A Work Project presented as part of the requirements for the award of a Master's degree in Management from NOVA SBE.

ARAB GULF INVESTMENT IN FOOTBALL AND ITS IMPACT ON THE EVOLUTION OF THE INDUSTRY'S BUSINESS MODELS – CHALLENGES OF EUROPEAN FOOTBALL AS THE EPICENTER OF THE INDUSTRY

Pedro Nabais Sena Mosa

Work project carried out under the supervision of:

Professor Rui Biscaia (Nova SBE)

and

Pedro Mendonça (McKinsey & Company)

17/12/2024

Abstract: This paper examines the impact of the Arab Gulf investments on the evolution of the football industry's business models. Using a mixed methods approach combining qualitative expert interviews and quantitative data from secondary sources, the study explores the evolving dynamics between Europe, football's traditional epicenter, and the Gulf; the challenges and opportunities facing European football; and the new affirmation of the Arab Gulf as a key player in the industry. The findings reveal the transformative shift toward P&L-focused business models and highlight the Gulf´s pivotal role as both an accelerator and catalyst in reshaping the global football ecosystem.

Acknowledgments: We would like to express our deepest gratitude to Professor Rui Biscaia and Pedro Mendonça for their invaluable guidance and support. Their expertise and sharing of knowledge have been fundamental in shaping this research. Additionally, we extend our thanks to all those who participated in the interviews and provided us with some brilliant conversations about football. Finally, we are also deeply grateful to our families, especially our parents for their constant support and understanding. To our friends and all those who contributed in ways big or small, thank you.

Keywords: Football Finance; Sport Business Model; Strategy; Arab Gulf; Commercialization; Sport ecosystems.

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

1. Introduction

Football is a unique ecosystem where only a few top leagues and big clubs are profitable, and the rest of the ecosystem struggles to make money (Jacobsen, Kringstad, and Olsen 2021). On the one hand, there are big global brands that still have an economic dimension that falls far short of their expression and potential; on the other hand, all the other small leagues and clubs tend to survive through a difficult-to-manage mechanism: player transfers.

Over the past two decades, the Arab Gulf has gained prominence in football, marked by hosting major events like the 2022 FIFA World Cup Qatar, acquiring European clubs such as Manchester City FC, creating leagues with lenient financial rules like the Saudi Pro League, and developing infrastructure such as the Aspire Academy. More recently, this phenomenon has intensified into what we call the Arab Gulf "2.0" affirmation, which corresponds to the evolution from a behind-the-scenes presence in terms of management and investment to an assertive on-field presence based on a strong domestic commitment. At the same time, there appears to be an ongoing paradigm shift in football business models that aims to reduce reliance on player transfers by improving key financial metrics through new revenue streams that offer greater financial sustainability to the industry. By recognizing the existence of a shift in business models in football towards a more profit-oriented vision associated, with a greater concern with the profit and loss accounts (P&L-focus) and that the intensification of investment from the Gulf has shaken up the business models of football institutions (World Football Summit 2023), our research question (RQ) is the following:

RQ- How is the Arab Gulf impacting the ongoing paradigm shift in the global football ecosystem to become more P&L-focused?

To develop a structured and robust answer to the RQ, the following objectives were set:

- Explore the dynamics of Europe and the Gulf over the last two decades and the dawn of a new paradigm in football finance.

- Understand the future challenges and opportunities of European football as the epicenter of the industry.
- Analyze the Arab Gulf's “2.0” affirmation in football through its investments not only at an international level but also at a domestic level.

The existing body of literature extensively covers how Middle Eastern investments influence diplomatic, geopolitical, and economic dynamics in football. However, there is limited focus on the impact of Arab Gulf investments on club management and the evolution of business models in the global football industry. In addition, Chadwick and Anagnostopoulos (2024) point out that the notions of sports management as they are understood today no longer fit for purpose in the twenty-first century. It is argued that the view in the existing literature reflects the utilitarian and neoclassicist principles that shaped the foundations of modern sport. The late 19th century was characterized by the formal codification of football when the main governing bodies, competition structures, and clubs were created according to a utilitarian phenomenon in which the essence of the sport is to provide a public good that is of the greatest good to the greatest number. Most of these entities were set up in Europe, reflecting the continent’s political and economic power. During the 20^{th} century with the increased influence of the United States over Europe, neoclassicism emerged as a dominant ideology, placing emphasis on individual interests and prioritizing business and profit over collective ideals.

The authors urge scholars to conceive football as a new geopolitical economy, where nations and other entities leverage sport to build power and secure strategic advantages by controlling critical resources and networks. The Gulf countries’ aspirations to become mega event destinations or their ownership of multiple sports assets embody the essence of the geopolitical economy of sport (Chadwick 2022). Our study was therefore developed considering this concept, as it best suits the contemporary football paradigm.

2. Literature Review

2.1 Investment Landscape in Football in the Arab Gulf

Football was introduced in the Middle East by British colonizers to advance imperial interests (Ferraro 2019). After gaining independence, nations like Qatar and the United Arab Emirates (UAE) used football in nation-building and branding efforts (Chadwick and Anagnostopoulos 2024). In the 1970s, the Gulf States joined Fédération Internationale de Football Association (FIFA) and played their first matches as independent countries, coinciding with oil-driven economic growth and the start of football investments (Busse and Wildangel 2023; Thani and Heenan 2017). More information on the historical context of football in the Arab Gulf can be seen in Appendix 1.

Due to its intrinsic link with globalization and the impact of the digital revolution, football is a very different and much more complex industry today, as it has followed the profound changes in economic systems, political relationships, and how individuals, organizations, and states engage with one another (Chadwick 2022). Nevertheless, it's important to emphasize that the Arab Gulf has played a significant role in changing the landscape of football due to the huge investments these countries have made in the sport domestically, regionally, and globally over the last two decades (R. Zare and Feizabadi 2024). Reducing football to a mere soft power vehicle is becoming less reasonable these days, given its growing prominence as a vehicle for promoting a range of societal goals, including diversifying oil-dependent economies, encouraging gender equality, promoting healthier lifestyles, and combating the growth of heart disease and diabetes (Bianco and Sons 2023). The strategic investment decisions of the Arab Gulf countries over the last two decades have been somewhat similar, which has allowed a clear investment pattern to be identified, the first step of which is to host international events, followed by building infrastructure and finally investing abroad (Chadwick, Widdop, and Goldman 2023).

2.2 Arab Gulf Investment Strategy

2.2.1 Hosting International Events in the Gulf Region

This pattern is particularly evident in the Gulf region's focus on hosting international sports events. These events are seen as opportunities to develop international recognition and attract foreign companies to invest in various urban projects, such as Zayed Sports City in Abu Dhabi, Dubai Sports City, and Aspire Zone in Doha (Ishac 2020). The Gulf region has experienced a remarkable boom in hosting international sports events in recent years. Notable events include the Formula 1 Grand Prix, LIV Golf, ATP Qatar Open, IAAF World Athletics Championships, World Boxing Super Series Mohammed Ali Trophy (Ishac 2020), Formula E and Saudi Cup horse race (Alhussein 2022) and it has been reported that Saudi Arabia wants to host 25 world championship events in different sports until 2030 (Taylor 2023).

The pinnacle of this strategy was the 2022 FIFA World Cup in Qatar (Clarke 2023), one of the world’s most popular sporting spectacles (Shultz et al. 2015). Eight years before hosting the FIFA 2022 World Cup, Brannagan and Grix (2022) described Qatar's hosting of this global event as a strategic move to differentiate itself from the broader socio-political challenges in the Middle East and to present itself as a peaceful nation with a passion for sport. Hosting this event provided the country with an unprecedented opportunity to conduct diplomacy through sport, enhancing its global standing and promoting the nation as a cutting-edge, technological, and modern state (James 2021).

Football fans from 17 countries around the world experienced intense excitement and unforgettable moments at the 2022 World Cup, with many praising it as “the best FIFA World Cup ever” and highlighting its impressive organization (Acheampong, Akwaa-Sekyi, and Peprah-Yeboah 2024). They argued that Qatar's investment in the event brought positive economic, social, and political benefits and enhanced the country's foreign policy and image (Lück and Porter 2018).

2.2.2 Infrastructure Development as a Catalyst for Economic Growth in the Gulf

To host these major events, countries must undergo a rigorous process of preparation, including technical infrastructure and the hosting of training camps (Nikolaou et al. 2023). In the run-up to the World Cup, Qatar spent an estimated US$200-300 billion (bn) during the decade-long preparations, transforming the urban landscape, building hotels, underground transportation, stadiums (which accounted for only US$6.5bn), railways, ports, and airports, and contributing significantly to the growth of non-hydrocarbon output (International Monetary Fund 2024).

Another example of these infrastructure developments is NEOM, a massive futuristic mega-city (Satish, Ginesta Portet, and De San Eugenio Vela 2024) launched in 2017 and currently under construction in Saudi Arabia, which is an integral component of Saudi Vision 2030 (Yusuf and Abdulmohsen 2023). NEOM's sponsorship deal with the Asian Football Confederation, which was recently extended through a multi-year partnership, underlines the city's ambition to establish itself as a world-renowned hub for sporting excellence, providing an environment that attracts top talent and innovative minds, and demonstrates Saudi Arabia's commitment to developing the most physically active population in the world, given the deep-rooted importance of football in the lives of the Saudi people (Sam 2023).

Due to its positive social, cultural, and economic impacts, the sports industry has become one of the largest sectors worldwide, playing a crucial role in economic activity, generating income, creating jobs, and facilitating international trade in many countries (A. Zare et al. 2022). Major sporting events act as important catalysts, providing valuable promotional opportunities through media exposure and creating an important platform for interaction between industry, commerce, and sport (Kazerroni, Asgharpour, and Nafisi 2019). This is in line with Khalifa’s theory of infrastructure development, which states that effective infrastructure development combined with the reduction of wasteful spending can lead to national economic expansion (Nasser and Al-Dosari 2020). This helps to explain the high level of interest and investment from Gulf countries. Over the past two decades, wealthy states such as the UAE, Saudi Arabia, and Qatar have distinguished themselves from other West Asian countries by investing heavily in the sports sector, focusing on hosting events and infrastructure development, but have also extended to international ventures through sponsorships and multi-club ownerships (R. Zare and Feizabadi, 2024).

2.2.3 Investing Abroad

A notable illustration of the UAE's strategic approach is the acquisition of Manchester City by Sheikh Mansour Bin Zayed Al Nahyan in 2008 (Lassas 2021). Under Abu Dhabi's ownership, the club has invested approximately US$2bn in acquiring top talent, significantly boosting its competitive edge. Furthermore, Etihad Airways, owned by Abu Dhabi, has been a long-term partner of Manchester City since 2009, with the club's stadium being renamed the Etihad Stadium (Chen and Li 2024). Similarly, Emirates has established itself as a prominent global sponsor through high-profile partnerships with major football clubs such as Real Madrid, Paris Saint-Germain, and Arsenal. These sponsorships are essential in raising the UAE's international profile, positioning it not only as a premier global destination but also as a key transportation hub connecting Asia, Europe, and the Indo-Pacific (R. Zare and Feizabadi 2024).

In a similar vein, Qatar has strategically invested in the global sports arena to enhance its international profile. A prime example of this is Qatar Sports Investment's acquisition of the French football club Paris Saint-Germain in 2011 (Reiche 2015). This move allowed Qatar to position itself prominently on the global sports stage by leveraging both the club and the city of Paris in its marketing efforts (Thani and Heenan 2017). Additionally, the same year saw Qatar expanding its sports sponsorships by partnering with FC Barcelona. Initially supported by the Qatar Foundation, the sponsorship later transitioned to Qatar Airways, which became the club's first-ever commercial kit sponsor (Conn 2013) and is, now, one of the most internationally renowned Qatari entities having served as FIFA's official partner airline for the

2018 and 2022 World Cups (Thani and Heenan 2017). The partnership between FC Barcelona and the Qatar Foundation highlights the popularity of European football among Arab and Middle Eastern stakeholders, reinforcing the significance of the sport for Qatar's global reputation (Ginesta 2013).

Saudi Arabia has also made significant investments in international sports, with one of the most notable being the acquisition by the Saudi Arabian Public Investment Fund of an 80% stake in the English Premier League (EPL) club Newcastle United in 2021 (Crossley and Woolf 2024). Since the acquisition, the club has climbed up in the league and qualified for the UEFA Champions League (UCL), boosting its market (The Economist 2024). The rationale for the investment was to increase business engagement between the UK and Saudi Arabia (Geist 2024).

Each of these Arab states has developed a strategic and comprehensive national vision with the objective of economic diversification that outlines sport as a strategic political, economic, and diplomatic asset to be employed by the nation but also by visible state and non-state actors (Chadwick, Widdop, and Goldman 2023).

2.3 Saudi Pro League Phenomenon

Although Saudi Arabia is considered a latecomer compared to its neighbors Qatar and the UAE regarding sports investment, Crown Prince Muhammad bin Salman is taking the country to a new level of sports diplomacy (Bianco and Sons 2023). Cristiano Ronaldo's transfer to Al-Nassr FC in December 2022 was one of the Saudi Pro League's (SPL) first big breakthrough moments, marking a turning point in the Gulf countries' emergence as a force in international football. The following transfer window saw the arrival of world superstars to the league such as Neymar and Benzema, and was also marked by the Saudi Public Investment Fund's (PIF) acquisition of a 75% stake in 4 Saudi clubs (Al Ahli, Al Hilal, Al Ittihad, and Al Nassr) (Sam 2023). These interventions, aligned with the country's strategic plan, Vision 2030, are having ground-shaking effects on the global sports markets (Schreyer and Singleton 2023). Saudi Arabia is disrupting the global football industry, as it is in a privileged position to impact business models by leveraging the use of data and technology but also its investments are backed by solid business metrics (World Football Summit 2023).

2.4 Economic Challenges in European Football

Football not only is a small business but it is also a challenging business (Kuper and Szymanski 2022). In recent decades, financial weakness has characterized the economic health of European professional football (Jacobsen, Kringstad, and Olsen 2021). Clubs have consistently failed to convert revenues into sustainable profits, jeopardizing their financial viability (Kennedy 2013; Storm and Nielsen 2012). Football became synonymous with business in the first decade of the 21st century (Chadwick and Anagnostopoulos 2024). This period also coincided with the top clubs' global branding, which opened doors to endless business opportunities. Europe's top clubs have a fan base that goes far beyond Europe, from North America to South America to Africa or Asia, putting them on the global brand level (Waalkes 2017).

Although many football clubs have a global reputation and reach incomparable to many large companies in other industries, the truth is that clubs like Real Madrid or Manchester United don't even come close to the financial performance of the Standard & Poor’s 500 (S&P 500). If we look at the numbers, the reality is even clearer. FC Barcelona's revenues in 2018/19, the last full season before COVID-19, were €841 million (m). Despite breaking records in the football industry, this was equivalent to around 0.2% of Walmart's revenues in the same year. Taking a broader view, the Union of European Football Associations (UEFA) reported that the average revenue of the 700 top-division clubs in Europe in 2019 was around US$32m, almost eight times less than the average revenue of a single Costco warehouse store in the US in 2020 (Kuper and Szymanski 2022).

2.5 Overreliance on Player Transfers in European Football's Business Models

The football industry suffers from a problem that economists call appropriability: so far football clubs have failed to generate profits out of more than a tiny share of the world's love of football. The reality is that the world earns more from football than the football industry earns from itself. Over the time, clubs have found new revenue sources, but in most cases, the ideas have not come from the clubs themselves. Other industries were able to capture opportunities more efficiently simply because they understood business better (Kuper and Szymanski 2022).

Mismanagement is a word that is often associated with football. The industry has been characterized by management habits that strongly prioritize sporting success over economic rationality to create positive relationships with fans (Buck and Ifland 2023). Other factors are also associated with the poor financial management of clubs, such as the concentration of the ownership structure (Fan et al. 2023) and the involvement of owners, often referred to as "sugar daddies" (Kuper and Szymanski 2022), who view clubs as a hobby, or even the hiring policies that often result in poorly skilled staff, marketing myopia, and the population's poor sports education. This pattern elucidates the deficiencies and vulnerabilities of the operational frameworks in clubs.

According to Huang (2019), the business models that dominate the industry fall into 2 types: Brand and Sales; both highly dependent on player transfers. The Brand model aims to strengthen the brand by achieving sporting success and attracting high media coverage and fans by signing famous players. Big-name players have the power to generate a lot of brand awareness for a club due to the huge number of fans who follow these players in stadiums, on television, and on social media. The engagement and visibility that these star players offer clubs provide a gateway for numerous marketing opportunities, particularly in terms of sponsorship deals. On the other hand, the Sales model focuses on generating profit by selling players, either by developing talent through youth academies or by purchasing young players at a low cost and enhancing their skills to sell them at higher fees (Auvinen 2021).

The brand business model is not particularly easy to emulate since it is only within the reach of a very limited number of clubs that have huge relevance on the global stage. Of the 700 top-division European clubs, the vast majority follow the Sales business model and have a worrying dependence on the transfer market (Huang 2019).

2.6 The New Era of Football Driven by a Shift Toward Profit-Focused Strategies

Despite all these years marked by mismanagement and failure to make profits, there are signs that professional football is beginning to rethink its institutional and organizational environment. The industry has experienced massive transformation and has developed into a global market (Buck and Ifland 2023b) becoming a frame of institutional pluralism and uniting its stakeholders through a multitude of institutional logics (Gammelsæter 2010). As more and more components influence the game on the pitch, clubs must find new systematic approaches to create, deliver, and capture value (Baena 2019; Rohde and Breuer 2017). For these reasons, business model innovation is becoming a key competitive factor for clubs (Tan, Hedman, and Xiao 2017; Gruettner 2019) whose long-term sustainability increasingly depends on their financial performance (Alaminos, Esteban, and Fernández-Gámez 2020).

The truth is that the signs of change are visible in the improvement of clubs' finances (Auvinen 2021), with them growing in size as a business, but also in the attractiveness of clubs for profit-seeking new owners (Kuper and Szymanski 2022), who want to create international club networks to leverage global brand appeal. In the years before COVID-19, there was an improvement in finances, and in 2017, for the first time, the top-tier European clubs at an aggregate level turned profitable (European Leagues 2023). More recently, and despite the strong impact that the pandemic has had on the industry, UEFA admits that there are signs of a return to operating profits in 2023 (UEFA 2023a).

3. Method

3.1. Data Collection

This research employs a mixed methods approach, combining quantitative and qualitative data from different sources, to explore the impact of Arab Gulf investment on the evolution of the football industry's BMs. The qualitative component, which corresponds to the primary data, was collected through semi-structured interviews with industry experts. Given the importance of selecting and hearing from individuals who are especially knowledgeable about the phenomenon of interest (Cresswell and Plano Clark 2011), purposive sampling was employed (Jones Ian 2014). Our sample comprises seasoned professionals with extensive expertise in markets influenced by Gulf investments, spanning a range of roles, including executive leadership at prominent Arab Gulf football clubs, academic authorities in sports management and geopolitical economy, legal and regulatory experts, and specialists in sports investment and consulting (see Appendix 2 with sample characteristics). Professionals whose work is not directly or indirectly related to the football industry and could not provide specific insights into Arab Gulf investment in football were excluded from our sample (see Appendix 3 with eligibility criteria). Interviews were conducted both online and in-person and lasted on average one hour. An interview guide was developed (Appendix 4) based on past literature to ensure consistency and structure throughout the data collection process, allowing for a systematic exploration of key themes relevant to the research objectives (Naz, Gulab, and Aslam 2022). All interviews were recorded with consent and later transcribed verbatim for analysis.

A quantitative component was also introduced to help limit the subjectivity of the interview data and help address all study objectives (Saunders, Lewis, and Thornhill 2020). The secondary data collected came mainly from clubs' financial statements, official documents from governing bodies such as UEFA, European Clubs Association (ECA), and European Leagues; and also from industry reports from renowned entities such as Deloitte and Football

Benchmark. Data publicly available on football-related websites (i.e., club websites, news outlets, and databases) was also used (see eligibility criteria in Appendix 3). This allows large amounts of information to be aggregated in a more granular and timely manner, offering more dynamic and updated data than that from static financial reports. As for the news outlets from which we obtained information, the Financial Times, Forbes, Bloomberg, Onefootball, Goal, SportBusiness, beIN Sports, and, once again, Football Benchmark stand out. Concerning databases, we used Transfermarkt as this is a valuable tool for analyzing data relating to player transfer that is commonly used in sport-related studies (Peeters 2018). The specific key metrics analyzed and the secondary data sources for each objective are set out in Appendix 6.

3.2. Data Analysis

The primary data collected was subjected to a thematic analysis to identify recurring patterns and themes (Braun and Clarke 2006). The thematic analysis carried out entailed the following phases: a pre-analysis, which consisted of reading the data collected, followed by an organization and systematization of the data in an analysis grid (Appendix 7), and finally, the processing of the results, making inferences and interpreting them in a meaningful and valid manner. A triangulation process was conducted by applying quantitative financial analysis to complement and cross-validate the results from the primary data and enhance the validity and reliability of the findings (Saunders, Lewis, and Thornhill 2020). Some of the secondary data collected was later adapted from its original sources to develop predictive analyses, such as the UCL 24/25 revenue forecast. The key financial metrics analyzed were net and operating profit, revenue breakdown, enterprise value, transfer balances, and wage-to-revenue ratio.

This methodological approach allows for a more nuanced understanding of the impact of Arab Gulf investments on football's business models, bridging the gap between theoretical insights and real-world financial performance.

4. Results and Discussion

4.1 The Evolving Relationship between Europe and the Gulf over the Last Two Decades and the Dawn of a New Football Era

4.1.1 Lack of Profitability in European Football and the Ongoing Paradigm Shift

As mentioned in the Literature Review, in recent decades, the economic state of European professional football has been defined by financial fragility. Our interviewees identified several reasons for this phenomenon. The most frequently mentioned was the extreme prioritization of sporting performance over financial performance: *"*As long as clubs have some money and liquidity, the concern for financial sustainability is minimal" (P5). Another much-discussed factor was the lack of professionalism in the industry. "Only recently have qualified managers and executives been introduced" (P6 and P9) with the ability to implement effective management practices in clubs and transform the standard BM worryingly reliant on player transfers. Some point to the banking sector as one of the main causes. "For many years, the banks lent large sums of money to the clubs" (P9), which didn't generate enough cash flow to repay the debts, resulting in an unsustainable situation. Others classify football as a "capitalist economy where the rich get richer, and the poor get poorer. More and more resources are flowing to the top and the trickle-down effect is not happening. It's a zero-sum game.*"* (P4).

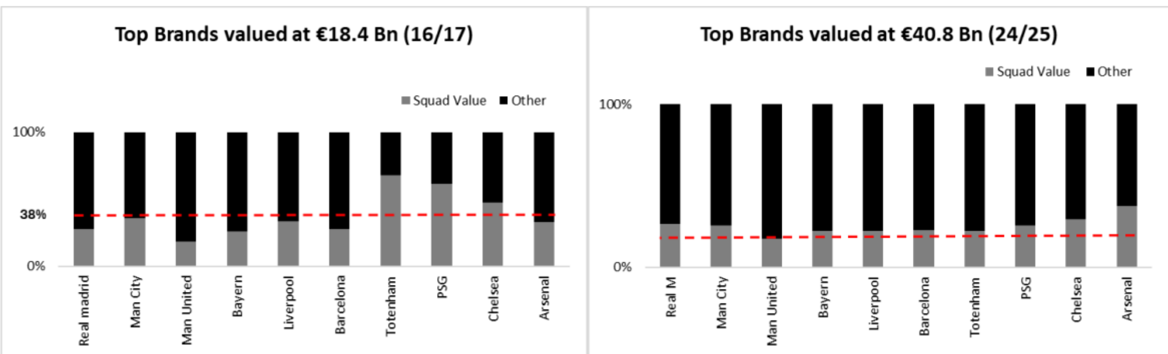
The top tier of European club football (UEFA's 55 member associations) only became profitable in the financial year (FY) 2017, with a positive balance of 579m (see Appendix 8), although half of the clubs still recorded losses (European Leagues 2019). The wage-to-revenue ratio (WTR ratio) stabilized at 64%. Nevertheless, an asset/liability ratio of 1.32 indicated low liquidity across the industry.

Following the COVID-19 pandemic, there are some signs of a return to operating profits and the WTR ratio is falling to pre-pandemic levels. Early reports in 2023 showed a €500m profit (Appendix 9), although 55% of the 700 top-division clubs reported worse results. So, while the results are still not very attractive and the BMs are still largely dependent on player transfers, there has been an increasing trend toward profitability over the last 15 years.

When asked about possible measures to reverse this lack of financial sustainability, the interviewees suggested that "clubs should aim to reduce their liabilities by generating income that doesn't mainly come from transfers but rather from optimizing revenue streams they can control" (P1). Another recommendation was to "capitalize on digital transformation, ensuring an understanding of the needs and desires of Generation Z, and develop tailored content and fan experiences for this audience" (P2 and P3). Furthermore, the role of leadership was also highlighted as a success factor: "Younger and forward-looking leadership that is willing to adopt these strategies is needed because capability almost every top club has it" (P2 and P3).

In conjunction with the favorable profitability trend, the vast majority of the interviewees acknowledged that there are indicators of a transition in BMs towards a more profit-oriented vision, "particularly with the increasing prevalence of private investors" (P2 and P3) seeking to rationalize and capitalize on their assets, as observed in other sectors. This change in BMs is linked to the "convergence of sport, media, and entertainment" (P4). It is mainly driven by the new revenue streams generated by distinctive and innovative projects that seize the opportunities of digital transformation.

Figures 1 and 2: Squad Value-to-Enterprise Value Analysis



Source: Data adapted from Transfermarkt and Football Benchmark

An analysis was carried out to obtain the ratio of squad value-to-enterprise value for 2016/2017 (Figure 1) and 2024/25 (Figure 2) seasons for the current top ten most valuable clubs/brands in the world (Football Benchmark 2024a) to observe how their dependence on squad value, which is positively associated with sporting success, has evolved. While the proportion of squad value to enterprise value was 38% on average nine years ago, it has since decreased to 25% in the current season. This reflects the expectations of future profits and supports the idea that clubs are seeking alternative revenue sources and strategies to diversify and strengthen their growth.

4.1.2 Gulf Capital Injections in Europe over the Last Two Decades through Airline Sponsorship and Club Acquisitions

One of the exponents of these capital injections is the Gulf airline industry. In 2001, Emirates announced a three-year €78m sponsorship deal with Chelsea, the first major deal for an airline from the region, marking the start of a revolution in the concept of sponsorship in football.

In 2023/2024, in the "Big Five" leagues, the airlines were the leading shirt sponsors, with a total investment of €348m, representing 30% of the total investment of the top industries (Appendix 10). Further analysis of the number of deals reveals that airlines also dominate, with the highest value per deal (€49.7m) and 3.6 times more than the average deal price (€13.6m) across the top industries (Appendix 11). These figures can be largely attributed to the investments made by the three Gulf's main airlines: Qatar Airways, Emirates, and Etihad Airways. All three are either state-owned or have close ties to the government. By associating with prestigious clubs, the airlines "attract people's awareness of a country's brand" (P4), "boosting tourism and business opportunities" (P5) and "contributing to the diversification strategy from oil dependency" (P9). Currently, these companies hold seven of the top ten airline sponsorships in football (Bovenizer 2023). Saudi Arabia's new airline, Riyadh Air, which is set to begin operations in 2025, also features at number five with a five-year shirt sponsorship deal with Atletico Madrid, reportedly worth €40m per year. This agreement was extended to include the naming rights of the club's stadium, renamed Riyadh Air Metropolitano, in a nine-year deal reportedly worth between €250m and €300m. This upfront investment is consistent with Riyadh Air's goal of "connecting the Kingdom's capital to more than 100 destinations around the world by 2030" (Arab News 2024), mirroring the Gulf's nation branding ambitions.

While airlines are usually associated with sponsorship deals, the governments of the Gulf triad are also acquiring clubs in Europe. The most prominent examples are Manchester City Football Club (Manchester City), Paris Saint Germain Football Club (PSG), and Newcastle United Football Club (Newcastle United). To better understand how these takeovers contributed to a new general vision regarding club finances and sporting success, we have conducted a case study of the first and most recent acquisitions, namely Manchester City and Newcastle United.

Figure 3 and 4: Manchester City Financials Before and After Acquisition

Source: Created by the Authors based on Data from Manchester City FC Financial Statements

In 2008, the Abu Dhabi United Group, owned by Sheikh Mansour, bought Manchester City for £210m, at an EV/revenue multiple of 3.69x. Before the acquisition (Figure 3), the club had revenues of £56.9m, an EBITDA of -£1.4m, and a net profit of -£10.2m. Following the acquisition (Figure 4), City Football Group (CFG) took over responsibility for running the club. Since then, Manchester City incurred a net expenditure on players of £1.1bn (£2.15bn spent, £1.06bn earned). In addition to player transfers, strategic off-field investments have also been made. CFG invested £200m to build the City Football Academy and spent £300m on the Etihad Stadium expansion plan. At the end of 2022/2023, the revenue growth is partly explained by the development of commercial revenue (Appendix 12), which has grown from £18.9m, at a compound annual growth rate (CAGR) of 14.8%, to £341.4m in 2023. In terms of the investment in the academy, the club has made £440m from the sale of academy graduates over the last eight years, representing a 2.2x return on the initial investment. With over £2.5bn invested, CFG has transformed Manchester City into one of the best teams in the world, with improved financials, valued by Forbes at £4.1bn on an EV/revenue multiple of 5.75x.

The other case study, Newcastle United, was acquired by the Public Investment Fund (PIF) in 2021 for around £305m. Although only three years have passed since the acquisition, the club has already seen some improvements. From an operational perspective and analyzing the latest figures corresponding to the 2022/2023 season, total revenue increased by 39% to £250m (Appendix 13), and the commercial segment grew by 65% to £43.7m compared to 2021/2022. This revenue's growth, combined with a reduction in the staff costs to turnover ratio from 94.6% to 74.5% (Appendix 14), helps to explain the positive EBITDA of £20m (-£26m in 2021/2022; Appendix 15) and is an indicator of improvements in the club's financial sustainability. Despite the strict regulations imposed by the EPL, Newcastle's prudent transfer policy, evidenced by the signing of players such as Tonali, Isak, and Guimarães, has culminated in UCL qualification for the first time in two decades. This achievement is set to bring in much more revenue in the 2023/24 season and consolidate the club's financial health.

Although each of the three countries has different strategic plans, they are all aiming for long-term sustainability. On the one hand, Gulf airlines create a strong link between the promotion of their brands and the on-pitch success of the clubs involved in the partnerships, in a mutually beneficial relationship. Acquisitions, on the other hand, transform and maximize the clubs' value, demonstrating that it is possible to achieve a fruitful conjunction of sporting success with financial sustainability. The improvement in profitability and the reduction in the relative importance of squad value in the valuation of clubs suggest that pursuing new revenue streams at a commercial level has been an effective strategy with the potential for further development. Over the past twenty years, the Arab Gulf has established itself as a key player in the commercial segment of the industry and shows no indications of slowing down. This reinforces the proposition that there are still considerable opportunities for value creation.

4.2 Challenges and Opportunities of European Football as the Epicenter of the Industry

4.2.1 Challenges in the European Football Ecosystem

4.2.1.1 Institutional Tensions and Consequences of the Overloaded Sports Calendar

One of the biggest challenges the football industry has faced in recent years, and one that will persist, is the institutional tensions in European football. When the European Super League (ESL) was announced in 2021, initiated by 12 of Europe's biggest clubs, the football industry suffered a major upheaval. The ESL was announced one day before the scheduled date for UEFA to approve the proposed expansion and restructuring of the UCL. The main reasons the founders gave for creating this new league were increased revenue, and control over commercial rights, which would consequently give the participating clubs greater stability and financial sustainability (Morrow 2023). The fans, who espouse traditional principles and a utilitarian view of football, as mentioned in the introduction, were vehemently opposed to this initiative. Other stakeholders also joined in the opposition and the ESL was put on hold indefinitely due to the overwhelming backlash it received.

Simultaneously with the ESL announcement, UEFA and FIFA, football's main governing bodies, introduced a new format for the UEFA Competitions (Champions League, Europa League, and Conference League) starting from the 24/25 season. Additionally, the FIFA Club World Cup 2025 was established.

These changes were driven by two major factors. On the one hand, they aim to give clubs a greater financial benefit, similar to the main objective of the ESL. On the other hand, we can add that the growing relevance of the leagues in the Arab Gulf countries, especially Saudi Arabia, has put pressure on creating a global stage that brings together the main European clubs with clubs from other continents.

The 2024/25 season will see a significant increase in the number of matches played by Europe's elite clubs. For example, a player from a top EPL club who represents his national team can play a maximum of 92 games this season (Appendix 16), which corresponds to a potential appearance every 3.9 days over a 365-day period Football Benchmark 2024b). This is a very unlikely scenario since it means that both the player’s club and national team reach the very last stage of every competition they are involved in. However, this increase raises many concerns about the player’s physical condition, the squad’s management, and staff costs.

Our interviewees indicated that “the natural reaction of clubs will be to increase the number of players in their squads” (P5), and they also recognized that this increase has worrying financial implications. By increasing the number of players in the squad, staff costs will inevitably rise, making it even more difficult for clubs to comply with strict financial regulations, such as UEFA Financial Fair Play (FFP).

4.2.1.2 UEFA Champions League 2024/25 Revenue Increase Analysis

Given all the financial and physical implications of these changes, we analyzed the revenues from the UEFA Champions League for the 2024/25 season to see if the increase in revenue outweighs all the negative factors associated with the new format and increased number of matches. The rationale for focusing exclusively on the UCL, rather than the other UEFA competitions, is twofold. First, the players who participate in the UCL are the ones most affected by the alterations to the calendar. Second, it is not only because some of them represent their national teams, but also because many will participate in the FIFA Club World Cup.

To estimate the increase in club revenue, our analysis was divided into three revenue sources: the money distributed by UEFA (broadcasting), matchday revenue, and commercial revenue.

Regarding the money distributed by UEFA, according to UEFA Circular Letter No 35/23 (UEFA 2023b), the revenue for the 2024/25 season (for all competitions) has increased to €4.4bn, enabling greater financial distribution across European football. Solidarity payments to non-participating clubs have nearly doubled, with their share rising from 4% to 7%, totaling €308m. Combined with payments to clubs eliminated in qualifying rounds, 10% of the revenue now supports clubs outside the league phases. The revenue boost has also allowed UEFA to invest more in the Women's Champions League, which now receives €22m, up from €10m, and to allocate additional funding to the Youth League. After the cost deductions, €3.32bn (93.5% of net revenue) is distributed to participating clubs, with UEFA retaining the remaining 6.5% (Appendix 17). Of this €3.32bn, €2.44bn will then be distributed to the clubs participating in the UCL.

Table 1: UCL Revenue Distribution to Participating Clubs

Values in € millions

UCL (+SCUP)		
Revenue distributed to participating clubs [1]	**2002**	**2437**
Number of league phase clubs	32	36
Number of league phase games	125	189
AVERAGE REVENUE P/TEAM UCL	**62.56**	**67.69**
Growth		5.13
% Growth		*8.20%*

[1] Both amounts exclude €30m paid out to knocked-out playoff clubs

Source: Data adapted from UEFA Circular Letter 35/23

As expected, the new format with a greater number of teams and matches has increased the amount of revenue to be distributed to the clubs taking part in the UCL. On average, clubs will now receive 8.2% more than in 2023/24, rising from €62.56m to €67.69m per club, which corresponds to a €5.13m average increase in absolute terms, as shown in Table 1.

Concerning matchday and commercial revenue, our data processing considered the fact that revenue streams are specific and vary from club to club. As such, we formed a sample of 7 clubs participating in the UCL 24/25 from different countries and with different levels of revenue and performance in the competition over the last few years to ensure some diversity. In addition, another main inclusion criterion was the accessibility of the clubs' annual reports.

Therefore, the chosen clubs were: Real Madrid CF, Manchester City FC, FC Internazionale Milano; Borussia Dortmund, SL Benfica, PSV Eindhoven, and Sporting CP.

For matchday, to estimate the increase in matchday revenue resulting from the new format, we began by collecting the total matchday revenue of each club in the last reported year. We analyzed data such as the number of matches played by each club and the respective average attendance and occupancy rates. A series of assumptions were then made to estimate each club's total matchday revenue for the 24/25 season (Appendix 18). Using these values, we were able to calculate the matchday revenue per UCL match for 24/25 for each club in our sample and we concluded that on average the clubs will have an increase in matchday revenue of between €5.08m and €2.86m, as a result of the new format.

For commercial revenue, the process was similar, albeit with different assumptions (Appendix 19), and the conclusion we reached was that the average commercial revenue increase for the clubs in the sample resulting from the new UCL format will be between €8.34m and €10.30m.

Table 2: Average revenue increase from the New UCL Format

Values in € millions

	24/25 w/Real Madrid	24/25 wo/Real Madrid
Average Broadcasting Revenue Increase	5.13	5.13
Average Matchday Revenue Increase	5.08	2.86
Average Commercial Revenue Increase	10.30	8.34
Average Total Revenue Increase	**20.51**	**16.33**

Source: Created by the Authors based on Data from UEFA Circular Letter 35/23 and the Clubs'Annual Reports

Having made the estimates for the 3 factors analyzed, Table 2 indicates that the total increase in revenue resulting from the new UCL format is between €16.33m and €20.51m. Given that Real Madrid is considered a notable outlier, particularly in terms of matchday revenue, we have decided to disregard it for further analysis and proceed with the figure of €16.33m. Nevertheless, none of the 10 teams participating in the UCL that don't belong to the so-called "Top 7 leagues" were included in our sample. Given that these 10 teams may have lower financial performance than our sample's lowest performer, this figure may still be an overestimation. To address this issue, two fictitious teams were introduced to our model, with lower values for both matchday and commercial revenues. This resulted in an adjustment of -14%, and the figure considered reasonable for the total revenue increase is €14.04m. To have a comparative term for this figure, we separated the 36 clubs into 4 tiers of total revenue to obtain the equivalent of the average revenue of a club participating in the UCL (Appendix 20).

Table 3: Weight of Revenue Increase (from the New UCL format) on Clubs' Total Revenue

Values in € millions

Adjusted Average Total Revenue Increase	14.04
Total Revenue Weighted Average	306.25
Weight of Revenue Increase on Total Revenue	**4.58%**

Source: Created by the Authors based on Data from UEFA Circular Letter 35/23 and Clubs' Annual Reports

As shown in Table 3, the average increase in revenue that clubs will receive from the new UCL format is equivalent to 4.58% of their total revenue. Sensitivity analyses were also carried out to test our results (Appendix 21).

To conclude, the financial benefit that the clubs are gaining from the change of format appears to be relatively insignificant and not particularly substantial. Not only does it not seem to address the significant issue of the lack of profitability and financial sustainability that the major clubs have identified as a key concern, but it will also hardly cover the costs associated with the increase in squads as a result of the increase in the number of matches.

According to our interviewees, the UCL TV rights sales model is inefficient as it fails to maximize revenue, especially in emerging markets outside Europe. "North America, Asia, and MENA region that corresponds to approximately 62% of the global population only accounts for 18% of the UCL TV rights" (P8). Given the growing interest in football in these regions and the corresponding increase in fan bases, there is a lot of value to be unlocked. Different time zones make it difficult for viewers in these regions to watch the matches in real-time. Therefore, it was suggested that "UEFA should consider rebalancing the weight between 90 minutes and highlights to better target these under-monetized markets" (P8).

Some interviewees described the new UCL format as a “camouflaged ESL”, noting similarities to Florentino Perez's 2021 proposal. The new format increases revenue for clubs, features more high-profile matches among elite teams, and even includes some closed-league tendencies. For example, using the UEFA coefficient to allocate 2 of the 4 extra spots favors historically strong clubs from the top leagues, ensuring their place even if they underperform domestically. Additionally, by expanding the league stage (formerly the group stage), consistency becomes crucial, allowing wealthier clubs with deeper squads to recover from setbacks more easily and increasing their likelihood of advancing to the knockout stage, while smaller teams may struggle to maintain intensity across the extended schedule.

The vast majority of our interviewees argued that if FIFA and UEFA don’t rethink their governance model, the ESL will happen sooner or later, especially after the European Court of Justice ruling that FIFA and UEFA broke EU competition law by blocking the ESL: “The FIFA and UEFA rules making any new interclub football project subject to their approval, such as the Super League, and prohibiting players from playing in those competitions, are unlawful” (Court of Justice of the European Union 2023).

One of the only aspects UEFA didn't get close to in the ESL was the control of commercial rights, which remained with the governing body, unlike the initial ESL proposal that gave this control to the clubs. The combination of this with the questionable increase in revenue analyzed earlier and the European Court of Justice ruling suggests the possibility of a second onslaught from the ESL, which may prove successful. In December 2023, A22, the company set up to run the ESL, announced a renewed proposal for the competition, shielding it from the main criticisms it was subjected to in 2021.

4.2.1.3 Uncertainty Associated with the FIFA Club World Cup 2025

As for the FIFA Club World Cup, it is also causing great concern, especially due to the uncertainty surrounding the competition's revenues. According to various sources, FIFA has set a target of US$4bn for the sale of TV rights. However, it seems that the highest offer has been made by Apple and is around US$1bn, which is about one-quarter of what FIFA had projected (Hindle 2024).

With no broadcasting deal in sight, the negotiation of sponsorship contracts is becoming increasingly complicated as, given the current situation, brands consider the asking prices to be exaggerated, especially when compared to other US competitions.

All this instability increases the bargaining power of broadcasters and brands, which is further exacerbated by the criticism that the FIFA Club World Cup has been suffering from players' unions, leagues, coaches, and players. Carlo Ancelotti was one of the most important voices to speak out, highlighting the limited revenue impact: "FIFA can forget about it; the players and the clubs will not participate in that tournament. A single Real Madrid match is worth 20 million, and FIFA wants to give us that amount for the entire cup. Negative. Like us, other clubs will reject the invitation" (beIN SPORTS 2024a).

One of our interviewees (P5) pointed to a players' strike due to increased injuries from more matches. Interestingly, after this interview, the current holder of the Ballon d'Or, Rodri, voiced similar concerns: "We're close (to striking). It's the general opinion of the players, and if it keeps this way, we'll have no other option. I really think it's something that worries us. We are the ones who suffer" (Transfermarkt 2024). He suffered an anterior cruciate ligament rupture shortly afterward.

La Liga president Javier Tebas also voiced opposition to the tournament, criticizing its financial viability: "President of FIFA, you know you don't have the audiovisual rights sold for the budget you mentioned nor the sponsorships as budgeted, and that the leagues and the players' union do not want this World Cup. Withdraw this World Cup now" (beIN SPORTS 2024).

Pedro's Part

4.2.1.4 Football as a Global Play of Brands and the Fragilities of Financial Regulations

There are two major forces putting pressure on UEFA and FIFA. On the one hand, some big clubs believe that the revenue obtained from the current competitions is not enough, especially with the financial implications of increasing the number of matches. On the other hand, there is a growing pressure for more matches between the big European clubs and clubs from emerging markets, such as the Arab Gulf, and the possibility of Saudi Pro League clubs taking part in the UCL has even been discussed. Faced with all these challenges, most of the interviewees believe that it will be difficult for the current competitive design to hold up and that the trend is for the industry to evolve into a global stage of big brands where the cascade-down effect will be crucial for the survival of smaller clubs. Some also claimed that many clubs "will go out of business or become semi-professional", meaning that "domestic leagues will have fewer clubs" or they "will have to merge with others from neighboring countries" and "the revenue distribution will be more significant for those not participating in international competitions" (P4, P5, and P6).

If the industry does indeed evolve into a more global scenario in which 50-60 big clubs prioritize money-making competitions that address the lack of financial sustainability, the truth is that this situation will further expose the weaknesses of FFP that have long been discussed.

The interviews revealed a consensus that FFP has improved club finances, reduced the likelihood of losses, and increased European clubs' profitability through the "break-even rule." However, criticisms remain about its unclear efficiency in some leagues, its bias toward wealthier clubs leveraging established revenues while smaller ones struggle, and, most notably, the ease with which big clubs bypass rules through creative accounting and UEFA's lack of strict enforcement.

The challenges are exacerbated in competitions like the FIFA Club World Cup 2025, which brings together clubs from different continents that abide by different financial regulations, raising some concerns about an uneven playing field. In the 2023 summer transfer window, the Saudi Pro League was the second highest-spending league in the world (Appendix 22) and registered a negative transfer balance of around €883m. The excessive spending by Saudi clubs is largely attributed to their financial backing from the Public Investment Fund and state-owned entities, coupled with the lenient spending constraints they operate under. This has led to some displeasure among European clubs who, in contrast, face strict FFP guidelines that limit their spending to maintain financial sustainability. When asked about a solution to address this issue of unfair competition, our interviewees expressed disagreement.

On the one hand, some have argued that “The global harmonization of rules is a step that FIFA should take as soon as possible because the fact that there is no globalized mechanism creates a problem of unfair competition at a budgetary level and consequently can cause problems in the field due to differences in the limits of squad constitutions.” (P1). Despite advocating the introduction of a mechanism to harmonize the rules, these interviewees acknowledged that finding a legal framework that allows for its implementation will be very difficult or even impossible.

On the other hand, some were opposed to a globally harmonized system of financial rules but recognized that the industry needs greater discipline, especially due to the inefficiency of the FFP (P5, P6, and P7). It was interesting to observe that those interviewed who were opposed were mainly those working at top clubs in the Arab Gulf, and when asked about the potential competitive unfairness, they said that “FIFA, in a certain way, already regulates Saudi as it also does with other countries such as the ones from South America” (P5). Moreover, as spending on players decreases and Gulf clubs seek to be financially attractive: “A mechanism similar to the FFP will eventually appear in Saudi Arabia but not because of external pressure, instead, the domestic governing bodies will introduce it” (P5).

Pedro's Part

In conclusion, UEFA and FIFA have changed formats and introduced a new competition to the sporting calendar as "a way to increase their revenues" (P11) and to respond to the European Super League's attempt to establish itself as Europe's new leading competition. The truth is that not only the players have been overburdened by the increase in the number of matches, but also the revenue increases "are probably not as much as FIFA and UEFA wished" (P11). In fact, these increases appear to be somewhat negligent and do not seem to address the major problem of the lack of profitability and financial sustainability that clubs complain about.

In addition, the recent emergence of the Gulf leagues, especially the Saudi Pro League, has put additional pressure on football's main governing bodies. The influx of elite players into these leagues, coupled with the fact that an increasing number of national and club football events are being held in the Gulf region, raises the possibility of creating a global stage that revolutionizes the competitive design we're used to.

In reality, this seems to be the trend, and the future could be characterized by the predominance of one or more global money-making competitions where only the most powerful clubs in the world will participate in a great symbiosis with the entertainment industry. The rest of the ecosystem will be fed essentially through the cascade-down effect. A reduction in the number of teams in the domestic leagues can be expected, and many clubs may even go out of business. However, there will be opportunities for the surviving clubs to reinforce their local essence.

The rise of global brand competitions highlights the issue of financial regulation. The existence of clubs with lenient restrictions competing against those under stricter rules, like European clubs with FFP, raises concerns about unfair competition. While global standardization seems unlikely due to differing jurisdictions, UEFA's mechanism shows clear weaknesses. Governing bodies must collaborate on improved solutions for the industry's future: "If football becomes global, then we need to have global policies" (P7)."

5. Conclusions

5.1 How is the Arab Gulf Driving the Shift toward a P&L-Focused Model in the Global Football Ecosystem?

There seems to be a no-way-back move in football which is the ongoing shift from a players transfer business model to a P&L-focused business model. Despite the high dependence on the transfer of players, the increase in the industry's profitability is undeniable. This phenomenon is due to a myriad of factors ranging from the global economy, digital evolution, globalization, education, professionalization, and stronger governing bodies, among others. It would, therefore, be unwise to consider investments from the Arab Gulf as the main driver of this trend. However, neglecting the region's role in changing club business models is also unreasonable.

In the previous section, we explored in detail each of the objectives that were set out in the introduction. Table 4 offers a summary of the key conclusions associated to the study objectives, offering a broad overview of the impact that the Arab Gulf is having on the evolution of the industry's business models.

Table 4: Research Objectives' Conclusions

Objectives:	**Conclusions**
Objective 1: Explore the dynamics of Europe and the Gulf over the last two decades and the dawn of a new paradigm in football finance.	The football industry has always been characterized by a lack of profitability and extreme dependence on player transfers. However, in recent years, there has been a greater concern about generating profits. With massive capital injections through sponsorship and club acquisitions, Gulf investments helped to accelerate growth, competitiveness, and global expansion in European football.
Objective 2: Understand the future challenges and opportunities of European football as the epicenter of the industry.	**Challenges:** Institutional tensions are a problem affecting football, especially since the ESL proposal. UEFA and FIFA have decided to introduce new formats and new competitions that have not only overburdened players but also put even more financial pressure on clubs. The financial benefit to clubs continues to be negligent and does not appear to solve the profitability problems. The main governing bodies insist on a governance model that is not efficient for the needs and future of the industry and that further exposes the weaknesses of the financial regulations in place, the FFP. **Opportunities:** While broadcasting is approaching saturation, there has been a notable increase in the commercialization of football. This transformation is characterized by key trends, including the revolution of shirt sponsorship and the new era of multipurpose stadiums. This is accompanied by a surge in investments from private capital players entering the industry, such as those from the Arab Gulf, which will break the current "deadlock" in the ecosystem and create a "win-win" space for all stakeholders.
Objective 3: - Analyze the Arab Gulf's '2.0' affirmation in football, through its investments not only at	Gulf's role in football has gone from being more of a behind-the-scenes presence in terms of management and investment to an assertive presence on the pitch. The region has broadened its investment strategy, with a notable increase in domestic

an international level but also at a domestic level.	development. Due to their demographic and geographical characteristics, the three countries have complementary strategies driven by unique national goals. The Gulf is pursuing the establishment of a self-sustaining football ecosystem, supported by a revolutionary new infrastructure that creates a perfect symbiosis between sport, entertainment, and tourism, which is in turn backed by cutting-edge technology.

In answering our Research Question: "**How is the Arab Gulf impacting the ongoing paradigm shift in the global football ecosystem to become more P&L-focused?",** there are two key impacts.

Firstly, we have an indirect impact resulting from the huge Gulf capital injections in football through sponsorship and club acquisitions. These investments have generated a huge influx of revenue in European football, which has forced clubs to implement a new strategic and financial vision. In addition, the clubs acquired by Gulf owners have introduced good management practices that have shown it is possible to combine sporting success with financial sustainability. Manchester City and Newcastle are examples of clubs that have improved their financial key metrics while achieving success on the pitch. The fact the takeovers took place in different periods shows a continued commitment from these investors. Another important aspect has been the ability of these clubs to become global brands with fan bases all over the world that offer clubs the chance to diversify revenue streams and maximize their financial performance. Football owners from the Arab Gulf are characterized by an appetite for transformation and maximizing the value of their assets as a result of the emerging and transformative context characteristic of their region in various areas of the economy.

All these dynamics between the Gulf and Europe, which have involved various stakeholders from states, royal families, governing bodies, elite businessmen, airline companies, and others, have disrupted and further exacerbated the weaknesses of the main mechanism that controls football's financial paradigm, which is FFP.

FFP has not only failed in its initial endeavor to limit excessive spending, but it has also accentuated the gap between the big clubs and the smaller ones. In addition, its efficiency in some leagues is questionable, and there is a serious problem with the enforcement of the rules.

All these problems have led some authors to ask the following question: "Why should a club owner be prevented from spending his/her own money to assemble a great team?" (Kuper and Szymanski 2022). Under European law, business owners cannot be prohibited from investing in their businesses, as UEFA tried to do with the Gulf owners with the FFP. To be able to compete globally in the future, the restrictions on investment in clubs will have to be eased.

On the other hand, there is a direct effect associated with the Arab Gulf's "2.0" affirmation. Gulf investment in sports, especially football, is not new, with numerous projects and infrastructures developed in recent decades, as highlighted in this thesis. However, Saudi's Crown Prince Mohamed bin Salman's ambitions have elevated the region's visibility. Aiming to make the Saudi Pro League one of the world's best, Saudi football took a major step with Cristiano Ronaldo's signing, followed by an aggressive transfer policy attracting players from Europe. This aligns with the Sports Clubs Investment and Privatization Plan, which seeks a sustainable sports economy by creating investment opportunities, enhancing governance, and improving club infrastructure.

Meanwhile, Qatar and the UAE focus on a quality-driven strategy to develop young players rather than prioritizing their domestic leagues, demonstrating complementary approaches within the region. At the same time, the Gulf countries are developing projects like NEOM and Qiddiya in Saudi Arabia, which aim to create revolutionary ecosystems blending sport, entertainment, and tourism, alongside leveraging existing infrastructures. Additionally, the Gulf is investing in cutting-edge technology, building a competitive edge to bridge with European football for player development and positioning as a potential leader in football technology.

By combining strategic investments, governance reforms, and technology, the Gulf is challenging traditional norms by establishing sustainable frameworks that reshape how clubs and leagues operate. With elite players from Europe and world-class infrastructures, the region is elevating its football to global standards while nurturing young talent. Soon, top clubs, particularly those hailing from Saudi Arabia, will be able to compete alongside Europe’s giants in global money-making competitions.

To conclude, the Arab Gulf's impact on the global football ecosystem is driven by an indirect effect, where capital injections and transformative management practices have redefined European clubs' financial strategies, and a direct effect, where ambitious domestic projects and investments in infrastructure and talent position Gulf clubs as future global competitors. Nevertheless, the combined impact of the two effects is greater than their sum, as they have highlighted the fragilities of the European football entities and its governance models, making the Gulf movement “the straw that broke the camel’s back”, and confirming the impossibility of reversing the already certain transformation of the football ecosystem. Therefore, we can consider that the Arab Gulf assumes the role of catalyst and accelerator of the paradigm shift from a players transfer business model to a P&L-focused business model.

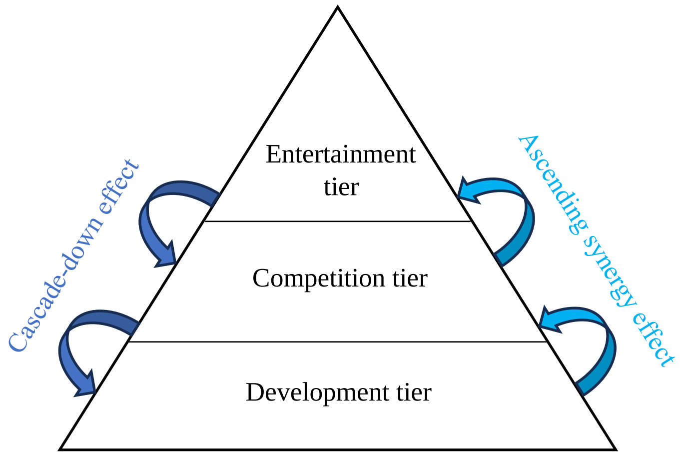
5.2 Blueprint for Football’s Sustainable Transformation

Football is a complex industry that involves many actors and, consequently, movements of evolution and resistance. The materialization of a P&L-focused business model will take time, but there are clear signs of baby steps toward this paradigm. Another learning from our thesis is that “hands can’t stop the wind”, and the UEFA and FIFA governance models are only delaying the inevitable. The creation of new competitions and simply increasing the number of games not only places an excessive physical burden on players but also fails to address the industry's profitability problems. The ESL exposed the need for a cultural revolution in football, one that should be guided by a welfare maximization principle (Wagner, Storm, and Cortsen 2021). The question of how best to structure football’s competitive design must consider economic, social, and cultural issues (Morrow 2023).

The concept of the geopolitical economy of sport, presented in the introduction, and the necessity to conceive football under it, highlight the need for elite football to adopt a global paradigm, transcending its historical concentration in Europe. To fully materialize the P&L-focused business model, football's competitive design must move into a more global scenario with increased engagement with emerging markets, such as the Arab Gulf, which has an untapped financial potential and a dynamic appetite for the game. This global integration also offers relevant social advantages by fostering cross-cultural exchanges and inclusivity, as well as enhancing football as a unifying global force. Additionally, the interplay of different regions provides a unique opportunity for clubs to reinforce their local essence as they adapt to and resonate with new audiences while maintaining ties to their communities.

Football can then become a vibrant economic powerhouse, ensuring a sustainable future that respects its heritage while embracing its global potential. It is contended that for this transition, both UEFA and FIFA have the conditions to be the principal agents of change. This is contingent upon their willingness to engage in closer collaboration with the governing bodies of other continents and, perhaps more importantly, upon their willingness to rethink their governance models, as already mentioned. Their excessive power over the control of the commercialization of competitions should be diminished and progressively transferred to the clubs. The risk of ESL taking over European football is that it undermines the interconnected and solidarity-based model, potentially neglecting grassroots development and the game's social and cultural heritage. In consideration of the aforementioned conclusions, it can be asserted that the pyramid depicted in Figure 7 provides an effective and coherent representation of our conceptualization of the future of the football ecosystem. It is comprised of three interconnecting tiers and embodies the P&L-focused business model.

Figure 7: Future Football Ecosystem Pyramid



Source: Created by the Authors

5.2.1 Entertainment Tier

The Entertainment tier represents the most valuable layer of the football ecosystem, generating most of the revenue required to sustain the entire industry. The tier is constituted of 50 to 60 clubs with a global brand dimension, which gravitates towards international competitions. It represents the evolution of football into an entertainment industry, where there is a focus on revenue maximization and the exploitation of commercialization potential. The emergence of new competitions that extend beyond the UEFA footprint has created an opportunity for all clubs to compete against the best from across the globe, breaking down the geographical barriers that previously isolated them within their continents. The necessity for a global platform where brands can enhance their visibility and value, as exemplified by the recently introduced FIFA Club World Cup, is paramount. This platform will be supported by the new era of multipurpose stadiums and the combination of trends that will allow the full potential of commercialization to be achieved, fueled by an expanded global audience. As a result, higher revenues for the top tier of football are expected and, indeed, the implementation of the solidarity mechanisms will result in a greater distribution of funds to the lower levels of the pyramid, thereby creating a more robust cascade-down effect. However, the evolution of this tier promotes discussion about a reformulation of financial regulations that puts clubs that are global brands on an equal footing.

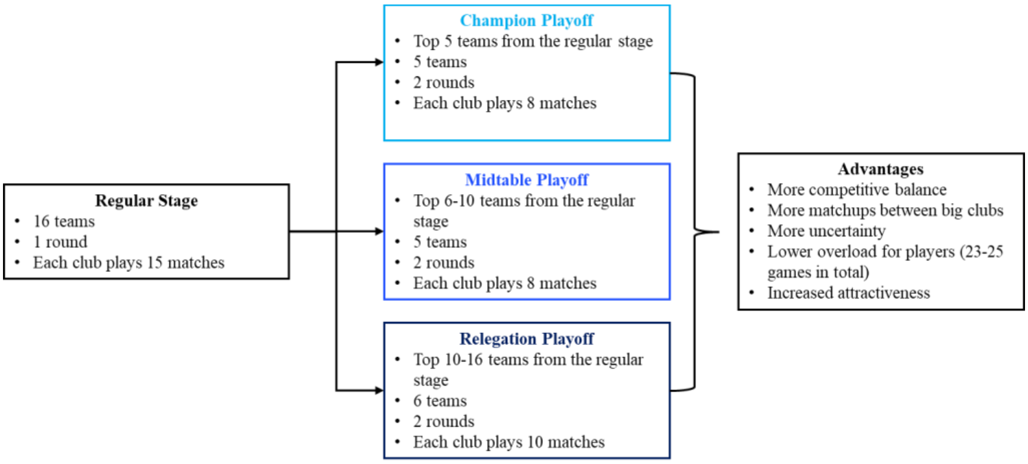
5.2.2 Competition Tier

The Competition tier refers to the domestic competitions where the local essence of clubs resides. To compete in the entertainment tier, the primary source of value creation within the football ecosystem, clubs need a solid foundation and an identity, developed in the competition tier, that allows the level of play to be of the highest possible standard. For many clubs, domestic competitions are the stage where the connection to a city, region, or community is represented. For this reason, it is essential to ensure that interest in these competitions is not lost.

In consideration of the context discussed, it is postulated that this tier needs improvement, particularly concerning rebalancing the sporting calendar. One potential solution to simultaneously stimulate interest in domestic leagues while alleviating the physical overload on players is to reduce the number of matches. Taking Europe as an example, the top five leagues have the scale to compete with the entertainment tier competitions and can ensure sustainable growth for the next years without major format changes. Nonetheless, the reduction in the number of matches must be something to still take into account.

On the other hand, for the leagues ranked between 6th and 10th in UEFA's coefficient ranking, we propose to reduce or keep the number of clubs to 16 and change the format to one that includes playoffs, as shown in Figure 7.

Figure 7: Proposed Format for Domestic Leagues



Source: Created by the Authors

The new format starts with a regular stage similar to the current format but with only one round. Based on the classification of the regular stage, the clubs are divided into groups of 5-6 teams that will compete in the champion, midtable, and relegation playoffs. The playoffs will be 2-rounded, and each team will play 8-10 games. In total, in this format, each team plays 23-25 matches, which is a significant reduction of 9-11 matches compared to the current Portuguese league format, for example. The benefits of adopting this format go beyond easing the physical overload on players and making them more available for entertainment tier games. The introduction of playoffs increases the competitive balance and uncertainty of the league, and there is also a significant increase in the number of matchups between the big clubs.

It is contended that this novel configuration, and particularly the playoffs, would serve to enhance the local competitive landscape, thereby attracting a greater number of sponsorships and generating increased revenue for the leagues.

Similarly, for the other smaller leagues, it is proposed that the number of teams be reduced to 16 or even 14, contingent upon the geographical and demographic characteristics of the countries in question. In addition to this recommendation, there is also the possibility of merging leagues from neighboring countries such as Switzerland and Austria or Sweden, Denmark, and Norway, as suggested by the interviewees. The implementation of these mergers would also result in a more attractive and valuable league, with broader fan bases, and increased financial sustainability while preserving regional rivalries and identities.

While these changes may not be initially perceived as favorable by those clubs with limited financial resources, the increased revenue generated essentially from the cascade-down effect may enhance the financial sustainability of both leagues and clubs. Furthermore, the increased attractiveness of domestic competitions will allow these clubs to capitalize on some of the opportunities discussed in previous sections, particularly those pertaining to revenue diversification based on value propositions associated with the local essence of clubs.

5.2.3 Development Tier

The lowest and most comprehensive tier is the development tier, which encompasses youth football and the consequent investment in infrastructures and skills required for the clubs to engage in money-making competitions. A bridge can be established between the pyramid's base and the football bedrock. It is the academies and the young talents that represent the initial stage of football's chain and have the responsibility to produce the players and superstars that ultimately compete at the highest level. Therefore, clubs need to prioritize investing in infrastructure and technology (scouting and data analytics) to optimize their resources and maximize the potential of their players, teams, and staff. External investment and the professionalization of structures will improve the club's performance on the pitch and strengthen its financial position.

5.2.4 Main Takeaways of the Pyramid

Although the pyramid aims to be a representation of the prospective paradigm of football, it is acknowledged that there is a necessity for an upfront investment as an incentive that will facilitate short-term gains for all stakeholders and facilitate the rebalancing of the competition structure. In football, decisions should be made following the Pareto improvement notion, whereby a change is deemed beneficial if the enhancement in the welfare of those who benefit outweighs that of those who lose. Some of the recommendations for the pyramid will likely encounter resistance, as was the case with the changes introduced by UEFA and FIFA. Despite the assertion that the proposals were developed with input from the wider football community, only a limited number of voices were heard, which has contributed to the instability that has been discussed throughout this thesis. However, if the decisions made, particularly those concerning restructuring of competitions, take into account the preferences of all those affected, including fans, shareholders, players, governing bodies, and the community, it will be possible to arrive at a solution for change that maximizes welfare and is more widely accepted by football's stakeholders.

The optimal functioning and cohesion of the pyramid are ensured by the two opposing movements that closely connect the 3 tiers. The cascade-down effect represents the distribution of revenue from the higher tiers to the lower ones through solidarity mechanisms. In this scenario, the amount of money flowing from the entertainment tier tends to be higher and with the proposed changes to the competition tier, the increases in revenue for smaller clubs and for the development tier will most likely be much more significant. In the opposite direction, the ascending synergy effect represents the dependence that the higher tiers have on the lower tiers to realize their full financial and sporting potential. Without a solid base, as the development tier represents, the competition tier lacks the talent or infrastructure to position domestic competitions attractively. Similarly, without domestic competitions where the local identity and essence of the clubs are cultivated, the entertainment tier can't fulfill its full value either.

5.3 The Materialization of a P&L-Focused Business Model in the Global Football Landscape

The unsustainability that has been defining the football landscape has created a pressing need for change. This is particularly relevant when one considers the status of football as the world's most popular sport, a phenomenon that has a significant and far-reaching impact on a vast array of social, economic, and cultural aspects.

We contend that the football industry has been characterized by several factors, including overreliance on player transfers, prioritization of sporting success, and mismanagement. However, the advent of private capital investors, with varying investment strategies, associated with the technological and commercial evolution of the industry has led clubs and competitions to begin adopting a P&L focus. It is, therefore, vital that they meet future profit expectations.

To achieve this, critical elements of the football ecosystem need to evolve in a coordinated and synchronized manner. The materialization of the P&L focus will be facilitated by a two-fold paradigm shift, defined by the overall restructuring of competition combined with a commercial transformation. This will result in a “win-win” solution space, and the pyramid structure will have to evolve with the implementation of checks and balances.

The Arab Gulf has emerged as the catalyst for change, accelerating this ongoing shift in business models. Over the past two decades, Saudi Arabia, Qatar, and the UAE have made significant investments in response to Vision 2030, which have had, simultaneously, a profound impact on the internal dynamics of the region, as well as on the global football industry, both directly and indirectly.

Based on the insights gained from the interviews conducted and the analysis developed, it is anticipated that the P&L business model will within the next decade. Nevertheless, the emotional dimension gives rise to some turbulence in the football landscape. Fans are the heartbeat of football, driving its passion, spirit, and community. Therefore, there is a need for monitoring and evaluating the slow but sure steps that are taken, as well as identifying and tracking the crystal-clear trends. This will enable the spectacle of football to evolve and provide its actors with the best possible stages and conditions in which to perform, as well as facilitate their value growth.

6. Limitations and Future Research

As with any study, this thesis faces limitations that require consideration. The process of benchmarking financial sustainability and business models across clubs and leagues is inherently challenging, mainly due to the existence of disparate market conditions. The rapid evolution of the football industry, with the emergence of new competition formats and shifts in investment patterns, may render the findings less applicable over time. While the research focuses on global trends, its emphasis on European football may result in the overlooking of insights from emerging regions. The interplay of political and cultural factors adds complexity that is difficult to fully assess. Furthermore, as the season is still ongoing and both the UEFA Champions League's new format and the expanded FIFA Club World Cup are being implemented for the first time, it is challenging to obtain accurate information to estimate the financial impact of these changes.

Future research could explore the evolving dynamics of football's financial sustainability and business models by incorporating a broader geographic, particularly on emerging football regions outside Europe while leveraging advanced methodologies to benchmark disparate market conditions more effectively.

It would be beneficial for future studies to concentrate on the various impacts of the new UEFA Champions League format and the expanded FIFA Club World Cup, as these are pivotal to the evolution of football. Firstly, once detailed financial data becomes available, analyzing the economic implications of these changes for clubs, particularly regarding revenue distribution and profitability will be essential. Equally important is understanding fan perceptions of these new formats, gauging whether they resonate positively with audiences or provoke backlash. Finally, further research should explore the relationship between the increased number of matches and the corresponding rise in player injuries, providing insights into the balance between commercial growth and player welfare.

7. References

Acheampong, Ernest Yeboah, Ellis Kofi Akwaa-Sekyi, and Akua Peprah-Yeboah. 2024. "Investments in Sport: Fans' Impressions of Qatar 2022." Journal of Sport & Tourism 28 (1–2): 1–18. https://doi.org/10.1080/14775085.2023.2252405.

Alaminos, David, Ignacio Esteban, and Manuel A. Fernández-Gámez. 2020. "Financial Performance Analysis in European Football Clubs." Entropy 2020, Vol. 22, Page 1056 22 (9): 1056. https://doi.org/10.3390/E22091056.

Auvinen, Atte. 2021. "Financial Mismanagement in the Football Industry - Solutions and Future Business Operations." https://aaltodoc.aalto.fi/handle/123456789/107320.

Baena, Veronica. 2019. "Global Marketing Strategy in Professional Sports. Lessons from FC Bayern Munich." Soccer and Society 20 (4): 660–74. https://doi.org/10.1080/14660970.2017.1379399.

beIN SPORTS. 2024. "Bombshell from Carlo Ancelotti: 'Real Madrid Will Not Go to the FIFA Club World Cup.'" BeIN SPORTS. 2024. https://www.beinsports.com/en-us/soccer/articles-video/bombshell-from-carlo-ancelotti-real-madrid-will-not-go-to-the-club-world-cup-2024-06-10.

BeIN SPORTS. 2024. "Tebas Demands Infantino Withdraw the Club World Cup," 2024. https://www.beinsports.com/en-us/soccer/articles-video/tebas-demands-infantino-withdraw-the-club-world-cup-2024-10-15.

Bianco, Cinzia, and Sebastian Sons. 2023. "More than a Game: Football and Soft Power in the Gulf." The International Spectator 58 (2): 92–106. https://doi.org/10.1080/03932729.2023.2196810.

Bibolov, Aidyn, Ken Miyajima, Sidra Rehman, and Tongfang Yuan. 2024. "2022 FIFA World Cup: Economic Impact on Qatar and Regional Spillovers."

Bovenizer, Noah. 2023. “Ten of the Biggest Airline Sponsorships in Football.” Airport Technology. 2023. https://www.airport-technology.com/features/ten-biggest-airline-sponsorships-in-football/.

Brannagan, Paul Michael, and Jonathan Grix. 2022. “Qatar’s Soft Power Gamble: The FIFA World Cup 2022 Written.” http://www.theguardian.com/world/2013/sep/25/revealed-qatars-world-cup-slaves.

Braun, Virginia, and Victoria Clarke. 2006. “Using Thematic Analysis in Psychology.” Qualitative Research in Psychology 3 (2): 77–101. https://doi.org/10.1191/1478088706qp063oa.

Buck, Christoph, and Sebastian Ifland. 2023a. “Toward an Enduring Football Economy: A Business Model Taxonomy for Europe’s Professional Football Clubs.” European Sport Management Quarterly 23 (5): 1409–29. https://doi.org/10.1080/16184742.2022.2026448/SUPPL_FILE/RESM_A_2026448_SM7341.PDF.

Buck, Christoph, and Sebastian Ifland. 2023b. “Toward an Enduring Football Economy: A Business Model Taxonomy for Europe’s Professional Football Clubs.” European Sport Management Quarterly 23 (5): 1409–29. https://doi.org/10.1080/16184742.2022.2026448/SUPPL_FILE/RESM_A_2026448_SM7341.PDF.

Busse, Jan, and René Wildangel. 2023. “The Rebellious Game: The Power of Football in the Middle East and North Africa between the Global and the Local.” International Spectator 58 (2): 75–91. https://doi.org/10.1080/03932729.2023.2182021.

Chadwick, Simon. 2022. “From Utilitarianism and Neoclassical Sport Management to a New Geopolitical Economy of Sport.” European Sport Management Quarterly 22 (5): 685–704. https://doi.org/10.1080/16184742.2022.2032251.

Chadwick, Simon, and Christos Anagnostopoulos. 2024a. "A Geopolitical Economy of Football: The Case of Qatar." International Journal of Sport Policy and Politics 16 (2): 331–38. https://doi.org/10.1080/19406940.2023.2288815.

Chadwick, Simon, and Christos Anagnostopoulos. 2024b. "A Geopolitical Economy of Football: The Case of Qatar." International Journal of Sport Policy and Politics, April. https://doi.org/10.1080/19406940.2023.2288815.

Chadwick, Simon., Paul. Widdop, and Michael M.. Goldman. 2023. "The Geopolitical Economy of Sport : Power, Politics, Money and the State," 302.

Chen, Yanwen, and Zhuoxing Li. 2024. "Study on the Economic Development of Premier League Under SWOT Analysis-Taking Manchester City Football Club as an Example." In , 345–54. https://doi.org/10.2991/978-94-6463-246-0_42.

Clarke, Chris. n.d. "Why the Middle East Is Spending Billions on Sport." Accessed July 30, 2024. https://stories.uq.edu.au/research/2023/why-the-middle-east-is-spending-billions-on-sport/index.html.

Conn, David. 2013. "How Qatar Became a Football Force: From Barcelona to PSG and World Cup," 2013. https://www.theguardian.com/football/2013/nov/18/qatar-barcelona-psg-world-cup-2022.

Court of Justice of the European Union. 2023. "PRESS RELEASE No 203/23." Court of Justice of the European Union. December 2023. https://curia.europa.eu/jcms/upload/docs/application/pdf/2023-12/cp230203en.pdf.

Cresswell, J. W., and V. L Plano Clark. 2011. Designing and Conducting Mixed Methods Research.

Crossley, Stephen, and Adam Woolf. 2024. "'Fog on the Tyne'? The 'Common-Sense' Focus on 'Sportswashing' and the 2021 Takeover of Newcastle United." International Journal of

Sport Policy and Politics 16 (2): 307–22. https://doi.org/10.1080/19406940.2024.2342394.

Daniel Taylor. 2023. “Saudi Arabia Hosting the 2034 World Cup Is No Surprise – but You Are Right to Be Upset - The Athletic.” October 31, 2023. https://www.nytimes.com/athletic/5017655/2023/10/31/saudi-arabia-2034-world-cup-hosts/.

Fan, Mu, Xunan Chen, Bo Liu, Fei Zhou, Bo Gong, and Rancheng Tao. 2023. “An Analysis of Financial Risk Assessment of Globally Listed Football Clubs.” Heliyon 9 (12). https://doi.org/10.1016/j.heliyon.2023.e22886.

Ferraro, Christopher. 2019. “The Bulldog, the Pharaoh, and the Football : British Imperialism and Egypt’s National Sport and Identity, 1882–1934.” Sports in African History, Politics, and Identity Formation, April, 181–95. https://doi.org/10.4324/9780429508110-13.

“Football Attracts Saudi Investment to England’s North-East.” 2024. 2024. https://www.economist.com/britain/2024/01/22/football-attracts-saudi-investment-to-englands-north-east.

Football Benchmark. 2024a. “Are 90-Match Seasons on the Horizon?” Football Benchmark. 2024. https://www.footballbenchmark.com/library/are_90_match_seasons_on_the_horizon.

Football Benchmark. 2024b. “The European Elite 2024.”

Gammelsæter, Hallgeir. 2010. “Institutional Pluralism and Governance in ‘Commercialized’ Sport Clubs.” European Sport Management Quarterly 10 (5): 569–94. https://doi.org/10.1080/16184742.2010.524241.

Ginesta, Xavier. 2013. “What Is the next Step? The Champions League Clubs and Their Sponsors. From Bwin to Qatar Sports Investment.” https://doi.org/10.1080/14660970.2012.692680.

Goldblatt, David. 2007. The Ball Is Round: A Global History of Football. https://books.google.pt/books/about/The_Ball_is_Round.html?id=HAUMGbLH5zoC&redir_esc=y.

Gruettner, Arne. 2019. “What We Know and What We Do Not Know About Digital Technologies in the Sports Industry Completed Research.”

Hindle, Tom. 2024. “No Sponsors, No Broadcasters and Perhaps No Players? FIFA’s 2025 Club World Cup Mired in Crisis Just Nine Months from Kick-Off.” Goal.Com, 2024. https://www.goal.com/en/lists/uncertainty-is-abound-around-2025-club-world-cup-less-than-year-before-kick-off/blt561820327e2ba95f.

Huang, Jie. 2019. “The Successful Business Model of European Football Club Apply to Chinese Football Club.” Haaga-Helia University of Applied Sciences.

Jacobsen, Åse, Morten Kringstad, and Tor Eirik Olsen. 2021a. “Extraordinary Funding and a Financially Viable Football Industry—Friends or Foes? A Norwegian Football League Perspective.” Sustainability (Switzerland) 13 (5): 1–19. https://doi.org/10.3390/su13052788.

Jacobsen, Åse, Morten Kringstad, and Tor Eirik Olsen. 2021b. “Extraordinary Funding and a Financially Viable Football Industry—Friends or Foes? A Norwegian Football League Perspective.” Sustainability 2021, Vol. 13, Page 2788 13 (5): 2788. https://doi.org/10.3390/SU13052788.

James, Thomas Bonnie. 2021. “Soft Power and the 2022 World Cup in Qatar.” تجسير 3 (2): 194–208. https://doi.org/10.29117/tis.2021.0075.

Jones Ian. 2014. “Research Methods for Sports Studies.” https://doi.org/10.4324/9781315796222.

Kazerroni, ALi Reza, Hosein Asgharpour, and Maryam Nafisi. 2019. “An Investigation of the Effects of Political Stability on Economic Growth in Iran: A Quantile Resression

Approach.” Strategic Studies of Public Policy 9 (31): 39–58. https://sspp.iranjournals.ir/article_37583_en.html.

Kennedy, Peter. 2013. “‘Left Wing’ Supporter Movements and the Political Economy of Football.” Soccer & Society 14 (2): 277–90. https://doi.org/10.1080/14660970.2013.776462.

Kuper, Simon., and Stefan. Szymanski. 2022. “Soccernomics : Why European Men and American Women Win and Billionaire Owners Are Destined to Lose,” 450.

Lassas, Anton. 2021. “Strategic Intent behind Foreign Acquisitions and Ownership of English Premier League Football Clubs.”

Lück, Michael, and Brooke A Porter. 2018. “Indirect Legacy And Outcomes of Mega-Sporting Events:The Case Of The Qatar 2022 World Cup.” https://doi.org/10.3727/152599524X17135753220093.

Morrow, Stephen. 2023. The People’s Game?: Football, Finance and Society, 2nd Ed. 2023. The People’s Game?: Football, Finance and Society, 2nd Ed. 2023. Springer International Publishing. https://doi.org/10.1007/978-3-031-20932-1.

Nasser, Khalifa, and K A Al-Dosari. 2020. “Assessing the Impacts of Mega Sporting Events on Human Rights: A Case of the 2022 FIFA.” International Journal of Sociology 2 (1): 25–51. https://doi.org/10.47604/IJS.1129.

Naz, N, F Gulab, and N Aslam. 2022. “Development of Qualitative Semi-Structured Interview Guide for Case Study Research.” Competitive Social Sciences Research Journal (CSSRJ) 3 (2): 42–52. www.cssrjournal.com.

Nikolaou, Eirini Eleni, George Konteos, Stavros Kalogiannidis, and Dimitrios Syndoukas. 2023. “Mega Sporting Events and Their Socio-Economic Impact: Case Study of the 2022 FIFA World Cup.” Journal of Infrastructure, Policy and Development 7 (2). https://doi.org/10.24294/jipd.v7i2.2158.

Peeters, Thomas. 2018. “Testing the Wisdom of Crowds in the Field: Transfermarkt Valuations and International Soccer Results.” International Journal of Forecasting 34 (1): 17–29. https://doi.org/10.1016/j.ijforecast.2017.08.002.

“PSG Formalizes Its Desire to Build a New Stadium in Île-de-France - Le Parisien.” 2024. 2024. https://www.leparisien.fr/sports/football/psg/le-psg-officialise-sa-volonte-de-construire-un-nouveau-stade-29-03-2024-ONSSICIFIJAPREUSJ5NPNEACJI.php.

Reiche, Danyel. 2015. “Investing in Sporting Success as a Domestic and Foreign Policy Tool: The Case of Qatar.” International Journal of Sport Policy and Politics 7 (4): 489–504. https://doi.org/10.1080/19406940.2014.966135.

“Riyadh Air, STA Ink Deal to Launch New Routes and Destinations.” 2024, 2024.

Rohde, Marc, and Christoph Breuer. 2017. “The Market for Football Club Investors: A Review of Theory and Empirical Evidence from Professional European Football.” European Sport Management Quarterly 17 (3): 265–89. https://doi.org/10.1080/16184742.2017.1279203/ASSET/8D9FEC5E-11CC-4A53-B5EE-046810BBB42E/ASSETS/IMAGES/RESM_A_1279203_F0004_B.GIF.

Sam, Abhishek Jude. 2023. “Saudi Arabia’s Public Investment Fund as a Tool for Economic Diversification and Sports Diplomacy.” https://doi.org/10.13140/RG.2.2.33191.32167.

Satish, Krishna, Xavier Ginesta Portet, and Jordi De San Eugenio Vela. 2024. “Football and Nation Branding: A Case Study of Saudi Arabia’s Strategy for Global Football Recognition.” AdComunica, January, 27–52. https://doi.org/10.6035/adcomunica.7776.

“Saudi Arabia Privatises Football Clubs, Eyes Big-Name Signings | Football News | Al Jazeera.” 2023. 2023. https://www.aljazeera.com/news/2023/6/5/saudi-arabia-privatises-football-clubs-eyes-big-name-signings.

“Saudi Arabia’s Ambition to Dominate Global Football.” 2023. 2023. https://worldfootballsummit.com/saudi-arabias-ambition-to-dominate-global-football/.

"Saudi Pro League Reveals Aspiration to Be 'among the Top 10 Leagues' Globally." 2023. 2023. https://www.zawya.com/en/life/sports/saudi-pro-league-reveals-aspiration-to-be-among-the-top-10-leagues-globally-c11ivsqg.

Saunders, M, P Lewis, and A Thornhill. 2020. Research Methods for Business Students.

Schreyer, Dominik, and Carl Singleton. 2023. "Cristiano of Arabia: Did Ronaldo Increase Saudi Pro League Attendances?" SSRN Electronic Journal. https://doi.org/10.2139/SSRN.4552736.

Shultz, Clifford J, Rodrigo Castilhos, Andres Alberto, Barrios Fajardo, Bruno Grbac, Andreas Chatzidakis, Royal Holloway, et al. 2015. "The FIFA World Cup: Analyses and Interpretations of the World's The FIFA World Cup: Analyses and Interpretations of the World's Biggest Sporting Spectacle B." https://ecommons.luc.edu/business_facpubs.

Sociálních Studií, Fakulta, and Bakalářská práce. n.d. "MASARYKOVA UNIVERZITA Football as a Mechanism of Soft Power Projection: Case Study of Saudi Arabia."

Storm, Rasmus K., and Klaus Nielsen. 2012. "Soft Budget Constraints in Professional Football." European Sport Management Quarterly 12 (2): 183–201. https://doi.org/10.1080/16184742.2012.670660.

Tan, Felix, Jonas Hedman, and Xiao Xiao. 2017. "Beyond 'Moneyball' to Analytics Leadership in Sports: An Ecological Analysis of FC Bayern Munich's Digital Transformation." AMCIS 2017 Proceedings, August. https://aisel.aisnet.org/amcis2017/StrategicIT/Presentations/10.

Thani, Salma, and Tom Heenan. 2017. "The Ball May Be Round but Football Is Becoming Increasingly Arabic: Oil Money and the Rise of the New Football Order." Soccer and Society 18 (7): 1012–26. https://doi.org/10.1080/14660970.2015.1133416.

"That's Entertainment: A New Era of Multipurpose Stadiums - Odgers Interim." 2024. 2024. https://www.odgersinterim.com/uk/who-we-are/intelligence/thats-entertainment-a-new-era-of-multipurpose-stadiums/.

The Economist. 2024. "Football Attracts Saudi Investment to England's North-East," 2024. https://www.economist.com/britain/2024/01/22/football-attracts-saudi-investment-to-englands-north-east.

"The European Club Finance and Investment Landscape." 2023.

"The European Football Clubs Turning Stadiums into Cash Cows." 2024. 2024. https://www.ft.com/content/faeff9d5-d803-4cf8-9cd9-961ff1557540.

"The Financial Landscape of European Football." 2019.

"The Financial Landscape of European Football Foreword." 2023.

The Routledge Handbook of Sport in Asia. 2020. The Routledge Handbook of Sport in Asia. Routledge. https://doi.org/10.4324/9780429061202.

Transfermarkt. 2024. "Rodri Suggests Potential Player Strike - But How Overworked Are Footballers in the Modern Game?" Transfermarkt. 2024. https://www.transfermarkt.com/rodri-suggests-potential-player-strike-but-how-overworked-are-footballers-in-the-modern-game-/view/news/443975.

UEFA. 2023a. "The European Club Finance and Investment Landscape."

UEFA. 2023b. "UEFA Circular Letter No35: Distribution to Clubs from the 2023/24 UEFA Champions League, UEFA Europa League AndUEFA Europa Conference League and the 2023 UEFA Super Cup."

Waalkes, Scott. 2017. "Does Soccer Explain the World or Does the World Explain Soccer? Soccer and Globalization." Soccer & Society 18 (2–3): 166–80. https://doi.org/10.1080/14660970.2016.1166782.

Wagner, Ulrik, Rasmus K. Storm, and Kenneth Cortsen. 2021. “Commercialization, Governance Problems, and the Future of European Football – or Why the European Super League Is Not a Solution to the Challenges Facing Football.” International Journal of Sport Communication 14 (3): 321–33. https://doi.org/10.1123/IJSC.2021-0049.

Yusuf, Nadia, and Dareen Abdulmohsen. 2023. “Saudi Arabia’s NEOM Project as a Testing Ground for Economically Feasible Planned Cities: Case Study.” Sustainability (Switzerland) 15 (1). https://doi.org/10.3390/su15010608.

Zare, Alireza, Behzad Behzad Izadi, Daniel Rascher, and Geoff Dickson. 2022. “Factors Affecting Economic Diplomacy in Sports.” Strategic Studies on Youth and Sports, May. https://doi.org/10.22034/SSYS.2022.2203.2573.

Zare, Rahim, and Shariati Feizabadi. n.d. “Football and the Future of West Asia.” https://doi.org/10.22059/SSHR.2024.373029.1127.

8. Appendix

Appendix 1: Historical Context of Football in the Arab Gulf

Football originated in the nineteenth century in England and spread fairly quickly (Waalkes, 2017). The global spread of football was closely tied to the rise of the British Empire. The vast reach of the Empire, supported by its enormous merchant and royal navies and its global workforce, helped spread the game worldwide (Goldblatt 2007). Unsurprisingly, the emergence of football in the Middle East is also linked to the British colonizers who used the game to consolidate the motherland's political, economic, and military interests. Local populations from the Middle East started to be allowed to play football since the distinctive colonial values it conveyed served as an important instrument of colonial control mainly through the education system (Ferraro 2019). However, the instrument that served to discipline and civilize colonial territories became a nucleus for anti-colonial resistance and the ultimate dismantling of the colonial control system. During a period in the twentieth century, leagues and clubs were created for local populations and there were huge nationalist mobilizations in football stadiums that constituted acts of resistance and emancipation against colonial power (Busse and Wildangel 2023).

When they finally became independent in 1971, countries such as the UAE or Qatar necessitated a program of nation-building and nation-branding, in which sport, and more particularly, football has ultimately played an important role (Chadwick and Anagnostopoulos 2024). It was then, in the early 1970s, that involvement in football began to develop, with some Gulf States joining FIFA, and playing their first official matches as independent states, such as Qatar and the UAE in the Arab Gulf Cup in 1972 (Busse and Wildangel 2023).

This period also coincided with great upheaval in the oil market, where the price of a barrel increased due to the embargo that the Organization of Petroleum Exporting Countries (OPEC) imposed on the USA and other Western countries. This measure resulted in an enormous accumulation of wealth in the Gulf States, which began a process of great economic growth and urban development that consequently opened the door to the first investments in football (Thani and Heenan 2017).

<u>Appendix 2: Sample Characterization</u>

Participants	Occupation	Nationality	Duration of Interview
Participant 1 (P1)	Sports Lawyer & Judge of the Agents Chamber of FIFA	Portuguese	50 min
Participant 2 (P2) & 3 (P3)	Business Development Associate and Investment Associate of a Sports Investment Company	Portuguese & North American	45 min
Participant 4 (P4)	Reader in Sport Management at a University in the UK	British	59 min
Participant 5 (P5)	Executive Director at one of the 3 Top Clubs in Saudi Pro League	Portuguese	1 h 09 min
Participant 6 (P6)	Strategic Advisor on the Board of one of the Top Clubs in UAE Pro League	Portuguese	1 h 30 min
Participant 7 (P7)	Researcher, Writer, Academic, Consultant, Speaker and Professor of Sport and Geopolitical Economy at a French Business School	British	1 h 00 min
Participant 8 (P8)	Global Partnerships Manager at a Sports Marketing Agency that is a Trusted Partner of one Football's Leading Governing Body	Dutch	52 min
Participant 9 (P9)	Senior Business Analyst at a Riyadh-based Sports Consulting Firm	Portuguese	1 h 15 min
Participant 10 (P10)	Director of Football Academies at one of the 3 Top Clubs in Saudi Pro League	Spanish	57 min
Participant 11 (P11)	CEO of a Global Hub for Recruitment, Career Growth, and Education in Sport	Brazilian	37 min

Appendix 3: Eligibility Criteria for the Primary and Secondary Data

	Inclusion Criteria	Exclusion Criteria
Primary Data (Qualitative)	• Professionals with expertise in markets influenced by Gulf investments. • Professionals working in Gulf entities (clubs, consulting firms). • Professionals from European football governing bodies. • Professionals with four or more years of experience in the football industry.	• Professionals whose work is not directly or indirectly related to the football industry. • Professionals who don't have firsthand experience with Gulf investments. • Professionals with less than four years of experience in the football industry.
Secondary Data (Quantitative)	• Clubs' official annual reports and financial statements. • Official documents from governing bodies, such as UEFA, ECA, and European Leagues. • Industry reports produced by reputable entities, such as Football Benchmark or Deloitte. • Data from credible news outlets, such as Forbes, Financial Times or Goal.	• Data from unofficial sources: data from blogs, fan forums, or unverified websites without credible authorship. • Reports or articles focused on non-football-related industries or unrelated regions. • Documents that do not provide detailed or verifiable data.

Appendix 4: Interview Guide

Arab Gulf investment in football and its impact on the evolution of the industry's business models

Interview Guide

DATE & TIME:

LOCATION:

INTERVIEWER:

INTERVIEWEE:

RESEARCH TEAM SAFETY CHECKER: *Before proceeding from here and commencing the interview, turn on the tape recorder and test it with the interviewee)*

As part of NOVA SBE's master's degree program, we are working on a field lab project in that examines the impact of Arab Gulf investment in football and aims to gain an in-depth understanding of the significant changes shaping the football industry and its business models. Your participation in this interview is crucial to the success of this research.

Football is a unique ecosystem where only a few top leagues and big clubs are profitable, and the rest of the ecosystem struggles to make money. On one hand there are big global brands (big clubs) that still have an economic dimension that falls far short of their expression and potential; and on the other hand, all the other small leagues and clubs survive through a mechanism that is difficult to manage, which is player transfers.

In the last two decades, the Arab Gulf has taken on a more significant role in the industry, and the investment we have seen from the Gulf in attracting major competitions, creating leagues with lenient financial rules, and developing sport infrastructures is a phenomenon that has intensified recently and has shaken up the business models of football organizations.

By recognizing the existence of a shift in business models in football towards a more profit-oriented vision, the objectives of our research question is the following:

RQ- How is the Arab Gulf impacting the ongoing paradigm shift in the global football ecosystem (clubs and leagues) to become more P&L-focused?

To develop a structured and robust answer to the research question, the following objectives will be pursued:

- Explore the dynamics of Europe and the Gulf over the last decade and the dawn of a new paradigm in football finance.

- Understand the future challenges and opportunities of European football as the epicenter of the industry.

- Analyze the Arab Gulf's '2.0' affirmation in football, through its investments not only at an international level but also at a domestic level.

Before beginning, there are a few important pieces of information to clarify:

• Kindly reiterate, verbally, that you consent to be a participant in this project.

• We are tape recording this so that the interview can later be transcribed into text and reviewed by you and the research team.

• The research team will make every effort to anonymize everything that is said in this interview to ensure your identity is not provided (unless you want to be identified).

• You can stop the interview at any time with or without explanation. You are not compelled to answer any questions with which you don't feel comfortable.

• Please feel free to tell me if you need a break at any point.

BUSINESS MODELS & ARAB GULF INVESTMENTS

1- Historically, football has proven to be not only a small business but also a challenging one. The biggest clubs in the world have revenues of less than 1% of Walmart, making them equivalent to medium-sized companies. Also, from a pure profit perspective, the football industry still presents unattractive net results. What do you think are the main reasons for this lack of financial sustainability?

2- How would you describe the business model of football in recent years, in terms of revenue streams and profitability? (Is the industry mostly dependent on player transfers)

3- If Real Madrid, the most valuable football club in 2022-2023 (according to Forbes, CBS Sports) and worth $6.6 billion, has a turnover similar to that of a medium-sized company, how do you think football should evolve to allow clubs of this size to reflect their global reach and reverse the lack of financial sustainability?

4- Do you recognize that in recent years there have been some signs of change in business models towards greater concern for profits? If so, what role has the Arab Gulf played in this evolution of new investment perspectives and business models? (do you see the Gulf as one of the main accelerators of the change to a P&L focused business model?)

COMMERCIAL OPPORTUNITIES IN FOOTBALL

6. Similar to what has been suggested with broadcasting (i.e., Football Benchmark and other sources), do you believe that football's current commercial paradigm is reaching its saturation point? What could characterize football's commercial paradigm differently in the coming years? What new investments and sources of income will stand out on a commercial level?

7. One of the key factors in this new commercial paradigm is the Gulf's long-term investments, such as the commercial exploitation of stadiums and the purchase of clubs in top European leagues. How does long-term investment in top leagues differ from traditional short-term investment strategies, such as quick turnaround on player transfers and short-term sponsorship deals, and why do you think Gulf countries are looking at long-term investment?

8. The growing involvement and the various investments made abroad by the Arab Gulf countries are playing an important role in the industry's current commercial transformation. Over the last decade, the source of revenue that gained the most relevance was commercial revenue mainly driven by Gulf Airlines such as Emirates, Etihad, or Qatar Airways which were responsible for the biggest shirt sponsorship and stadium naming rights deals ever. What do you think will be the next step in foreign investment (in the football industry) by the Arab Gulf? Will it be focused on the development of their own brands? Will the new giga-projects be the face of the commercial paradigm in a similar approach to what was done with the airlines? Will there be a shift to broadcasting?

INDUSTRY CHALLENGES; NEW COMPETITION FORMATS & HARMONIZATION OF RULES

9. Factors such as global expansion, branding, control, autonomy, and stability for clubs, combined with the need to generate greater profits, have increased the pressure not only to create new competitions such as the FIFA Club World Cup 2025 or even the Super League but also to change the formats of existing competitions such as the Champions League. What are the consequences of these changes in terms of competitive balance and the sporting calendar (will league cups disappear? Will national leagues have fewer games?)

10. From a financial point of view, closed leagues, as is the case with sports in the USA, tend to be more profitable than traditional European leagues. As football becomes more and more privatized, do you think we will reach a point where it is impossible to stop initiatives like the Super League, which has declared itself a closed league? Why?

11. The phenomenon of the Saudi Pro League has shaken down geographical boundaries and increased pressure for global competitions. Do you believe that we could see the replacement of UEFA Financial FairPlay with a harmonized rules mechanism that puts all the world's competitions on equal terms? Why?

12. Multi-club ownership has raised many questions about conflicts of interest in various competitions. For example, next season the City Group will have two clubs from its portfolio taking part in the Champions League. In your view, what measures should the governing bodies take to address this situation? Or should they keep it as it is? Why?

CONCLUSIONS

13. On what horizon do you foresee the materialization of the P&L-focused business model?

14. Do you believe in an industry focused on 40-50 global brands (clubs) competing in money-making competitions? Or do you think that the essence of sporting competition should prevail?

15. Assuming the first scenario, how will the global play of brands affect the redistribution of revenue in national leagues and their competitive balance? Do you believe in an increased local essence where the national leagues will become more attractive?

Appendix 5: Key Themes Discussed

Participants	Business Models	Arab Gulf Role in BMs	New Commercial Paradigm	Investment Strategies	Gulf Airlines	New Arab Gulf Investments	Sporting Calendar Changes	ESL	FFP & Harmonization of Rules	MCO	Global Play of Brands	P&L-Focused BM
Participant 1	X	X						X	X	X	X	X
Participant 2 & 3	X	X	X	X	X	X		X			X	X
Participant 4	X	X	X	X	X	X		X	X	X	X	X
Participant 5	X	X		X	X	X	X	X	X	X	X	X
Participant 6	X	X	X	X	X	X	X	X	X		X	X
Participant 7	X	X	X	X	X	X	X	X			X	
Participant 8	X		X	X				X		X		
Participant 9	X	X		X	X	X		X	X		X	
Participant 10				X		X	X				X	
Participant 11	X		X				X		X			

Appendix 6: Secondary Data Analysis per Research Objective

Objectives	Secondary Data Analysis Performed
Objective 1: Explore the dynamics of Europe and the Gulf over the last two decades and the dawn of a new paradigm in football finance.	**4.1.1 Lack of profitability in European football and the ongoing paradigm shift** **Secondary data analyzed:** Net & operating profits; wage-to-revenue ratios; liquidity ratios; squad value-to-enterprise value ratio. **Documents and sources used:** The UEFA European Club Finance and Investment Landscape (UEFA); The European Elite 2024 (Football Benchmark); The Financial Landscape of European Football (European Leagues); Transfermarkt.
	4.1.2 Capital injections from the Gulf in Europe through airline sponsorship and club acquisitions over the last two decades **Secondary data analyzed:** Sponsorship deals; revenues; EBITDAs; net profits, multiples, capital invested, player transfers **Documents and sources used:** Football Benchmark Articles; Manchester City and Newcastle Annual Reports
Objective 2: Understand the future challenges and opportunities of European football as the epicenter of the industry.	**4.2.1 Challenges in the European football ecosystem** **Secondary data analyzed:** Number of matches p/season; UEFA revenue distribution, clubs matchday and commercial revenue, SPL transfer balance **Documents and sources used:** Football Benchmark articles, UEFA Circular Letter No 35/23, Real Madrid, Manchester City, Inter, Dortmund, Benfica, PSV and Sporting Annual Reports; Transfermarkt
	4.2.2 Opportunities in the European football landscape **Secondary data analyzed:** Stadium projects data, shirt sponsor agreements, jersey values **Documents and sources used:** UEFA European Club Finance and Investment Landscape 2023, Financial Times, Reuters and other news outlets articles
Objective 3: Analyze the Arab Gulf's '2.0' affirmation in football, through its investments not only at an international level but also at a domestic level.	**No secondary data collected**

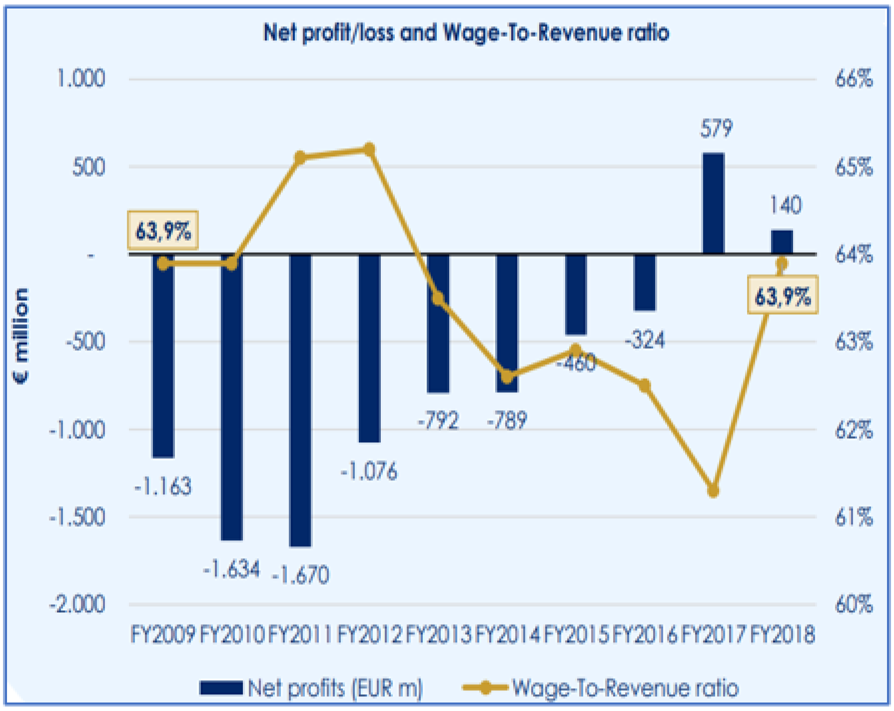
Appendix 7: Analysis Grid for the First Chapter of the Interview Guide

Participant	Q1- Historically, football has proven to be not only a small business but also a challenging one. The biggest clubs in the world have revenues of less than 1% of Walmart, making them equivalent to medium-sized companies. Also, from a pure profit perspective, the football industry still presents unattractive net results. What do you think are the main reasons for this lack of financial sustainability?	Q2- How would you describe the business model of football in recent years, in terms of revenue streams and profitability? (Is the industry mostly dependent on player transfers)	Q3- If Real Madrid, the most valuable football club in 2022-2023 (according to Forbes, CBS Sports) and worth US$6.6 billion, has a turnover similar to that of a medium-sized company, how do you think football should evolve to allow clubs of this size to reflect their global reach and reach their full financial potential?	Q4- Do you recognize that in recent years there have been some signs of change in business models towards greater concern for profits? If so, what role has the Arab Gulf played in this evolution of new investment perspectives and business models? (do you see the Gulf as one of the main accelerators of the change to a P&L-focused business model?)
P1 (Sports Lawyer & Judge of the Agents Chamber of FIFA) 50 min	Great focus on sporting performance, while financial sustainability is not a priority. Other clubs, particularly those with private capital, whether majority or minority, although they also prioritize performance on the pitch, try to at least break even. As for the investment from the Gulf, despite the huge initial investment, it is believed that it will decelerate and eventually generate returns.	There is a worrying dependence on player transfers. This model not only contradicts sporting performance but is also unstable as it may compromise the future success of a club.	The aim is to reduce liabilities with other income that doesn't come mainly from player transfers.	Recognized that there are signs of change in business models towards a more profit-oriented vision. Saudi has inflated the market. The injection of capital by the Gulf into football is seen in a positive light, as these new and increased sources of income contribute to greater financial sustainability for the clubs.
P2 & P3 (Business Development Associate and Investment Associate of a Sports Investment Company) 45 min	Driving topline: Optimize the revenue streams that clubs can control.	Massive spending on players to achieve the highest success on the pitch.	Not only about on-pitch success but also making sure that clubs have a robust business model that is sustainable for the long run. Leverage digital transformation; better understand Gen Z consumers and develop customized content and fan experiences for this target. New leadership and forward-looking leadership are willing to adopt these strategies because capability almost every top club has.	Recognized the change towards a more profit-oriented view, especially with the growing trend of private investors in clubs who seek to achieve returns. Event, the governing bodies reflect the concern with profitability with their financial regulations. Arab Gulf is not the main driver of the business model change. They revolutionized sponsorship in football. The main driver of change is the new revenue streams that are being unlocked by digital and digital projects. Arab Gulf is not leading the charge, but the capital injections give the region a lot of influential power.

P4 (Reader in Sport Management at a University in the UK) 59 min	In capitalist economies, the rich get richer. Poor get poorer. More and more resources flowing to the top and the trickle-down effect not really happening. It's a zero-sum game.	Capitalist model.	Salary caps. There should be a global policy model for football. Multi-club ownership will create even more inequality in football so it should be stopped.	Yes absolutely. Private Equity makes its assets streamlined and profitable, they do it in every industry, so football is not an exception. We are starting to see a merging of entertainment, music, films, media & sport as a single package. It wouldn't be a surprise if clubs start to be owned by entertainment companies. Superstar effect: players will be brands bigger than the clubs. Gulf owners are turning clubs into global brands. PSG for ex is establishing meaningful partnerships (music, entertainment, fashion...) that are very important to make profits. They are partnering with Jordan or with luxury fashion brands. But only certain clubs are able to do this.
P5 (Executive Director at one of the 3 Top Clubs in Saudi Pro League) 1 h 09 min	Performance on the pitch is more important than financial performance. As long as clubs have money and liquidity, there is minimal concern about financial sustainability. There is an all-in mentality to win on the pitch	Football is very close to new business models and professionals that don't come from the football industry.	Salary caps. Joining leagues such as Belgium with the Netherlands. Reduce clubs in top divisions. Introduce more qualified professionals in clubs. Clubs will have to find ways to increase the amount that fans spend on the club. Stadium innovation is also very important.	Yes recognizes the shift. The purpose of the Gulf investments is mainly nation branding and economic diversification & growth. Gulf countries are also very motivated to achieve returns from their investments. It is believed that in Saudi, the investments from the PIF are going to slow down. Football clubs in Saudi are being developed and prepared to be sold for a profit. The business model that is being implemented in Saudi embodies the "P&L focus" stated in our thesis since they are managing clubs to make them attractive to investors, and financial sustainability is very important to achieve this objective.
P6 (Strategic Advisor on the Board of one of the Top Clubs in UAE Pro League) 1 h 30 min	Professionalization in football is a recent phenomenon. There is a lack of qualified human resources. Football is more emotion than reason.	Recognizes the dependence on player transfers.	Brand development. Star players can create great opportunities for clubs to grow their brands. New competitions are needed. Financial control by leagues can help to improve financial sustainability.	Arab Gulf countries are heavily investing in cutting-edge football technology and AI tools to optimize performance both off and on the pitch. They can become the main technology supplier of Europe.

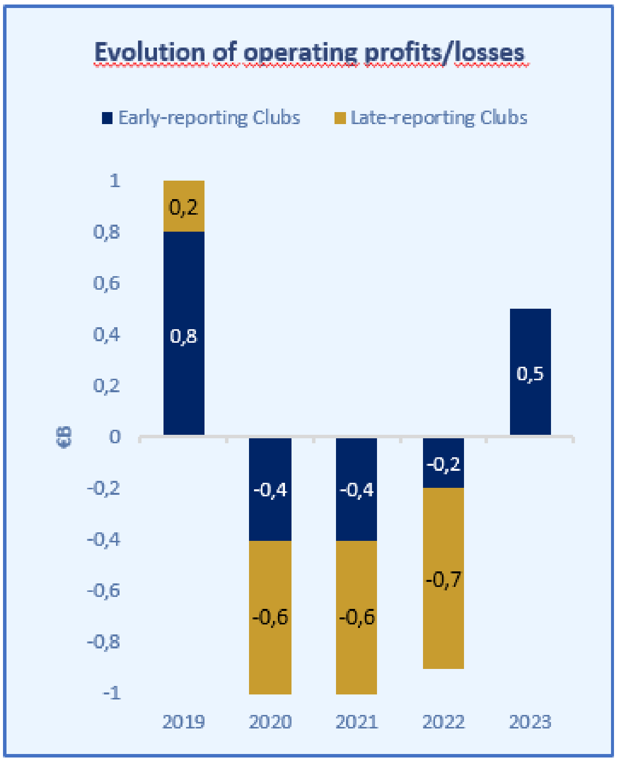
P7 (Researcher, Writer, Academic, Consultant, and Professor of Geopolitical Economy at a French Business School) 1 h 00 min	Football has been through a recent revolution and has become a liberal capitalist emotional endeavor. Most clubs in football don't have established business models. In the past many clubs depended on financial institutions to sustain player transfers. Real Madrid and Barcelona sustained themselves over the years due to their relationship with regional financial institutions.	The business models of football clubs are still based on the 90s. It is remarkable how badly football clubs across Europe are still run. The people who should be really imposing business models don't care about it because football is just a hobby used mainly as a networking tool.	For big clubs, a global strategy can help them to increase revenue. But smaller clubs that don't have this global footprint, can look for partnership arrangements with bigger clubs that will reduce the overreliance on unpredictable revenue streams.	We are beginning to see innovative approaches to marketing. However, business models haven't changed that much. The labor inflation has increased the financial pressure on football organizations. Gulf investors are not rational economic thinkers, instead they are geopolitical thinkers.
P8 (Global Partnerships manager at a Sports Marketing Agency) 52 min	The best clubs are constantly pushed to buy the best players, and if they don't do that other clubs will do so this creates an unsustainable financial situation because clubs then stay dependent on their performance to cover the amount spent on transfers.		Youth academies will always be an important revenue source for clubs. Looking from a commercial perspective, expanding clubs' brands across the globe can also optimize their revenues. Engagement with the local communities is also very important to diversify the sources of revenue.	
P9 (Senior Business Analyst at a Riyadh-based Sports Consulting Firm) 1 h 15 min	Football only became professional very recently. In the past clubs had a huge reliance on financial institutions to invest heavily in transfers.		It is important to raise awareness and educate fans and managers about financial sustainability in clubs. The prioritization of sporting performance may lead to future irreversible financial consequences.	Clubs are finally understanding that they are no longer able to rely on financial institutions. And as private investors are stepping into football, they need to generate profits.
P10 (Director of Football Academies at one of the 3 Top Clubs in the Saudi Pro League) 57 min	Clubs are finally trying to improve their long-term financial sustainability. Successful business owners are not stepping into football because it takes a lot of effort to generate money out of it.			What is happening in Saudi is similar to what happened in Japan in the 90s, where firstly all the players from the national team played in the Japanese league, and then a few years after half of the squad was playing in Europe. In the future is expected that a lot of Saudi players will be competing abroad. There is a cultural challenge since Saudi players are very attached to their families and they have a status in their country that is difficult to be matched abroad.
P11 (CEO of a Global Hub for Recruitment, Career Growth, and Education in Sport) 37 min		Football grows in different models, there is not a unique model. However, the global brand business model and the player transfer business model stand out.		Recognized the shift to a profit-oriented business model.

Appendix 8: UEFA's 55 Member Associations Net Profit/Loss and WTR Ratio



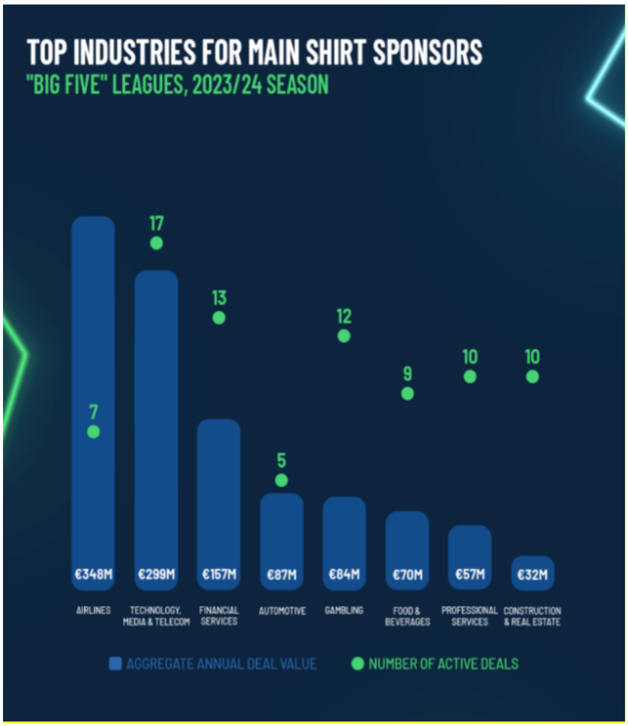
Source: The Financial Landscape of European Football, European Leagues

Appendix 9:



Source: European Club Finance and Investment Landscape, UEFA

Appendix 10: Top Industries for Main Shirt Sponsors

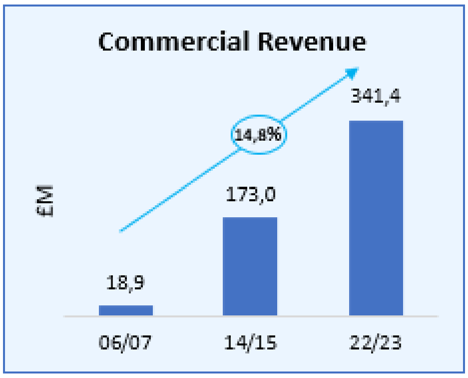


Source: Football Benchmark Club Finance & Operations Platform

Appendix 11: Top European Clubs by Jersey Value

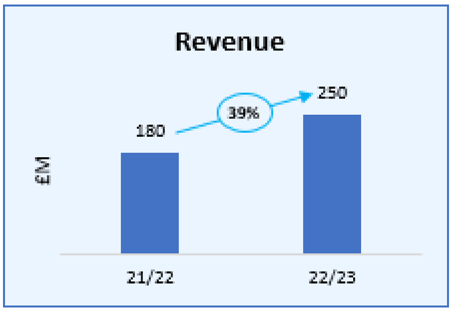
Source: Football Benchmark Club Finance & Operations Platform

Appendix 12: Manchester City Commercial Revenue Evolution



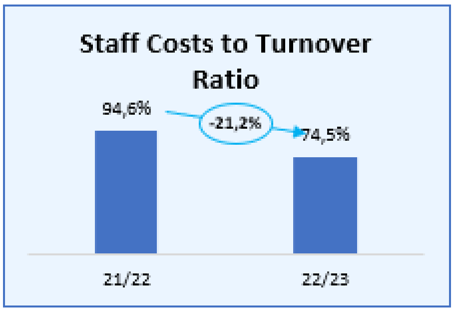
Source: Created by the Authors based on Data from Manchester City FC Financial Statements

Appendix 13: Newcastle United Operating Revenue Evolution



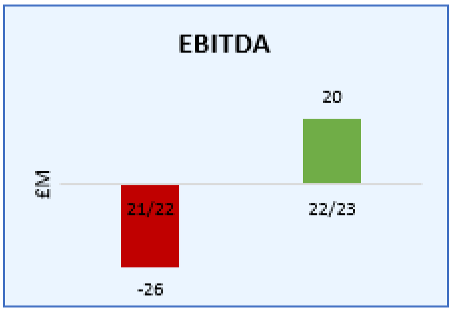
Source: Created by the Authors based on Data from Newcastle United FC Financial Statements

Appendix 14: Newcastle United Staff Costs to Turnover Ratio



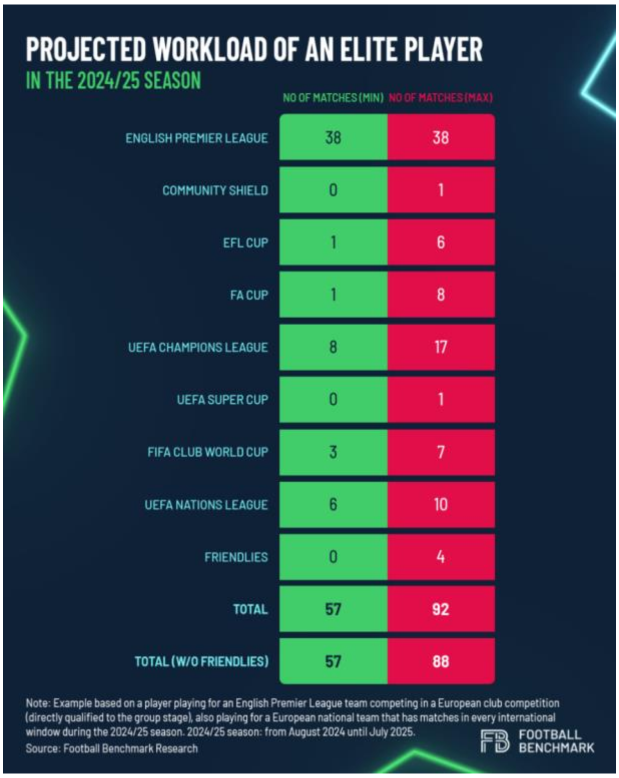
Source: Created by the Authors based on Data from Newcastle United FC Financial Statements

Appendix 15: Newcastle United EBITDA Evolution



Source: Created by the Authors based on Data from Newcastle United FC Financial Statements

Appendix 16: Projected Workload of an Elite Player in 2024/2025


PROJECTED WORKLOAD OF AN ELITE PLAYER
IN THE 2024/25 SEASON

	NO OF MATCHES (MIN)	NO OF MATCHES (MAX)
ENGLISH PREMIER LEAGUE	38	38
COMMUNITY SHIELD	0	1
EFL CUP	1	6
FA CUP	1	8
UEFA CHAMPIONS LEAGUE	8	17
UEFA SUPER CUP	0	1
FIFA CLUB WORLD CUP	3	7
UEFA NATIONS LEAGUE	6	10
FRIENDLIES	0	4
TOTAL	57	92
TOTAL (W/O FRIENDLIES)	57	88

Note: Example based on a player playing for an English Premier League team competing in a European club competition (directly qualified to the group stage), also playing for a European national team that has matches in every international window during the 2024/25 season. 2024/25 season: from August 2024 until July 2025.
Source: Football Benchmark Research

FOOTBALL BENCHMARK

Source: Football Benchmark

Appendix 17: UEFA Revenue Distribution Breakdown

Values in € millions

UEFA competitions new format analysis	2023/24	2024/25
Total UEFA Competitions Revenue (UCL; UEL; UECL; SCUP)	**3500**	**4400**
Administrative Costs	323	387
Qualifying round payments (3%)	105	132
Non-participating clubs payments (4% in 23/24 and 7% in 24/25)	140	308
UEFA Women's Champions League	10	22
UEFA Youth League	0	3
Net Revenue	**2922**	**3548**
Total revenue distributed to participating clubs (93.5%)	2732	3317
Revenue retained by UEFA (6.5%)	188	231

Source: Created by the Authors based on Data from UEFA Circular Letter 35/23

Appendix 18: Matchday Revenue Forecast

MATCHDAY REVENUE

Values in € millions

	Real Madrid 22/23	Man City 22/23	Inter 23/24	Dortmund 23/24	Benfica 23/24	PSV 23/24	Sporting 23/24
Total Matchday Revenue	151.84	85.42	70.84	52.58	35.46	28.26	20.05
Growth Rate	46%	32%	-10%	21%	5%	39%	2%
Number of Home Matches	27	30	25	24	27	26	26
Matchday Revenue p/Match	5.62	2.85	2.83	2.19	1.31	1.09	0.77
Avg Attendance	56644	53249	72838	81305	51302	34217	40102
Stadium Capacity	81000	53400	75000	81365	64642	35000	50095
Occupancy Rate	69.93%	99.72%	97.12%	99.93%	79.36%	97.76%	80.05%

Values in € millions

	Real Madrid	Man City	Inter	Dortmund	Benfica	PSV	Sporting
Expected Matchday Revenue 24/25	364.95	103.36	74.38	52.58	37.94	29.67	21.26
Number of Home Matches 24/25 (+1 extra home match)	28	31	26	25	28	27	27
Number of Home Matches 24/25 (+2 extra home matches)	29	32	27	26	29	28	28
Matchday Revenue p/Match 24/25 (+1 extra home match)	13.03	3.33	2.86	2.10	1.36	1.10	0.79
Matchday Revenue p/Match 24/25 (+2 extra home matches)	12.58	3.23	2.75	2.02	1.31	1.06	0.76
UCL 24/25 Matchday Attendance	84150	52866	74250	80551,35	63996	34650	49594
UCL 24/25 Matchday Revenue p/Match (1 extra home match)	**13.03**	**3.33**	**2.92**	**2.10**	**1.69**	**1.11**	**0.97**
UCL 24/25 Matchday Revenue p/Match (2 extra home matches)	**12.58**	**3.23**	**2.81**	**2.02**	**1.63**	**1.07**	**0.94**

Source: Created by the Authors based on Data from the Clubs' Annual Reports

	w/Real Madrid	wo/Real Madrid
Avg Matchday Revenue (+1 match)	3.59	2.02
Avg Matchday Revenue (+2 matches)	6.94	3.90
Avg Matchday Revenue Increase	**5.08**	**2.86**

Revenue Growth Rate Assumptions	23/24	24/25	Notes:
Real Madrid	109%	15%	The budgeted matchday revenue for 23/24 is €317,893m, that corresponds to a 109% growth rate. In 24/25 with the new stadium operating for the 2nd season we expect revenue to stabilize, therefore we assume a conservative 15% growth rate
Man City	10%	10%	Not only was the 22/23 season characterized by the total lifting of stadium capacity restrictions, but City also had a spectacular season with the Treble win. So, we assume a conservative rate of 10% for the next 2 years
Inter	-	5%	The 10% decrease in the matchday revenue on 23/24 is mainly due to the outstanding UCL campaign in the previous season. For this reason, we can assume a moderate increase of 5% for the 24/25 season.
Dortmund	-	0%	Dortmund's matchday revenue increase in 23/24 is mainly attributed to the club's remarkable performance in UCL by reaching the final. Therefore, we assumed no growth for the 24/25 season
Benfica	-	7%	The 23/24 season was not a successful sporting season for Benfica, which resulted in a drop in the number of spectators at the stadium. The 7% rate considers a potential improvement in sporting performance.
PSV	-	5%	PSV performed excellently in the 23/24 season and also had an unusually successful Champions League campaign. This justifies the 32% growth in revenue, so for the 24/25 season we have assumed a 5% rate
Sporting	-	6%	Despite great domestic success in the 23/24 season, Sporting had a disappointing campaign in the Europa League, which explains the growth of only 2%. That said, we expect matchday revenue to grow by 6% next season.

Attendance Assumption	24/25
Occupancy Rate UCL Match	99%
Occupancy Rate Other Matches	Same as previous season. Real Madrid and Man City always have a 99% occupancy rate, so no need to adapt for the UCL.

Matches Assumption
Each team plays the same number of home matches as the previous season +1 or +2 from the new UCL format.

Other Assumptions
In order to calculate a more accurate "Average Matchday Revenue Increase" for the champions league, we considered that 20/36 teams will play +1 home match and we multiplied this fraction for the "Average Matchday Revenue (+1 match). The same was done for the 16/36 teams that will play +2 home matches.

Appendix 19: Commercial Revenue Forecast

COMMERCIAL REVENUE

Values in € millions

	Real Madrid 22/23	Man City 22/23	Inter 23/24	Dortmund 23/24	Benfica 23/24	PSV 23/24	Sporting 23/24
Total Commercial Revenue	366.74	406.42	112.00	194.51	42.40	48.50	32.08
Growth Rate	23.93%	10.30%	50.34%	10.73%	15.53%	14.06%	23.30%
Number of Matches	59	61	49	50	56	49	54
Commercial Revenue p/Match	6.22	6.66	2.29	3.89	0.76	0.99	0.59

Values in € millions

	Real Madrid 22/23	Man City 22/23	Inter	Dortmund	Benfica 23/24	PSV 23/24	Sporting 23/24
Total Commercial Revenue 24/25	475.27	526.69	127.50	221.42	48.27	55.21	36.52
Number of Matches (+2 extra matches)	61	63	51	52	58	51	56
Number of Matches (+4 extra matches)	63	65	53	54	60	53	58
Commercial Revenue p/Match (+2 extra matches)	**7.79**	**8.36**	**2.50**	**4.26**	**0.83**	**1.08**	**0.65**
Commercial Revenue p/Match (+4 extra matches)	**7.54**	**8.10**	**2.41**	**4.10**	**0.80**	**1.04**	**0.63**

Source: Created by the Authors based on Data from the Clubs' Annual Reports

Values in € millions

	w/Real Madrid	wo/Real Madrid
Average Commercial Revenue (+2 matches)	7.28	5.90
Average Commercial Revenue (+4 matches)	14.07	11.39
Average Commercial Revenue Increase	**10.30**	**8.34**

Commercial growth rates assumptions	Previous Year Total Commercial Revenue Growth (21/22+22/23)	Current Commercial Revenue Growth (22/23+23/24)
Real Madrid	-7.13%	23.93%
Man City	13.90%	10.30%
Inter	-13.30%	50.34%
Dortmund	11.21%	10.73%
Benfica	19.93%	15.53%
PSV	18.84%	14.06%
Sporting	2.11%	23.30%
Average	**6.51%**	**21.17%**

Growth Rate Assumption	24/25 (and 23/24 for Real Madrid and Man City)	Note:
Commercial Revenue Growth Rate	13.84%	This rate corresponds to the average growth rate of the clubs in the sample over the last two years

Other Assumptions
The commercial revenue from a UCL match is the same as that from any match in another competition. In order to calculate a more accurate "Average Commercial Revenue Increase" for the champions league, we considered that 20/36 teams will play +2 matches and we multiplied this fraction for the "Average Commercial Revenue (+2 matches). The same was done for the 16/36 teams that will play +4 matches.

Appendix 20: Assumptions Made for the Adjustments & Tiers of Total Revenue

Notes:
Real Madrid is a huge outlier especially when it comes to matchday revenue. Therefore it won't be considered in further calculations.
10/36 teams do not belong to the so called Top 7 European Leagues, and none of these teams is included in our sample. Since most of these teams probably have lower financial performances than the lowest performing club in our sample, our results may be overestimated.
3/36 teams that belong to the Top 7 European Leagues probably have lower revenues than the lowest financial performer of our sample. This reinforces the theory that our results are probably overestimated.

Average Total Revenue Adjustment	**-14%**
Assumption:	Two fictitious teams have been added to the model with values that reflect their (lower) matchday and commercial revenue. With this we estimate a new average revenue increase that is 14 per cent lower than the one that was initially estimated.

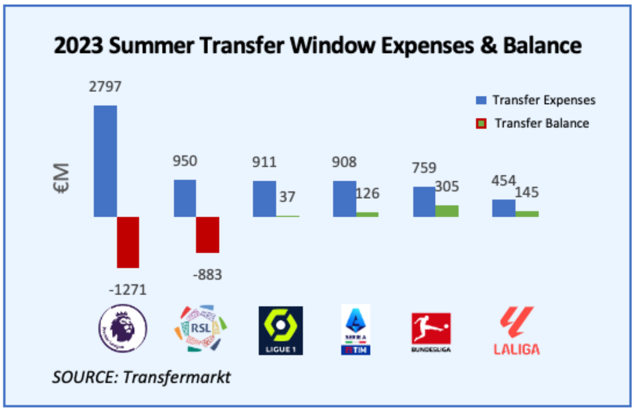
	Tier 1	**Tier 2**	**Tier 3**	**Tier 4**
Total Revenue	900-600	599-400	399-200	199-50
Number of Clubs	6	6	3	21
Average Revenue	750	500	300	125

Appendix 21: Sensitivity Analysis

Sensitivity Analysis	**Adjusted Average Total Revenue Increase**
Worst Scenario (-20%)	11.23
Bad Scenario (-10%)	12.64
Normal Scenario	**14.04**
Good Scenario (+10%)	15.44
Best Scenario (+20%)	16.85

Sensitivity Analysis	**Adjusted Average Total Revenue Increase**
Worst Scenario (-20%)	3.67%
Bad Scenario (-10%)	4.13%
Normal Scenario	**4.58%**
Good Scenario (+10%)	5.04%
Best Scenario (+20%)	5.50%

Appendix 22: 2023 Summer Transfer Window Expenses & Balance



Source: Created by the Authors based on Data from Transfermarkt

Appendix 23: Link for the Full Analysis Grid Document:

Analysis Grid.xlsx

Appendix 24: Link for the Full Champions League Revenue Analysis Document:

Champions League Revenue Analysis.xlsx