide
- Social Network
- Mobile Marketing

Source: ICM Research
### Brand valuation, a key strategic issue

<table>
<thead>
<tr>
<th>Club</th>
<th>Forbes</th>
<th>Brand Finance®</th>
<th>ICM Advisors estimated Based on Enterprise Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Madrid</td>
<td>286 €M</td>
<td>459 €M</td>
<td>360 – 450 €M</td>
</tr>
<tr>
<td>Manchester United</td>
<td>340 €M</td>
<td>440 €M</td>
<td>320 – 400 €M</td>
</tr>
<tr>
<td>FC Barcelona</td>
<td>215 €M</td>
<td>430 €M</td>
<td>350 – 420 €M</td>
</tr>
</tbody>
</table>

- Brand valuation is an essential element in the process of brand strategy development
- Lots of football brand valuations have been realized by specialized consultancies with contrasting results

Source: ICM Research
Football star personal brand impact

• Football players have not only football skills: Personal brand concept

  • In 2009 Real Madrid paid Manchester United a record $130 million transfer fee for Cristiano Ronaldo

  • As a result, Real Madrid jumped up to no. 2 from no. 5 on the media brand list of advertisers and United lost its dominance position in 13 out of 21 countries in which it was previously number one

  • CR7 and CR9 are trademarks for brand Cristiano Ronaldo. The CR7 brand (currently in use) was born in Manchester when Ronaldo took over the number 7 shirt at Manchester United from David Beckham

  • The CR9 label has been created by Real Madrid for the promotional activities of the club as it positions the brand asset in promotions pertaining aggression, youth, success, skills, and the hero who is now a football icon for a lot of markets around the world

  • This helps brands like Nike, Castrol, Pepe Jeans, Armani and Clear to position their products with this brand personality

Source: ICM Research
Brand identity strategies

• “What makes our true supporters remain loyal even when results are not good? It is the Club’s philosophy and values”

• The new identity is the result of a structured process. The Shakhtar conducted an extensive management and team interview programme, along with research on current and potential supporters.

• The consolidation of the Shakhtar brand’s vision, mission and values summarized in the concepts of going “beyond boundaries” and being “the ambassador of Ukrainian football in the world”, and in the values of determination, loyalty, youth and knowledge. These concepts guided the creation of the new logotype.

The new logotype encapsulates a variety of meanings

• Orange and black colours, expressing the contrast between the darkness of mines and brightness of the sun.

• Flame in the centre of the upper part of the logotype symbolize the “flame of passion” driving the Club’s supporters, players, officials.
A sound Due Diligence should look at an effective and valid national and international Clubs’ Brands protection as well as at ensuring that Clubs can effectively and validly exploit Players’ Personal Brands.
Real’s mobile strategy can be broken down into two key aims:

1. **Generating extra revenue** for Real Madrid through the distribution of their mobile content portfolio and creation of new mobile services and products
2. **Building a mobile community** for Real Madrid fans, and the integration of mobile into the club’s communications with the fans

Source: ICM Research
KEY BRAND EXPLOITATION: THE RELEVANT CONTRACTS

SPONSORSHIP
  STADIUM

MERCHANDISING
  ANTI-COUNTERFEITING

PLAYER PERSONAL BRAND
  SECURE RIGHT
  EXPLOITATION

MEDIA CONTENT
  MOBILE
  WEBSITE
  SOCIAL FORUM
  APPLICATIONS

LICENSING
How to exploit football business in the emerging markets

- Learning from leading clubs but build a new generation of football clubs
- Build a strong strategic asset base
  - **Tangible assets** (stadiums/entertainment centers)
  - **Intangible assets** (brand clubs, personal stars brand, fans base relationship, sponsor relationships)

Source: ICM Research
The Challenge: build & exploit brand potential

ICM Advisors and R&P Legal are leading international professional services firms that can support your club in building & exploiting the brand potential

Source: ICM Research
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