



UNIVERSITY OF GOTHENBURG  
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# Increased revenues as the key for long-term success in Allsvenskan

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## Bachelor thesis – Financial control

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2011-06-01

## **Acknowledgements**

We want to thank our supervisor Peter Beusch for his guidance and constructive criticism during the process with this thesis.

Special thanks also to Tommy Theorin, Christopher Danielsson, Mats Jansson, Ronny Nilsson, Lena Mattson, Paul Myllenberg, and Svante Samuelsson for their openness and willingness to share their knowledge and experiences with us.

Gothenburg, June 2011

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## **Abstract**

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**Title:** Increased revenues as the key for long-term success in Allsvenskan

**Background and research problem:** Football is the most popular sport in the world and is influenced by stakeholders with different perspectives and interests. The problems with sporting and financial results are a much-debated issue in Sweden at the moment because the majority of all clubs in Allsvenskan have suffered a severe operational loss, which is becoming a serious threat to their existence. The sporting results have also got worse and Allsvenskan is rapidly falling on the UEFA-ranking. To change this negative trend, an increase in revenues among the Swedish clubs is necessary and this thesis will examine how this increase could be realised.

**Purpose:** The purpose of this thesis is to identify the structure of revenues in the clubs in Allsvenskan today and what sources of revenues that have the best potential to increase. It will also be examined if the increase in revenues is the solution to reach the long-term goal that Allsvenskan shall be ranked amongst the top 15 leagues in Europe in 2020.

**Delimitations:** This thesis treats Swedish football clubs in the premier division. Five clubs have been interviewed by which four are now playing in Allsvenskan and one has been relegated. Only male clubs are being examined and the focus lies on generation of revenues. Some comparisons are drawn with other leagues, in order to give the readers a better understanding of what others have done in order to reach a successful concept.

**Method:** This thesis is based on primary data from seven qualitative interviews which have been analysed and compared with existing theories about generation of revenues in order to find a connection and possibilities of improvement.

**Results and conclusions:** 52 per cent of the revenues in 2010 were assignable to advertising/sponsorship and match day revenues. Most of the revenues can somehow be assigned to the stadium and that is where the greatest potential of an increase in revenues lies. The solution is not the actual ownership of the stadium, but to obtain the rights for sales and advertisement at the stadium. The clubs should focus on increasing the revenues they are able to improve, based on their own conditions. In order to do the climb on the UEFA-ranking, increased revenues are essential and a change in the structure of how contributions are distributed would be favourable. However, that would result in a different type of league where a few clubs would be in top on a regular basis and there is a big disunity among the clubs whether this is worth aiming at.

**Further studies:** The following issues would be interesting for further studies because they are also much debated at the moment and fairly unexplored:

- How are the costs distributed in the football clubs in Allsvenskan and what costs have the least connection to sporting success and can be reduced?
- Do revenues have a correlation with sporting success in other sports around the world?
- How would a change in taxation legislation affect football in Sweden and player salaries?
- How would a change in legislation concerning integrity and public control affect football and hooliganism?

**Keywords:** Allsvenskan, Financial and sporting success, stadium, sports management, football finance

## **Definitions and explanations of words**

<b>Allsvenskan</b>	The Swedish premier football division
<b>Bosman ruling</b>	The Bosman ruling denotes that players, with expired contracts, can move to another club without transfer payment to the former club and no limitations to foreign players in a team exists, as long as they are from the EU.
<b>UEFA Champions League</b>	An annual football tournament for the best football clubs in Europe where the qualifying clubs receive a big amount of prize money.
<b>UEFA Europa League</b>	The second biggest European tournament, where clubs winning the domestic cup or finishing just below the domestic league champions gets the opportunity to qualify.
<b>Elite license</b>	The clubs in Allsvenskan and Superettan are not allowed to have a negative private equity. If they have, they get degraded to a lower division.
<b>FIFA</b>	Fédération Internationale de Football Association
<b>Föreningen Svensk Elitfotboll (SEF)</b>	An interest organisation for the football clubs in Allsvenskan and Superettan.
<b>Premier League</b>	The English premier football division
<b>Superettan</b>	The second highest football division in Sweden
<b>Svenska Fotbollsförbundet</b>	Translated as “The Swedish Football Association”. Its aim is to promote and administer football in Sweden, and to represent it outside Sweden.
<b>Transfer market</b>	The Transfer market is the common term for the virtual arena in which football players are available for transfer between clubs.
<b>UEFA</b>	European Football Associations
<b>UEFA-ranking</b>	The ranking is based on a coefficient of how well the clubs have performed in the European Cups.

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## 1 Introduction

### 1.1 Background

Football is the most popular sport in the world and is influenced by stakeholders with different perspectives and interests. The forces are, on the one hand, organisational forces such as FIFA<sup>1</sup> and UEFA<sup>2</sup>, labour organisations of the players, EU and other international organisations. On the other hand, market forces such as sponsorship, TV-companies, media and agents influence the football industry. (Sund 2007)

The Swedish premier division of football is called Allsvenskan and is owned by the Swedish football association with the assignment to promote and administrate the Swedish football and to represent the clubs abroad. The clubs in the two highest divisions are on their part represented by Föreningen Svensk Elitfotboll<sup>3</sup> who has the power of attorney to negotiate sponsorship agreements, television rights and other issues against The Swedish Football Association or external parties. (Theorin 2011) Allsvenskan consists of sixteen Swedish football teams who have their own club-specific organisations. Some are non-profit organisations while others are partly managed as joint-stock companies. (Svenskfotboll 2010)

The problems with sporting and financial results are a much-debated issue in Sweden at the moment. The last couple of years, most clubs in Allsvenskan have suffered a severe operational loss, which *Table 1* below illustrates and this is now becoming a serious threat to the existence of many of the involved clubs. (Sahlström 2010)

Financial results in Allsvenskan 2008-2010 (million €)	2010	2009	2008
Operating result	-13,3	-13,1	-8,0
Player turnover	1,8	12,1	9,4
Net financial items	-0,2	0,0	0,7
Result before exceptional items & year-end appropriations	-11,8	-1,0	2,1
Exceptional items, year-end propr. & taxation	0,2	0,2	-1,2
<b>Net income</b>	<b>-11,6</b>	<b>-0,8</b>	<b>0,9</b>

Table 1 Financial results in Allsvenskan Source: Sahlström 2010

The Swedish premier division has steadily been falling on the UEFA club-ranking list<sup>4</sup> during the last twenty years. In 1989, Allsvenskan was ranked as the 10<sup>th</sup> best league in Europe, in 1996 as the 14<sup>th</sup>, 2001 as the 19<sup>th</sup> and 2011 as the 28<sup>th</sup>. (UEFA 2011)

<sup>1</sup> The Fédération Internationale de Football Association (FIFA) is an association with 208 member associations with the goal to constantly improve football. FIFA supports the member associations both logistically and financially, but the members also have obligations towards FIFA to follow the aims and ideas of FIFA. (FIFA 2011)

<sup>2</sup> Union des Associations Européennes de Football (UEFA) is a European organisation with the same mission as FIFA, but on a European level. UEFA organizes competitions and protects the interests of the members. The members are national football associations which have to fulfil the obligations of UEFA concerning fair play and other guiding principles. (UEFA 2010a)

<sup>3</sup> An interest organisation for the football clubs in Allsvenskan and Superettan.

<sup>4</sup> This ranking is based on a coefficient of how well the clubs have performed in the European Cup games.

According to the Swedish Football Association, the long-term goal is to be ranked amongst the top fifteen leagues in 2020. (Svenskfotboll 2010) To reach this goal the revenues of the clubs need to be increased drastically, since the connection between revenues and success on the field has been strongly proven. (Sahlström 2010) Since this is a real challenge for the football clubs, the authors of this thesis find it interesting to examine what must be done in order to increase the revenues.

## 1.2 Research problem

The main viewpoint in this thesis is that revenues are the key to success on the field, not the other way around. This standpoint is strengthened by Deloitte's Annual review of football finance where the connection between these two factors is further demonstrated. The English Premier League which has been the most successful of the European leagues during the last decade had total revenues of € 2,3 billion in the 2008/09 season. All of the three closest competitors Spain, Germany and Italy had revenues close to € 1,5 billion while their gap down to the fifth ranked French league was another € 0,45 billion. The total revenues of Allsvenskan just slightly surpassed € 0,1 billion, a significant factor to the lack of international success. (Deloitte, Annual Review of Football Finance 2010)

In Sweden, there are also evidents for sporting success not leading to financial success. The champions of Allsvenskan 2010, Malmö FF, did for example experience a season of two faces. A big sporting success as champions of Allsvenskan, but in spite of this sporting success the club finances resulted in a deficit of € 3,64 million. This emphasises the statement that sporting success is not sufficient to keep healthy finances for a club in Allsvenskan. (Malmö FF 2011)

Even though the total revenues of the Swedish premier division clubs have increased during the last 10 years, many of the clubs still face the problem of insolvency. In the year of 2000, the total revenues were just above € 42 million compared to fully € 100 million in 2009 - an increase of 161 %. During the same period, the clubs have allowed themselves to increase player wages and operative expenses at the same pace, and the economical outcome has not shown any sign of improvement. (Sahlström 2009) Many of the clubs have been dependent on selling players to foreign leagues to keep their solvency, a risky line of conduct - leaving their fate in the hands of the uncontrollable surrounding.

However, according to Sahlström (2009), it is not the expenses that need to be reduced in order to improve the performance of the clubs. It is rather the revenues that need to be increased in order to keep up with the pace of the international competitors. As illustrated in *Figure 1*, with increased revenues the clubs would be able to pay higher salaries and thereby attract better players. Increased revenues would also reduce the pressure on the clubs to sell young talents in order to keep a financial surplus. Being able to sign higher performing players from abroad and avoiding domestic players leaving to, for instance, the Norwegian, Danish or Dutch league would in addition lead to higher league attendance. This would also be a main factor to the possibility of sporting success in the international cup competitions.



Figure 1 The wheel of revenues Source: Drawn by the authors after inspiration from Sahlström 2009



In May 2010 a new regulation was introduced into the world of football in order to encourage long term investments in the youth activities and infrastructure, and to introduce more discipline and rationality in club football finances and thereby combat inflation of transfer fees and wages. This regulation is called FIFA Financial Fair Play and will be further examined in the frame of reference. Thus, this regulation points towards a development where the operational revenues will be even more important for the football clubs. (UEFA 2010b)

Furthermore, Cross & Henderson (2003) identify the football industry as a high profile industry, but confirms it to be a still unexplored area of research at an academically level. From their context it is made clear that success on the football field is not necessarily equivalent with financial success, it is rather external factors and the club's long-term strategy that plays the most important part. Barros & Leach (2006) concur with this statement and asserts the fact that financial reverses restrain the possibilities of sporting success, why the symbiosis between sporting and financial activities are of great importance for the competitiveness of a football club.

In the 2002/2003 season the Swedish premier division was ranked at 23<sup>rd</sup> position, just above Denmark that was ranked at the 24<sup>th</sup> position. After that season, the Danish league started to advance and is now ranked as the 12<sup>th</sup> best league at the same time as the Swedish league has fallen to the 28<sup>th</sup>. (UEFA 2011) This gives a clear indication that Allsvenskan has been out-distanced, while our neighbours have found a strategy of success that obviously the Swedish Football Association has failed with.

### **1.3 Purpose and research questions**

The purpose of this thesis is to examine how the revenues of the clubs in Allsvenskan can be increased. There have been studies conducted before about football and its finances, but in this thesis Allsvenskan is compared to other leagues for finding success factors, and also to find potential increases of revenues among the already existing revenue streams in the clubs. The long-term goal for the Swedish Football Association is that Allsvenskan should be ranked amongst the top fifteen leagues in Europe 2020. To reach this goal, the clubs in Allsvenskan need to change an on-going negative trend and the revenues of the clubs need to be drastically increased. The research questions are therefore:

- How are the revenues of the clubs in Allsvenskan structured, and what source of revenues has the best potential to increase?
- How can a ranking among the top fifteen football leagues in Europe be achieved?

### **1.4 Delimitations**

In this study, the focus is on Swedish football clubs in the premier division. Only male clubs are being examined for the reason that they consist of much bigger organizations than their female counterparts. A comparison has been made with other European leagues with similar external conditions such as the Danish and Norwegian. There will also be some comparisons with big leagues such as the English and Spanish in order to find out how the most successful ones are working to increase their revenues.

Regarding the financial measures this thesis will focus on how the clubs can increase their revenues rather than decrease their costs. The focus on revenues can be explained by several studies (Simmons 2007, Sahlström 2009, Christiansen et al. 2007, Hall et al. 2002) that stress the fact that an increase in revenues is what makes sporting success possible since the clubs at the same time can increase their spending on player salaries etc.



Not treated in this thesis are issues that the clubs cannot influence by themselves, such as issues concerning legislation; for example taxation of football player salaries which affect the salary levels, but also legislation concerning public control and integrity which could affect the problems with violence and restrict certain spectators to watch a game.

## 2 Research Methodology

### 2.1 Research approach

Football and its activities and problems have been discussed in several previous works, articles and books, and by studying these it is possible to approach the problem. Although most of these previous materials are not focusing on Sweden, they are of use since the organisation of football clubs are of similar character throughout the world. The research problem and purpose of this thesis is a solid basis to start from regarding the methodology. There is some existing information about the problem area, and the empiric data will be a description of both historical aspects and present aspects. These aspects will afterwards be analysed separately, and with the approach to find a connection between different aspects. With this in mind, a descriptive study is considered as the best procedure. (Patel & Davidson 1991)

#### 2.1.1 Choice of organisation

The chosen organisation for this study is Allsvenskan. For finding common problems, challenges and possibilities for the clubs in Allsvenskan, five clubs have been selected for interviews, IFK Göteborg, Kalmar FF, Helsingborgs IF, GAIS, and Örgryte IS. These clubs are chosen to be representative for Allsvenskan since they are of different sizes, coming from different cities and have different background and history. A comparison between the clubs has been illustrated below (*Table 2*) to concretise their differences. Three clubs are from Gothenburg and have the conditions a big town bring, although one of the clubs, IFK Göteborg, is one of the biggest clubs in Sweden, meanwhile the other, GAIS, is seen as a small club in Allsvenskan. The third club, Örgryte IS, has been interviewed even though they are not playing in Allsvenskan for the moment. They went bankrupt in February 2011 and degraded to a lower division. Örgryte IS was interviewed, first and foremost because of their financial problems and their perspectives on governance of a football club and its finances in a situation of crisis. Furthermore, Helsingborgs IF is from a middle sized city, meanwhile Kalmar FF is from a small city, and these clubs have succeeded as clubs from smaller cities than Gothenburg, and hence different conditions.

Club	City of origin	Revenues 2010 (million €)	Position in Allsvenskan 2008,2009,2010
<b>IFK Göteborg</b>	Göteborg	12,6	3,2,7
<b>GAIS</b>	Göteborg	5,4	11,11,13
<b>Örgryte IS</b>	Göteborg	2,2	DNS,15,DNS
<b>Helsingborgs IF</b>	Helsingborg	8,4	4,8,2
<b>Kalmar FF</b>	Kalmar	4,5	1,4,9

Table 2 A comparison between the clubs Source: annual reports from the clubs

The in-depth interviews and focus on the clubs alone are important since the issue of financial problems in Allsvenskan are directly connected to the football clubs. The financial results in the sixteen clubs in Allsvenskan are put together and jointly represent the results in Allsvenskan.

## 2.2 Quantitative and qualitative studies

This thesis will primarily be based on text in academic journals and interviews for finding causes and patterns for the results in Allsvenskan, and therefore the qualitative method will be used. According to Bryman (2002) it is the best method to use when emphasising text and verbal material for gathering and analysing data.

Something that also influences what method to use is how the purpose is formulated. If the purpose is about finding patterns and underlying causes, the qualitative method is preferable. (Patel & Davidson 1991) Since the purpose of this thesis is to map out the structure of revenues and how they can be increased, it is a further reason to use the qualitative method.

A line of action when working according to a qualitative method is doing current analysis. (Patel & Davidson 1991) The authors did not have all of the interviews at the same day and therefore the previous interviews have been analysed and afterwards used as a basis for the following interviews. When working like this it is possible, already during the interview, to discover similarities and differences among the clubs and ask attendant questions. In the end, when all data was gathered, additional analyses were done to see the patterns of the course of action in the football clubs and its consequences.

## 2.3 Gathering of data - Primary and secondary

Both primary and secondary data is required for carrying out this thesis. The data is classified into primary or secondary depending on its source and nearness to the respondent. (Patel & Davidson 1991) The primary data in this thesis and the empirical material are from interviews with concerned people in Swedish football clubs and Föreningen Svensk Elitfotboll, an interest organisation with a mission to protect the interests of the elite football clubs in Sweden towards The Swedish Football Association. The empirical material is also from annual reports from Malmö FF and published interviews concerning their club. Malmö FF is of special interest since they have other prerequisites by owning their stadium. Secondary data is gathered from books and academic journals about the economical and sporting activities in, not only Swedish but also foreign, football clubs. The secondary data, in the form of journal articles, is taken from databases accessed through the library of the University of Gothenburg. Business Source Premier and Google Scholar are the most used databases, but also Emerald has been an important database for information retrieval. The words used for finding relevant data were in the beginning “financial control” and “financial situation” in combination with “football”. These words were suitable for finding general information about the subject and helped when trying to formulate the purpose of the thesis and make limitations. When the purpose was clearer, the words for searching data also were more specific. In the latter part of information retrieval the following words were mostly used: “value chain”, “revenues”, “cost benefit”, “ownership” and “stadium”. The words were often combined with each other, but almost always combined with “football” in order to find more subject specific articles.

### 2.3.1 Interviews

There are several methods of gathering information and one of them is conducting interviews. Interviews are suitable when the interviewer seeks to capture the opinions and ideas of a person, like the authors of this thesis wanted to do. For obtaining results usable for analysis it is important for the interviewer to ask relevant questions, but also to create a good climate during the interview. (Lantz 1993) For this reason the authors have tried to carry out most of the interviews at the offices of the football clubs. The interviewing persons have then access to all their material and hopefully feel more comfortable in a well known environment. (*Table 3, page 7*) The interview questions (appendices) were e-mailed to the respondents in advance, in order to give them the chance to prepare their answers properly.

Interviews can be carried out in a number of ways, depending on differences in structuring of questions. If the interviewer wants the respondent to analyze freely, the interviewer can ask only one, open question. On the contrary, the interviewer can use a questionnaire and ask well prepared questions and the respondent answers according to predetermined alternatives. (Lantz 1993) Since it is important to understand the financial situation and also the financial strategy of a football club it is important to also interpret the way of thinking in the clubs. Therefore, the interviews have been carried out as semi-structured interviews. If done this way, a qualitative analysis is possible since the respondents have the opportunity to reflect over their own acting in the fields the interviewer finds interesting and relevant. (Lantz 1993)

Position	Name	Date	Duration	Type of Interview
Secretary General - Föreningen Svensk Elitfotboll	Tommy Theorin	2011-04-26	45 min	Telephone Semi Standardised Interview
Marketing Manager – GAIS	Christopher Danielsson	2011-05-03	1 h	Personal Semi Standardised Interview
Sports Director – Örgryte IS	Mats Jansson	2011-05-03	1 h 15 min	Personal Semi Standardised Interview
Project Leader – Kalmar FF Fastigheter AB	Ronny Nilsson	2011-05-03	45 min	Telephone Semi Standardised Interview
Financial Manager – IFK Göteborg	Lena Mattsson	2011-05-05	1 h 30 min	Personal Semi Standardised Interview
Sports Director – Helsingborgs IF	Paul Mylberg	2011-05-12	1 h 30 min	Personal Semi Standardised Interview
Sports Director – Kalmar FF	Svante Samuelsson	2011-05-16	45 min	Telephone Semi Standardised Interview

Table 3 Structure of the interviews Source: Own

### 2.3.2 Respondents

The issues in this thesis are both club-specific and also a joint issue for Allsvenskan and the Swedish football association. Since football has many stake holders such as fans, companies, municipalities and private investors the revenues can be increased in many ways. For this reason it is important to have information from different sources with different perspectives. Consequently, contact was taken with football clubs in the geographical closeness to Gothenburg, but also with the Swedish football association and Föreningen Svensk Elitfotboll. The contact was taken firstly by e-mail to have a first idea if they were interested in participating. After a first e-mail, only one club answered, but after a reminder e-mail, the other clubs answered and, jointly with the authors, decided time and place for the interview. The interviewed clubs were GAIS, IFK Göteborg, Örgryte IS, Helsingborgs IF and Kalmar

FF. Contact was also taken with the principal behind the new stadium in Kalmar. Föreningen Svensk Elitfotboll is responsible for setting up a strategy for Sweden to climb on the UEFA ranking and therefore has knowledge about the problem. The directors in the football clubs, on the other hand, have the operational perspective and the responsibility for the strategy to be implemented and working in the daily activities. There have been interviews with representatives from five different football clubs, where one club stands as the owner of its home stadium while the other four do not own their stadium. In this manner, several perspectives will be highlighted and an analysis can be realised with different parameters in mind. Three of the clubs are from Gothenburg and have the conditions a big town bring, although one of the clubs, IFK Göteborg, is one of the biggest clubs in Sweden, meanwhile the other, GAIS, is seen as a small club in Allsvenskan. The third club, Örgryte IS, is at the moment not playing in Allsvenskan due to financial problems and have been degraded, why it is interesting to hear their perspective from a crisis. Furthermore, the other two clubs are from smaller cities, Kalmar and Helsingborg, and have succeeded as clubs from smaller cities, and hence different conditions.

To not miss out on the body language and emotional expressions it is preferable to carry out the interviews face-to-face. Since most of the respondents are working in the surroundings of Gothenburg this was possible to accomplish for the most part. However, the club director in Kalmar FF, the entrepreneur behind the arena in Kalmar and the secretary general in Föreningen Svensk Elitfotboll, were not possible to interview face-to-face because of the limitation of time for this thesis. Therefore it was decided to carry out those interviews over the phone.

#### **2.4 Currency and exchange rate**

To facilitate for the readers of this thesis, Euro has been chosen as currency through all of the text. The exchange rate between Euro and Swedish Krona has been set to nine SEK per Euro. The exchange rate was 9,01 SEK per Euro according to Sveriges Riksbank 2011-05-16 and therefore the authors used 9 SEK per Euro to facilitate the re-calculation. (Sveriges Riksbank 2011)

#### **2.5 Credibility**

The credibility of a study can be judged by its reliability or validity. Since interviews will be the primary data, it is not appropriate to discuss the reliability. Reliability is only relevant to discuss if measuring an outcome from, for instance, questionnaires with answering alternatives. Validity is about the concordance between the aim of the examination and what actually is examined. The conditions in this thesis are about Allsvenskan, but since only five clubs have been interviewed, the results and conclusions are to be taken with a certain degree of discretion.

An obvious risk by carrying out interviews is that the respondent might interpret the significance of the questions in another way than intended. Due to this, it is crucial to ask clear questions to minimize this risk. (Patel & Davidson 1991) Therefore, the interview questions have been tested in advance on a person who is president of a football club in a lower division. Furthermore, the respondents have been informed in advance about what the interview was supposed to focus on.

Moreover, since the interviews are semi-structured and the respondent has the opportunity to analyse freely, there is a risk that the respondent is affected by recent events when answering. This might have been the case during the interview with Tommy Theorin, the secretary general in Föreningen Svensk Elitfotboll. His strong focus on football violence might have



been because of the scandalous game between Syrianska and AIK the evening before and not because it is the strongest threat against a success in the Swedish premier division. The semi-structured interviews have, on the other hand, made it easier to adjust the questions depending on the club and their situation.

### 3 Theoretical frame of reference

The theoretical frame of reference in this thesis is based on journal articles and previous research about sport management and business strategies in the football industry. Furthermore, some closer presentations of the central content in “The value chain”, “The value network”, “Event management” and, “The costs and benefits of ownership” will be analysed.

The beginning of this chapter will be about the aspects of financial and sporting success along with the existing symbiosis between these two concepts. Important to mention is that the extent of success only can be measured from the prevalent context of the concerned club. It is also important to mention that financial and sporting success do work as each other’s catalysts. (Coquard et al. 2005)

The main theories regarding sport management and business strategy show that it is of great importance that a football club is able to differentiate from other clubs. The associations need to find sources of revenue that are not only related to the match day. According to the research of Guzmán (2006) and the book “The future of football” by Garland, Malcolm and Rowe; the associations should first of all secure their finances to subsequently obtain sporting success.

To provide the readers with another perspective, the authors have chosen to use “The value chain” and “The value network” to demonstrate how different activities in a club influence their performance in both financial and sporting measures. The revenues that can be generated by realised football events are treated in a section about event management. The costs and benefits of ownership will be used to determine the impact of stadium ownership.

#### 3.1 How to define success from a football club point of view

The concept of success in a football club is complex as the concept by itself needs to be adjusted from one club to another. However there are two basic definitions that, to a great extent, are determinant aspects for reaching a long-term goal. According to for example Sahlström (2010) these two are; sporting success and financial success. Still, to make these determinants more understandable, a more profound definition will be explained below.

##### 3.1.1 Sporting success

To explain the concept of sporting success, it is important to understand that this is something that to a large extent varies from one club to another. As an example, a place on the upper half of the league table would be acceptable for GAIS, while only a place among the top three would be fully acceptable for IFK Göteborg. It would also be seen as a huge success if some team from Allsvenskan would qualify for the Champions League, while this is a matter of course for the English premier league team, Manchester United. For them, a sporting success would only be achieved by at least reaching the final of the Champions League. Thus, sporting success is individual and different clubs work in their own context which creates their individual prerequisites for defining a sporting success. (Coquard et al, 2005)

##### 3.1.2 Financial success

The most basic requirement that needs to be fulfilled on the way towards financial success is the elite license. This requirement was introduced in 2001 by the Swedish Football Association as a new regulation that stipulated criteria which the clubs in the two highest divisions have to fulfil in order to not get degraded into a lower division. This “Elite licence” is mainly based on the simple rule that no elite club is allowed to have a negative private equity in their annual financial report. (Sahlström 2009) This regulation was introduced as a



response to the increase of expenses in Swedish football. However, this formal system is not unique for Swedish football. The similar system can for instance be found in Spain, Italy and Germany and has for a long time been desired by FIFA as an instrument to prevent undesired economical instability among the clubs. (Carlsson 2009)

### 3.1.3 Relation between sporting success and financial success

To be able to attract better players and not be dependent on selling players for keeping the Elite license, it is the revenues that need to be increased. Increased revenues could therefore be seen as the most important financial success, because such an increase would, in the long-term view, lead to a more attractive team with better players, higher attendances and higher reputation. (Deloitte 2010) There is a proven correlation between UEFA-ranking and revenues. *Figure 2* shows the total revenues in the country's premier football division (Söderman 2010) and the position of the country's premier football division on the UEFA ranking. (UEFA 2011)

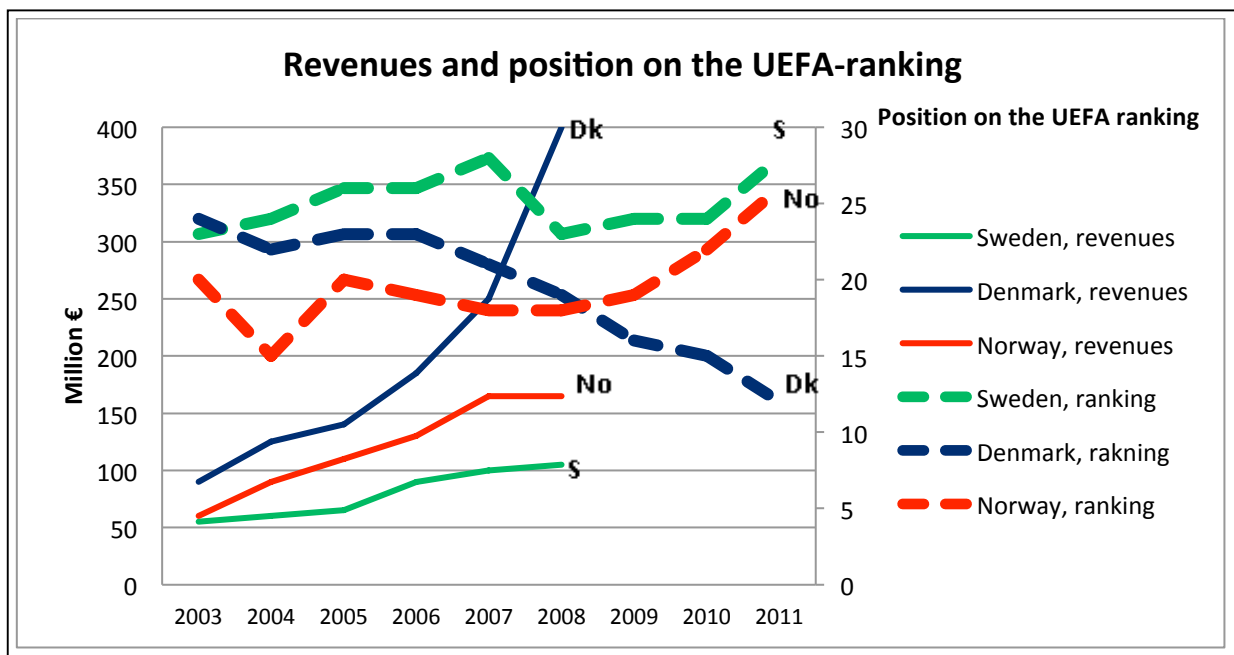


Figure 2 The correlation between position on the UEFA ranking and revenues in the country's premier division. Source: UEFA 2011 & Söderman 2010

The correlation between revenues and UEFA ranking is evident. *Figure 2* demonstrates that an increase in revenues in the Danish premier division coincides with better position on the UEFA ranking. The Swedish and Norwegian premier divisions are headed in the opposite direction on the UEFA ranking; the revenues are increasing, but not in the same pace as the revenues in Denmark and their positions on the UEFA ranking is getting worse.

### 3.2 The structure of revenues today

The biggest part of the revenues among the clubs of Allsvenskan is assignable to advertisement and sponsorship (*Table 4, page 12*). The match day revenues are on second place with the average share of 22 per cent. Between 2009 and 2010 the match day revenues declined from € 30,7 million to € 25,3 million a decline of notably 17 per cent, mostly due to declining attendance. The average attendance of 2009 was 7.952 spectators, 2010 it had declined to 6.518 spectators. (Sahlström 2010) In comparison to the top five leagues in Europe according to UEFA (England, France, Italy, Germany, and Spain), those leagues are less dependent on sponsorships and grants and are much more dependent on contributions

from broadcasting. Both Italy and France have close to 60 per cent of the income coming from broadcasting and only 40 per cent from other sources. (UEFA 2009) In Allsvenskan on the other hand, almost 80 per cent of the income comes from sponsorships, grants, and other sources. (Sahlström 2010)

Revenues in Allsvenskan (million €)	Share 2010	Share 2009	Share 2008	Share 2007	Share 2006	Share 2005	Change
Spectators- and gamerevenues	22%	23%	22%	24%	24%	26%	-4%
Advertising and sponsorship	30%	27%	30%	25%	28%	25%	5%
Contribution via SEF and Swedish Football Association from media and marketingprojects	18%	15%	16%	18%	19%	12%	6%
UEFA-games ex. Champions League	2%	1%	1%	4%	1%	1%	1%
Grants	2%	2%	3%	1%	1%	2%	0%
Gothia Cup*	7%	5%	0%	0%	5%	2%	5%
Other arrangements	1%	2%	2%	2%	1%	7%	-6%
Other	8%	9%	8%	5%	5%	6%	2%
Operating results	90%	84%	82%	79%	84%	81%	9%
Player transfers and players on loan	10%	16%	17%	21%	15%	18%	-8%
Comprehensive results ex financial revenues & costs	100%	100%	99%	100%	99%	99%	1%
Financial income	0%	0%	1%	0%	1%	1%	-1%
Comprehensive results in financial revenues & costs	100%	100%	100%	100%	100%	100%	0%

**Table 4 Revenues in Allsvenskan Source: Sahlström 2010 \*The world's largest football tournament for boys and girls from 11-19**

### 3.3 Event management - How to generate revenues

Most clubs in Allsvenskan, thirteen out of sixteen, are non-profit organisations, but nevertheless they must maximize the surplus from value creation activities to be able to cover the costs for their activities. To capture the biggest share possible of the corporate value created in Allsvenskan altogether it is crucial to develop a competitive advantage. A competitive advantage of a football club can, among other things, be because of an attractive way of playing, well known players or a strong tradition in the club. (Sund 2007)

When identifying the competitive advantage, the club needs to know how to benefit from the competitive advantage to the greatest possible extent. The majority of the revenues nowadays come from advertising and sponsorships, but also from gate receipts. In other words, the spectators and the spending of spectators on the stadium is an important source of revenues. (Sahlström 2010)

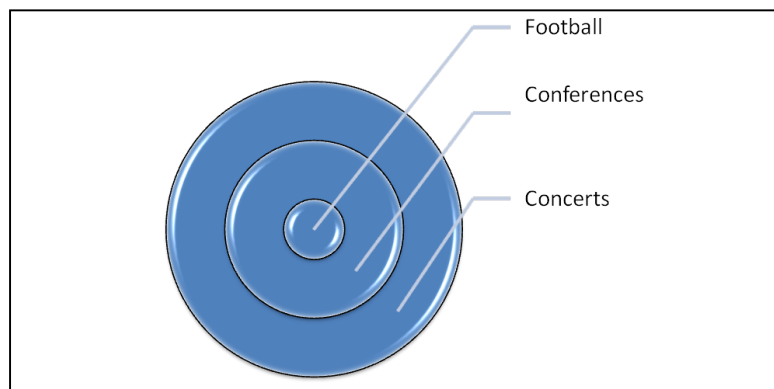
#### 3.3.1 Revenues from a Stadium

During match day there is a great possibility for the football clubs to earn the biggest parts of their total revenues. At the moment, the football clubs cannot fully benefit from their match day income since they do not own the rights and the owner of the stadium often gets the revenues from the sales or advertisement on the actual stadium. If a football club owns the stadium, or at least the fully rights for sales and advertisement, it can make direct revenues from a person purchasing a beer at the stadium. It could also make revenues from events such as concerts where other organisations could rent the stadium. A football club can make use of a stadium as a part of a growth strategy because more people might get the chance to attend, the club might be more attractive to partners and obtain more revenues from partners or other facets that create greater value of the core product, which in this case is football. (Beech & Chadwick 2004)

Building or acquiring a stadium demands great expertise in the organisation to make the stadium a successful investment; it should generate sufficient revenues and reduce the costs. It demands correct financial planning and often a financier or partner to have sufficient fund for the investment. These partners can contribute also by giving the club and events identity and value added. The highest value added is attained if the partners have the same or similar target market as the club and the events. (Beech & Chadwick 2004)

Parks (Parks et al. 2006) emphasises the issue of events on a stadium in a book from 2006 and accentuate the fact that risk management is important. There is of great significance to not only have the match day for generating revenues. Spreading the risks by creating side activities is a way of diversifying and reducing the risks (*Figure 3, page 14*) in a football club and in consequence make a club less dependent upon short term sporting results for generating revenues. For instance, F.C. Copenhagen, which owns the National Arena Parken, is nowadays financially, less dependent on sporting results. Only 50 per cent of their revenues come from football and the other 50 per cent comes from alternative incomes and events on the arena. (Fröjd 2008) Since the stadium should work as a mean to diversify risks, the stadiums ought to be “multi-purpose stadiums” and capable of long term capability. Since football has its high and low season the stadiums must be used for other activities when not used for football. Therefore, a club has to know what facilities are demanded and creates added value for spectators for all events, not only football. This is where it might be difficult to meet all stakeholders’ requirements, but the club has to do its best to unite the interests. (Beech & Chadwick 2004) Even though a football stadium is in first hand for football, other events during days without football game are important for the turnover. Malmö FF, for example, have developed Swedbank Stadium this way, and have tenants in the stadium for

generating revenues which have no connection to football. The Swedish non-profit organisation for exercise, Friskis & Svettis, is one of the tenants and other additional revenues come from concerts, and conferences. (Malmö FF 2011)



**Figure 3 Risk diversions through offering more products** Source: Beech & Chadwick 2004

Beech and Chadwick (2004) call attention to the fact that most stadiums do not reach the full potential since they are not governed the right way. This is an additional fact stating that it might be better for a football club to govern its own stadium. Recruitment and employment of external experts might be necessary, but governing the stadium makes it easier to govern along the specific objectives and needs of the club at first hand. (Beech & Chadwick 2004)

### 3.4 Cost-benefit analysis of ownership

According to a theory by Grossman and Hart (1986) there are advantages of owning the property you use. When renting a property or sharing it with another part owner it is crucial to have a contract to rely upon. In these contracts every right and obligation should be specified, which can be very costly. When it turns into a big issue to specify all these components and actions and payments it can be more efficient for one party to buy the property. This would simplify the management and also investments in the property. In a situation with one owner and manager, the risk for conflicts of interests minimizes. The difficulties in allocating the rights and obligations between two managers with different interests can make a common ownership harmful. (Grossman & Hart 1986) The difficulties nowadays when clubs do not own their stadium is that they cannot benefit fully from gate receipts since the revenues on match day are allocated different depending on ownership. UEFA released a report of the finances in European football clubs and revenues from gate-receipts are significantly higher for clubs that own their stadium than for clubs that rents or lease their stadium. The report shows that none of the twelve clubs with highest match day income plays on a stadium owned by the state or the municipality. Henceforth, the report states that clubs that own their stadium have a better chance to renovate and upgrade the stadium since they have the right of determination. The clubs also have the ability to maximise additional revenues by commercialising the stadium to its full potential. (UEFA 2009)

Furthermore, sharing the ownership of the stadium with a partner or renting it can cause interest conflicts. These difficulties can arise in an environment when the football club is the primary user of a stadium, but not the owner. Interest conflicts can here be harmful if the owner, for example, is letting economic revenue from a conference or a concert taking precedence over a football game. The consequence can be that a game must be moved or the field might get in bad condition. This is what happened in 2003 on the Stockholm Olympic stadium. The stadium is the home ground for Djurgårdens IF, but they are not the owner of the stadium although the most important tenant. During a short period of time the Stockholm

Olympic stadium had several concerts and arrangements and the field became rotten. Since the field was in very bad condition Djurgårdens IF wanted to move a game, but it was not possible this time. The club director in Djurgårdens IF, Bosse Andersson, expressed his disappointment over how the stadium was run in the newspapers. His argument was that Djurgårdens IF was the primary tenant of the stadium, but the company that runs the stadium did not take the interests of Djurgårdens IF into consideration. (Laul 2003)

In contracts between parties there is also a need of specifying which party to have part of different kinds of revenues. The removal of the work to allocate the revenues in a good and fair manner is further a reason for one party to purchase the assets or the stadium. (Simmons 2007)

### **3.5 The financial boost by reaching the UEFA Champions League**

The impact on a clubs finances by reaching the group stage of the biggest European club competition, the Champions League, is huge. Professor Simon Chadwick, Director of the Centre for the International Business of Sport at Coventry University and one of the world's leading experts in the business of sport, marketing and sponsorship around big sporting events; states that clubs like FC Copenhagen that reached the knock-out stage of the Champions League in 2011 earned about € 50 million thanks to that achievement. To reach the knock-out stage, there are 32 clubs competing in eight groups with four teams in each group. The two top teams from each of the eight groups after having played six games, one at home ground and one at the competitors stadium, are the ones who qualify for the knock-out stage. The mentioned financial rewards come from five major sources of revenues. Most important are the UEFA participation payment and prize money of approximately € 14 million, and additional € 12 million from a share of UEFA commercial revenues from the Champions League. The average gate receipts are estimated to € 10 million, additional commercial and marketing revenues with increased match day revenues included are estimated to € 8 million and an average of increased squad value of € 6 million is also included. The less successful half of the teams competing in the Champions League, but not successful enough to reach the knock out stage, are each estimated to have made total average revenues of € 32 million. (Mackay 2009)

It is the winners of Allsvenskan who in the next season gets the opportunity to qualify into the Champions League. To reach the group stage, the Swedish club first has to pass through three qualifying rounds with home and away games against other league winners from small and medium sized leagues in Europe. No Swedish club has been able to reach the group stage of Champions League since Helsingborgs IF in 2000. Before that, AIK made the same achievement in 1999 and IFK Göteborg in 1997. The latest club from Allsvenskan to reach the knock-out stage of Champions League was IFK Göteborg in 1994 after beating both Manchester United, the Turkish champions Galatasaray and the Spanish champions FC Barcelona. (Annual reports from the clubs 2010)

### **3.6 The implementation of FIFA Financial Fair Play**

The FIFA Financial Fair Play is an attempt to prevent the widening inflationary impact that the football club's increased spending on transfer fees and salaries has resulted in. It is also meant to introduce more rationality and discipline in the clubs finances and to encourage the clubs to compete within their revenues. This regulation has been approved in order to ensure that clubs on a timely basis settle their liabilities and invests in their youth sectors and infrastructure. (UEFA 2010b) The financial fair play rules will require clubs to break even over a rolling three-year period. Otherwise they will not be granted the UEFA club licence, which is necessary for allowing them to take part in European competitions. According to

Michel Platini, the philosophy is that a club cannot spend more money than it generates. (The Moscow News 2010)

### 3.7 Employee cost to income

A key performance indicator to measure the sustainability of the economy in a football club is to compare the employee costs to the revenues. Due to the significant part that employee costs have in a football club, in particular the salaries of players, this ratio is regularly used as a good indicator of the sustainability. The amount of employee costs paid out in player salaries is rarely available for the public, and hence it is not reliable to compare tables presented in media on “the highest earners”, because those are likely to be speculative and should be taken with a grain of salt. In *figure 4* all direct costs of employees, both technical and administrative staff as well as the players are disclosed together. (UEFA 2010)

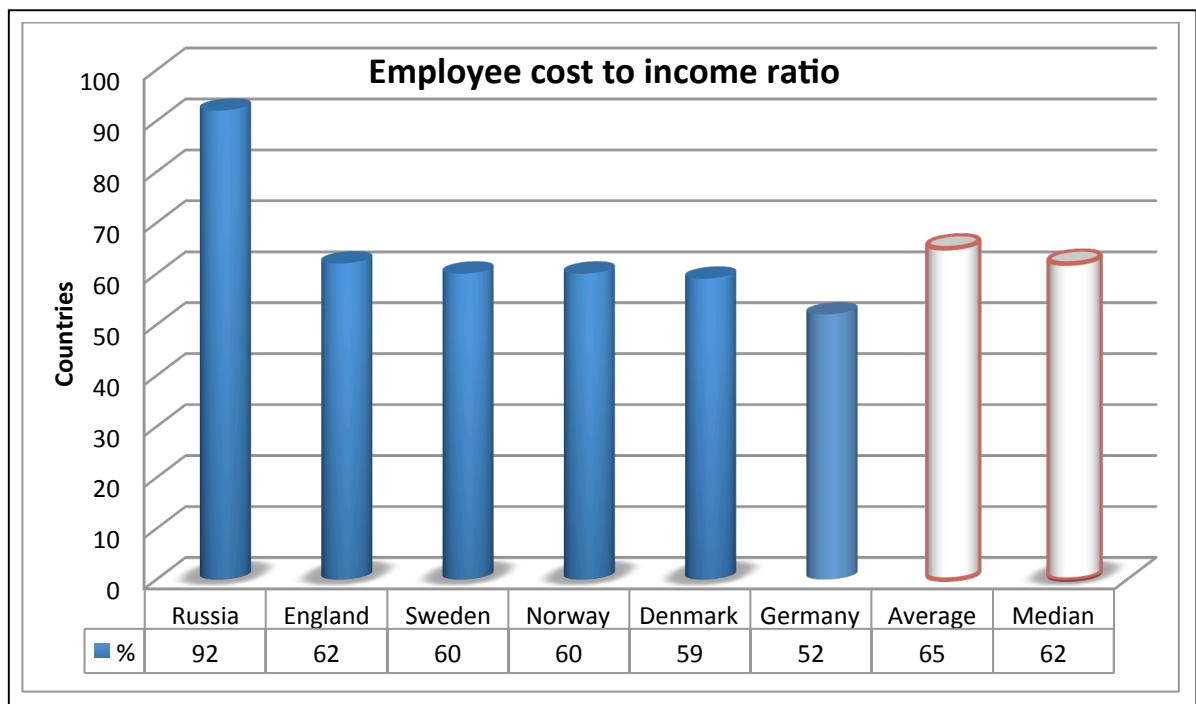


Figure 4 Employee cost to income ratio Source: UEFA 2010

UEFA, the employee costs in a club should never exceed 70 per cent of the total revenues. As shown in *figure 4* above, the employee costs in Allsvenskan corresponded to about 60 per cent of the total revenues. In Denmark the ratio is only 35 per cent, which can be seen as a sign that the Danish football clubs do not pay too high salaries compared to revenues. The distribution in Allsvenskan did, however, fluctuate strongly from one club to another (*Table 5, page 17*). The choice of financial risk level from one year to another is also dependent of the private equity in the club. With a bigger private equity, a club has more space to increase the risk level in order to reach satisfying sporting results in a short-term view. (Sahlström 2010)

Club	Employee cost to income %	Employee cost Million €	Revenues Million €	Position in Allsvenskan 2010
BK Häcken	33%	3,8	11,4	8
GAIS	46%	2,5	5,5	13
Malmö FF	48%	8,2	17,1	1
IFK Göteborg	49%	4,9	10,0	7
Helsingborgs IF	53%	4,6	8,6	2
AIK	54%	6,4	11,8	11
IF Brommapojkarna	54%	2,9	5,4	16
Örebro	54%	3,2	5,9	3
Åtvidabergs FF	56%	1,6	2,8	15
IF Elfsborg	62%	7,9	12,8	4
Mjällby AIF	65%	2,5	3,8	6
Gefle IF	69%	2,2	3,2	14
Kalmar FF	74%	3,3	4,7	9
Trelleborgs FF	74%	2,2	2,9	5
Halmstads BK	82%	3,1	3,8	12
Djurgårdens IF	84%	4,6	5,5	10

Table 5 Employee cost to revenue ratio in Allsvenskan Source: Sahlström 2010

As seen in *Table 5*, there are four clubs where the employee costs exceed 70 per cent of the total revenues. As a comparison it is also relevant to mention that Örgryte IS had an employee cost to income ratio of 90 per cent before they were declared bankrupt in the beginning of 2011, because of too high costs compared to their revenues. Also evident in *Table 5* is that it is not the relation between employee costs and revenues that has an impact on the sporting results; it is the actual amount of money spent on employees that impacts the sporting results.

### 3.8 Correlation between revenues, salaries and sporting performance

There is evidence that football player salaries are in line with sporting performance and contributes correspondingly to the revenues of a club. By statistics from UEFA (2010) it is clear that the club with highest income in the national league often finishes among the top two in the national league (*Figure 5, page 18*). A study of player salaries in the English Premier League conducted by Hall et al. (2002) showed that higher spending on players seemed to improve the club sporting performance. Hall et al. found that the position in the Premier League were explained by 92 per cent of the player salary level. Furthermore, in an article from 2007, Rob Simmons explained that high salaries could work as motivation for younger players to succeed and, in turn, become professional athletes and role models. Simmons continues by explaining the correlation between high salaries and high revenues with a water-diamond metaphor. Water is something we cannot survive without, but a high demand is compensated with a high supply. Diamonds, on the other hand, are not as useful as water, but the price is much higher due to the scarcity of diamonds and a high willingness to pay. In similarity, high performing athletes are a scarce asset and people are willing to pay to watch them perform. In contrast, teachers do not have the same specialized ability and people are not willing to pay a large sum of money to watch them when they are teaching. (Simmons 2007)

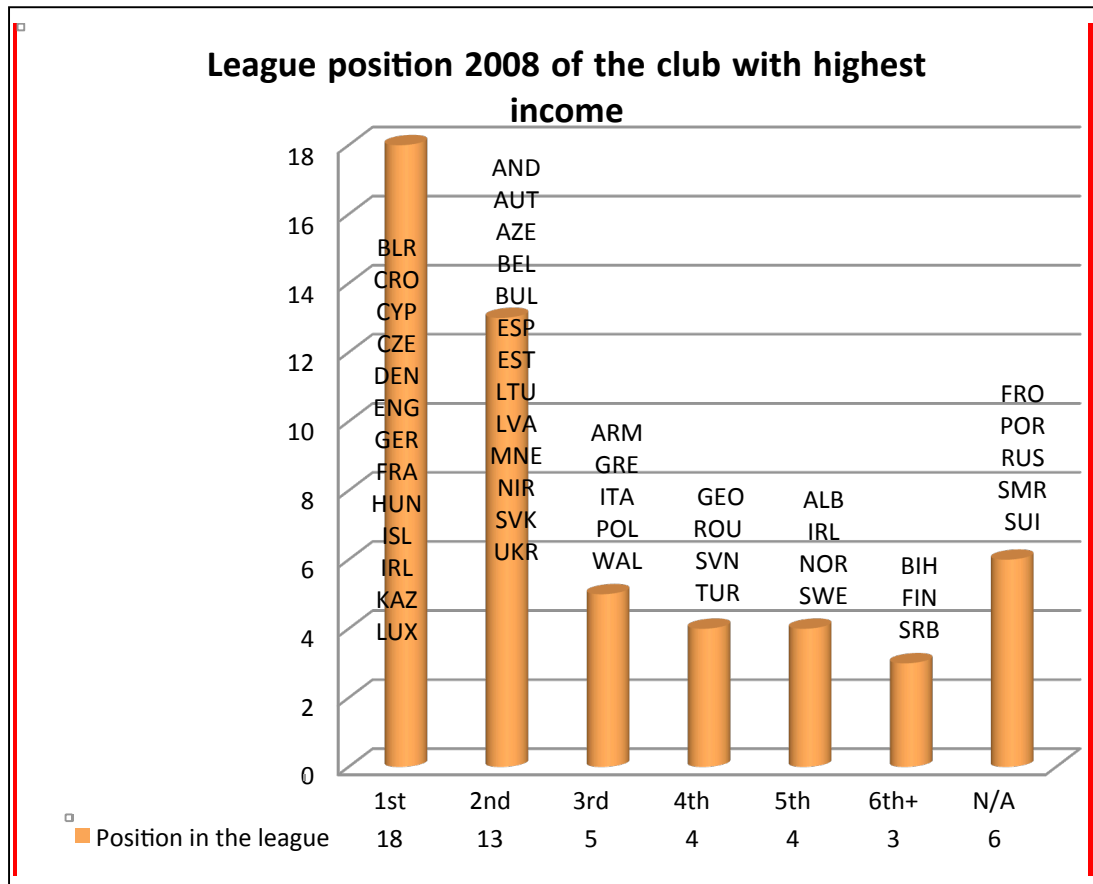


Figure 5 League position related to income Source: UEFA 2010

The player salaries increased after the Bosman ruling in 1995<sup>5</sup>, mostly because the transfer market became more open and more similar to a market with free competition. The popularity of football did, on the other hand, increase at the same time and consequently so did the revenues. This happened because the international talents were more widespread in different teams and more people were interested in football hence the spectators, and also broadcasting revenues increased. Simmons continues the discussion regarding player salaries by pointing out that the imbalance in salaries has a tendency to be more obvious in football than in other industries. Meaning that a small proportion of the players earn a disproportionate part of the total costs of salaries in a club, which means that median salaries are below average salaries. In conclusion, it is risky to generalize and draw conclusions that football players are overpaid. There is empirical evidence for player salaries to be a good indicator of performance. (Simmons 2007) On the contrary, there is one exception that proves the rule - Leeds United. In the beginning of the 21st century Leeds United performed well, but all came to a sudden end when Leeds United raised a loan to finance new players. The intention was that the loan was going to be financed with future broadcasting revenues and increased sponsor money, but the club failed and had to sell their best players in an attempt to save its finances. In the end, bankruptcy and relegation was irrevocable. (Eriksson 2005)

<sup>5</sup> The Bosman ruling denotes that players, with expired contracts, can move to another club without transfer payment to the former club and no limitations to foreign players in a team exists, as long as they are from the EU. (Nationalencyklopedin 2011)



### 3.9 From non-profit organisations to joint-stock companies

One trend among the Swedish football clubs during the last years is conversion into joint-stock companies. In 2009, five of the teams in the Swedish premier division had gone through the complete conversion, but there has not yet been any significant sign of economic advantage among those clubs. Rather the opposite, since two of those clubs, Örgryte IS and Hammarby FF, have been relegated and in the season of 2011, only Djurgårdens IF, AIK and Örebro SK remain in Allsvenskan.

One of the main motives of transforming into an “idrottsaktiebolag” is the opportunity to get advantages of tax regulations, setting off VAT and obtain venture capital. When a club is governed as a joint-stock company, they can be supplied with capital through new issue of shares and contribution from shareholders. Another motive for the transformation is to set venture capital free in exchange of stock holding. This venture capital can be of great relevance when signing a new player or investing in a stadium. Even though the advantages with “Idrottsaktiebolag” are many, there are also some disadvantages. For example the loss of tax reliefs those non-profit organisations enjoy. (Backman 2009) An “Idrottsaktiebolag” can be seen as a compromise solution between complete conversion into a joint-stock company and remaining as a non-profit organisation. There is a fixed limit regulating that the clubs have to retain at least 51 per cent of the vote majority, which probably influences potential external financiers to hesitate while considering an investment. (Båvner 1998)

Due to the 51 per cent regulation, the rules of the business sector cannot be fully utilized which, according to Backman has both its good points and bad points. Backman argues that football goes hand-in-hand with business and that it is essential that non-profit organisations have the possibility to own joint-stock companies in order to realise risky projects such as stadium investments. When investing in a new stadium, a subsidiary company is favourable because of the fiscal advantages such as pairing of value added tax and accrual of costs.

### 3.10 Porters value chain

The authors will try to implement Porters value chain model into the financial management of a football club in order to conclude what areas can be improved to increase the revenues. (Porter 1985)

In this thesis the value chain model by Porter will be used, modified by Woratschek and Schafmeister in their article “New Business Models for the Value Analysis of Sport Organisations” from 2006, to analyse how the Swedish premier division clubs can increase their revenues. To fit our main purpose it will be further modified in an attempt to give an answer to the research problem of this thesis.

The value chain as a business model is a good instrument to describe the way an organisation creates value for the customer. The increase of revenues in a football club is dependent on customer value and in order to reach an improvement, the club needs to define what creates this customer value.

Business and revenue models should be treated separately; otherwise the analysis of the football club will focus on the amount of supporters because supporters do generate revenues for the club. However, the purpose of being a supporter might not be the main purpose for the customers. The main purpose would rather be the opportunities to watch football or to meet other people. In football, supporter clubs are common and for several people the group dynamics among the supporters is a strong motivational factor for watching football. The separation between business and revenue models is necessary when it comes to identifying the chain of value creation of an organisation. Just looking at the flow of money would most

probably be misleading when it comes to the investigation of how the club can generate a greater amount of revenues. (Woratschek & Schafmeister 2006)

Porter’s value chain from 1985 was designed to help the manufacturing industry and is built-up by the simple logic that, before a production process will be able to start, input factors must be carried to the production facility. These input factors will then be transformed into services or products before they get stored or shipped away to dealers. The customer service is important in the model because satisfied customers will most probably buy the services and products again. All of the activities in the value chain are dependent of the preceding activity and cannot be started until the earlier is finished. (Porter 1985)

The value adding activities in a value chain are separated in two categories, primary activities and support activities. Regarding the value creation for customers, the primary activities are directly involved. Therefore, organisations in general should try to gain a competitive advantage in one or more of their primary activities. The difference between the primary and support activities is that the support activities are not directly connected to the customer, quite contrary to the primary activities.

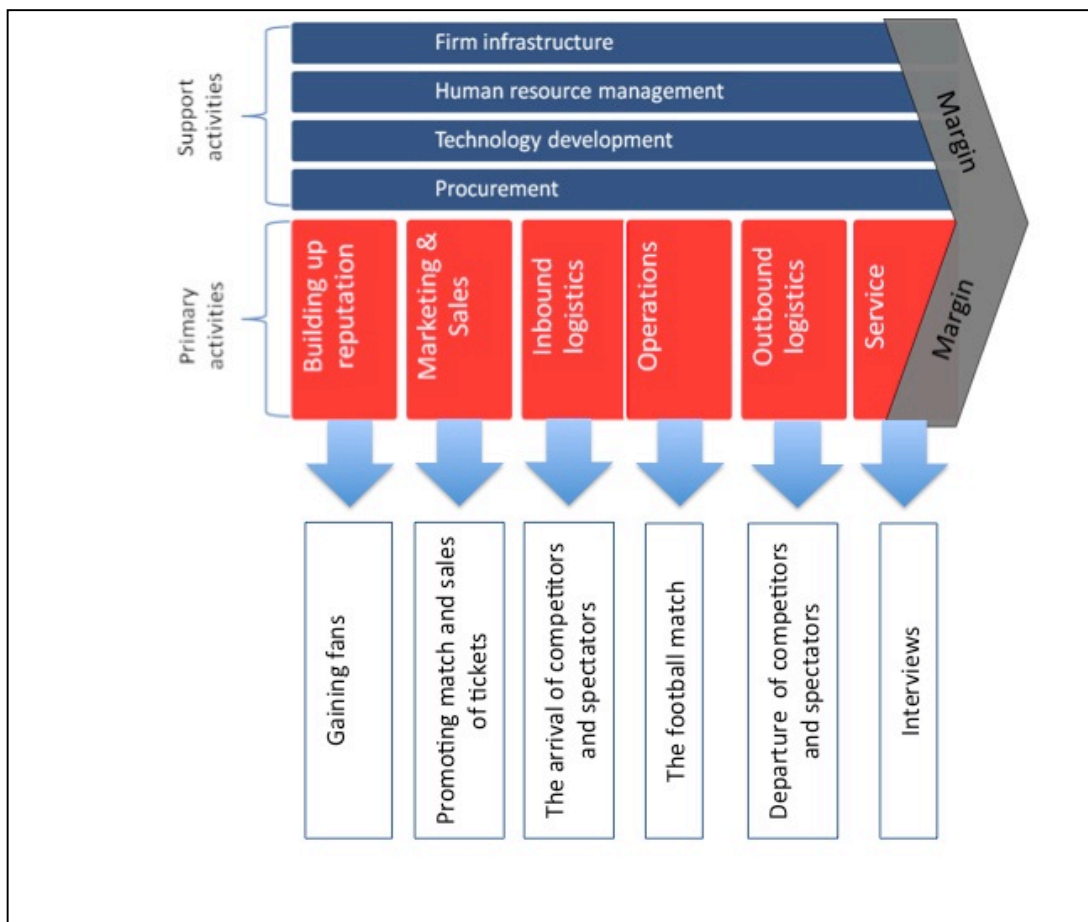


Figure 6 The value chain of a football game Source: Woratschek & Schafmeister 2006

As shown in *Figure 6*, originally designed by Porter (1985, p. 39-40) the red squares symbolize the different types of primary activities. The position and order demonstrates that the activities are dependent on the preceding ones; the next can only start when the preceding is finished. In the original model, introduced by Porter, “building up reputation” does not exist, but when applying the value chain to a football game; the reputation of the teams are among the most important pieces in order to attract spectators.

### 3.10.1 The value chain of a football game

The participants in the value chain get coordinated through a value network that promotes, facilitates and provides a platform for building relationships. The participants of the network do not really have to be actively using the services provided to derive utility. Just the opportunity of access to possible contacts within the network can represent a value. In this point of view, each new member increases the value of the network. However, it is not only the amount of participants that adds value; the character of the customer base is of importance because they are only interested in interacting with the right type of persons. A sports event is an example of a platform where the participants of the value network can reach each other. Advertisers can reach spectators with their message, interaction between sports agencies and athletes are being held and if a contract gets signed, the sports club reward the agency with provision. A slightly modified value chain will below be demonstrated to fit in as the value chain of a football game. A good reputation is a key to success for attracting spectators to a football game, because the spectators can never know in advance if the game will be entertaining or not. If at least one of the teams is famous for playing well, the chance of entertainment will be considered higher and thereby attract more spectators. In Porter's original model however, reputation is not a part. In this modified value chain it is added because reputation is relevant for the attendance and sales of a sports event. There are several studies done identifying the importance of reputation versus demand that demonstrates that high reputation is followed by an increased demand. (Woratschek & Schafmeister 2006)

In sports organisations, building up a good reputation should be the first activity to be done in order to create economic value. In a football game, both the home and away team are parts of this value creation model and makes profit from marketing/sales during the game, revenues that are dependent of reputation and level of attendance. Therefore the marketing/sales will be placed on the second position of the model. Much of the solidarity between supporters and their teams has been built up in the past. One example from the German premier division is Borussia Mönchengladbach, a team that has gone through some low performing seasons the last decade, but is still well supported by many companies in the business sector. The reputation is also likely to influence the supporters, in the same way as it influences the business sector. (Czarnitzki et al. 2002)

The arrival of spectators and competitors is something that needs to be organised and can be seen as the models inbound logistics which then will be placed on the third position of the model. If the time of waiting for entering the stadium can be reduced, the spectators' first impression will be improved and the chances increased that he will return. The next value creating activity will be the spectacle of the game followed of the outbound logistics with the departure of the competitors and spectators. The football game by itself is the most important part of this model because this is what the spectators have paid for. The better the teams perform, the more satisfied the spectators would be. The last procedure after the game is finished includes many services such as interviews. Interviews are important because they do increase the public interest and can serve as free advertisement for the involved teams. The difference between an industrial company and a football team in the sport industry is that a single football team is unable to play a game without another team and therefore this modified value chain is dependent on cooperation between competitors.

The implementation of these strategies into a football league will hereby be further examined. Most clubs try to differentiate by offering standing rooms, VIP-lounges and restaurants at their stadiums, but this is not something that makes them unique. As it seems, most clubs in Allsvenskan could do much more to differentiate themselves from their competitors. One strategy that baseball teams in USA are following is their unique entertainment during breaks

and before games start, to satisfy their spectators. This would mean an improvement in operations as a tool to differentiate. (Santo 2005)

### **3.10.2 Allsvenskan as a value network**

Allsvenskan can be seen as a value network because it is the league that organises the championship series and coordinates competitions between the clubs. During a game is where the value network creates the highest value for the involved teams and their stakeholders. The games could have been accomplished even without the series, but the added value by the possibility of winning the championship title and the threat of getting relegated creates a higher interest and attracts more spectators than ordinary friendly games do. The selection of participating teams in the championship series is a primary activity in this value network. These teams need to fulfil some minimum requirements to secure the attractiveness of the league though this attractiveness depends on performance, reputation and the amount of high performing, and thereby entertaining, teams. (Woratschek & Schafmeister 2006)

To maintain an interesting championship series the number of participating teams need to be carefully determined with the total amount of teams with sufficient reputation in consideration. 100 teams would obviously not create an interesting championship series while two teams would not be enough to attract the crowd. In England there are twenty teams in their highest division while Denmark only has twelve teams. This is logic, based on the fact that England has got more football players, more teams in total and thereby more attractive teams than Denmark has. Hence, the determination of how many teams a league should consist of is the second value creating activity. (Szymanski 2003)

The next value activity to secure a league with high performing teams is to terminate the memberships of those who do not live up to the standards. In Allsvenskan this is being secured by the Elite license that forces the teams to keep a financial surplus in order to not get relegated. This is to make sure that clubs does not harm the league with financial problems needing to resign during the season. Another check of quality is that the two teams with least points at the end of the season, the teams who do not live up to the performance requirements, directly gets relegated into a lower division in order to ensure high game quality. (Backman 2009)

The value network provides service to the organisations by settling the game schedule for the season and dividing the broadcast fees. The maintaining of regulation and provision of objective referees can be seen as infrastructure operations. To secure the competitive balance within the league, transfer payments are used to benefit those who develop talents and those who have an economy healthy enough to pay the demanded price. (Solberg et al. 2008)

Many different rule innovations are constantly made in order to increase the value network of the league. One example is the change of the point system a couple of years ago. Before the change, two points were rewarded for a victory and one for a draw. After the change, three points were rewarded as intent to motivate teams to play a more offensive football that attracts more spectators. (Huitfeldt 2010)

Allsvenskan uses vertical backward and vertical forward integration as a strategic option. Allsvenskan and Superettan is the top level of the national football league. All of the lower divisions teams are however members of the Swedish football association, that is, owners of Allsvenskan, thus vertical backward integration is used to incorporate the teams of the lower divisions. The Swedish football association, on the other hand, is a member of UEFA and FIFA why it is vertically forward integrated in the international organisation as well. (Svenska Fotbollsförbundet 2010) This integration gives the teams the opportunities and incentives for

further development, even if they already are in the top of their national league, because they will therefore aim at playing even at an international level. Besides, the teams of the lower division will aim at reaching national top level and both these examples can be seen as advantages from the vertical backward integration. It also helps to ensure that all teams, both at high and lower level, try to perform as well as possible because of the threat of relegation. (Deloitte 2010)

## 4. Empirical study

The empirical study is based on the five interviews with persons in leading positions of their respective clubs. In addition, primary data received from Tommy Theorin, Secretary general at Föreningen Svensk Elitfotboll, and the project manager behind the new stadium in Kalmar, Ronny Nilsson, is illustrated in this empirical study.

### 4.1 The current distribution of revenues and costs

The financial results in Allsvenskan are not satisfying since nine of the sixteen clubs in Allsvenskan declared negative results for 2010, according to Sahlström (2011). All of the sixteen clubs did, on the other hand, declare private equity surplus, in other words, they all passed the terms for the elite license. When interviewing the representatives in the football clubs, none of them expressed a satisfaction of the financial situation and agreed that there is much work to be done in order to improve the situation, and primarily the generation of revenues.

The greatest part of the revenues among the clubs is related to sponsorship and advertisement followed by the match day income as seen in *Figure 7*. Besides, Tommy Theorin explained that Föreningen Svensk Elitfotboll does contribute to some extent by granting each of the clubs an amount of money depending on different aspects. There is partly a sum of money depending on position in Allsvenskan at the end of the season, and depending on how much their games have been broadcasted by TV, but also a sum to support the clubs' work to attract more spectators.

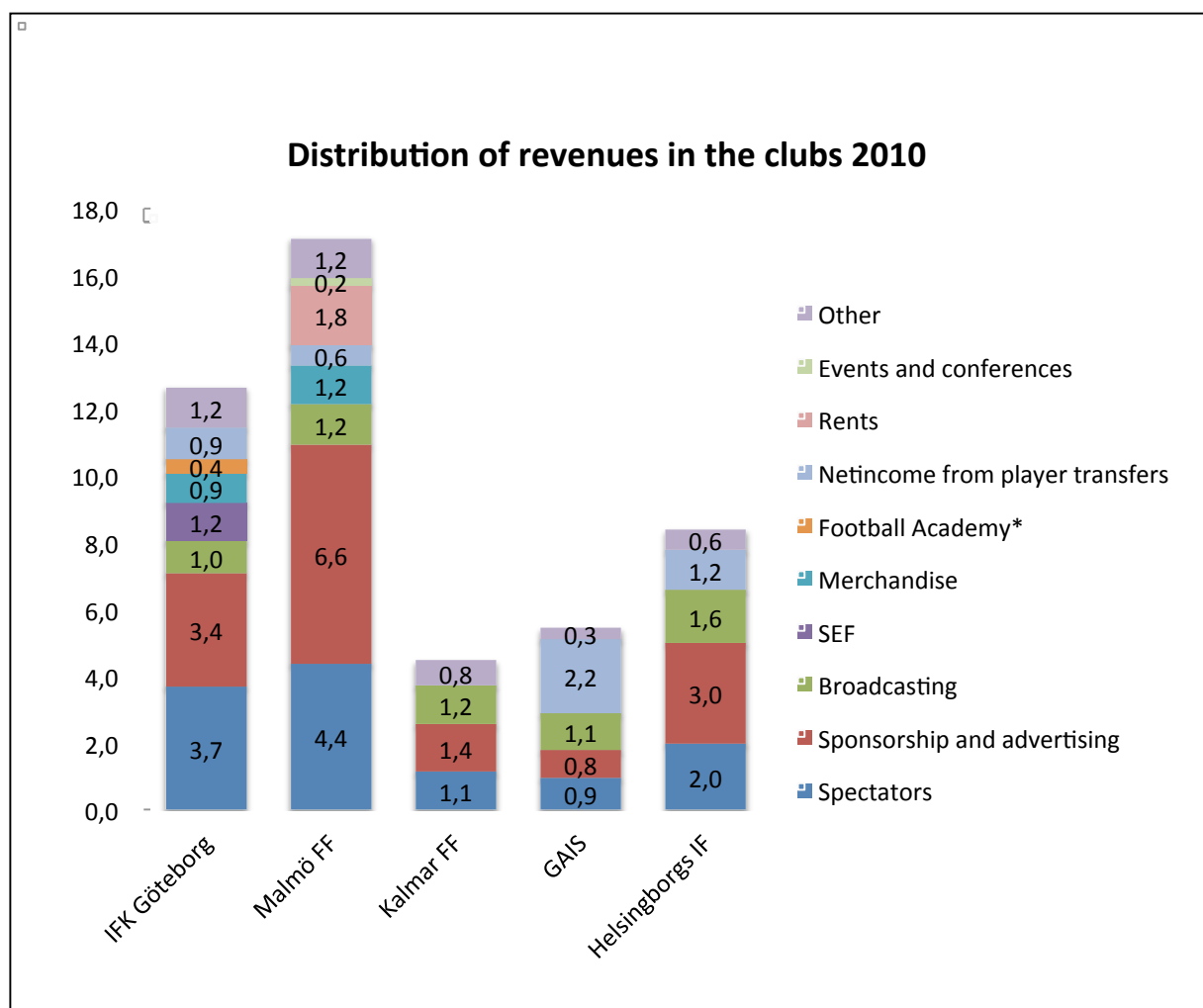


Figure 7 The distribution of revenues Source: Own after inspiration from annual reports from the clubs

The distribution of costs is similar in all of the clubs; the absolute majority is costs for employees, in this case mostly costs for football players. There is a ratio for employee costs set up by UEFA. The ratio is a comparison between costs for employees and total revenues. This ratio implies that the costs for employees shall not exceed 70% of the total revenues, due to a greater percentage would mean a too great exposure of risk. From the report by Sahlström (2011) it appears that the ratios of the focus clubs in this thesis are as follows: Helsingborg: 53 per cent, IFK Göteborg: 49 per cent, GAIS: 46 per cent, and Kalmar FF 74 per cent. Kalmar FF is in a difficult situation, and thus must reduce their costs for employees or increase their revenues even more than the other clubs. The situation in Kalmar FF is though more modest than the ratio signals since Kalmar FF has a strong private equity.

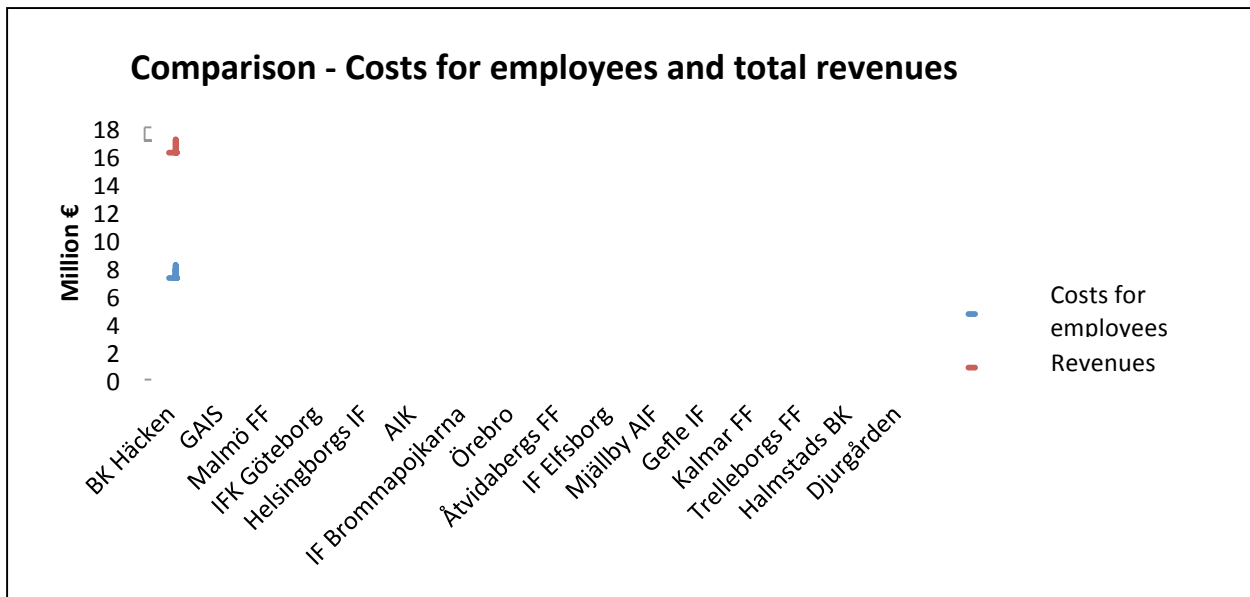


Figure 8 Costs for employees and total revenues Source: Own after inspiration from Sahlström 2009

As seen in *Figure 8*, there is a correlation between costs for employees and total revenues. Since the absolute majority of the costs for employees in a club are for players it is evident that when the club increases its revenues they spend more on players. However, it is important to comply with the ratio and have a satisfactorily gap between revenues and costs for employees. In *Figure 8* it is evident that BK Häcken have a greater gap between costs for employees and revenues than Djurgården, which means that BK Häcken have a lower ratio costs for employees compared to revenues than Djurgården.

## 4.2 Forecasting revenues

It seems to be difficult to budget for a football club and Lena Mattsson, financial manager in IFK Göteborg, expressed:

“It is easy to estimate our costs for a year of activity, but it is far more complex to estimate the revenues of the same year”. - Lena Mattsson, IFK Göteborg

This is because player contracts and salaries are negotiated when the year starts or before the year starts, meanwhile the revenues from spectators and income from player transfers are difficult, close to impossible, to forecast. Svante Samuelsson, sports director in Kalmar FF, also stressed that the costs are difficult to regulate in accordance to revenues. The height of fall is high and when the revenues fall, it is very difficult to reduce the costs in the short term; leading to a potential fast fall of a club. The difficulties of forecasting revenues could be eased if selling more seasonal tickets. Consequently the revenues would not fall as quickly if the

club plays two or three losing games, which is a factor stated both in IFK Göteborg and Helsingborgs IF.

All of the clubs seem to be dependent on selling players to keep their financial surplus, but at the same time all of the respondents expressed that they do not want to be dependent on external factors such as player transfers. However, the marketing manager of GAIS made it clear that buying players cheap from abroad and then selling them at a higher price is a part of their strategy. They want to keep the players for as long as possible, but they know that they unfortunately cannot compete with the salaries in Europe which is one of the factors for players leaving for leagues outside of Sweden. Lena Mattsson expressed their strategy for player development in three words: “Foster - Improve - Sell”. IFK Göteborg spends € 0,66 million every year on their youth academy and must therefore sell players for at least the same amount every year to break even. She continued by saying that the goal is to have 50 per cent of the players in the senior squad coming from their own Football academy for talent development, and the same goes for Helsingborgs IF. This point to the fact that the Swedish football clubs are functioning more or less as subcontractors to other leagues in Europe and selling players is a crucial part of the revenues. In conclusion, this strategy makes great demands on the youth activities and talent development.

Paul Myllenberg, sports director in Helsingborgs IF, emphasised additional advantages by fostering players in the own club. By transferring younger talents to the senior squad it is made possible to have the players more integrated in the goal setting process. Since the players are used to working together and have knowledge about each other's qualities, they can more easily set goals as a team and the football club can be governed bottom-up. Furthermore, Myllenberg, says that the group dynamics is a contributing factor to the sporting results, which have been comforting since they consequently have finished among the top ten in Allsvenskan during the last ten years.

What is more, youth activities can make the costs lower since the club is not dependent on buying expensive players from outside the club. At the same time they have, in the long run, the possibility to get contributions for development when the player is transferred between football clubs later in the career. Continuing with player salaries, there are not many clubs that practice a method using variable salaries based on performance. It could reduce the costs in seasons with poor sporting results, but Christopher Danielsson from GAIS did see more disadvantages with variable salaries than advantages. Christopher was afraid that a method with performance-based salaries rather would increase salaries in good times than reduce salaries in bad times. On the contrary, Lena Mattsson, Mats Jansson, and Paul Myllenberg highlighted the advantages with performance-based pay and said they were looking into how this would be solved in a good way. Paul Myllenberg stressed that the eventual bonus would only be applied if finishing among the top three clubs in Allsvenskan and he does not see any meaning by awarding bonuses for results that are not outstanding, as an example he said that awarding a bonus for finishing on the 4<sup>th</sup> position would not be of interest.

### **4.3 Sponsorship/partnership agreements**

All of the respondents had strategies for increasing the revenues in the clubs. As Svante Samuelsson, Kalmar FF, expressed:

“A good team is too expensive for a club in Allsvenskan at the moment”. - Svante Samuelsson, Kalmar FF

Samuelsson continued by saying that for Kalmar FF, and other clubs in Allsvenskan, it is important to have a high turnover to be able to cover the high costs it takes to have a



successful senior squad. Samuelsson continued arguing that higher salaries quite likely would attract better players and in the end a better team. The respondents in the clubs saw the greatest potential increase in revenues within areas concerning spectators and sponsors, or partners as they prefer to call them. The word partner, instead of sponsor, is very important, and Mats Jansson, Örgryte IS, highlighted that partner is a better word to use. The purpose of using another word is an attempt to convey the message that the companies actually gain by signing a contract with a football club.

“We do not want the companies to consider the agreements as charity, but actually a deal that will benefit both parties” - Mats Jansson, Örgryte IS

The clubs use different strategies to find new partners. Christopher Danielsson in GAIS is both working strategically to find partners with similar interests and culture as GAIS, but also said that some of the partners are contracted more by chance and coincidence. GAIS prefers having many small sponsors for the reason that it spreads the risk if someone would back out. Danielsson stressed that the large companies in Gothenburg are not strategically appropriate either, since they do not have the same culture and roots as a team as GAIS. IFK Göteborg, on the other hand, is looking for larger companies, and reduces the risk by signing longer contracts instead. Lena Mattsson expressed that the partners frequently ask what the possible gains are for them. The partners want much exposure on the stadium for signing up as a partner and Mattsson continued by saying that this was one of the major problems on the old stadium; the partners were not able to neither have their own lounge nor have company events in association to a game.

Helsingborgs IF is taking a third direction and has a number of middle sized companies as partners. Myllenberg said that they earlier had a few larger companies as partners that represented the absolute major part of income from partners. The situation made Helsingborgs IF extremely dependent on a few companies, and Myllenberg thinks the situation today is much better with more companies supporting the club. A difficulty he expresses with partnership nowadays is that the companies in Sweden are not as connected to certain regions anymore and therefore it is not as logic as before for these companies to support certain clubs. This is also why the football clubs has to be visible throughout the whole country and of course preferably throughout Europe.

#### **4.4 Attracting more spectators**

All of the respondents announced their will to attract more spectators to generate more revenues, but the solutions differed. Christopher Danielsson expressed the basic prerequisites as great sound from the speakers, few queues, and entertaining football. This overall attracts spectators, but the priorities differ from spectator to spectator. The financial manager of IFK Göteborg reflected the possibility of attracting more families and women and the importance of a good overall impression on the stadium. She pointed to the fact that facilities with clean toilets and good seating are important for attracting women and children to their games. Also Svante Samuelsson, Kalmar FF, said that they now have the goal to attract more women to the game. The vision with the stadium in Kalmar, “Guldfågeln Arena”, is to make the stadium more enjoyable, and that the spectators do not have to be fully loyal football fans to go and watch football. It is crucial to invest in facilities in order to give the fans a chance to go and have a beer or something to eat before the game. This corresponds with Ronny Nilsson’s conception of an event stadium as a place not only to watch football, but also a place of meeting.

Malmö FF, which have not been interviewed but is a good example as one of few Swedish clubs that own their stadium, have seen an increase in attendance. Malmö FF had more spectators coming to watch football last season, 2010, than 2009. 15 212 spectators was the average number of spectators through the season, a minor increase from 14195 in 2009, but the average number of spectators fell significantly in Allsvenskan; from 7952 in 2009 to 6518 in 2010. Malmö FF had the opposite development compared to the average in Allsvenskan and according to the annual report 2010 from Malmö FF they think that the increase might be because of their new, modern stadium. (Malmö FF 2011)

Helsingborgs IF lowered the prices last year for students and younger people. The average attendance amount in Allsvenskan declined by twenty per cent meanwhile Helsingborgs IF increased their attendance by ten per cent. Myllenberg stated that it is more important to have more spectators paying a lower price, than fewer spectators paying a higher price. Having more spectators add value to the game through better atmosphere, but also increased revenues from, for example, sales of hot dogs and beer. A great atmosphere at the stadium makes the spectators more satisfied, and henceforth leads to frequently recurrent spectators and more revenues in the long term. Myllenberg highlights that the percentual share of total revenues coming from match day revenues in Helsingborgs IF, is less than half of the average percentual share of match day revenues generated among the clubs in the five biggest European leagues. Consequently, the sales on the stadiums have to increase in Helsingborgs IF during match day. This statement accentuates how important it is for the clubs in Allsvenskan to actually earn a part of what is sold on the stadium during a football game. IFK Göteborg, GAIS and Örgryte IS do not get anything from the sales or advertisement at the stadium, a problem that will be further discussed in chapter 4.5.

Additionally, there is of course important to have a certain culture in the club. A strong culture often comes with loyal fans while loyal fans often might be former junior players in the club. In other words, the club can gain more than senior squad players by investing in youth activities. Danielsson, GAIS, talked about the importance of long-sightedness; it is important to attract the younger kids in school, both with the agenda to attract them as players, but also as spectators, and fans. He continued by admitting that they have failed in this area before, but have now realised the importance of it. The importance of loyal fans is emphasised also in both IFK Göteborg and Helsingborgs IF.

Lena Mattsson talked about the difficulties of football just being a summer sport. IFK Göteborg have had plans to cooperate with Frölunda Indians, the most successful ice hockey team in Gothenburg, to attract both partners and spectators. According to Lena Mattsson this would increase the value of the product both of IFK Göteborg and Frölunda Indians. The gains are that they could sell a common season ticket for IFK Göteborg and Frölunda Indians to the spectators. Furthermore, the partners would be easier to attract since they do not have to choose which sport to support, football or ice hockey, and the partners would have whole year exposure instead of only half year. At the moment, the plans are not of current interest since the situation in Frölunda Indians is not as good anymore, but it might be of interest in the future again.

Ultimately, Svante Samuelsson, stated that it is of great importance to not let increased revenues lead to an even greater increase in player's salaries, but rather increase the player salaries in a slower pace than the revenues. Although, as demonstrated in *Table 5 (page 17)*, Kalmar FF have high costs for their employees in comparison to their revenues.

#### 4.5 Possibility to ownership of a stadium

All of the clubs agreed with the statement that an improved stadium and the full authority for the management and sales would be desirable since it would increase the revenues. Mostly because increased rights would greatly impact the possibilities of increasing the advertisement, and sales. Most of the clubs mean that it is not the actual ownership of the stadium that is the point of issue; it is the licenses and permissions to increase the match day revenues with advertisement, restaurants and lounges. In Gothenburg there is now a complex situation concerning the stadium. Three clubs have formed cooperation for the stadium, a cooperation form called “The Alliance”. The Alliance consists of three clubs, IFK Göteborg, GAIS and Örgryte IS. These three clubs are playing their home games on Gamla Ullevi, which is owned by the municipality. Their stadium contract does only include the permission of playing the games and earning the gate receipts. All of the other activities and sales on the match day are in possession of the municipality and other parties.

Lena Mattsson, financial manager in IFK Göteborg, expressed the disadvantages of not being able to decide anything concerning advertisement on the stadium. Lena Mattsson explained that the wish from IFK Göteborg is to have a “clean court” meaning that the club have the rights to sell the advertisement displayed on the stadium when IFK Göteborg is playing. Christopher Danielsson, marketing manager in GAIS, also indicated that increased rights would be an economical advantage. However, he does not think that the ownership of a stadium would be possible for GAIS. Mats Jansson, sports director in Örgryte IS, said that it is more difficult to create a new stadium in a big city like Gothenburg, mostly because of the severe competition of attracting sponsors. In his opinion, a skilled businessman with financial strength would be necessary for such an investment.

The situation in Helsingborg is a bit different. They do not own their stadium either, but they do have the permissions of all the advertisement and sales like Lena Mattsson referred to as a clean court. In the interview with Paul Myllenberg, sports director in Helsingborgs IF, it came out clear that they also do see a great potential in expanding and improving the stadium facilities. Myllenberg says that their stadium, in its present condition, has reached its max capacity regarding revenue generation. He pronounced that it is not crucial whether they own it or not, but they would benefit from building more lounges and better restaurants to increase the sales. In a business economical perspective, Myllenberg says that the most profitable scenario would be to build a new stadium outside the city of Helsingborg, but it would not be possible because of the cultural aspects and tradition associated with their present arena, Olympia.

Kalmar FF is the club in Allsvenskan which most recently have built their own stadium, Guldfågeln Arena, which was inaugurated in April 11, 2011. The investment cost approximately € 27,77 million and has a capacity of 12.100 spectators. The stadium is fully owned by Kalmar FF through their subsidiary company Kalmar FF Fastigheter AB. The real enthusiast and businessman behind the project is Ronny Nilsson. Nilsson is project leader for Kalmar FF Fastigheter AB and also a board member of Kalmar FF. He is experienced from the business world and has been the most vital piece for realising the dream of a new stadium.



“- We have been extremely stubborn, been careful with our economy during many years. We have never jeopardized our economy with any too optimistic calculations and therefore people and institutions have confidence in Kalmar FF as a club. That this would lead to an own stadium investment of approximately € 27,77 million, is something that we barely dared to believe in and I can barely believe it today either.” - Ronny Nilsson, Kalmar FF

This healthy way of managing the finances lead to a private equity of € 7,77 million and convinced the banks to rely on the credibility of the club.

According to Ronny Nilsson, there was no space left for increasing the revenues before the stadium investment. Kalmar FF was not able to attract more spectators because of the seating limitations, there were no more sponsors to attract and they could not gain any more on advertisement due to the lack of room for exposure.

“- There is not even a single hot-dog stand in the region who does not support us in one way or another” - Ronny Nilsson, Kalmar FF

With the new stadium Kalmar FF will attract more spectators; they can charge a higher entrance fee and are able to sell more products during the games. The sponsors are getting satisfied as there are more lounges and restaurants and the advertisement revenues will increase thanks to better exposure.

“- I do not think that the clubs who do not invest in improved stadiums will be able to keep up with those who do. - Ronny Nilsson, Kalmar FF

According to the calculations of Ronny Nilsson, in a long-term view, this new stadium will increase the clubs turnover from approximately € 4,4 million to € 11,1 million with a yearly surplus of € 1,1 million.

However, there are not only advantages and revenues in the wake of a wholly owned stadium. It is of great importance to be careful with the expenditures of running and managing a stadium. Malmö FF has unfortunately not succeeded to reach the full capacity of their stadium due to lack of events and conferences. Malmö FF have realised the problem and in the end of 2010 they hired a person to deal with sales and marketing of the arena to increase the capacity for conferences and restaurants. Since not much work has been done, yet it is difficult to see signs of improvement already. (Malmö FF 2011)

#### **4.6 How to make improvements of stadium facilities possible**

The basic conditions that need to be fulfilled in order to invest in better stadium facilities are a convincing private equity and an external financier. With a decent private equity it makes it a lot easier to convince these financiers that the club will be able to pay off its debt.

Paul Myllenberg stressed that a security from the municipality would be necessary and to get such a security, trust and reliance on the club and the idea are essential. Myllenberg made it clear that they are already working hard to convince the municipality and financiers, in order to get a decision as soon as possible about their desired stadium improvements.

A tendency that can be perceived is that all of the clubs work hard in order to find new sponsors and to increase the income from present sponsorship agreements. A new or improved stadium would give the club a competitive advantage and attract more sponsors

thanks to better room for exposure and lounges where companies can meet and confer. Mats Jansson expressed the importance of a workshop concept where companies involved in the club are able to meet and establish new business between each other. That is why he does not want to call them sponsors, instead he prefers referring to them as partners to elucidate the fact that they actually do benefit from the partnership and are not involved in the club in terms of charity.

Another aspect concerning a developed stadium is the increased spending on the match day. Tommy Theorin explained that the clubs in Allsvenskan are lagging behind other leagues when it comes to how much spectators spend on the stadium. A bigger supply of products would obviously lead to a higher consumption and thereby increased revenues.

#### 4.7 Broadcasting Rights

60 per cent of the revenues from broadcasting rights are in the present situation equally divided between the clubs in Allsvenskan according to Tommy Theorin. About 20 per cent are divided dependent of the league placement and the last 20 per cent dependent on how many games that have been shown as “game of the week” in the TV channel Canal Plus. Many of the clubs want this money to be shared less equally in order to benefit sporting performance even more. Compared to the most successful leagues in Europe according to UEFA<sup>6</sup>, the distribution of revenues is very equal in Sweden. In the top five leagues, the revenue distribution is much more unequal. The best club in Spain earns 43 times more than the club with least revenues. (UEFA 2009)

“The distribution of broadcasting rights must change. The agendas of the clubs are totally different. In one end there are big clubs with the aim of competing in Europe. In the other end there are minor clubs without the same goal. The top clubs must get a bigger part of this money in order to help Swedish football to climb on the ranking.” - Lena Mattsson, IFK Göteborg

Paul Myllenberg agrees with this utterance and says that the distribution of broadcasting rights must be divided in accordance with a bonus program that encourages those clubs who performs well.

On the other hand, Christopher Danielsson in GAIS has a different view and means that the distribution of today is okay.

“We have to remember that it is all of the clubs together who makes the product of Allsvenskan” – Christopher Danielsson, GAIS

He does not want Allsvenskan to become like in Spain where Real Madrid and Barcelona dominates every year, partly because these two clubs do receive the greater part of the broadcasting rights. In his opinion this would lead to a league where just a couple of clubs would be dominating, and for that reason a league that is less interesting for the spectators.

Svante Samuelsson is more neutral and sets off the fact that it depends on what type of league that is desirable. More money to the top clubs would result in better chances to succeed in the European tournaments, but he also stresses this as a strategically and political issue.

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<sup>6</sup> The leagues in England, Spain, Italy, Germany and France.

#### **4.8 The symbiosis between sporting and financial success**

The argumentation of the respondents signals that the motive behind strengthening the clubs finances is to facilitate sporting success. The main goal for a football club is sporting success, but all of the respondents are aware of that reaching sporting success on a regular basis is dependent on having healthy finances. For Swedish clubs to reach the group stage of Champions League regularly there are many things concerning the finances that have to be improved. Christopher Danielsson said that the Swedish clubs have to look at FC Copenhagen and how they have optimized their stadium in order to create greater revenues.

- “The clubs must give a bigger overall impression; they cannot only be football clubs nowadays” – Christopher Danielsson, GAIS

In the point of view of Paul Myllenberg, the biggest problem is that the Swedish clubs that get the opportunity to qualify for the Champions League or Europa League differs every year. Myllenberg means that a couple of dominant clubs are necessary in order to strengthen the smaller clubs. By this he means that the smaller clubs would be favoured since the financial situation in Allsvenskan and The Swedish Football Association would be improved if a Swedish club would play in the Champions League. The financial boost from participation in the Champions League would lead to synergies and spill over effects even for the smaller clubs.

## 5. Analysis

In the analysis, the empirical findings are tested and compared with the theoretical frame of reference. The aim for this analysis is to present a discussion around the problems stated in the problem discussion in comparison with the empirical findings. The analysis will subsequently lead to a conclusion and recommendations stated in the final chapter of this thesis.

### 5.1 Sporting and financial success

The implementation of FIFA Financial Fair play implies that the focus on the financial situation in football clubs all over the world has become a much-debated issue. As described in the theoretical frame of reference, the clubs all over Europe have limits both for costs for employees and requirements for keeping a positive private equity. This rule will affect all of the Swedish clubs as they will be required to keep a financial surplus as well as a sustainable employee cost to revenue ratio in order to compete in any international tournament. The difference between the Financial Fair play rule and the Elite License is that this new rule from FIFA does not allow the clubs to pay out a higher ratio of employee costs than they have revenues, even if they do have a high private equity. This influences the daily activities in the Swedish football clubs, even though the Swedish participation in the international leagues and cups has been modest during the last fifteen years. What is evident from the interviews is that the representatives from the football clubs are fully aware of that player salaries are a crucial component in order to keep the club's finances healthy.

The goal to get Allsvenskan to reach a top fifteen position on the UEFA ranking demands higher revenues in the clubs, which is evident both in the report from Söderman and the interviews, because increased revenues would improve the ability to increase their spending on players. The vision from Föreningen Svensk Elitfotboll is that Allsvenskan shall contain clubs with the ability to play internationally. The statement by Coquard et al. that clubs have individual prerequisites for defining a sporting success became obvious during the interviews. Problems do although arise because there are many clubs in Allsvenskan who do not share the same vision as Föreningen Svensk Elitfotboll. IFK Göteborg and Helsingborgs IF are the only interviewed clubs that expressed a goal to be competitive internationally. Both GAIS and Kalmar FF have the goal to be in the upper half of Allsvenskan, but did not express a distinct goal to play internationally. The external conditions of the clubs varies because they come from different geographical parts of the country, have different background and history, attract varying amount of spectators and sponsors and therefore cannot compete on the same terms.

In the theoretical frame of reference the relation between sporting success and financial success is described. Most respondents are unanimous with the utterance that sporting success is the most important goal to reach. However, their opinions are divided when it comes to how they are supposed to reach sporting success and what source of revenues that has the greatest potential to be increased. In the theoretical frame of reference, the importance of increased revenues is expressed and all of the respondents unifies behind this statement. Svante Samuelsson said that it is important to have a big turnover to be able to afford high costs for the senior squad in an attempt to offer more competitive salaries. Samuelsson continued by arguing that higher salaries quite likely would attract better players and in the end a better team. This corresponds with Sahlström, Deloitte and Södermans opinions that increased revenues are necessary in order to attract better players. It also corresponds with Södermans report (summarized in *Figure 2, page 11*) where the correlation between revenues and UEFA-ranking is evident.

## 5.2 Salaries and performance

As clarified in the theoretical frame of reference there is evidence that clubs with higher costs for employees reach higher positions in the leagues. Since the position in the Premier League was by 92 per cent explained by the salary level, the costs for employees seem to improve sporting performance. In conclusion, the Swedish football clubs must therefore be able to offer salaries sufficiently high to attract better players. Furthermore, the salaries must be sufficiently high to keep talented players for a longer time in the club of origin, which were accentuated by Christopher Danielsson, GAIS. There are signs indicating that player salaries are a good indicator of sporting conditions and sporting expectations also in Sweden. Kalmar FF, which is a club with great sporting success during the last years, is also one of the clubs with the highest employee cost to revenue ratio as seen in *Table 5 (page 17)*. This can signal that Kalmar FF is seeing player salaries as an important factor to success. The employee costs are although too high according to UEFA since the ratio is above 70 per cent. As Svante Samuelsson in Kalmar FF accentuated, it is crucial not to let the player salaries reach too high levels. Örgryte IS experienced a year with employee cost to revenues ratio exceeding 90 per cent and the year after they went bankrupt. This fact cannot be stressed too much since it is easy to cross the frontier and let the player salaries hit the roof; cost control and increased revenues have to be combined. Christopher Danielsson, GAIS, talked about the salaries as one of the most important factors in order to keep their players. In the present situation Swedish clubs are not able to pay salaries enough competitive to compete internationally. The method of paying salaries based on performance was an issue where the opinions between the respondents differed. In GAIS, they reasoned that performance based salaries would only lead to increased costs in times of sporting success. On the other hand, performance based salaries is a way to control the costs by revenues. The revenues increase when performing well since the grants and contributions increase from Föreningen Svensk Elitfotboll, but most clubs also get more funds from partners or sponsors. Performance based salaries would mean that the club does not have to take the risk of increased salaries until their revenues also have increased as a result of sporting success.

## 5.3 The structure of revenues

The revenues among the clubs could be divided into two categories as demonstrated in *Figure 9* below. The ones at “association level” are negotiated and divided by Föreningen Svensk Elitfotboll, while those at “club level” are possible to influence for all of the clubs by themselves. According to *Table 4 (page 12)*, 20 per cent are assignable to the association level while the club is able to influence the remaining 80 per cent. By placing investments in subsidiary companies the clubs get advantages of tax regulations such as setting off VAT which can be a decisive point in order to realise for example a stadium improvement. This is what Ronny Nilsson, Kalmar FF, described as a reason for forming a subsidiary company which in turn stands as owner of the stadium. Thirteen of the sixteen clubs in Allsvenskan have decided to keep their organisations as non-profit, but for example IFK Göteborg, Helsingborgs IF, Kalmar FF, IF Elfsborg, and Malmö FF have chosen a middle course with parts of their business in subsidiary companies.

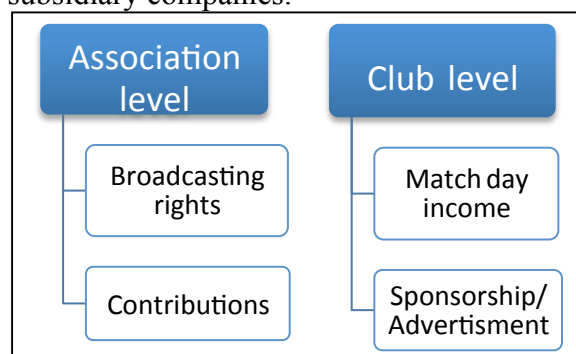


Figure 9 Categories of revenues Source: Drawn by authors



The match day revenues have been decreasing the last year because of declining attendance. However, the representatives from the clubs talked much about the importance of attracting spectators and they seem to be working hard trying to attract more spectators and they are aware of the importance of loyal supporters. According to Santo (2005) it is important for clubs to differentiate themselves from their competitors and all of the respondents indicated that they are making an effort to attract a wider crowd such as women and families and not only the “typical football supporter”. Woratschek & Schafmeister (2006) says that the attractiveness of a league and a game is dependent on performance, reputation and the amount of high performing teams. Paul Myllenberg and Lena Mattsson are arguing that selling more seasonal tickets would decrease the risk of losing spectators if the club plays two or three losing games. The risk relevance of bad performance could thereby be reduced if the biggest part of the tickets were sold in advance. Reputation is something that is built up in a long-term view and Christopher Danielsson stressed the relevance of having a certain culture in the club. Investing in youth activities can be valuable for a club in many ways, not only for developing potential senior squad players, but also to attract them as future spectators. This corresponds with the research of Woratschek & Schafmeister (2006) as the group dynamics among the supporters is a strong motivational factor for watching football. As explained in the theoretical frame of reference, a differentiation strategy is important in order to build up reputation and to attract more spectators to the games. An investment in the stadium would result in a competitive advantage, as the overall impression of attending a game would be strengthened. Ronny Nilsson expressed that the only way for Kalmar FF to attract more spectators, find new sponsorship deals, and offer better exposure opportunities for advertisement, was to build a completely new stadium. In *Table 4 (page 12)* it is made clear that advertisement/sponsorship together with match day revenues are the source of more than 50 per cent of the total revenues. These sources of revenues would, according to all of the respondents, increase by improved stadium facilities and an investment in the stadium can thereby be considered as a great competitive advantage and a good strategy of differentiation.

#### **5.4 Revenues from a stadium**

None of the clubs from Gothenburg (GAIS, IFK Göteborg and Örgryte IS) are in possession of the rights to advertisement or sales at their stadium. According to Beech & Chadwick this results in a loss of one of the potentially greatest sources of revenues. If these clubs would have owned their stadium, or at least the full permission of sales, they would have been able to benefit from these sales as well as the possibilities of using the stadium for concerts and other events. Lena Mattsson argued for the chance of being able to play on a “clean court”, in other words, she did not see the owning of the stadium as the solution, but more importantly to fully benefit from advertisement and commercialisation of the stadium. The strategy of a clean court would not mean that IFK Göteborg benefits from the selling of food at the stadium, and neither income from rents for concerts and conferences. Clean court would mean that they could offer a better event for their partners and fans since they are fully responsible for the event. Neither, they have to take the risk that competitors of their partners or sponsors can advertise on the stadium during a game. This thought from Lena Mattsson does not correspond to the view of Parks et al. (2006) where they state the importance and possibilities by spreading the risks with a fully owned stadium. According to Parks it is the income from rents and other revenues, not connected to match day, that are the best way to reduce the risk for loss of revenues in a football club. The solution with a “clean court” would not solve the revenue problem according to Parks, but from the IFK Göteborg point of view it still is a way of reducing the risk since they do not have to take the risk for maintenance and costs for interests.

IFK Göteborg instead had another plan to reduce the risk for sporting results having a negative impact on revenues, by cooperating with Frölunda Indians. By this mean, IFK Göteborg could benefit from the success in Frölunda Indians if they were selling seasonal tickets in cooperation with each other. On the other hand, they also bear the risk of being more influenced by an external part. As stated by Grossman & Hart (1986) there is a risk of cooperating and being dependent on contracts between parties, since interest conflicts can arise. This is an obvious risk with cooperation between IFK Göteborg and Frölunda Indians, partly because if one club fails and the other succeed there is a risk that one of the clubs want to redo the contract to fully benefit from their own success, or have the greatest possible share of the success of the other club.

Lena Mattsson saw the cooperation with Frölunda Indians as a strategy to attract more partners. All of the clubs see their sponsors and partners as a essential part of their activities, but use different strategies. As mentioned earlier, the culture and approach of a club is something that develops during a long time. It is therefore crucial that also the sponsors and partners fit in the organisation, as stressed by Beech and Chadwick, to support and reinforce the approach of the club. GAIS and IFK Göteborg are from the same town, Gothenburg, but have different strategies to find sponsors and partners. GAIS, seen as a small club, is looking for small companies as sponsors meanwhile IFK Göteborg, seen as a big club, is looking for big companies as partners. The different sizes of companies and organisations reflect the size of the organisation of the clubs. GAIS thinks that the smaller companies in Gothenburg has a better understanding and connection to the culture in GAIS, meanwhile IFK Göteborg see more similarities in big companies as ICA and Proritet Finans, and international companies as SKF. Beech and Chadwick (2004) stressed that it is important that the partners have the same or similar target market as the club to attain highest value added. This corresponds with the opinions of the interviewed clubs, especially since all of the clubs accentuated that it is important that the partners think of the partnership as a successful concept also from their point of view. Paul Myllenberg, Helsingborgs IF, expressed a problem by finding partners nowadays since it is not enough to just look for companies in the surrounding geographical areas. The companies are becoming more globalised and not as connected to a certain area anymore. This is an additional reason to accentuate the importance of international presence for the Swedish football clubs. It is most probably easier to attract partners to a club visible also outside of Sweden since the partners are exposed internationally and have the possibility to attract international customers and suppliers.

### **5.5 Ownership of a stadium**

The ownership of stadiums is not only beneficial for the advertisement of partners. Also the side activities at the stadium can generate not only revenues, but also value added for the club if arranging other events at the stadium as Parks emphasises in his article. In the theoretical frame of reference the risk diversion by owning the stadium was stressed. Beech and Chadwick (2004) argued for the stadium to be “multi-purpose” for diversifying risks. This is the strategy of both Kalmar FF and Malmö FF. They are fully aware of the opportunity they have for generating revenues not connected to sporting performance. Svante Samuelsson talked positively and engaged about the concerts and events planned at their stadium. Malmö FF does not put the main emphasis in other events, instead they focus more on tenants at the stadium. They are very proud of having Friskis & Sveltis as tenants and plans to have their youth activities at the stadium as well. The clubs that in the present situation do not own their stadium stresses that it is important to have a modern stadium with modern facilities, first and foremost to attract new spectators. Since all of the clubs talked about the importance of making football to an event not only for typical fans, but also for women and families, they at the same time had strong ideas how a stadium would be built to attract these groups.

Especially IFK Göteborg and Helsingborgs IF had ideas for how to best take care of the spectators interests. Paul Myllenberg, Helsingborgs IF, was talking about a stadium with the possibility to cover the seating with a roof for the convenience of the spectators.

The difficulty by far most stressed in both GAIS and IFK Göteborg is that they cannot fully benefit from match day income. The two clubs are together with Örgryte IS sharing Gamla Ullevi as their home stadium, and have the same rights and duties. They are not satisfied with the present situation as their only right more or less is to play at the stadium and receiving gate receipts. The duties are to pay rent depending on how many spectators they attract to the game. Lena Mattsson, IFK Göteborg, talked about the unfairness of IFK Göteborg paying more rent since they attract more spectators, when this also means that they contribute to a greater part to the revenues received by the owners of the stadium and the municipality. IFK Göteborg who also contribute to a great extent by generating money to the city of Gothenburg for attracting spectators and tourists feel that they should have benefits from that and not only the duty to pay more rent.

### **5.6 The value chain used as a template for improvement in the generation of revenues**

The value chain demonstrates the typical flow of activities during an ordinary football game, but it could also be used to target out how to increase the match day income. IFK Göteborg is a team with a successful history and has got plenty of fans. Their reputation is high compared to most other Swedish teams and they finish in the upper half of the league table on a regular basis. Their big problem is the square of the value chain model (*Figure 3, page 20*) called “marketing & sales” since they do not have the permissions to advertisement or sales at their stadium. For that reason they are failing when it comes to gaining other match day income than the gate receipts. In order to keep up with clubs who do, it will be necessary for IFK Göteborg to either acquire these permissions or to build their own stadium. The same goes for GAIS even though they also lag behind when it comes to reputation and culture. GAIS would, in addition to the sales and advertisement, also need to improve their square of “operations” with better sporting results on a regular basis. Helsingborgs IF have built up their reputation during the last decade as the latest Swedish club reaching the group stage of the Champions League in 2000 and with constant league positions among the top ten during the last decade. They also have the permissions for sales and advertisement on their stadium, but still Paul Myllenberg is not satisfied because he is aware of the potentially increased revenues with improved facilities. Helsingborgs IF need to invest in their squares of “logistics” and “service” on their stadium in order to create a more attractive surrounding with more and modernized lounges for the sponsors and increased sales to spectators. Kalmar FF has recently moved into their brand-new stadium and do fulfil all of the requirements in the value chain. As Ronny Nilsson manifested, their biggest challenge is to learn how to make the most out of such facilities and not to feel satisfied, but to still try to develop this competitive advantage.

### **5.7 A strong value network as a step towards the climb on the UEFA ranking**

The selection of participating teams in the championship series is seen as a primary activity in the value network according to Woratschek and Schafmeister. As Christopher Danielsson expressed, it is all of the teams together who makes the product of Allsvenskan. A league where the teams play a more attractive football, automatically gets more interesting and attracts more spectators with increased revenues for the teams as a result. All of the sixteen clubs in Allsvenskan have got different prerequisites and different objectives. As Christopher Danielsson said, a small club like GAIS is satisfied with the present amount of clubs and the present distribution of grants, as well as the money from broadcasting rights. Bigger clubs

with goals to compete internationally such as IFK Göteborg and Helsingborgs IF, on the other hand want the amount of clubs to be reduced and the grants to be divided less evenly in order to encourage good sporting results. According to the report from Deloitte, leagues where the money is divided more unevenly are to a greater extent represented in the international tournaments. There is no sign that a league where a pocketful of clubs are dominating every season would be less attractive than Allsvenskan, which has had eight different champions in the 21<sup>st</sup> century, rather the opposite is probable. However, as Svante Samuelsson said, it depends on what type of league that is desirable. The most likely way to reach success internationally, and improve the UEFA ranking of Allsvenskan, would notwithstanding be to strive towards a more uneven league, where the top clubs get an economical advantage and thereby better opportunities to compete with clubs from abroad.

### **5.8 Side effects of financial improvement – Improved ranking**

As stated in many studies and reports such as the ones by Deloitte, UEFA, Söderman, Sahlström, Simmons and Hall et al.; financial strength is the key factor to sporting success. If a couple of clubs in Allsvenskan could draw away from the rest like Paul Myltenberg expressed, their chances of qualifying into the Champions League would increase and so would the chances for Allsvenskan to climb on the UEFA ranking. According to the calculations of Simon Chadwick, reaching the group stage of the Champions League is worth € 32 million which is almost one third of the total revenues of the entire Swedish premier division. There is no doubt that such an inflow of money would strengthen the league as a whole.

## 6 Conclusion

In the conclusion, the questions of the research problem are answered. The conclusion is construction to tie the theoretical frame of reference, the empirical study, and the analysis together.

- How are the revenues of the clubs in Allsvenskan structured, and what source of revenues has the best potential to increase?

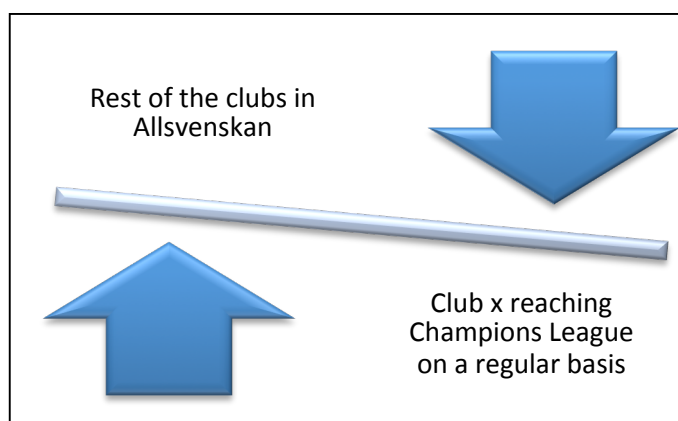
The focus in this thesis is the revenues in Allsvenskan and how they can be increased to reach a top fifteen position on the UEFA ranking in 2020. The biggest part, 52 per cent, of the total revenues among the clubs in Allsvenskan 2010 was assignable to sponsorship/advertisement and game day revenues. Among the four interviewed clubs that are represented in Allsvenskan 2010 (GAIS, IFK Göteborg, Helsingborgs IF, and Kalmar FF), the share was 51 per cent which indicates that this mix of responding clubs are representative for the league as a whole. Moreover, about 20 per cent of the revenues came from broadcasting rights and contributions distributed by Föreningen Svensk Elitfotboll and about 10 per cent was yielded from player transfers. It is important to pay attention to the fact that only four of the sixteen clubs in Allsvenskan have been interviewed, and there are great differences between the clubs in Allsvenskan depending on their geographical environment, spectators, history, club culture and goals; which subsequently makes it far more difficult to define one single source of revenue with the greatest potential to increase. This is obvious in their choices of partners depending on risk diversion, in their thoughts about how many clubs that is appropriate in Allsvenskan, when discussing the openness for external financiers and in their opinions about how the contributions from Föreningen Svensk Elitfotboll should be allocated. One of the representatives from the clubs did not even want to discuss these issues because of its sensitiveness. When comparing the allocation of revenues in Allsvenskan with successful leagues in Europe, the most obvious fact is that the revenues are relatively evenly spread across the clubs in Allsvenskan. Sweden as a nation is widely known for appreciating equality and fairness, but when it comes to the creation of a successful football league, this might be a cultural aspect that reduces the ability to compete internationally.

- How can a ranking among the top fifteen football leagues in Europe be achieved?

To be able to compete internationally it might thus be favourable with more unevenly spread income in Allsvenskan. The issue of more unevenly spread revenues is yet a matter of principle; it depends on what kind of premier division you want to have. A more uneven distribution of revenues, where the successful clubs receive an even greater part, would create a certain type of league where more or less the same clubs would be in the top layer every year. This is, on the other hand, the case in all of the most successful leagues in Europe and a vital circumstance in order to create a couple of teams with the possibility to compete internationally. No league can consist of only top clubs and if the top clubs differs from year to year, none of them will be strong enough to compare favourably with its international competitors. The revenues in general need to be increased in Allsvenskan, but the present distribution of broadcasting rights is counterproductive, as it does not give any club the sufficient financial support to be able to compete internationally. If it was made possible to build up at least one internationally competitive club in Sweden the chance would appear to play in the Champions League which in turn would generate a massive increase in revenues not only for the involved club, but also for the rest of the clubs in Allsvenskan as the money from broadcasting rights would increase significantly. The problem is now that Föreningen Svensk Elitfotboll is supposed to protect the interests of all the football clubs playing in the elite-divisions, which are Allsvenskan and Superettan. The differences amongst these clubs

are significant and the interests are difficult to combine. In the interviews it became clear that GAIS, as a smaller club want to keep Allsvenskan in its present shape, while both IFK Göteborg and Helsingborg, as bigger clubs, are striving towards getting a league with less clubs and less evenly divided contributions. It appears like many of the clubs think that changed external conditions such as the amount of teams in Allsvenskan and the distribution of broadcasting rights is the only solution to being able to compete internationally. However, important to mention is that about 80 per cent of the total revenues are possible for the clubs to influence by themselves and that they rather should think in terms of actions that they actually are able to affect. A good example is Kalmar FF's stadium investment; it is that type of differentiation strategies that more clubs should aim at. The ownership of a stadium means taking financial risks, only possible if having a big private equity. Therefore, the ownership by itself is not the solution and not even possible for many clubs in the foreseeable future. The first step to take is to take control of all the permissions and rights associated with the match day such as advertisement and sales, in order to build up enough financial strength to realise an improvement of the stadium facilities as well as the squad and coaching staff.

The possibilities of increasing revenues through an improved stadium can in the end lead to revenues sufficient enough for paying competitive player salaries, keeping talents in Sweden, and thereby perform better in international tournaments such as the Champions League which would make Allsvenskan a more competitive league that is able to realise the desirable climb on the UEFA ranking.



**Figure 10 Seesaw for symbolizing synergi-effects** Source: Drawn by the authors after inspiration of Simon Chadwick

The seesaw (*Figure 10*) symbolizes the possible advantageous effects that one club reaching the champions league on a regular basis would bring to the rest of the clubs in Allsvenskan. The superior uphill slope on the way to success that is an existing fact today, would be changed into a much more pleasant downhill slope.

## 7 Suggestions for further research

Football in Sweden, Europe, and the rest of the world has many factors to take into consideration. Because of the limitation of time, there has not been possible to examine all these factors deeply and the focus has therefore been to examine the revenues, rather than the costs, and factors that the clubs can have an influence on.

At the moment there are discussions about taxation of football players. What is argued is that the taxation of sport stars is too high, which means that the clubs cannot pay as high salaries as in Denmark for example, and this is a contributive factor for players choosing to play in the Danish premier division instead of the Swedish.

Furthermore, there are discussed how to get rid of the hooliganism and violence related to football in Allsvenskan. The solution discussed now is that it must be a change in legislation to prevent certain supporters to come to the stadium to watch a game.

Because of these issues suggestions for further research are:

- How are the costs distributed in the football clubs in Allsvenskan and what costs have the least connection to sporting success and can be reduced?
- Do revenues have such strong correlation with sporting success in other sports around the world?
- How would a change in taxation legislation affect football in Sweden and player salaries?
- How would a change in legislation concerning integrity and public control affect football and hooliganism?

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## 9 Appendices

### Interviewing questions – Representatives from the clubs

(English translation)

Vad är er långsiktiga målsättning? (What is your long-term goal?)

Hur ska ni nå fram till denna? (How will you reach this goal?)

Är ni nöjda med er ekonomi i nuläget? Varför/varför inte? Hur ser kostnads-/intäktsfördelningen ut? (Are you satisfied with the finances in the present situation? Why/Why not? How are the revenues/costs distributed?)

Vad gör ni för att förbättra er finansiella ställning? (What are you doing to improve the finances?)

Vad gör ni i dagsläget för att öka era intäkter? (What are you doing in the present situation to improve the revenues?)

Är ni i dagsläget beroende av spelarförsäljningar för att nå ett ekonomiskt överskott? (Are you dependent on selling players to have a positive financial result?)

Hur utformar ni, generellt, spelarkontrakt? (ersättning efter prestation, tabellplacering, långa/korta kontrakt) (How do you, from a general point of view, frame the player contracts? (performance based salary, position in the league, long-term vs short-term contracts)

Hur jobbar ni för att ni ska få behålla era talanger inom den egna klubben under längre tid? (What activities do you work with in order to keep your talents in the club for a longer time?)

Hur ställer ni er till frågan angående ägande av egen arena? (What is your standpoint in the issue concerning ownership of the stadium?)

Finns det planer på en sådan investering i nuläget? Varför/varför inte? (Are there plans for investing in a stadium? Why/Why not?)

Hur skulle detta isåfall finansieras? (How would the investment, in that case, be financed?)

Vilka ekonomiska fördelar/nackdelar skulle en egen arena innebära på lång sikt? (What financial advantages/disadvantages would the ownership of the stadium mean?)

Hur ser ert hyreskontrakt för arenan ut i nuläget, vilka är era rättigheter och skyldigheter? (How is the lease formulated in the present situation, what are your rights and duties?)

Hur gör ni för att attrahera större publik till era hemmamatcher? (What are you doing to attract more spectators to the home games?)

Hur ser tillvägagångssättet ut vad gäller uppbyggande av klubbens varumärke och därmed ökat intresse kring klubben och högre publiksiffror? (How are you working for building up your reputation, increase the interest for the club and the number of spectators?)

Hur ställer ni er till externa investerare? Nackdelar/fördelar? (What is your standpoint in the issue concerning external financiers?)

51/49% regelns vara eller icke-vara. Skulle det gynna er om denna togs bort eller sänktes till 34%? (51%/49%-rule is a discussed issue. Would it favor your club if it were removed?)

Om en extern intressent vill köpa namnet "Allsvenskan" - borde denne då få göra det? Till vilket pris och hur mycket skulle ni kräva/hoppas få ut av detta? (Do you consider it to be positive if an external stakeholder would buy the trademark "Allsvenskan"? What price would be reasonable and how much would you get as a club?)

Tycker ni att 16 lag är det rätta för Allsvenskan? (Do you consider 16 clubs as the correct amount of clubs in Allsvenskan?)

Finns det en fungerande kommunikation och informationsutbyte mellan lagen i serien? Hur mycket lär ni er av varandras framgångar och motgångar? (Is there an existing interchange of information between the clubs? How much do you learn from each other's success and reverse?)

Är ni nöjda med fördelningen av tv-intäkter eller borde denna göras om på något vis? (Are you satisfied with the distribution of revenues from broadcasting rights or should it be altered?)

När kommer vi se ett allsvenskt lag i gruppsspeletsfasen av Champions League nästa gång? (When will it be a Swedish club in the Champions League next time?)

Vad krävs för att Allsvenskan på längre sikt kontinuerligt ska ha lag som kan nå gruppsspeletsfasen av de europeiska cuperna? (What will it take to have a Swedish club that continuously can play in the European cups?)

### **Interviewing questions – Tommy Theorin, Föreningen Svensk Elitfotboll**

Vad är dina huvudsakliga uppgifter som generalsekreterare för Föreningen Svensk Elitfotboll? (What are your main duties as secretary general for Föreningen Svensk Elitfotboll?)

Hur arbetar föreningen svensk elitfotboll för att förbättra kvaliteten i Allsvenskan? (How are Föreningen Svensk Elitfotboll working in order to improve the quality of Allsvenskan?)

Det har varit en lovande inledning på denna säsong rent publikmässigt, vad beror detta på? (It has been a promising introduction this year in Allsvenskan if looking at number of spectators, what are the reasons for this?)

Vår ståndpunkt är att intäkterna måste öka för att Allsvenskan ska förbättras, vad tror ni är nyckeln till en sådan ökning? (Our standpoint is that the revenues must be increased in order to improve the quality of Allsvenskan, what do you think is the key for an improvement?)

Egenägda arenor har inom ishockey visat sig vara ett stort steg i rätt riktning, tror du denna utveckling är något som skulle gynna även Allsvenskan? (Ownership of stadiums has been successful in ice hockey, do you think that a development similar to ice hockey would be favourable also for the clubs in Allsvenskan?)

I så fall, hur ska man nå dit? Hur ska klubbarna finansiera investeringen i en egenägd arena? (In that case, how would it be made possible? How can the clubs finance such an investment?)

Nackdel kring eget ägande? (What are the disadvantages of ownership of the stadium?)

Hur ställer ni er till utomstående investerare? (What is your standpoint in the issue concerning external financiers?)

Slopande av 51/49 % regeln? Skulle det gynna de allsvenska klubbarna och svensk fotboll som helhet? (Would it be favourable for the clubs in Allsvenskan if the 51/49% rule were removed?)

Faror? (Dangers with external financiers?)

Varför tror du att såpass många klubbar ändå ställt sig emot denna regelförändring? (Why do you think that many clubs are negative to the removal of this rule?)

Vad skulle en egenägd arena främst föra med sig för fördelar? (What advantages would the ownership of a stadium imply?)

Vad skulle det kunna ha för nackdelar? (What disadvantages would the ownership of a stadium imply?)

Bantning av Allsvenskan har varit uppe på tal, hur ställer ni er till det och hur stor skulle din ultimata Allsvenska vara? (What is your standpoint in the issue concerning fewer clubs in Allsvenskan, how large would the optimal Allsvenskan be?)

Av vilken anledning ökade man för några säsonger sedan från 14 till 16 lag, hur gick resonemanget då och vad har förändrats sedan dess? (What were the reasons for the enlargement of Allsvenskan a couple of years ago? What have changed since then?)

Åter så till intäktsskapandet. Hur fördelas tv-intäker mellan klubbarna idag? (How are the revenues distributed among the clubs in Allsvenskan?)

Hur går tankarna kring att sälja namnet Allsvenskan såsom de gjort i flera andra ligor för att dra in i runda slänga 50 miljoner per säsong som skulle kunna fördelas till klubbarna utifrån placering i tabellen? (What are the thoughts and opinions concerning selling the name Allsvenskan to an external stakeholder, who in turn would increase the revenues for you and also afterwards could be distributed to the clubs depending on position in the league?)

Själva profileringen är viktig för att skapa intresse kring svensk fotboll. Hur jobbar ni för att öka intresset kring svensk fotboll i stort och mer specifikt för just allsvenskan? Dels för att locka publik och ungdomar, men även investerare och sponsorer. (How are you working in order to increase the interest for Swedish football and Allsvenskan? Partly to increase the number of spectators, but also to attract partners?)

När tror du vi åter kommer att ha ett lag i gruppspelen av Champions League? (When do you think a Swedish club will play in the Champions League next time?)

Vad krävs för att vi ska få det? (What will it take in order to have a Swedish club in the Champions League?)

### **Interviewing questions – Ronny Nilsson, Project manager – “Guldfågeln Arena”**

Vad är din roll inom Kalmar FF idag och vilka uppdrag har du haft inom föreningen tidigare? (What are your main duties in Kalmar FF today, and what commissions have you had earlier in Kalmar FF?)

Hur har ditt engagemang inom arenabolaget sett ut och vad har varit drivkraften bakom detta? (What are your duties in the company that owns the stadium and what has been the prime motive for this?)

Vad är den främsta orsaken till att du har drivit det här projektet? (What has been your personal prime mover in this engagement?)

Beskriv gärna kortfattat turerna kring arenan och varför det drog ut på tiden så länge. (Please describe briefly the situation and procedures and why the investment took such a long time?)

Hur såg Kalmar FF's avtal ut när de spelade på Fredrikskans och hur har detta förändrats med Guldfågeln Arena? (How were the lease formed when Kalmar FF were playing at Fredrikskans and what are the changes now?)

Hur är ägarstrukturen kring Guldfågeln Arena uppbyggd och varför har man ett arenabolag som officiell ägare av arenan? (How is the ownership of the stadium formed now and why is it an subsidiary company that owns the stadium?)

Hur mycket har ni kalkylerat med att den nya arenan ska öka det ekonomiska resultatet årligen? (How are the calculations made and how much will the ownership of the stadium improve the financial results?)

Hur skapar man en framgångsrik arena och hur lyckas man med sponsorarbetet? (How do you build up a successful stadium and how are you working in order to have good cooperation with your partners?)

Varför har just Kalmar, som trots allt får ses som en förhållandevis liten klubb, lyckats driva igenom ett såpass omfattande och kostsamt projekt som en egen arena? (Why is Kalmar, a small club, one of the few clubs in Sweden that have been able to carry out such a great investment as an own stadium?)

Vad är det som krävs för att andra klubbar ska ha möjligheten att driva igenom ett likartat projekt? (What will it take for other clubs to carry out a similar investment?)

Varför tror du att inte fler klubbar i Allsvenskan äger sina egna arenor med tanke på att en stor del av exempelvis elitserieklubbarna i ishockey äger sina arenor. Varför har vi inte sett samma utveckling inom fotbollen? (Why do you think that it is rare for football clubs in Sweden to own their stadium since it seems to be successful in icehockey?)

Vad är risken med att äga sin egen arena. Vad skulle hända om publiken svek eller om Kalmar FF åker ur Allsvenskan? (What are the risks with ownership of the stadium?)

Kan du komma på några negativa effekter som en egenägd arena kan medföra? (What negative effects can you see with ownership of the stadium?)

Vilka arrangemang förutom fotbollsmatcher kommer att generera intäkter till Kalmar FF tack vare den arenan? (What events will, apart from football, generate revenues for Kalmar FF thanks to the new stadium?)

Har ni tagit in ny kompetens för att lyckas med arenan? (Have you employed more people for being able to manage the stadium in a successful manner?)

På vilken nivå tror du Kalmar FF kommer befinna sig fotbollsmässigt om 5 år och vilka klubbar ser du som era främsta utmanare på längre sikt? (At what level do you think that Kalmar FF will be in five years? Which clubs do you see as your principal competitors in a long-term perspective?)