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**“The Effect of the Competition in the Telecom Market  
on Football Broadcasting Revenues”**

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**“THE EFFECT OF THE COMPETITION IN THE TELECOM MARKET ON  
FOOTBALL BROADCASTING REVENUES”**

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Work project carried out under the supervision of:

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## **Abstract**

The aim of this work project is to study the impact, in Portugal, of collective bargaining on the football broadcasting revenues received by clubs.

Due to technology, streaming TV/online video business model, and Pay-high TV penetration, OTT football viewing may alter the competitive dynamics of the broadcast industry and clubs' income. However, Sport TV, the only premium sports channel with I League broadcast rights, is owned by the leading operators, preventing new players from entering the market.

According to the qualitative research, competitive equilibrium is the most important factor in football's attraction, although the quality of football must be improved. Consumers also favor TV over other channels (smartphones, tablets, PC). Despite this, Portuguese customers are eager to watch football matches through an OTT model. Additionally, piracy is a key concern which harms the broadcasting business and clubs' finances.

There is no assurance that adopting a collective bargaining model will promote competition, although adopting a centralized model would undoubtedly have a negative financial effect on several clubs in the Portuguese League (mostly the top three). This negative influence would certainly be detrimental to the overall performance of Portuguese teams in international events, causing the Portuguese football association's international coefficient to decrease.

**Keywords** (Football, Competition, Portuguese League, Strategy, Telecom Market, Collective bargaining, OTT Model, Broadcasting Revenues, Illegal Access)

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## **Acronyms**

ABC - American Broadcasting Company

AdC - Autoridade da Concorrência

AFC - American Football Conference

BTV - Benfica TV

CBC - Canadian Broadcasting Corporation

CD FEIRENSE - Clube Desportivo Feirense

CD NACIONAL - Clube Desportivo Nacional

CEO - Chief Executive Officer

CF - Football Club

CHELSEA FC - Chelsea Football Club

CS MARÍTIMO - Club Sport Marítimo

DFL - German Super Cup

EPL - English Premier League

ESPN - Entertainment and Sports Programming Network

EY - Ernst & Young

FA Cup - Football Association Cup

FC - Football Club

FC BARCELONA - Football Club Barcelona

FC BAYERN MUNICH - Football Club Bayern Munich

FC PORTO - Futebol Clube do Porto

FIFA - Federation Internationale de Football Association

GDP - Gross Domestic Product

HBO - Home box Office

ICS/ ISCTE - Institute of Social Sciences/ University Institute of Lisbon

ICT - Innovation and Communication Technology

IP - Internet Protocol

IPTV - Internet Protocol Television

ISP - Internet Service Providers

LA LAKERS - Los Angeles Lakers

LFP - Ligue de Football Professionnel

LIVERPOOL FC - Liverpool Football Club

MANCHESTER UNITED FC - Manchester United Football Club

MLB - Major League Baseball

NBA - National Basketball Association

NBC - National Broadcasting Company

NFC - National Football Conference

NFL - National Football League

OECD - Organization for Economic Co-operation and Development

OTT - Over-The- Top

PARIS FC - Paris Football Club

PPP - Purchasing Power Parity

PSG - Paris Saint-Germain

PT - Portuguese

QPR - Queens Park Rangers

QSI - Qatar Sports Investments

REAL MADRID CF - Real Madrid Football Club

R&D - Research and Development

SC BRAGA - Sporting Clube de Braga

SL BENFICA - Sport Lisboa e Benfica

SPENT - Social, Political, Economic, Natural, Technological

SPORTING CP - Sporting Clube de Portugal

sVoD - Subscription Video on Demand

SV Werder Bremen - Sportverein Werder Bremen

TNT - Turner Network Television

TOTTENHAM HOTSPUR FC - Tottenham Hotspur Football Club

TV - Television

U23- Under 23

UEFA - Union of European Football Association

UE - The European Union

UK - United Kingdom

VITÓRIA SC - Vitória Clube de Guimarães

VLC - Visible Light Communication

VO - Viaccess-Orca

VoD - Video on Demand

VPN - Virtual Private Network

## **1. Work Project Purpose**

With this project there are two main questions we aim to answer, through research and analysis:

Q1: What impact a collective bargaining agreement of broadcasting rights in the I and II professional football league have on the broadcasting revenues from football games?

And as a complement to this question:

Q2: To what extent competition in the broadcasting rights market can influence the clubs' financial structure?

## **2. Research methodology**

First, a literature review was conducted to collect up-to-date information on the background and trends of the subject under investigation, which allowed us to conduct an in-depth analysis and speculate on the subject's potential future consequences. To understand the potential impact of collective bargaining of audio-visual rights distribution in the Portuguese Football League, we must examine the impact it has had and continues to have in various competitive sports leagues that use a collective bargaining model of audio-visual rights distribution, such as the major European Football Leagues, certain American Sports Leagues, and the Brazilian Football League. The fact that each of these scenarios utilizes a centralized model with such glaring differences allows us to compare which distribution approaches could or might not work in the Portuguese League. In addition, the analysis of the American Leagues (NFL, NBA, and MLB) and the major 5 European Leagues (England, Spain, Italy, Germany, and France) will enable a comprehension of collective bargaining models with great to moderate success, despite the fact that Portugal's demographic and social sections are vastly different. The study of the Belgian and Dutch Football Leagues, on the other hand, serves as a compromise. Given the observable similarities between the nations themselves (in terms of population) and the comparable overall appeal of the three Football Leagues (as indicated by the UEFA ranking), it may be possible to construct a comparison between them for future study.

While analyzing the particulars of these situations and the development of revenue, popularity, and club performance, we may draw conclusions and possibly anticipate its future success in the Portuguese League.

Two strategic frameworks, SPENT analysis and Porter's five forces model, were utilized to gain a more in-depth understanding of the external environment and the competitive structure of the Portuguese telecommunications industry. In addition, we decided to study the OTT model as a medium for broadcasting athletic material, as this is a developing trend. By analyzing its attractiveness, not only can a more realistic image be obtained of its danger to the present participants in the Portuguese football match broadcasting industry, but also its potential to enhance the market's overall revenues.

In addition to the aforementioned data, we attempted to develop a mathematical model that would mimic the number of points that Portuguese teams would lose to other clubs that would profit from the centralization of rights. The purpose of this model is to determine the points that the "Big three" (and SC Braga) may lose in the future, and the points that the remaining Portuguese clubs that benefit from collective bargaining may gain in the future, in order to determine whether the Portuguese league will experience a net gain or loss in international competitions.

To acquire qualitative data, an interview was performed with Eleven Sports, one of the largest companies in the Portuguese sports broadcasting industry, which also provides content via OTT platforms. In addition, a study was conducted to collect data from consumers and characterize the market's major trends, opportunities, and dangers.

### **3. Literature Review**

#### **3.1. Collective bargaining of broadcasting rights**

Due to the increasing significance of broadcasting rights, which are viewed as a critical component in determining the discrepancy in income between clubs, media revenues are regarded as a major worry in the football business (KPMG, 2017).

The broadcasting of football events is very essential since technology advancements allow the matches to reach a broader audience. In addition, it is one of the largest sources of revenue for clubs (FOOTBALL BENCHMARK, 2019).

The primary sources of revenue for football clubs are broadcasting, advertising, and matchday. In most situations, clubs have little control over the central distribution of broadcasting money (FOOTBALL BENCHMARK, 2017). According to the Deloitte Football Money League study, television income account for 43% of Money League teams' revenue, while commercial and matchday revenues account for 40% and 17%, respectively. In this case, it was deemed pre-pandemic data because to the atypical nature of the year, therefore it does not reflect reality.

The sale of television rights has dramatically grown its weight in football teams' earnings during the last decades. The convergence of the telecommunications and television industries has altered the media landscape by boosting competition and the number of channels accessible to the public for accessing the games, hence expanding customers' options and dispersing them among the many channels. Therefore, media outlets are willing to offer more than ever before for exclusive football broadcasting rights (FOOTBALL BENCHMARK, 2016).

The collective bargaining model prevents football clubs competing in the I and II Leagues from marketing the rights to their individual matches (Público, 2021). In contrast, a decentralized model gives the TV rights holders of the clubs with the greatest performance and the most supporters the ability to obtain a larger share of the broadcasting rights money than the others.

Since its inception in 1992, the Premier League has utilized a central distribution model, which is regarded as one of the primary reasons for its financial success. This model promotes more

negotiating power and the "no single buyer" rule, so fostering a competitive environment (FOOTBALL BENCHMARK, 2019). A few years later, this model was adopted by Bundesliga, Ligue A, Serie A, and LaLiga, despite the fact that each league had its own particularities regarding the metrics used and their weights.

The objective of the central distribution model was to improve the broadcast and multimedia rights of professional football contests and distribute earnings more evenly among clubs, hence providing a level playing field (Publico, 2021).

### **3.1.1. Theoretical Assessment of Collective Bargaining**

Theoretically, the simultaneous broadcast of two independent games from the same professional league corresponds to rival sports programs, vying for television audiences. The individual selling of rights has the ability to generate competition in television markets, despite the fact that it increases the asymmetry in the financial distribution of television broadcast earnings between clubs and may need customers to subscribe to more channels to see all the games (OCDE, 2010).

From the perspective of a competitive evaluation, the collective sale of broadcasting rights, reading clubs as rivals, entails a sort of horizontal collaboration in which professional clubs forego individual competition. In terms of competition law, the League of clubs equates to an organization of corporations. Collective bargaining "has the effect of coordinating the price policy and all other business circumstances on behalf of all the various football clubs involved," (EUR-Lex, 2003) granting the seller monopolistic power vis-à-vis potential purchasers, television providers, and telecommunications firms.

There are three anti-competitive theses regarding the collective sale of rights: they give the League market / negotiation power (greater than the individual power of the clubs) to determine the price of audiovisual rights, leading to inflated prices at the wholesale level for television operators and at the retail level for consumers; they restrict the number of games displayed based on the individual trading situation; and they reinforce the market position of the most important television

operators, as only the main television operators will be able to bid for all rights. (United Nations, 2018)

In Germany (T. Evens et al, 2013), and the Netherlands (NMa, 2002), competition authorities disallowed collective bargaining of football rights before to 2003, when the European Commission established a precedent in the UEFA Champions League case (Eur-Lex, 2003). In 1999, the Office of Fair Trading (the predecessor of the current Competition and Markets Authority) in the United Kingdom believed that collective selling by the Premier League would be restrictive of competition, acting as a cartel, and inflating costs and prices. However, a court found that the ban on collective selling limited the income of clubs and prevented the possibility of maintaining a competitive balance between large and small clubs (Falconieri, Sonia et al., 2004).

Rottenberg (Rottenberg, S. 1956) and Neale (Neale, W. C., 1964) identified a set of features of the demand for professional sports, according to which competitive balance is a component of the show's quality that consumers desire, so providing support for the "uncertainty of result theory." In this way, collective selling, to the extent that it permits the deployment of income redistribution mechanisms that promote competitive balance in the league, can be advantageous for consumer welfare.

However, it has been questioned that consumers primarily desire competitive balance when viewing the show, as there is little empirical evidence to support competitive balance as a demand reason for the show (Budzinski, O., & Pawlowski, T., 2017) (Pawlowski, T., Nalbantis, G., & Coates, D., 2018). There are empirical studies in opposition to the "uncertainty of outcome hypothesis" in which it was observed that only when the probability of winning the home games of a given club is extremely high is there a negative impact on the presence of clubs' supporters – supporters of a given club want their team to win and are more likely to attend home games when the probability of winning is high (Borland, Jeff and Macdonald, Robert, 2003).

Falconieri et. Al (Falconieri et al., 2004), using an analytical model, in which consumers value the competitive balance – “uncertainty of outcome hypothesis” –, which depends on the investment

in talent/ players by clubs, compared the collective selling solution with the individual selling solution. Falconeri et al., identified three effects: bargaining power effect, which rises with collective selling compared to individual selling, which can have a positive or negative effect on global well-being; the prize effect, when the exogenous prize for winning the league is low, the league can set an individual performance bonus based on the redistribution of collective income based on sporting performance, which encourages clubs to invest in talent, which can be higher with collective bargaining that increases global well-being; and the free-riding effect, which reduces the incentive for clubs to invest in talent, free-riding which is greater the greater the number of clubs in the league. From the combination of the three effects, Falconeri et al. concluded that individual selling is the one that maximizes global welfare when the number of clubs in a given league is greater, clubs are heterogeneous in relation to their individual bargaining power, and when there are exogenous monetary performance rewards – i.e. not determined by leagues – big.

Without collective bargaining, and subject to the purchasing power of television operators, wholesale prices for audiovisual rights can be lower, if we refrain from the possible impact of the value of the rights on the quality of the show. As the US antitrust case *Weyerhaeuser* illustrates (Werden, Gregory J., 2007), monopsony power, which lowers the value of wholesale prices, may not be negative for final consumers if in retail markets the monopsonist does not have market power, i.e. if you pass-through to consumers the lowest wholesale prices. However, in the Pay-TV industries and Telecommunications markets in general, the monopsonist or oligopolist of the audiovisual rights has market power in the exhibition of the rights, i.e. has the capacity to impose prices above marginal costs.

The assessment of the impact of collective bargaining by the League on consumers and global well-being is not a trivial matter, insofar as the growth in the price of television rights, which is associated with the monopolization of sales, can have a positive impact on the quality of television spectacle, through the growth of the competitive balance of the League. Whether consumers effectively value competitive balance – consumers of sports shows are heterogeneous and supporters

of specific football clubs – which justifies the rise in the price of access to viewing sports shows, is an issue on which there is not enough scientific consensus supported by empirical evidence.

### **3.1.2. General Advantages and Disadvantages**

In the hypothesis of implementing a collective bargaining model in Portugal, meaning in the Portuguese Nacional leagues, I Liga and II Liga, it was taken in consideration several studies and reports in order to identify the advantages and disadvantages of this model to all the stakeholders involved. The main reports taken into consideration were: “Estudo sobre o impacto da negociação centralizada dos direitos televisivos em Portugal” from (Servir Benfica, 2022), and “Estudo Internacional sobre direitos audiovisuais desportivos” from EY (Farinha, 2021), “The European Club Footballing Landscape” from UEFA and a report from a national agency, Autoridade da Concorrência, which gives recommendations regarding this topic. With this in mind, we will go into the theoretical advantages and disadvantages of implementing this collective sale of football rights in the Portuguese professional leagues, always keeping in mind that these pros and cons of the implementation are highly correlated with assumptions on certain outcomes, as we are going to elaborate further.

As previously mentioned in the international context, numerous European leagues have embraced a collective bargaining model, and the advantages they enjoy are comparable to those that Portugal may enjoy. From the standpoint of the rights owners (i.e., the football clubs), a collective sale of these rights may create a higher selling price than individual sales due to the teams' greater bargaining leverage with broadcasters and the opportunity to provide value-complementary packages. This impact also enables clubs to enhance their earnings relative to individual earnings, which, in theory, leads directly to a more equal income distribution among all championship clubs.

Additionally, from the standpoint of sports channels and customers, the combined selling of rights might bring about a number of advantages. In reality, collaborative marketing enables the construction of sports channels with content tailored to customer interests by enabling the acquisition of game packages with considerable value complementarities. Also from the perspective of

broadcasters, a centralized strategy might provide fresh money to combat piracy and illicit broadcasting. Lastly, the collective bargaining of sports rights could be an adequate starting point for effectively addressing the identified competition problems, as it would allow for the regular release of a portion of television rights at the same time, thereby lowering entry barriers and guaranteeing access to sports content with higher quality and innovation at a theoretically lower price.

On the other hand, its execution and its benefits might also cause certain downsides and disadvantages for the stakeholders, constituting an antithesis. According to the research, no forward public study with particular values and assumptions for a centralized scenario has yet been conducted, and the downsides of this model may have a greater impact than their benefits, depending on the scale of each good and negative effect. According to AdC, the expected increase in income is not quantified, nor has a thorough prediction been prepared. In light of this and taking into consideration the fact that the Portuguese market, which will be analyzed in greater depth, has the highest football viewing costs relative to the average national wage in Europe, Portuguese consumers already pay the highest rates relative to the rest of Europe. This is also consistent with the belief that the Portuguese market has already reached its maximum income potential in this subject. SL Benfica, FC Porto, Sporting CP, and SC Braga will see a considerable loss in revenue if the collective bargaining does not result in a significant rise in revenues, and if the 50-25-25<sup>1</sup> distribution model is assumed.

In addition, according to a research by “Servir o Benfica”, the Portuguese League is one of the most reliant on money generated by UEFA competitions. Considering that the top four clubs are the ones representing Portugal in international competitions, this decrease in revenues for the top four clubs could very well lead to a decline in performance in international competitions, thereby reducing the inflow of revenues from international games and creating a vicious cycle that will lead to a decline in competition in the Portuguese I Liga and II Liga.

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<sup>1</sup> This means a distribution of revenues of 50% equally shared revenue, 25% distributed based on current season performance and the remaining 25% based on social impact, mainly home games attendance. For more information on this refer to chapter 5.2.3.2.

Therefore, in order to prevent this loss to the larger Portuguese clubs, (again, taking into consideration the new distribution model), revenues required to more than double, if a collective bargaining is implemented. Given that we have the third-highest revenues in football streaming per capita and in PIB by purchasing power (Servir Benfica, 2022), it may be challenging to raise these revenues through a price increase for customers.

Considering the positions and interests of broadcasters and sports channels on the national market, the implementation of this model is also subject to certain limits. First, in the collective approach, bidders for broadcasting rights would compete for ownership. This indicates that collusion is feasible if bidders express the same interests, as is the case in the current Portuguese scenario with Sport TV<sup>2</sup>. Second, this rivalry under a collective negotiation paradigm might impede the emergence of new, creative trends, such as OTT, in other areas, which take time to reach the income levels of traditional broadcasters.

As outlined previously, the implementation of this model would have an impact on the various stakeholders present, whether they are consumers, clubs, broadcasters or TV operators, or even indirect stakeholders such as the competition in the Portuguese League and the performance of clubs on the international stage. After briefly highlighting the major advantages and disadvantages of this suggested paradigm, we shall investigate each of its sides and effects in this article.

## **3.2. Audiovisual rights landscape**

### **3.2.1. Internationally**

Several elements distinguish the Portuguese League from the American Leagues (NFL, NBA, and MLB) and the top five European Leagues (England, Spain, Italy, Germany, and France). Initially, they use a collective bargaining model to negotiate the sale of audiovisual rights. This negotiation typically involves packages (where different channels have the possibility to bid on several offers, based on game day, schedule or on different platforms). The availability of more than one large

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<sup>2</sup> For detailed information on this refer to chapter 3.2.2.3.

"audiovisual player" enhances the viability of this system by permitting rivalry among players, which results in the "sharing" of material. Most of the audiovisual content is distributed via Pay-TV and streaming channels. Lastly, the League publishes each team's revenue in a transparent manner, in contrast to the Portuguese system in which each club exposes its own revenue stream inside its own financial reports.

### **3.2.1.1. European Leagues**

#### **Premier League**

Currently, the EPL is the most significant football league in Europe, ranking first in Brand Value, Total Broadcasting Revenue, and Average Total Operating Revenues. In fact, the EPL's Brand Value has reached such high levels (8,600M€) that it is worth more than twice as much as the next player, the Spanish League (4,100M€) (Statista, 2022). Five English teams (Manchester City, Manchester United FC, Liverpool FC, Chelsea FC, and Tottenham Hotspur FC) are among the top-10 leading teams by total operating income, with Manchester City in first position and Arsenal, the remaining top six clubs, in 11th (Football Benchmark, 2022). The amazing numbers of the EPL are reflected not only in the monetary values of their income streams, but also in the aggregate number of social media followers, which is 820 million, followed by the Spanish League, with figures of 764 million, and the Italian Serie A, with 281 million.

The initial implementation of the collective bargaining model occurred in 1992, following an agreement between the Football Association and the 20 clubs. The EPL creates a clear separation between national and international broadcasting earnings, employing unique allocation mechanisms for each revenue source. There are presently 20 clubs in the league that play home and away games, totaling 380 total games every season, divided into 38 game weeks. As the EPL expands its worldwide strategy, the foreign audiovisual income stream contributes significantly to the maintenance of a strong Brand Value. When it comes to international rights, the EPL takes an egalitarian approach, since the whole amount of the profits is distributed equally among the 20 clubs. Given the strength

of international markets, the English Premier League adopts an internationalization plan to maximize profits on various markets. Currently, the EPL assigns one "big six" (Arsenal, Chelsea, Liverpool, Manchester City, Manchester United, and Tottenham) match every game week to the premium schedule for the Asian market.

The EPL's overall broadcasting income have climbed over the past decade, reaching \$3,010 million in 2021/22. Moreover, the data for the previous two contract renewals have increased, with a 43% increase in 2016/2017 and an 8% increase in 2019/2020.

While local broadcasting income have been on the rise, the importance of foreign broadcasting contracts appears to distinguish the Premier League from other European leagues. International revenues will account for 46% of overall broadcasting income in 2021/2022, with a total value of 1,400 million euros. As of 2019/20, the EPL implemented a new formula for distributing international revenues, in the case of future increases: the current value of that stream would continue to be distributed equally through each club, but the increased amount would be distributed on a merit-basis, according to each team's league position, while establishing a ceiling ratio of 1.8:1, meaning the "highest-earning club receives 1.8 times the amount received by the lowest-earning club" (Premier League, 2016).

However, the Domestic Revenues distribution model is considerably different: fifty percent is allocated equally to all clubs, twenty-five percent is granted depending on each club's final league place, and twenty-five percent is distributed as a facilities fee for matches shown on television (Premier League, 2016).

The data given by the EPL itself (Exhibit 1) enables us to analyze their distribution model in a clear manner. In season 2020/21, the English Premier League disbursed a total of 2,518 million pounds in income, or an average of 126 million pounds per team. As Manchester City, the league's first-place team, earned 152.55 million, we can compute an increase of 21% when compared to the average, whilst Sheffield United, in last place, received 97.56 million, a relative value of -22.6% to the average. Absolute statistics reveal a lesser disparity, with the top spot earning 6.06 percent of the

total broadcasting income and the worst spot receiving 3.87 percent of the same pool. Focusing on merit-based distribution has an immediate effect on final values, with top place receiving 9.52 percent of the overall merit-based payment pool (including local and foreign) and last place receiving only 0.48 percent (Exhibit 2). On the "Facility Fees" category, we observe a different approach, with fourth-place Chelsea FC receiving the most amount due to the live broadcasting of 30 games, more than first-place Manchester City's 27 games.

The unquestionable success of the EPL distribution model, with its robust audiovisual offering, highly devoted audience, and high-quality and competitive football, has also boosted the coverage of the competition in the rest of the world, with one billion households having access to its games.

### **La Liga**

LaLiga, generally known as the Spanish Football League, ranks second in terms of Brand Value (Statista, 2022). It also lags behind the EPL in Total Broadcasting Revenue and Aggregate Social Media Followers, but is third in Average Total operating revenues and has two clubs (Real Madrid CF and FC Barcelona) in the top five clubs by total operating revenues. Furthermore, Real Madrid CF is presently the market leader in terms of worldwide brand value (Brand Directory, 2022). LaLiga is perhaps the second most prominent football tournament in the world, with 764 million followers on social media and a significant lead over third place.

In contrast to the EPL, where a collective bargaining model of audiovisual rights has been in existence for some time, the LaLiga did not adopt the model until 2016, when Royal Decree-Law 5/2015 forbade individual negotiations (EY). After early opposition from teams, particularly FC Barcelona and Real Madrid CF, this model was not adopted until the 2016–17 season.

When analysing the immediate effects of the new collective bargaining agreement, we see a 29.6% rise in broadcasting income, from 3,167.60 million euros in the previous season to 3,662.30 million euros in 2017/18. It is essential to note, however, that this increased tendency was also observed in prior years, particularly in the fluctuation between 2014/15 and 2015/16, which

represented a variance of 31.3%. (Sports Business Institute). Based on the prior data, a conclusion that the collective bargaining agreement increased the entire pool must be viewed with considerable skepticism.

LaLiga's new agreement stipulates that 10% of the overall broadcasting profits will be allocated to the second division clubs, while the other 90% will be divided among the 20 first division clubs. These 90% would then be distributed based on the following criteria: 50% is divided evenly among the league's 20 clubs, 25% is awarded based on league places during the previous five football seasons (merit-based), and the remaining 25% is based on the team's social impact, referred to as "Club Support." Club Support is further subdivided and calculated as follows: "average income from season tickets and gate receipts over the past five seasons" (Sports Business Institute Barcelona) corresponds to a 1/3 proportion and "contribution to broadcast resource generation calculated by comparing the average audiences recorded by the participating clubs each season" (Sports Business Institute Barcelona) corresponds to a 2/3 weight. With the factors given above, the final distribution is 50%/25%/17%/8%. After all distributions have been made, the revenue gap between the highest and lowest earners is 3.5 times larger.

On the second contract renewal, which covered the period between 2019 and 2022, domestic broadcasting rights were offered in packages/bundles, allowing for competition amongst major participants (in this case MediaPro and Telefonica).

Comparable to the EPL, foreign broadcasting income are shared evenly among LaLiga clubs, but without the merit-based component experienced in later EPL seasons. LaLiga follows the pattern set by the EPL by scheduling the first "El Clasico" in the early afternoon to target the Asian market and the second in the evening to target the American market.

Despite the absence of information on the precise categories within the LaLiga's distribution model, Exhibit 3 displays the total broadcasting income values collected by each team during the 2020/21 season. With a total worth of 1,445.00 million euros, it is simple to establish that the average revenue is 72.25 million euros, which is much lower than the EPL average. However, the club with

the most earnings receives 129% more than the average, while the club with the lowest earnings receives -35% of the average. It is irrelevant that top place earned 11.46 percent of total income while lowest place received only 3.24 percent. When compared to the EPL, the outliers in the Spanish model have substantially larger disparities, mostly owing to the merit-based and social impact categories that give larger sums to more popular clubs.

### **Bundesliga**

The Bundesliga is the premier football league in Germany. It follows LaLiga in Brand Value and Total Broadcasting Revenues, while surpassing it in Average Total Operating Revenues. FC Bayern Munich is the most well-known club in the league, ranking first in Club Brand Value in 2021 before Real Madrid CF overtook them in 2022. However, the Bundesliga is far less popular, ranking seventh among the top seven leagues with 192 million collective social media followers.

In contrast to the preceding leagues, the Bundesliga's overall broadcasting income has decreased from 2020/21 to 2021/22, from 1188 million euros to 987 million euros (Football-Finance, 2022). However, the provided preview of the following 4 years hints to a small recovery of the value, albeit being still below the values of 2020/21. Due to the fact that the standards utilized for analyzing prior competitions were from 2020/21, we shall employ the same technique for the Bundesliga.

Similar to the EPL and LaLiga, the Bundesliga distinguishes between domestic and international revenue. However, Bundesliga's International Revenues offer a substantially lesser share to the entire pool, compared to the EPL and LaLiga. In contrast to the EPL and LaLiga, where attendances ranged from 40 to 50%, the Bundesliga can only attain 14%. Given the Bundesliga's popularity and the fact that it is significantly smaller compared to the previous leagues, it is unsurprising that it is unable to get much attention outside of Germany. The "index" of competitiveness may also be cited as an explanation for the Bundesliga's lack of attention. FC Bayern Munich has won the title for the past ten years in a row, while Borussia Dortmund has finished second for the past six.

The distribution model of the Bundesliga adheres to the so-called "Four Pillar Principle": Equal Distribution, Performance, Youth Talent, and Interest (DFL, 2020). 53% of Pillar 1's value belongs to Equal Distribution. In this category, the entire National Broadcasting Revenues are divided and distributed equally between the 18 clubs from the first division and the 18 clubs from the second division (Bundesliga 2). At number two is the Performance pillar with a weight of 42%, further divided into three sub-categories: a Separate 5-year table, with a weight of 24.5%, for both the Bundesliga and Bundesliga 2 (where each club receives points from 1 (last place in Bundesliga 2) to 36 (champion of the Bundesliga), with points from the previous five seasons weighted 5:4:3:2:1 and providing two separate tables for each competition); a Joint 5-year table, where the final table Concerning the Youth Talent pillar, its division into two subsections adds to the model's complexity. The first component amounts for two-thirds of the pillar and allocates money proportionally to the minutes played by club-trained Under-23 players during the current season. The remaining one-third is based on the proportion of U23 local players' total training time (starting at age 12) and is weighted by minutes played. Lastly stands the Interest pillar, which accounts for 2%, and determines interest in each club of the 2 major divisions, with the assistance of a survey performed by Allensbach Media Market Analysis and aimed at general population from the age of 14, with a representative sample of roughly 23000 persons. The survey permits the categorizing of the interest in each club in relation to the general interest in all clubs. (DFL, 2020)

Concerning International Revenues, the distribution model focuses more on UEFA European tournaments and the success of German clubs in relation to them. A predetermined 4% stake of the overall International Revenues is originally awarded to the Bundesliga 2 clubs, while the Bundesliga clubs keep the remaining 96%. Erst danach may a three-pillar distribution for Bundesliga clubs occur. Equal Distribution, the first pillar, distributes 35% evenly across the 18 participating clubs. The Performance pillar, worth 65% in total, with 50% allocated through 5-year performance in UEFA European competitions, using a coefficient designed by the DFL that closely corresponds to the club

coefficient used by UEFA, and 15% based on a 10-year participation of Bundesliga clubs in said UEFA competitions, only considering group stage and elimination rounds matches. (DFL, 2020)

The 2020/21 broadcasting income allocation is seen in Exhibit 4. FC Bayern Munich, winner of the Bundesliga for that season, obtained the greatest sum of income, with an 8.9% share of total revenues, while last place Arminia Bielefeld kept only 2.9% of the total value. With an average of 66 million euros awarded every club, we can also compute the distance from the top and worst position to the average. Whereas the top position earns +59.6%, the lowest place collects -48% of the same amount, exposing certain anomalies, yet with a better distribution than LaLiga.

### **Serie A**

The Serie A is the premier Italian football league. The negotiation of broadcasting rights has followed a collective bargaining model since 2008, when Legislative Decree No. 9 of January 9, 2008, also known as the Melandri-Gentiloni Decree, was signed into law. Following the scandals of 2008, this renegotiation of broadcasting rights aimed to decrease the risk of match manipulation. (EY, 2021)

As there appears to be no distinction between Domestic and International Revenues in Serie A, it may be inferred that the distribution model splits them equally based on a set of rules: 50% is considered equal distribution, where each of the 20 participating clubs receives an equal share, 15% is merit-based and includes only the previous season's classification, 10% is based on the last five seasons' classification, 5% is based on historical classification, and 20% is based on the number of supporters (calculated by TV audience on a team's games and ticket sales). The most recent three-year contract period (2018-2021) was negotiated through bundles, with Sky and DAZN ultimately dividing the total games unequally. According to EY, the annual value of this deal (including domestic and international rights) was around 1,320 million euros. Importantly, the value of International Rights increased from 190 million euros to 371 million euros during this period, while Domestic Broadcasting Rights appeared to generate 973 million each season (Sportstar, 2020)/1025

million dollars (Football-Italia). The revenue gap between the top and bottom earners in Serie A is 4.7x (EY, 2021), making it the most unequal among Europe's top five leagues. Exhibit 5 presents estimated and unofficial data for the distribution of Serie A teams.

### **Ligue 1**

The Ligue 1 is the elite football league in France. Despite being regarded as a Top-5 European League, it is one of the least popular in that field, as it is placed fifth in Average Total Operating Revenues and Total Broadcasting Revenue, but fourth in Aggregate social media followers, ahead of the Bundesliga but below the others. The centralized model originated in France with the Law 84-610 of July 1984, which declared that the Sporting Rights belonged to the event organizers, in this instance the LFP. In 2018, League 1 signed a 3-year contract with Mediapro for 80% of the Domestic Broadcasting Rights, while beIN Sports acquired the remainder 20%, allowing the LFP to obtain 1153 million euros for the entirety of the Domestic Broadcasting Rights. The transaction got completed despite Mediapro's lack of bank guarantees. Although Mediapro's financial status was already unstable before to Covid, the pandemic exacerbated the company's financial difficulties. Although they were able to pay the initial installment, they were unable to pay the subsequent two installments. This sequence of events resulted in the LFP and Mediapro terminating their contract in December of 2020 (SP, 2022). The LFP was able to negotiate a new three-season deal with Amazon, worth 275 million euros per year, for approximately 80% of Ligue 1 and Ligue 2 (France's second division) matches, while beIN Sports retains the remaining 20% (which it sublicenses to Canal+), for which it paid 330 million euros per season in 2018. The latest agreement with Amazon has prompted Canal+ to seek to return their rights (after analyzing the issue and realizing they were overpaying), but a French judge has ruled that they must continue to pay beIN Sports until the present contract expires. In Ligue 1, the present Agreement for International Broadcasting Rights exposes a mostly untapped market, with beIN Sports as the sole owner (with a contract that began in 2018/19 and will finish in 2023/24) and sublicensing to other media firms, such as DAZN in Japan (SP, 2022). This agreement

is worth around 80 million euros every season, which, even in the more current scenario with Amazon and beIN Sports as the owners of the Domestic Broadcasting Rights, is just 11.7% of the entire income pool. Given the lack of consistency in Revenue streams over the past several years, it becomes impossible to analyze their model in its entirety. Nonetheless, it is worthwhile to clarify how earnings might be split throughout a typical season. The LFP adheres to the 50-30-20 rule: 50% is split equally across all clubs, 30% is set and 20% is tied to club licensing, 30% is merit-based and shared according to league places, with 25% from the current season and 5% from the preceding five seasons, and 20% is based on media profile.

### **Eredivisie**

Despite the fact that the top five European leagues are an example of a well-applied collective bargaining model, the sporting, demographic, and social conditions in those leagues and the nations they represent are vastly different from the Portuguese instance. For the purpose of analyzing a distribution model that may be more directly related to and utilized in the Portuguese League, the Eredivisie was one of the selected leagues, as several of its variables had comparable sizes. According to the UEFA Country Coefficients ranking as of the date of this study, the Netherlands and Portugal are placed sixth and seventh, respectively, with a point difference of 53700 to 51716 (UEFA.com). Despite their demographic disparities, this provides the Netherlands and Portugal with a ranking worthy of comparison.

The population of the Netherlands is around 17.6 million, whereas Portugal stays at 10.3 million (Statista). This demographic disparity is substantial, indicating that the Netherlands have the potential to establish a larger broadcasting market than Portugal, given the right conditions. The current Domestic Broadcasting Rights contract for the Eredivisie was signed in 2013 and expires in 2025, with an average value of 80 million euros per season. This scenario goes against what is typical in the big-5 Leagues, where broadcasting deals tend to have no more than 5 years. The distribution of broadcasting earnings by the Eredivisie is based on a ranking methodology that takes into account

the club's standing in the League over the previous ten seasons. The sum of each team's total points from the aforementioned seasons is then divided by the 18 clubs' total points. At the end of the season, the ultimate value allocated to each club will be determined by multiplying a percentage by the overall value of Broadcasting income.

Regarding International Broadcasting Rights, IMG is the exclusive owner, having just signed a new deal for its exploration between 2022/23 and 2024/25 (Insider Sport, 2022). The preceding agreement, which ran from 2018/19 to 2021/22, generated 12 million euros annually (Servir o Benfica, 2022).

Exhibit 6 depicts an estimate of broadcasting income per team for the 2019/2020 season (non-official values, only based on published data). With an average of 4.42 million euros earned each club, the Eredivisie has one of the smallest earnings agreements among Europe's major clubs. Ajax, in first position, earns 133% more than average, while Fortuna Sittard, in bottom place, earned -56% less than normal. When comparing the highest and lowest incomes, we compute a difference of 428%, indicating disparities not observed in the top five leagues and exposing a flawed model.

The Jupiler Pro League is Belgium's premier league. In contrast to the Eredivisie, which was a case of interest owing to its proximity to Portugal in UEFA's Nation Coefficient ranking, the Jupiler Pro League is played in a country with a demographic profile closer to Portugal, with around 11.65 million inhabitants. While winning on the demographic side of parallels, it loses on the sporting side, ranking ninth in the UEFA's Country Coefficient with 35400 points, as contrast to Portugal's 51716. The current Domestic Broadcasting Rights contract with Eleven Sports is worth 103 million euros and has a length of 5 years, beginning in 2020/21 and continues for 5 seasons. Distribution methods and particular amounts are not released, although it is believed that the top five clubs in Belgium earned 80% of the revenue, while the remaining eleven clubs received just 20%. (Digital TV Europe, 2020). The criteria used to identify the top five "vary from commercial effect to TV audiences" (Inside World Football, 2020).

The International Rights distribution is still in its infancy, with Eleven Sports working with Mediapro to deliver the Jupiler Pro League on worldwide stages. The cooperation between Eleven Sports and Mediapro has enabled the league to be aired across the Americas and Oceania due to Mediapro's worldwide reach. Eleven Sports is leading the charge by providing free access to pre-playoff matches on its streaming platform, MyCujoo.

It is important to note that the Jupiler Pro League has a different structure than the other leagues mentioned. In the first phase, 16 teams play each other twice and a final ranking is determined based on the regular schedule. However, in the second phase, the first six ranked clubs form a group, where their points are halved and their order is retained. After that, they play each other twice more to determine the final standings of the season. This model has enabled Eleven Sports to provide free access to first-phase games, then to create a pay-per-view model for the second phase. This method facilitates the league's increased visibility.

#### **3.2.1.2. American Leagues**

Despite the fact that the United States of America are a unique nation, we have previously analyzed, both demographically and socially, the continued cultural significance of sports. American sports also utilize a collective bargaining model, with some mixing it with regional variations. The use of advertising as a source of money for the media is utilized in a much more pronounced manner, which is a second set of distinctions. In American sports, particularly in the leagues listed below, the league system is closed, there are no relegations, and college players are picked annually by each club in a seven-round draft. Priority in the Draft is given to the clubs with the lowest win % from the previous season, while the Champions of the League select last in each round.

## **NFL**

The NFL is the main American Football competition. The NFL possesses 32 teams, split between two conferences: the AFC<sup>3</sup> and the NFC<sup>4</sup>. Each conference has four divisions, which are divided between the North, South, East, and West. Each Team plays their division opponents twice every season, four Conference rivals, four teams from the opposite Conference, and two games against division rivals from the other divisions within the same Conference (NFL Football Operations, 2022). It is a league focused on the postseason, with 16 regular-season games determining a ranking of clubs that will subsequently compete in the postseason. There is a distinction between regional and national games, with regional games representing the regular season and national games representing the remaining playoff contests (Wild Card, Divisional, Conference and Super Bowl). The National Football League is a pioneer in the media rights market, executing a collective bargaining model that gives each team an equal portion of income. Despite having the fewest amount of games played in the United States (255), it makes significantly more income than the NBA (Basketball) and the MLB (Baseball). Five packages are discussed during the bundle negotiation (seen in every major American competition), with CBC, FOX, NBC, ESPN, and ABC being the bidders (EY, 2021). Each package specifies beforehand the number of games, the weeks during which they are televised, the number of wildcard games (playoffs), and whether the game will be telecast in prime time or on Thanksgiving (considered a major holiday in the US). The Super Bowl (the championship game that determines the League's winner) is annually aired on a single network.

## **MLB**

MLB<sup>5</sup>, the primary Baseball competition in the US. Like the NFL, it is characterized by a playoff-based structure, where regular season games and each team's win percentage determines a ranking of teams, from which the best teams follow through to a knockout round. Also comparable

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<sup>3</sup> American Football Conference

<sup>4</sup> National Football Conference

<sup>5</sup> Major League Baseball

to the NFL is the split of clubs, which consists of two Conferences (American League and National League) with 15 teams each, and three divisions (Central, East, and West) within each Conference. There are around 2400 broadcast MLB games every season, with each team playing 162 games. Even if the concept of regional and national games has been confirmed, the NFL and MLB share no other characteristics. The MLB's national games (meaning postseason games) adhere to a collective bargaining model in which each team receives an equal share of the total revenue pool. However, the League permits individual team talks for regional games. Naturally, the inequalities in broadcasting earnings from regional games are considerably greater, since the more popular clubs are able to negotiate larger deals and maybe get national coverage. In light of the inequalities in the contracts, there is a collective agreement amongst the 30 teams that stipulates a preset proportion of overall money collected by clubs to be pooled and then allocated evenly. According to the most recent accords, each team earns around sixty million dollars each year from national games. Regional broadcasting revenues reflect a 12.5x disparity between the highest and lowest earners (Los Angeles Dodgers and Miami Marlins, respectively) compared to total broadcasting revenues, which reveal a 3.9x difference. The Los Angeles Dodgers earn \$250 million for the rights to their regional games, but the Miami Marlins only receive \$20 million. This figure indicates the Brand Value of certain clubs with widespread fan bases, while others fail to gain sufficient popularity to negotiate better terms.

### **NBA**

The NBA<sup>6</sup> corresponds to the main division of professional Basketball in America. As is customary in American Sporting events, it is a playoff-based tournament, with clubs qualifying for the postseason based on their regular-season standing. It consists of 30 teams, which are divided between two conferences (East and West) and three divisions within each conference (Atlantic,

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<sup>6</sup> National Basketball League

Central, and Southeast in the East Conference; Northwest, Pacific, and Southwest in the West Conference). Each season, around 1300 games are aired using either a Pay-TV or Streaming model.

The NBA employs the same structure as Major League Baseball, with regional and national games. Regional games consist exclusively of regular-season contests, but national games comprise every round of the postseason, from the first to the championship. Regional games may be separately negotiated by NBA clubs, while national games are supported by a collective bargaining agreement.

Regarding national games (using a centralized method to the negotiation of television rights), the whole income pool is divided evenly among the 30 participating clubs, or \$90 million per year for each. Regarding regional competitions, the scenario is rather distinct. The examination of values reveals a 6.1x disparity between the highest and lowest earners, despite the fact that the inequities discovered are not quite as pronounced as those in the MLB. The exact example identifies the Los Angeles Lakers and the Miami Heat as the highest and lowest earners for their respective rights, collecting 122 and 20 million dollars, respectively. Since it stands, this demonstrates a disparity in popularity across clubs, with the more popular teams receiving larger broadcasting contracts (as millions of people are provided) and the less popular teams being unable to secure higher offers owing to their limited social reach.

When entire broadcasting income are considered, however, the disparity narrows to a mere 1.9x, with the LA Lakers receiving 212 million dollars and the Miami Heat receiving 110 million dollars. Comparing the above-mentioned figures to those given by the MLB reveals that the influence of regional broadcasting rights in the NBA is lower, at least when comparing the top and bottom clubs. The commercialization model includes four important participants (ABC, ESPN, TNT, and NBA TV) with varying degrees of effect on the number of televised games. ABC airs 19 games (Christmas, Saturday evenings, and Sunday afternoons), ESPN airs 82 games (Wednesdays, Fridays, and 20 playoff games), TNT airs 67 Thursday games and 45 playoff games, and NBA TV broadcasts 106 games (Sundays, Mondays, Tuesdays, and Saturdays, and 9 playoff games). This agreement is effective until the expiration of the present long-term contract in 2025.

#### **3.2.1.2.1. Americanization of the European Competitions**

Over the past several years, European football has taken on a new form and adopted more American techniques. Despite some of its benefits, the collective bargaining model might be viewed as anti-competitive since it has some features entrenched in American sports: The Leagues are often closed to a fixed number of teams – the owners of the teams currently placed in the League can veto the entrance of other teams from the same geographical area, while being financially rewarded for new entrants; there are strong restrictions on the recruitment of new players – the Draft mechanism allows the weaker teams in the previous season to be the firsts to select new players coming from College Football Leagues, with the goal of preserving talent; and there are strong restrictions on the transfer of players between Leagues (leaving College). This alignment of team interests elicits a response from the players, as seen by a high level of unionization on the players' side (Besanko, D. et al., 2014). In the American Model of professional sports organization, athletic "shows" feature competition.

The "Unique League" model widely used in the United States, with strong competitive restrictions and barriers to entry, differs from the traditional model used in European Football competitions, in which the sporting competitions are organized by sporting federations or associations, containing all levels from amateur to professional, creating a structure in which entries and relegations are determined in a competitive manner and based on sporting merit, especially through a promotion and relegation system.

The proposal to establish a "European Superleague" in 2021, comprised of a group of 12 predetermined teams from the leading European professional football clubs, has produced an obvious conflict between the European and American athletic models. Within the scope of the initiative, the aforementioned 12 clubs petitioned the Commercial Court of Madrid for preventive measures. The court also prohibited UEFA and FIFA from threatening the founding members of the Superleague with fines, deeming UEFA's regulations prohibiting the participation of football teams in competing

athletic events without prior authorisation to be an abuse of dominant position (Orth, M., 2021). It similarly saw as an abuse of dominant position FIFA's laws defining FIFA and its members as the owners of football event audiovisual rights. The value of broadcasting rights, which are jointly bargained within UEFA's championships and further divided based on equitable standards and sports performance, with teams unable to claim direct ownership, was one of the issues that the Superleague concept intended to resolve. The project confronts the monopoly power of the federations and confederations, such as UEFA and FIFA, in the organization of sporting competitions - in fact, the precedent of the judgment T-93/18 International Skating Union v. Commission, considered that it was a violation of the right to competition for a federation to punish athletes that desire to play in competitor competitions – with a horizontal agreement between a set of powerful clubs, that establish a competitive model. The Commercial Court of Madrid is awaiting a preliminary opinion from the Court of Justice of the European Union on a pending case (Orth, M., 2021).

The widespread adoption of the collective negotiation of audiovisual rights of professional sports in Europe is consistent with a growing tendency of European competitions to incorporate traditional characteristics of the American model for the organization of professional competitions (OCDE, 2010), as football's weight as a sporting spectacle in Europe increases in economic significance, despite the fact that some of these characteristics, such as the financial fair play rule, can be considered anticompetitive. Indeed, on deregulated markets, corporations have no investment restrictions other than those imposed by the capital markets' availability to financing. The financial fair play standards enforced by UEFA, although being justified in maintaining the financial riches of the participants, can act as a barrier to competition by preventing some clubs from spending in order to win the tournament or gain entrance to an international UEFA competition. In conventional competition, the loss of market operators due to financial failure is neither an issue of competition nor a model of athletic rivalry with many divisions and relegation systems. On a model of closed league, such as the American model observed in the majority of professional sports, the rules that aim

to guarantee the financial well-being of the participants have their own framework, which is justified by entry and exit barriers that restrict the competitive functioning of the markets.

### **3.2.2. Portuguese Context**

Channel providers like as Sport TV, BTV, Canal 11, Sporting TV, and others transmit the sporting audiovisual rights. After that, the Telecom providers Vodafone, NOS, and Altice transmitted them. According to EY's study (Farinha, 2021), these operators "are present in every phase and hold a shared position in Sport TV." As a result, it creates "competitive issues, prompting the Competition Authority to submit a proposal in support of audiovisual rights centralization."

In contrast to Portugal, the major international football leagues of Europe use a "centralized model of marketing of audiovisual rights" to commercialize the audiovisual rights of professional football tournaments. (Farinha, 2021). In the analysis conducted by EY, only the Portuguese league and the premier division of the Brazilian championship Série A do not use a collective bargaining model for income distribution. This collective bargaining model varies from the Portuguese league in that the league (or an organization selected by the league) negotiates the rights of the clubs, rather than the clubs themselves. In addition, it is the league that chooses how the value of the negotiated rights is allocated among the clubs, depending on criteria that the league has already defined. Non-exclusivity of rights broadcasting by the same media operator is an additional difference between broadcasting rights in Portugal and the major international leagues of European football. This is the "no single purchaser" regulation. In Portugal, nearly all matches of the top two football divisions are shown on the premium pay channel Sport TV (only Benfica's home matches are carried on the club's station, BTV). In the major European leagues, rights commercialization is conducted differently, with a structuring of packages/bundles dividing the numerous matches into groupings based on the day and time of the match or the broadcasting platform. This enables for a redistribution of matches from these leagues among channels/platforms.

### **3.2.2.1. Historical Competitive Structure of the Portuguese Broadcasting Market**

Audiovisual rights linked with premium sports programming, especially those that attract enormous audiences, such as professional football, are essential inputs in the Pay-TV and Telecommunications industries, with high demand and high economic value, but they also create significant competitive difficulties.

The rights sale model, which is based on exclusive distribution contracts, has frequently related to potential concerns of market foreclosure and market domination in Pay-TV markets. Multiple interventions by national competition authorities and the European Commission have been made in this area.

Access to premium content is a significant bottleneck and source of market power in Pay-TV marketplaces, according to the OECD (OECD, 2013). Vertical integration between content owners and television providers, as is the case with movie and series streaming platforms, and the existence of exclusivity contracts can drastically restrict content access and, consequently, competition.

In actuality, the entry of operators into the Pay-TV and Telecommunications markets, in which content is included in combined offers of triple and quadruple play telecommunications services, is determined by their ability to access the content that consumers want and to differentiate their offer, thereby increasing the attractiveness of combined packages of telecommunications services and content (OECD, 2013). The OECD distinguishes between entertainment material (films and series) and sports content, with bottleneck effects being more significant in sports content due to the demand for live transmission by large audiences.

To build entry barriers, operators with Pay-TV market power can exert buyer power in content markets by negotiating exclusive content and transmission rights, allowing them to also exercise market power in retail marketplaces (OECD, 2013).

The collective negotiation of rights by the Leagues of professional football clubs, a common solution in many countries, adopts many characteristics common to cartels, and the assessment of competition authorities has balanced the anti-competitive effects with potential gains in efficiency,

of a largely theoretical nature, and approved with conditions regarding the duration of the contracts, division into lots, and negotiation methods based on open, non-discriminatory procedures.

In Portugal, it was in the field of audiovisual rights for sport and its retail marketing that the AdC's<sup>7</sup> first decision condemning abuse of position, that was confirmed in Court - case in PRC/2010/2 Sport TV - and also one of the bans on operations most relevant mergers, Ccent 4/2013 Controlinvest /NOS /MEO, through which MEO's entry into the capital of Sport TV was blocked, also highlighting the Recommendation addressed to the Government on the creation of regulations aimed at allowing the auctioning of television and multimedia broadcasting rights for matches in the First and Second Professional Football Leagues.

However, the results of the AdC's intervention in mitigating market power, resulting from dominant positions or horizontal agreements between competitors, are minimal, to the detriment of the consumer, as Portugal is one of the European countries in which consumers pay more to access premium sports content. Twenty years after the AdC's initial regulatory involvement in the purchase and selling of national professional football broadcasting rights, the competitive landscape remains comparable to that of the early days of Sport TV. The competition for the television broadcasting rights of professional football clubs' home games, which existed briefly in the bidding war between Altice and NOS, at the end of 2015, which defined the current 10-year contracts with the main clubs, with values considerably higher than the previous contracts with Controlinveste Media/PPTV, was once again terminated by the agreements signed in July and August 2016 between the major telecommunications operators, which buried the horde. Currently, the three largest telecommunications companies in Portugal are connected through agreements, contracts, and shareholder structures that constitute a global non-competition agreement in the wholesale acquisition of national professional football media rights and their retail marketing to consumers. The AdC chose not to challenge agreements that were blatantly anti-competitive, indicating enforcement fatigue in this market, and indicating that legislative intervention was the solution to competition problems,

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<sup>7</sup> Authority of Competition – an agency with the authority to block anti-competition moves made by companies

having recommended to the government the implementation of collective bargaining, with duration of contracts limited to three sports seasons and divided into lots with a "no single buyer" clause. As a countermeasure to a cartel on the side of the purchase of rights, the AdC advocated a cartel on the side of the sale, based on collective selling, which, based on empirical evidence from other markets, has unclear effects on consumer welfare. In effect, collective selling is associated with the increase in the price of transmission rights, which is a result of monopolistic selling, and the solution of division into lots has not been sufficient to stimulate retail competition, as packages are complementary products and not true substitutes, which is likely to increase competition in premium sports content channels. Without the ban of the worldwide non-compete agreement between Telecom providers, which has an impact on the wholesale and retail marketing of rights, the establishment of collective bargaining is unlikely to promote consumer welfare or benefit professional football clubs.

#### **3.2.2.2. Current contractual situation in Liga Portugal**

Focusing on the overall picture of the end of the present audiovisual contracts of Liga Portugal clubs, it is important to note that FC Porto, SL Benfica, and Sporting CP have signed long-term contracts that will expire between 2026 and 2028, much as SC Braga and Vitória SC. As these two clubs are known for their recent national and international success as well as their significant associative mass, they may have an effect on future discussions over the collective bargaining of the audiovisual rights of Liga Portugal. The late expiration of the audiovisual contracts in effect for these clubs may necessitate delaying the commencement of collective bargaining discussions to a period near to the deadline stipulated by the decree-law. Given its enormous weight in Portuguese football, “the beginning of centralization without the inclusion of these clubs may not generate a sufficiently attractive product, particularly from a perspective of building a solid strategy for promotion and penetration in international markets.”

Comparing the contracts of the three biggest clubs in Liga Portugal (FC Porto, SL Benfica, and Sporting CP) with those of the other teams in the league, it is easy to detect the value disparity.

FC Porto earns around 46M€/Year, SL Benfica approximately 40M€/Year, and Sporting CP approximately 43M€/Year. These are, however, simply reference amounts, since the FC Porto and Sporting CP contracts also contain shirt sponsorships, and it is not feasible to differentiate the rise due to the absence of information supplied by the clubs. In addition, the amount earned to date is difficult to evaluate due to the income advances that these clubs get.

In order to address the problem of economic disparity, it is necessary to examine the remaining clubs. SC Braga gets around €10 million every year, although the study of the values of the other Portuguese clubs is incomplete due to a lack of data.

According to the EY report, the “Top 3 Club Television Revenues Compared to Median Club Revenues” takes the highest figure for European leagues, with a multiplier of 15.4. However, the Portuguese case also differs from the other leagues, given the prevalence of supporters of the Big 3 among the Portuguese population, with a combined value of around 94.5%. The total value of TV rights for Liga Portugal is currently estimated at between 170-180M.

The present situation regarding the competition for the audiovisual rights of the two main divisions in Portuguese football is quite different from when the ‘Big 3’ (3 biggest clubs in Portugal, Sporting, Benfica, and Porto) signed the corresponding contracts for their rights with the operators NOS and Altice Portugal, back in late 2015 (*Sporting e benfica com nos, Porto com altice: O que vale mais?* 2015). As it is public, in 2015, Altice acquired Portugal Telecom, forming their subsidiary in Portugal (*Concluída Venda da PT Portugal à altice*, 2015), Altice (which eventually changed to Altice Portugal in 2018), and after that acquisition they decided to take a hostile posture towards their competitors, declaring ‘war’ to its main competitor: NOS. One of the stages of this ‘war’ was the fight for the audiovisual rights of Portuguese football (Suspiro, 2017). The contracts signed by the Big 3 at the end of 2015 (Sporting and Benfica with NOS, and Porto with Altice Portugal), took advantage of this commercial war between the two giants of Telecom operators in Portugal, and we can see that clearly in the astronomical values in these contracts, these values are one of the main arguments behind the reasoning of Liga Portugal in favor of the collective bargaining of rights. The

issue with this argument, is that the current situation is much different from the one when the contracts were signed. This is because, in 2016, NOS and Altice Portugal decided to end their conflicts, therefore, ending the commercial environment that allowed these incredible contracts (*MEO assina acordo para partilha de conteúdos desportivos*, 2016). With the absence of competition, there is no reason to pay such high values for the TV rights, which becomes an obstacle to the reasoning of Liga Portugal in favor of collective bargaining.

However, the future may be better than it seems due to the possibility of new "players" joining the market (Exhibit 8), so helping to "raise the size of the cake." The English firm Eleven Sports entered the American market in 2018, gaining the rights to tournaments such as the Champions League, Spanish, English, German, and French leagues. In addition, the group has already made it known that they are interested in acquiring a portion of the Portuguese league rights, and they are not alone in this regard, as other platforms and actors in the digital world such as Google, Amazon (which already broadcasts matches from the Brazilian cup) see this as an opportunity to enter the market for audiovisual rights of the top divisions in Portuguese football. Moreover, DAZN (which already has well-established roots abroad, for instance in our neighboring country, Spain, DAZN broadcasts Premier League matches) recently acquired Eleven Sports and they promise to increase growth, which maintains the premises of the presented arguments but modifies the structure of the possible repartition.

Individual Part – Gonçalo Dias Lopes

### **3.2.2.3. Business models of the paid channels that broadcast football games in Portugal**

#### **Sport TV**

Sport TV is a Portuguese premium cable and satellite television network that focuses on sports and consists of seven premium channels in Portugal, one sports news channel, and one station in Portuguese-speaking Africa. The debut of the first channel, then known as Sport TV, occurred on September 16, 1998. It is owned by Global Media Group, NOS, Vodafone Portugal, and Altice Portugal (and originally had the participation of RTP). As a premium subscription channel, it is offered by the vast majority of television distributors in Portugal.

Except for Benfica home matches, which are shown on BTV, all I League matches are carried solely on Sport TV.

Sport TV is commonly considered anti-competitive due to the fact that it is the only group of stations in Portugal holding practically all of the rights to broadcast I League matches.

There are many membership rates, with the normal one costing 25.99€ per month and the annual membership offering a reduction of 24.99€ per month. There are more membership classifications associated with other sports that we will not explore since they are irrelevant to our issue.

It is possible to view Sport TV channels using our telecom provider's set-top box or the respective mobile app. For an additional 4€ a month, you can also watch it on the mobile app and website of Sport TV multiscreen, bringing the total subscription cost to 29.99€.

Sport TV has the rights to important football competitions such as the first and second divisions of Portuguese football, the Portuguese cup and league cup, the Italian first division (Serie A), the Dutch first division (Eredivisie), the UEFA Europe league, the Conference league, and the Nations league, the European qualifiers for national teams, the main cups of Spain, England, and Italy, as well as numerous other football competitions that are not as significant internationally.

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### **Eleven Sports**

Eleven Sports provides a broadcasting service for a monthly rate of 15.99€ or an annual rate of 143.88€, which is equivalent to a monthly rate of 11.99€. They presently control the following competition rights: In addition to the UEFA Champions league and Youth league, Premier League, LaLiga Santander, Bundesliga, Ligue 1 Uber Eats and Jupiler Pro league, Eleven Sports broadcasts several more non-football games. Memberships may be obtained directly from Eleven (through their website) or via telecom companies serving as intermediaries (NOWO, Vodafone, NOS, MEO from Altice Portugal). The method of broadcasting depends on how the membership was acquired: if the membership was purchased directly from Eleven, the events can be viewed on Eleven's streaming platform, which is available on their mobile app (for IOS or Android), their website, Apple TV, Android TV, Amazon Fire TV, Chromecast, and Samsung Smart TV; if the membership was purchased through our telecom operator, the events can be viewed through Eleven's channels on the TV box or through the corresponding mobi. All the material on Eleven's own platform is transmitted in high definition providing the greatest quality. Regarding Eleven's channels on the telecom operators and on the related applications, the quality of picture is the same from Eleven's end, any inconsistencies that could arise are to be from the duty of the telecom operator. Additionally, when purchasing Eleven's services straight from them, it is feasible to see their material on two devices at once. With an Eleven Portugal membership it is able to access to their content in any UE nation.

Eleven Sports was owned and financed by Aser Ventures before was purchased by DAZN. Eleven Sports purchased a controlling part of Italian provider Sportube in May 2017, and subsequently, a video streaming platform, MyCujoo in November 2020 (Eleven completes acquisition of Mycujoo, 2021). (Eleven completes acquisition of Mycujoo, 2021). They also bought Team Whistle, and American digital media firm focusing on sports-related content, this subsidiary of Eleven Sports is one of the priorities of DAZN in their ambitions for Eleven. Estimated yearly income of Eleven Sports is presently 12.4M\$ per year (Growjo). According to the news on Eleven sports own website (Eleven Sports, 2019), in April 2019, they recorded more than 250 thousand Portuguese users

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of their services, which in turn equates to 100 thousand subscriptions to their packages. At the time, the monthly charge was 9.99€ per month, which yields a monthly total income of 999 thousand euros (almost 1 million per month), which is about 12 million per year). Which is close to the previously reported annual value of \$12.4 million.

Jorge Pavão de Sousa, the general director of the firm in Portugal, claimed that he expects Eleven Sports has a 25 percent share of premium paid sports channel subscribers in Portugal following the pandemic breakout in August 2020. (Marcela, 2020). Under the premise that this remark may be genuine and given that Eleven Sports had around 100,000 subscribers the previous year, we could claim that there are approximately 400,000 premium paid sports channel subscribers in Portugal in 2019.

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### **3.2.3. Illegal broadcasting of sporting events**

#### **3.2.3.1. Online streaming**

Online streaming is a common practice for many different types of content in modern society, whether it's movies or television shows on well-known platforms like Netflix or HBO, or if we drive into the emerging streaming generation that is rapidly growing, with Twitch being the most popular platform for this purpose. It is undeniable that streaming has become and will continue to be the primary method of broadcasting for future generations, with these generations growing increasingly distant from the traditional TV or TV box over time (aside from using it to watch the streaming platforms that we have discussed above), as they rely heavily on these on-demand streaming services. Even while the predominant usage of this broadcasting technology is for legitimate purposes, there are always others who utilize it for "darker intentions." For the sake of our thesis, we will focus on the unlawful internet streaming of football matches.

Accessing a live web stream of a football game in a method that is unlawful yet absolutely free is fairly straightforward. The user just visits Google and begins looking for these websites; a typical method is to utilize the social network Reddit. Once the user locates a website that works, it only needs to deal with the annoyance of eliminating ads and shutting pop-ups (this may be simplified with an effective adblocker). The procedure is now complete, and the user can now watch the football game for free. The obvious benefits of this are the cost, which does not exist for online streaming (although IPTV is different), the simplicity (the user does not need to be an expert in informatic procedures, he only needs to be familiar with basic web-surfing skills), and mobility, as these streams can be accessed through a smartphone, tablet, or any laptop (this advantage is the same of an OTT platform, the legal alternative which usually is not free of charge). Despite the practice's enticing advantages, it also carries with it certain downsides. Beginning with the most obvious, it is a criminal offense, albeit one that is not usually strictly enforced; if it were, the user could be fined, for instance. Moreover, the image quality, despite the fact that it is sometimes quite high for a free service, is typically inferior to that of paid alternatives. Furthermore, it is common for streams to crash multiple

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times, requiring users to refresh the page or switch to a different service. Another issue with illegal streaming is that there is a significant delay when compared to legal alternatives, which could be problematic for the user in the case of football, where the essence of the sport is watching events as they unfold in real time. In order to combat piracy, some ISPs limit the bandwidth available to users of electronic communication systems (such as the Internet) when they suspect you are accessing an illegal web domain. This can be a disadvantage of online streaming because it affects your household's ability to perform other tasks.

#### **3.2.3.2. IPTV**

IPTV stands for “Internet Protocol Television”, and it comprises a broadcasting method where TV signals are transmitted through IP (Internet Protocol) networks, or in simpler terms, via Internet. There is a variety of devices which support this technology, one can download an app on its smartphone or tablet, a media player such as VLC on its computer, but a common device is a smart box (usually android box) that the user can connect to the TV and use as it was kind of a TV box (some smart TVs even have an app available in the store that replicates what the smart box can do). IPTV service is not illegal in itself, since the latter uses internet that the user has to pay to its ISP or telecom operator in order to use that service, however this is a minority in today's IPTV market, since the majority is composed by illegal operators that sell that service to customers and use that technology of IPTV to broadcast paid channels at lower fees for their customers, making a gain since the costs associated are low or even inexistent (because those channels are being transmitted in an illicit way, not paying the rights associated with the transmission of the latter) and easily covered by the users fees (which for the users usually are still more competitive than the prices offered by the legal alternatives). The main advantages of IPTV as a broadcasting method of sporting events in an illicit way is the price, which contrarily to the streams that we have seen previously is not inexistent but it is a very low and a competitive fee comparing to the legal paid alternatives (around 10€ per month max give or take), the quality of image usually is much better than the streams, and even very similar to a normal TV box, and also the user interface is very friendly, very similar to the functioning

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of a normal TV box also (sharing many features, such as VOD, automatic recordings, the ability to pause or go back in the program...) with no minor issues such as ads or pop ups as in the streams, the connection also usually is much more stable than the streams. The disadvantages once again are very similar to the ones of online streaming, we have the fact that it is illegal, thus could lead to sanctions such as fines and the throttling issue are the 2 main disadvantages. The delay is also a disadvantage but not a major one since usually the gap in this method is not very big when comparing to some online streams.

#### 3.2.3.3. Measures anti-piracy of the main professional football competitions in Europe

The professional leagues are aware of this problem however one could ask how are they fighting this issue? With which measures? Starting off with possibly the most popular league in the world, the Premier League, according to a Forbes' article from 2021, *“the Premier League spends a sizeable portion of its vast riches to battle the army of digital bootleggers around the world sharing its content for free.”* Furthermore, with Saudi Arabia reversing the ban on the Qatari channel beIN sports that broadcasted premier league matches, this should end one of the main online piracy threats for the league's rights, beoutQ, the pirate feed of beIN channels being broadcasted from Saudi Arabia to all around the world. Regarding our neighbor, Spain, and La Liga, according to the official league's website, they have a team *“of 14 people, who work closely with the Communication, Audiovisual and Legal departments, now make up the anti-piracy team of LaLiga.”* Furthermore, regarding government intervention we also know that *“The fight against piracy arose as a result of Royal Decree Law 4/2015 on April 30, whereby LaLiga are in charge of marketing the rights to exploit the audio-visual content.”* Finally, they also developed a tool: *“Developed by cybersecurity experts at LaLiga, Marauder is a ‘web spider’ that scrutinises networks 24/7 and allows for operating in a rather more flexible manner.”* Also, according to an article on Portuguese website Eco, Movistar and LaLiga, are now able to block during at least 3 hours, websites that facilitate piracy of content from the main football competition in Spain. Next on, in the German league, also according to the

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league's official website, "To fight organised cyber criminals abusing media rights, DFL decided to establish an antipiracy joint venture together with Athletia in 2019. Athletia, a leading provider of piracy monitoring services for social media, had been a DFL contractor for several years. Their newly established joint venture "rights" now takes a broader approach to combatting piracy that covers all fields of activity – social media, web, and IPTV." Moving on to Italy, according to Reuters, in 2021, Serie A and Google "agreed to remove from its content platform (Google) some video apps illegally enabling users to watch live games as a part of a deal between Italy's top flight soccer league and the web giant to curb online piracy." Furthermore, in the same article we learn that "Italian police blocked 1.5 million users that were illegally streaming content from providers including Netflix Inc, Comcast's Sky unit, DAZN and domestic broadcaster Mediaset", this shows that the Italian Government is also taking measures to fight online piracy, whether it's in football or in other cultural content. In France, according to an article of Sports Business, LFP has welcomed a decision by the Paris Judicial Court ordering the blocking of access to pirate streaming and IPTV services. The court, at the request of the LFP, has ordered the blocking of numerous streaming sites and three "major" IPTV services, which have been showing Ligue 1 and Ligue 2 matches without authorization. Furthermore, they also established a team to fight illegal online football networks. According to an article in RapidTV news, "OTT and TV content protection solutions provider VO is joining forces with LFP, the governing body that runs the major professional football leagues in France, to fight against illegal IPTV networks".

This was the situation on the European top 5 leagues which are the most popular in the world. Moving on to the current national situation in Portugal. From Liga Portugal's website we know that they've established a partnership with LaLiga Tech recently in 2022, the tech company of LaLiga, with the purpose of developing the Portuguese League's technological department, which obviously includes the fight against online piracy to protect the League's rights. The government also recently, at the end of 2021 approved a law against online piracy, to control and stop in a digital environment the access to protected contents in an illicit way.

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### **The growth of the illegal broadcasting industry**

In the last decade, the illegal streaming industry has been increasing a lot around the world, including Portugal. Combining the new generations such as the millennials which are born and breed in between technology, and the development of technology in our society, gives place to a new culture that promotes online piracy to watch these sporting events for free rather than paying for a legal alternative, this has also to do with the simplification of processes due to the development of knowledge about technology and internet in general, to watch these illegal streams when comparing to the situation 10 years ago. An article posted in early 2022 by the informatic section of Portuguese magazine “Visão/Sapo”, stated that, of the 788 million accesses to illegal online piracy websites by Portuguese people in 2021 (to have an idea, since there’s close to 10.3 million people in Portugal, this means that, on average, each Portuguese citizen accessed an illegal website 76 times over the year), half were to watch either sporting events or tv shows illegally, and that this number had an increase of 12% when comparing to 2020, which goes accordingly with the international trend. If we look to a country with possibly the best football league in the world, the Premier League, we see that also in England this remains an issue, the article of “The Guardian” shows how easy it is to set up a stream for a premier league match from one of the European Eastern countries mentioned, for then to be watched around the world illegally in a pretty straightforward and simple way (Swains, 2015). Regarding the legal aspect, these countries are also chosen for having a more relaxed jurisdiction than the United States or the United Kingdom relative to copywriting laws and similar aspects. Another article states that of the millennial inquiries in their survey, more than half (54%) admitted to have watched an illegal stream of live sports (MacInnes, 2017), and one third of them admitted to do so regularly, this was for the inquiries aged 18 to 24 years old, when we look to over 35 people (meaning from an older generation) we go down to only 4% having used an illegal stream to watch a live sport event, which reinforces our idea that new generations explore much more these new illicit means than older ones. We’ve been talking about numbers in a demographical perspective, now we will try to

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pinpoint the economic impact of this current issue in the whole of the sporting industry. Business Wire, a press-release company from the Berkshire Hathaway group from the famous investor Warren Buffet, published an article in May 2022, which stated that online piracy is costing the sports industry as much as 28.3\$ billion a year, obviously from this article it is impossible to know the share of European football in this value, but it is an honest assumption to assume that it must be an important share due to the popularity of the sport worldwide. In the analysis of the article, it pretty much sums up what we have been discussing previously which is, the cost of the legal platforms that broadcast sporting events has been increasing over time, and previsions point that it will continue to do so, for that reason complains from fans regarding the prices are ignored, and these fans turn to illicit ways of watching the events at no cost, making the broadcasters lose millions on potential subscription fees from fans that turn into online piracy to watch the events. The supply is so big that it is very hard to tear it down, even though some leagues and sporting organizations already have tried to some extent, but every time a pirate stream is shut down, 2 more show up in its place. An argument is made that the answer relies on increasing the legislation regarding this issue. As matter of fact, in an article published recently by Politico's news website (Goujard, 2022), the European Union through the European Commission, after being pressed by 108 organizations (such as UEFA, rugby's Six Nations Championship and tennis' French Open amongst others) "*to propose a law to enable the immediate blocking and removal of illegal livestreams.*" Has indeed recently finalized a new set of rules called the *Digital Services Act* to try to stop the spread of illegal content. However, this is deemed as insufficient by broadcasters and sports federations. As a response to that, the European Parliament "called on the Commission last year to come forward with a more specific law to force hosting services to take down illegal streams immediately, or else no longer than 30 minutes after they are notified of the infraction." Nevertheless, this raise concerns on restriction of online freedom due to these laws, which explains why it has not been easy to apply these measures (an example is given of an anti-piracy bill in North America that was taken down by tech giants for similar reasons). So all-in-all, with the viewing habits changing across sports fans in recent decades as we have explained

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due to new generations more at ease with using the internet, the number of viewers of sporting events online will continue to increase in the future, whether it is through illicit means or legal ones should depend on the availability of affordable legal options in all countries so that these users have less an incentive to turn into online piracy (according to this same study, 74% of the inquiries would turn into a legal alternative instead of an illegal stream if there was to be an affordable one). Obviously lowering subscription fees would impact revenues generated by broadcasters and sports leagues who are unwilling to do so, and to some extent the media rights market, with the value of rights potentially dropping as a result.

### VPN

VPN (Virtual Private Network) is a service that “adds security and anonymity to users when they connect to web-based services and sites. A VPN hides the user’s actual public IP address and “tunnels” traffic between the user’s device and the remote server. Most users sign up for a VPN service online anonymity to avoid being tracked, and they often use public Wi-Fi where increased risks threaten the safety of their data.” (*proofpoint*). In simpler words, a VPN’s service main purpose is to hide your internet connection from your ISP (either it's Wi-Fi or mobile data). This interferes with what we have talked previously, in the matter that it makes much harder for ISP to control and check if their users are trying to access illicit websites if they use a VPN to do it, thus it makes it harder for them also to block these accesses or to fine the users. A good VPN service has some cost, but it is not that relevant, with some costing as much as 2€ per month, and the benefit for someone who wants to use online piracy to watch sporting content is very high, since if we take into account that either with free online piracy such as online stream or with ‘premium’ online piracy with a cost but very low compared to the legal alternatives such as IPTV, even if we add the cost of having a VPN service, it remains more attractive to use these illegal means rather than the legal ones.

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### **Account sharing**

“Account sharing is when two or more people share the same account by sharing their username and password with others.” (Computer hope, 2022). Even while account sharing has certain similarities to online piracy, it is not necessarily unlawful or a form of piracy since it relies on the circumstances in which it occurs. Therefore, given the circumstances, we must determine whether or not the users are violating the platform's terms of service. For example, according to Netflix's terms of service, account sharing within the same household is authorized; however, account sharing with non-household members is regarded unlawful and might result in a suspension from the site. Netflix has acquired a great deal of popularity in recent years and is now the leading online streaming service. Users quickly realized that, since a single Netflix account could have up to five users, by splitting the membership fee among those five users, even with the most expensive plan costing €15.99 per month, each user would pay approximately €3.2 per month, which is comparable to the platform's free pricing. This widespread practice created a problem for Netflix since they were losing income. According to Redpoints, a 2019 Hub's poll titled Video Redefined found that 47% of respondents have engaged in the practice of account sharing, with this proportion increasing to 81% among those aged 18 to 25. This conclusion indicates that younger generations are more used to these activities than older generations, which may provide an even greater challenge for OTTs in the future.

One of the primary issues OTTs confront with account sharing is revenue loss. When numerous users share a single account, the OTT cannot collect as much income from subscription fees and adverts as if each user had a separate account. This may be especially detrimental to OTTs that depend largely on subscription income for their business model. Statista estimates that account sharing will result in a \$2.3 billion loss in income for OTT video providers in the United States in 2022. Considering the projected market size for 2022 in the United States to be \$119.1 billion, OTT video platforms will lose around 2% of sales in 2022. This percentage is anticipated to increase as users get more used to account sharing, as shown by previous polls. Moreover, considering that the worldwide OTT industry is anticipated to reach \$1241,6 billion by 2030 (Precedence Research), the

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potential losses due to account sharing are an obvious issue for the next years. In addition to revenue loss, OTTs may incur extra expenses connected with account sharing. For instance, they may be required to invest in extra security measures to prevent illegal access to user accounts and to safeguard user data. They may also need to spend in customer assistance to solve account sharing-related difficulties.

Another issue associated with account sharing is the possibility of security breaches. OTTs often depend on user accounts to give customized suggestions and safeguard user information. If an account is shared by numerous users, it becomes more challenging for the OTT to guarantee that the account is being used by the intended user and that user data is not being accessed by unauthorized parties.

Moreover, account sharing might negatively impact the entire user experience. OTTs often tailor their content and services for specific consumers. When accounts are shared, consumers lose the unique experience and may be less happy with the material and services supplied.

Consequently, we can conclude from the preceding discussion that what makes sports material so appealing to OTT platforms is the fact that the majority of content is watched during live broadcasts, which inhibits a great deal of account sharing. Moreover, OTT platforms may enable consumers to have highly customized subscriptions, such as subscribing just to matches from their favourite clubs or choosing which sports they want to subscribe to.



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### **3.3. Emerging of OTT model and competition in the Telecom market**

#### **3.3.1. International Landscape**

The broadcast industry has been changing due to technological advances in online video streaming. Analysing the impact of this change on the topic under study, the OTT model emerges, since it has revolutionized the traditional way of broadcasting football games.

The OTT model consists of content's transmission through the internet, directly to the consumer. In this business model, customers usually pay a subscription fee, which enables them to consume content on demand (FOOTBALL BENCHMARK, 2020). Moreover, according to Statista, the number of digital live sports viewers, in the United States, will increase by approximately 58% from 2021 to 2025. On top of that, it is predicted that by 2024, American viewers will spend more money on streaming video than on paid television. Additionally, in this study, it was concluded that Americans' spending on TV subscriptions between 2020 and 2023 will drop by approximately 22% (Strategy Analytics, 2021). On the other hand, the number of digital live sports viewers, in the United States, is expected to increase from 65.5 million of users (2022) to 90.7, in 2025 (Statista, 2021). Furthermore, by 2027, OTT TV and video revenue worldwide is expected to be 224.3 billion U.S. dollars, a 43.5% growth over May 2022 (Statista, 2022).

As reported by YouGov Sports data collection, it can be concluded that in China (54%), Indonesia (50%), and Taiwan (49%), is where half of the people watch/follow sports via online streaming (video). On the other hand, in Peru (84%), Colombia (81%), and Brazil (78%), is where the weight of sports broadcasting on TV is greater. Also, focusing on European countries in this study (Spain, Italy, the UK, Finland, Sweden, Denmark, Germany, and France), it can be stated that the Spanish are the most likely to watch/follow sports on a streaming platform and the French the least. In addition, in European Union, in 2020, Germany was the country that has the highest number of unique subscribers to OTT SVoD services- 33.33 millions- which corresponds an approximately 40% of the total German population. Followed by United Kingdom, France, Italy, and Spain.

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In contrast, Portugal had only 1.47 million of unique subscribers to OTT SVoD services, that means 14.26%, approximately. At an international level, this kind of broadcast football games is being used by some service providers, such as Amazon Prime, DAZN, and MyCujoo.

Regarding Amazon Prime, until now, it will broadcast 19 Premier League games of the 2022/2023 season (GQ, 2022), being present in more than 200 countries and territories worldwide.

Related to DAZN, it is present in the USA (including Puerto Rico and the United States Virgin Islands), Italy, Spain, Canada, Germany, Austria, Switzerland, Brazil, and Japan (DAZN), and soon will be accessible in Portugal (DAZN, 2022). This streaming service is available on many platforms, namely: Apple TV, Google Chromecast, PlayStation, and Chrome. On this platform, concerning football matches, subscribers can see The DAZN Soccer Show, UEFA Champions League, UEFA Women´s League, and Liga F.

Another service provider is MyCujoo which belongs to Eleven Sports, since 2021, and reaches more than 26 million users worldwide (ELEVEN, 2021). It allows not only to watch live matches but also their highlights. The competitions included are Beach Soccer, Elite Women's Football, Youth matches, Brasileiro Serie A, and others.

### **3.3.2. Portuguese Landscape**

In Portugal OTT services and VoD are still in between the Innovative and the Growing market stage. According to (Anacom, 2021), these services appeared in Portugal in second semester of 2015 with Netflix, FOXPlay and NosPlay. With this innovation, upon a monthly payment, clients could watch all the content desired with all the benefits of OTT, and only the need of internet access.

The majority of services already available relate to movies and series and more players have been entering the market in the coming years such as Amazon (2016), HBO and Apple TV (2017), Acorn and Disney+ (2020) and Opto, the platform for the Portuguese broadcaster SIC (2020), the later comprises all the affiliate channels such as Sic Notícias or Sic Radical content through the OTT

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platform Opto. Posteriorly, Telecom Operators have incorporated this feature in their bundle of products, meaning that clients benefit, without an additional cost, from OTT service for their subscribed content. Besides this there are also several “niche” services available on the Internet for specific consumers (Anacom, 2021). This penetration in the Portuguese market led to most Telecom operators starting to partner with these broadcasters, as Netflix, where the telecom client can subscribe the Netflix product directly through the TV service.

Utilization of these services in Portugal has increased throughout the years, and the latest pandemic has intensified this trend. The percentage of Internet users who utilize paid OTT services, including VoD, is projected to reach 34% in 2020, a 20% rise from 2018. According to these statistics, Portugal was the fourth country with the greatest rise in VoD, and it presently ranks 15th among UE nations. In a wider sense, OTT use climbed by 16 percentage points from 2018 to reach 26% of the overall population. (OECD, 2021).

This huge increase in the use of video streaming on demand was caused by a behavioural shift triggered by the pandemic, which was announced to begin in March 2020. According to Markttest, the total number of VoD subscribers climbed by 30% between March and April of 2020. (Markttest, 2020).

In order to gain a better understanding of the user profile for these types of services, paid VoD in Portugal is primarily utilized by the younger population (16 to 34), which has a higher-than-average income, and the majority of which is enrolled in higher education, similar to the profiles of other EU partners. From the OECD's 2021 research on Internet users who watched paid VoD, which was filtered by quartile, income, education level, and employment circumstances (OECD, 2021), the following conclusions can be drawn: the penetration of these services in Portugal was two percentage points lower than the European average, with the exception of the 25-to-34-year-old demographic, which was two percentage points higher. Lower-income and less-educated individuals were 12 percentage points below the EU average in terms of deceitfulness. As stated earlier, the most important lesson from this study is that between 2018 and 2020, the usage of paid VoD services rose

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dramatically across all demographic groups analysed, with a 30% rise among those aged 16 to 34. This indicates that people are moving their viewing patterns away from traditional television providers and increasingly requesting this kind of over-the-top service.

Regarding the sports broadcasting industry, the general overview is that the market is much less developed when compared with general entertainment (movies, tv shows, etc). For the sake of this work project, when analysing the market in the sports industry, we mostly focus on the football industry since it is the most relevant in the country and also because it is the one correlated with the topic being discussed in this document. Currently the OTT services in the sports, and particularly in the football broadcasting industry are in a stagnated stage where growth is possible but external forces do not allow it, as we will further ahead discuss.

The players in this industry are dependent on one barrier to enter which are the broadcasting rights. As so, the major player in the sports VoD is Eleven Sports and the second player is Sport TV. Both broadcasters, which are the current right-holders for the Portuguese and International football broadcast, offer VoD to their clients allowing multi-screening and online access to the content, although with one main difference: Sport TV only allows clients to subscribe to their transmissions, which are a paid content, via their TV operators. This means that clients that want to access the content through the OTT service from Sport TV need to be clients of a TV operator already. This means Over-the-Top content from this broadcaster is only available as an additional feature to the Television premium channel subscription. On the other hand, Eleven Sports offers an OTT service that can be subscribed and accessible through only the need for Internet access and so can be watched without a TV operator affiliation. With this Eleven Sports, in addition to offer the TV channel, offers the possibility to access all their contents through OTT model, meaning only the use of Internet.

### **3.4. Portuguese consumers' influence in the current market**

Analysing the data provided by Liga Portugal and present in the EY report "International Study on Sports Audiovisual Rights", a possible significant increase in revenues (assuming a

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centralized model of audiovisual rights by Portuguese clubs) is presented, between 56% and 85%, thus taking an absolute value in the order of 275 to 325 million euros per year. This increase would, however, have to be driven by an "increase in consumers and/or an increase in revenue generated per consumer" (Servir o Benfica, 2022). With the application of the model suggested by the Liga, i.e., of the total revenues obtained from the sale of the broadcasting rights of football matches, 50% would be distributed equally among the 18 clubs, 25% according to performance and 25% based on social impact, the financial structure of the three big clubs would be strongly affected, as can be concluded from the sensitivity analysis carried out by the "Servir o Benfica" study (Exhibit 9). Through this analysis it can be concluded that Sport Lisboa e Benfica would obtain approximately -44.87% of the current revenues, Futebol Clube do Porto -52.74%, and Sporting Clube de Portugal -58.71%. In addition, the clubs occupying the fourth and fifth positions, Sporting Clube de Braga and Vitória Futebol Clube, respectively, would also lose out.

Also, with the sensitivity analysis performed and based on what was previously discussed, it is necessary that the total value of the broadcasting rights of the games increases its current value so that Benfica would not lose with the application of this model. However, Sporting and Porto would still lose even if the total value of the broadcasting rights of Liga NOS games reached 350 million euros.

With the need to increase the total value of the revenues so that at least one of the three big clubs does not lose, the question arises of how to increase the total value. In the study "Servir o Benfica" it was calculated how many subscriptions would be needed at different price levels for the value needed according to the sensitivity analysis to be obtained (325 million euros) (Exhibit 10). With the data present in the graph, it is possible to state that, considering that there are about 4 million households in Portugal (Instituto Nacional de Estatística, 2021), it would be necessary for 1/5 of the households to have a subscription at the minimum value of 35 euros, or 30 euros if 1/3 of the households had a subscription to a Portuguese premium sports channel.

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On the other hand, it is convenient to analyse the possibility, or lack thereof, of this model being financially sustainable based on: Total Television Revenue, Television Revenue per capita and Television Revenue in purchasing power parity. It is important to note that these metrics include international rights, an aspect that is currently underexplored in the Portuguese case.

In Total Television Revenue, Portugal ranks seventh behind England, Spain, Germany, Italy, France and Turkey. In Television Revenues per capita, however, there is a Portuguese rise in the ranking, obtaining fourth place, a trend that is also seen in Television Revenues in purchasing power parity, where third place is occupied, behind England and Spain (EY, 2021). Looking now at the possibility of increasing the revenue generated per consumer, it is important to analyse the current situation and study whether there is room for an increase in this figure. Since this is a variable directly influenced by the consumer's economic situation, it is important to understand the price the Portuguese consumer pays to access domestic competitive games. Later, when comparing this figure to the average salary earned in Portugal and assuming a percentage approach, these figures offer problematic contours. Regarding the 2018/19 season (the last season before the Covid-19 pandemic), and while in the five major European leagues (Germany, Spain, England, France and Italy, according to the UEFA ranking) this figure (which corresponds to the price of television packages as a percentage of the average salary) reaches only 1.6%, in Portugal it stands at 4.1%. (Serving Benfica, 2022). It is important to mention that the total price of television packages includes the channels needed to watch all the games related to the Portuguese soccer championship, which in this case includes the Sport TV and BTV channels.

## **4. Primary and secondary research**

The primary research was conducted through an interview and a questionnaire.

### **4.1. Survey and interview objective**

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Concerning the questionnaire, the aim was to obtain information about the profile of football games consumers, i.e. their preferences and whether the advantages set out in the EY report<sup>8</sup> arising from collective bargaining are aspects that interest them. Another conclusion we wanted to acquire, through the survey, is related to the Telecom industry and premium sports channels in Portugal. Here, the objective is to study the current competitive environment and draw some beneficial conclusions for football clubs, due to the fact that the greater the competition in these industries, the greater the bargaining power, which can lead to higher revenues for the football clubs. However, it is important to have in mind that, the broadcasting clubs' revenues depend on the collective bargaining model that it will be implemented.

Regarding the interview, it was conducted to understand how the premium sports channels competition for the audiovisual sports rights occurs and also the Telecom operators' role in this competitive market structure. Furthermore, we intended to know the Eleven Sports' position on the collective bargaining of broadcasting rights. To conclude, we aimed to explore the causes and the effect of piracy on the profit from the broadcasting of games and how the OTT Model is perceived in Portugal.

## **4.2. Qualitative Research: Consumers**

### **4.2.1. Methodology and questionnaire**

The questionnaire was answered by 249 people who have Portuguese nationality, regardless of whether they live in Portugal or not.

Concerning the questionnaire's design, there was a first section in which we collected personal information from all respondents. Then, there was an eligibility question for the subsequent completion of the questionnaire, which was whether the respondent attended football games. Thus, for those who do not watch, only demographic data were requested, mainly so that we could narrow down our target in terms of gender and geographical location.

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<sup>8</sup> Estudo Internacional sobre os Direitos Audiovisuais Desportivos (2021)

## Group Part

After this filtering was done, the next section was about tastes and frequency of going to the stadium, in order to better understand the profile of the target consumer.

In addition, a section was dedicated to watching games on television and another one through other channels (smartphone, tablets, PC), in order to understand the consumption habits and their choices. With this, it was intended to conclude the advantages and disadvantages of each channel. After that, two more sections were created where respondents with and without premium sports channels were separated to identify the differences/reasons between those with and without a premium sports channel. Another information that was sought was the relationship between those with/without premium sports channels and their willingness to pay to watch football games through an OTT model. Aiming to find out if there is a possibility of increasing competitiveness through this emerging format and consequently increasing clubs' revenues.

Finally, a section on piracy was created in order to characterize the Portuguese consumer who uses these illegal channels and their reasons. With this data, we intend to figure out what already causes the use of illicit channels and consequently what can be done to reduce this illegal practice. The complete questionnaire can be found in Exhibit 12.

### **4.2.2. Sample**

We surveyed 249 people, of which 205 answered affirmatively to the question "Do you watch football games?" and so, they continued to answer it. (Exhibit 13)

Due to the short period available for the survey and the fact that our reach is mostly residents of Lisbon between the ages of 18 and 35, our sample is not as diverse or broad as we would like.

The questionnaire was completed by 86 women and 153 men, with only 65% and 91.4% attending football games, respectively.

In terms of age groups, more than half of the women belong to the 18-35 age bracket. As for men, 93% are between 18-35 and 36-65 years old, 63% and 30%, respectively. Of the 205 respondents who watch football, 66% (136) live in Lisbon.

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### 4.2.3. Main findings

Sport Lisboa e Benfica and Sporting Clube de Portugal represent 85% of the fans in our sample, with 44% and 41%, respectively. Next, Porto represents 9% of the supporters, concluding that **the three big clubs** in Portugal represent 94% of the supporters surveyed.

The **most followed leagues** are the Portuguese (96%); international club competitions (89.26%); Premier League (66.82%) and La Liga (38%).

A large part of the respondents (74%) does not have a seat at the stadium, with only 10.6% going there frequently. More than half go occasionally (32%) or rarely (44%).

Of the 205 respondents who watch football 174 (approx. 85%) consider that the competitive balance correlates with the attractiveness of the game. Of these, 79 (45.4%) would change their opinion if the level of football played was low, 78 (44.8%) would not change their opinion and 17 (9.8%) have no opinion.

Of the 205 respondents who watch football only 7.8% do not consider that competitive balance correlates with the attractiveness of the game.

It was concluded that **the most important factors** to make football games more attractive are competitive balance (33%) playing with a higher-quality team (23.4%) and the presence of fans in the stadium (22.9%). On the other hand, the factors considered less important were hiring renowned players (29.3%) and investing in young players (26.8%).

Regarding **the channels** which the respondents use to watch football games 88.78% use frequently (41.95%); occasionally (30.73%) and always (16.10%) television. While 62.92% of the respondents watch football occasionally (34.63%); frequently (23.41%) and always (4.88%) on other media (smartphone, tablet, PC). Even though, the respondents have seats at the stadium, 96.3% still watch football games on television frequently (48.15%); occasionally (27.78%) or always (20.37%). On the other hand, respondents without a season ticket show a lower tendency to watch football games on television (86%).

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Both respondents who have a seat at the stadium and those who do not, watch the games less often through other channels (smartphones, tablets, PC), -22.23% and -31%, respectively.

The factors that make respondents prefer the TV box over the others are the image quality, and the screen size (70.81%). Moreover, the fact that it is practical and that there is greater freedom to choose content is also considered a critical factor of choice. Regarding the other media (smartphone, tablet, PC) **the determining factor** is the fact of being practical (58.55%). Additionally, the consumer having the freedom to choose the content (48.79%) and greater mobility (43.91%) is also important.

About the **subscription to premium sports channels**, the number of respondents that have and do not is balanced, since 49.76% do and 50.24% do not.

Among those who own a Portuguese premium sports channel, 66.67% would choose to watch the game through an **OTT model** instead of a premium TV channel and 32.4% consider the OTT model to have no disadvantages. However, 28.4% consider the need for an internet connection to have access as a **disadvantage** and 10.8% identify as a drawback not having all content on the same platform. When analysing the percentage of respondents who have a season ticket and who have a subscription to premium sports channels, it was concluded that 68.52% have both a season ticket and a subscription. Regarding the **subscribed channels**, 41.18% of respondents have Sport TV + Eleven Sports; 26.47% have Sport TV + Eleven Sports + BTV; 16.67% have only Sport TV and 6.86% have only Eleven Sports. Regarding the **value of the subscription packages** of the respondents, 54% pay more than 30€ and 36% pay between 16-30€, being these values where the highest percentages are registered.

Of those respondents with a subscription, the predisposition to pay a higher price so that the league would become more competitive is equalized between no (43.14%) and yes if the football practice were of a higher level (42.16%).

When asked if they would be **willing to pay for one or more subscriptions** to watch Portuguese first-division football games if they were broadcast on different channels, 39.81%

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answered no, 34.95% yes but the price would have to decrease, and 20.39% would only be willing to pay for the channels that broadcast their club's games.

Of the respondents who have a subscription, it can be stated that 86.27% have an income between 1250-2000€ (26.47%) or over 2000€ (59.80%).

In contrast, more than half (56.95%) of the respondents who do not have a season ticket, do not have a subscription to a sports premium channel. Of these, 59% (61) would not be willing to pay if the league was more competitive and 28% (29) would only be willing to pay more if the football played was of a higher standard.

Of those who do not have premium sports channel subscriptions, approximately 62% resort to online stream and account sharing; 47% watch the games at a relative/friend's home; and 39% go to a coffee or restaurant.

Regarding the channels to watch the games, 68.9% are willing to watch football through an OTT model. Regarding this model, 39.81% consider that there are no disadvantages concerning this channel, however, 30.10% point out as a disadvantage not having all the contents available on the same platform, and 22.33% the fact that internet is required to have access. When asked about the reasons why respondents would subscribe to a Pay-TV channel instead of channels through an OTT model, 53.4% would subscribe only if the price was more attractive, 35.92% if they had access to specific content (appropriate to their interests) and 13.59% if the price was attractive and they had access to specific contents (appropriate to their interests). Regarding access to foreign league content, 71% of respondents without premium channels are not willing to subscribe. However, 29% are the European competitions and the Premier League, the ones they would be interested in (61.57%).

Concerning the illegal practices, piracy is practiced by 36.27% of respondents who own premium channels and by 66% of those who do not subscribe to sports content channels. That said, it was concluded that regardless of whether respondents have premium channels or not, 105 resort to piracy, i.e., more than half (51.2%).

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The most used illicit channel to watch the games are online streaming (95.59%), account sharing (38.24%), and IPTV (22.06%).

Regarding the VPN service, only 21.90% use it mainly to protect their connection (65.22%). The main reasons that lead most of the respondents to resort to illegal ways are the price and the format of the available subscription packages. It was concluded that if new packages were made available, 68.57% of respondents were willing to purchase but if the price decreased, 19.05% only if it was in an OTT model, and 10.48% would not purchase.

## Survey's insights VS EY's report<sup>9</sup>

According to the survey results previously analysed, most of the respondents consider that the competitive balance is related to the attractiveness of the game. Right from the start, if the league became more competitive as it is stated in the EY report (2021) as one of the reasons for collective bargaining being the increase of clubs' investment capacity, sport competitiveness and quality of football matches, there would be more people interested in watching the matches. As a consequence, the clubs' revenues would increase. However, almost half of the respondents would change their answer if the competitive balance resulted in a lower football level. That said, there is no scientific basis that proves that competitive balance means higher quality in the show presented, hence, the argument that collective bargaining will attract a greater number of fans and allow a greater volume of revenue is not certain, and this uncertainty is increased by the survey's answers.

Another reason given for collective bargaining power was to generate a higher sales value compared to individual bargaining. Here, one can consider that due to greater competition on the demand side (through other ways of distributing the games, such as through the OTT model) it would allow clubs a greater bargaining power. However, the existence of greater competition is also uncertain due to the fact that the operators are shareholders of the only channel that allows watching all the Portuguese I league games (except the home games played by Sport Lisboa e Benfica). Based

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<sup>9</sup> Estudo Internacional sobre os Direitos Audiovisuais Desportivos (2021)

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on the data from the survey, if higher sales value is related to the consumers' willingness to pay higher prices to watch the games, it is possible to state that more than half of the respondents with premium channels pay a subscription package value higher than 30€ and, when asked if they would pay more if the league became more competitive, almost all of them said “no” or “yes, if the league would become more competitive”. Furthermore, the respondents that have premium channels have an income between 1250-2000€ or more than 2000€, being these values well above the minimum wage and the national average wage. Moreover, from the respondents that do not have a premium sport channel, 59% would not be willing to pay if the league was more competitive. That being said, this argument presented as one of the reasons for collective bargaining to happen, is also considered not to have sufficient basis to expect a higher sales value.

Another argument used in favor of collective bargaining is the greater ability to fight piracy. At the same time, it is not explicit about how it would reduce the use of illegal channels effectively. It is implied that this decrease would result from the growth of competition on the demand side and the reduction of prices. This, can lead to the possibility of having different packages available and aligned to the consumers' needs. However, in our view, increased competition is underlying an increase in the price of broadcasting rights. For the rightsholders companies to make a profit they need to monetize their costs and raise the packages' prices to the end consumer is a potential solution. However, more than 2/3 of the respondents who resort to illicit channels state that they would only pay to have access to the games if the price decreased.

To conclude, we consider that the statement “the collective bargaining is one of the main pillars of financial sustainability of clubs” (EY Report, 2021), reveals some concerns about its applicability.

## **4.3. Qualitative research: Industry Experts**

### **4.3.1. Main findings**

Jorge Pavão de Sousa managing director of Eleven Sports considers that the implementation of a centralized model is beneficial and implies a restructuring of football revenues as a whole. He is

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of the opinion that a revenue-sharing scheme is needed between the big three and the others. In addition, he puts as a possibility the need to redesign the Portuguese league, which is composed of fewer clubs and has a distinct competitive system, giving as an example the Dutch league. Also, he believes that one of the limitations is the term of the contracts and that collective bargaining will probably only make sense if they are long-term and attract foreign buyers.

Regarding Eleven Sports' position in the Portuguese market, the interviewee stated that the channel is interested in entering the market and that they have already expressed it. However, he identifies as a strong limitation the fact that there is the consortium and the operators, since they are Sport TV shareholders. The CEO of Eleven Sports justifies this limitation by the fact that operators have several Sport TV subscribers, because there are Sport TV customers who have been subscribers for a long time and who pay more than 40€ (representing 25% of customers). Hence, operators have no interest in penetrating the bundle Sport TV (at the current price) + Eleven because they are reducing margin and thus, revenue. Also, Jorge Pavão de Sousa identifies Sport TV as the operators' problem, since, they have every interest in increasing the penetration of premium content in their base, giving the example of doing upselling or cross-selling with Eleven's customers. Eleven Sports gives incentive for operators to encourage X number of customers to subscribe, and by doing this, Eleven is dismantling the model, however it means a loss of revenue for Sport TV as they had to re-loyalize customers at a price point. Additionally, he highlighted the economic imbalance that exists, since when Eleven Sports entered the market Sport TV was losing money, which is problematic because Portuguese football went from being worth 80 million to 180 million. That said, the CEO of Eleven Sports points out as a solution the restructuring in relation to the structure, this means, the operators become distribution platforms and must look at the remaining Sport TV competitors, which implies, once again, having to leave the shareholder structure.

Another topic talked about was piracy, which the interviewee considered of extreme importance and with a great negative impact on this industry. He considers that the piracy culture is big in Portugal, giving us the example that when Benfica plays in the Champions League about 500

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to 600 thousand illegal accesses are detected. Hence, this leads to losses in the value chain. In his opinion, one of the reasons for this to happen is the fact that operators do not act against it, and he points out as a solution the application of high fines and permission from the public ministry so that if the operators discover cases of piracy, they can send the site down and inform the IP of these people so that it is possible to charge progressive fines. Another of the reasons given was the fact that access to premium content in Portugal is extremely expensive, where it is paid more to have access to BTV + Eleven + Sport TV than to the operator. In Portugal and based on the average salary (1300 euros), there is a ratio of 2.8%, and 4.4-5% in relation to the minimum wage, to have access to premium sports content. These values are 4 times higher than in Spain and 6 to 8 times higher than in other European countries. Furthermore, he states that the launch of BTV has led to increased access to illegal channels.

In his opinion, operators do not want to act in an integrated way because they do not want to lose margin, however, he states that they are not considering that the penetration, in 2012, of premium content channels was higher (where 18-20% corresponded to premium football content) and that currently, it is approximately 11% (which sports content corresponds to 7-9%). The cause of this decline, for the director of Eleven Sports, is related to piracy since people continue to watch the same amount of football. Another cause of the increase in piracy pointed out was the fact that sports now compete with global platforms. If a family has a monthly income of 1300€ gross and pays 120-140€, this means that the share of the wallet is 8-10%, which is well above the European average. One of the practices being talked about nowadays is account sharing, however, he considers that it is better than piracy since there is always someone who pays. That said, he prefers that what was done in other markets happen, where the strategy consisted of one person paying and 4 people having access to that account and then after 2/3 years it goes from 4 to 2. Here, 2 users would be left out, but as they would already be addicted, they would end up joining. To solve this problem, the director of Eleven is of the opinion that piracy is a process of cultural education and that there are cultural processes associated with educational processes that can lead to the transformation of behaviour. Moreover, he

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believes that this practice will only be solved when the rightsholders such as UEFA and FIFA, realize that they have to be part of the solution. Nowadays right holders are not worried about the situation because of the existence of companies such as Sport TV, Eleven Sports, Dazn, and so on.

Finally, we focused on the topic of the growth of the OTT Model. Eleven Sports' OTT park grows in the summer, where it represents about 20% of subscribers. Of the 300,000 subscribers (total consumption) 7% of min correspond to viewing on a smartphone/tablet while 96% of the min corresponds to TV. Moreover, he considers one of the big challenges the fact that not only 9.5%/10 people in Portugal cannot watch a game in its entirety on their smartphone, but also because of the top 5 channels people watch, it is probably concentrated on view-in-time, being a big limitation for live sports and sporting events.

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## **5.1. Impact of collective bargaining implementation**

### **5.1.1. Correlation between financial capacity and sporting performance**

#### 5.1.1.1. Analysis on some renowned international clubs and national renowned FC Porto

The purpose of the following investigation is to determine whether or not there is a connection between the financial stability of five clubs (four of which are recognized worldwide and one of which is renowned at the national level) and the amount of sporting performance they have achieved. We are going to choose two time periods in order to conduct our analysis, and we are going to compare their ability to invest in their squad by way of their activity in the transfer market to their sports success, which will be measured by the trophies they have won throughout both time periods. In order to arrive at a generalization, the primary purpose is to provide a variety of hypothetical situations depicting varying degrees of association.

For the sake of our study, we are going to use the clubs' total transfer expenditures as a measure of their financial capability, and we are going to use the clubs' total transfer net profits as a measure of their investment in their respective teams. Also, according to research by CIES Football (Poli et al., 2019), the inflation of the football transfer market has been expanding over the previous decade. This might have an impact on our findings and make it difficult to make comparisons over time. After analyzing our data, we came to the conclusion that the impact isn't substantial enough to warrant a rethink of the inferences we've drawn from our research.

#### Manchester City

Manchester City was formally created 128 years ago on April 16, 1894 (formerly known as St. Mark's in 1880 and Ardwick Association F.C. in 1887). The team won the FA Cup against Bolton Wanderers in 1904, becoming the first Manchester side to win a major trophy. The FA Cup was the second most significant professional football tournament in England (and the most important one at the time). After then, they had various ups and downs, including promotions and relegations, until they won the FA Cup again in 1934 and the League Championship for the first time in 1937.

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Throughout the remainder of the 20th century, the club won a number of domestic trophies, including the FA Cup in 1955 and 1968 and the Premier League in 1967. The FA Cup and the Premier League are the two most notable. In the first decade of the 21st century, Manchester City suffered through a difficult period in which they did not win any big trophies. The decade began with a promotion to the Premier League, the second straight promotion after being promoted from the third tier to the second level of English football in 1999. In 2008, the Abu Dhabi United Group acquired ownership of Manchester City (Manchester City, 2022). After this acquisition, Manchester City went on to win the FA Cup in 2011 and their first League Championship in 44 years in dramatic manner with "a last-gasp Sergio Aguero goal against QPR at a joyous Etihad Stadium" in 2012. (Manchester United) Throughout the remainder of the decade, they have established themselves domestically by winning five further League Championships (2013/14, 2017/18, 2018/19, 2020/21, 2021/22) and one FA Cup (2018/2019). The only internationally recognized trophy Manchester City have won was the European Cup Winners' Cup in 1970 (now known as the Europa League), although in the last decade after the takeover they have consistently been in the most important clubs' competition in Europe, the UEFA Champions League, even reaching the latter stages frequently (they lost the 2021 final to Real Madrid). One of the major issues about the club's administration is whether or not, given the club's investment, failure to win the Champions League constitutes a failure on the part of the club's management.

Exhibit 14 clearly demonstrates that Manchester City is an "importer of players" (i.e., they purchase more players than they sell), indicating that the club spends heavily in its team to compete well in all competitions. Since 2008 (the year of the acquisition), the average expenditure of the club has been 152 million per year, while the average net loss has been 95 million per year, confirming the prior assertions. When compared to the circumstances of the club before the acquisition by the Abu Dhabi consortium, where, to provide an example, the average expenditure in the three years before to the takeover was 32 million and the average net loss was 17 million, there is a significant difference (Exhibit 15). Obviously, the average price of a player has grown in recent years, but the

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direct impact of the acquisition on City's transfer strategy and squad investment is instantly apparent, with average expenditure soaring by over five times its worth. Let's explore if this new investment approach led to an improvement in athletic performance. Before the buyout, Manchester City won two Premier League championships, four FA Cups, and two League Cups, compared to six Premier League titles, two FA Cups, and six League Cups after the takeover. As can be seen, the number of Premier League championships and League Cups quadrupled after the takeover, but the number of FA Cups won decreased by two. Overall, based on their significance and worth, we may rank the three most important domestic contests as follows: Premier League, FA Cup, League Cup. Internally, Manchester City was definitely better situated following the acquisition, with the drop in FA Cups being offset by a significant rise in Premier League championships and, to a lesser degree, an increase in League Cups. The present discussion over Manchester City's athletic performance in light of the investments made stems from the club's international success. The UEFA Champions League, created in 1955, is the most important club tournament in Europe (and the globe, since European football is often regarded as the greatest in the world) (rebranded to the format that we currently know in 1992). In Manchester City's 22 international seasons, 12 were spent in the UEFA Champions League, 7 in the UEFA Cup (now known as the Europa League, the second most important football tournament in Europe), and twice in the now-defunct Cup Winners' Cup. The only time they have won a trophy in any of these tournaments was in 1970, when they defeated Górnik Zabrze to win the Cup Winners' Cup. Since then, they have only reached another European final in 2021's UEFA Champions League, which they lost to Chelsea. In addition, they have reached the semi-finals of the Cup Winners' Cup once, in 1971, and twice in the UEFA Champions League, in 2016 and 2022. Having said that, although City's dominance in domestic competitions is undeniable, at the international level, taking into account the amount of investment in the squad, and the net loss over the years (showing that the club keeps on investing heavily, being a 'net importer of players' in order to reach this important objective that keeps slipping away year after year), one could argue that Manchester City's enormous financial capacity has unquestionably enhanced its ability to compete internationally.

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### PSG

Paris Saint-Germain Football Club was created on August 12, 1970, 52 years ago, with the merger of two clubs, Paris FC and Stade Saint-Germain. In 1982, against the French famous Saint-Etienne, they won their first recognized championship, the French Cup. Their first league championship came in 1986 when they won the French first division, and the 1990s were one of the club's most successful eras. This decade was distinguished by a second league championship in 1994, three French cups in 1993, 1995, and 1998, two French league cups in 1995 and 1998, and two French super cups in 1998 and 1995. In 1996, they defeated Rapid Wien to win the UEFA Cup Winners' Cup on the international stage. During the 2000s, the club had a slump, but the club purchase in 2011 by Tamim bin Hamad Al Thani, the Emir of Qatar, via closed shareholders QSI, propelled PSG back to the highest local and international stages. After 2011, the club won the Ligue 1 (French first division) four times in a row from 2013 to 2016, then three times in a row from 2018 to 2020, and lastly for the last time in 2022. This implies that from 2013 and 2022, PSG won eight of ten potential championships, losing only the 2017 trophy to AS Monaco and the 2021 title to Lille. Since 2011, the team has won the French Cup and French league cup six times apiece. In addition, it is noteworthy that they have won the French Super Cup nine times since 2011, including eight in a row between 2013 and 2020. This clearly demonstrates the club's unprecedented supremacy in domestic tournaments since its enhanced financial support in 2011. At the international level, the club has improved, appearing often in the UEFA Champions League, the most prestigious club tournament in the world, and reaching their first final in 2020, but failing to win. PSG has the record for most straight seasons in France's top division and is one of just two French clubs to have won a major European championship. Even though PSG won first international title in 1996 with the UEFA Cup Winners Cup, they continue to pursue Marseille's (1993) achievement of winning the Champions League, which remains their primary ambition.

In light of this, if we examine the club's transfer policy (Exhibits 16 for post-takeover and 17 for pre-takeover), we see a clear increase in spending after the takeover in 2011, with the average

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transfer spending increasing from 15 million between 2005 and 2011 to 132 million between 2011 and the present day, a nearly ninefold increase. The transfer net profit grew from averaging a net loss of \$4 million per year between 2005 and 2011 to roughly 23 times that amount, or \$90 million, between 2011 and 2023. These changes in these two measures reveals the significant investment strategy of the club in its squad following the takeover, and that the club became a clear ‘net importer of players’, which suggests the aim of the club to become a dominating force in all levels, local and international ones. When comparing that to the sporting performance that we’ve mentioned previously, we can see that the objective was attained at a domestic level, since in the last decade PSG, was the clear dominant force in France with minor disruptions but no strong match up, however, at an international level things don’t look to bright, yes the club managed to be consistently in the UEFA Champions League, even reaching the final, however with the amount invested in players (either by transfer fees as we have analysed or even by other costs such as wages), one could argue that the international objectives of the club were not fulfilled and that the investment policy is failing if we consider that international dominance is the club’s main ambition (which is common sense for every football fan) (which is common sense for every football fan).

The case study of Manchester City and PSG led us to the conclusion that their financial capacity allowed them to establish domestic dominance by investing heavily not only in the squad but also in world-class managers such as Josep Guardiola for Manchester City and Carlo Ancelotti amongst others for PSG, but they lack international dominance, thus the correlation between financial capacity and sporting performance.

### Chelsea

Chelsea Football Club was formed in 1905 in Fulham, West London, where it is headquartered. They participate in the Premier League, the highest football level in England and probably the world. Their first major prize was the League Championship in 1955, followed by the

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FA Cup in 1970 and the Cup Winners' Cup in 1971. Additionally, they are just the third English club to win the Club World Cup in 2022. Even though the club has a lengthy history, it went through some difficult times. For the club, the late 1970s and the 1980s are regarded as difficult periods. The reconstruction of Stamford Bridge Stadium compromised the club's financial stability, which led to the transfer of major players and relegation. Hooliganism was also a huge concern for the sport across the United Kingdom; however, this issue was rapidly resolved with the introduction of a law in 1989 prohibiting hooliganism activities in football throughout the United Kingdom; this law was subsequently tightened in 2000. This was advantageous for Chelsea, since hooliganism plagued the club throughout the decade. When the club reached its lowest point in 1982, British investor Ken Bates purchased it for one pound. From that point on, the club experienced ups and downs until the 1990s, when new investors allowed it to recover, winning the FA Cup in 1997, their first major trophy since 1971, and again in 2000, the League Cup in 1998, and at the international level, the UEFA Cup Winners' Cup in 1998 and the UEFA Super Cup in 1998. In the early 2000s, the club faced an imminent financial crisis (which explains why no money was spent on players in 2002/03), which prompted Bates to sell the club to Russian oligarch and billionaire Roman Abramovich for £60 million in June 2003. Abramovich assumed responsibility for the club's debt of £80 million by paying a portion of it immediately. This marked the beginning of the "Abramovich period" at the club, in which substantial funds were spent in the team to achieve sports success. Chelsea won 5 Premier League championships (2005, 2006, 2010, 2015, 2017), 5 FA Cups (2007, 2009, 2010, 2012, 2018), 3 League Cups (2005, 2007, 2015), and 2 UEFA Champions Leagues (2012, 2021), 2 UEFA Europa Leagues (2013, 2019), 1 UEFA Super Cup (2021), and 1 FIFA Club World Cup (2021). When comparing the Abramovich era to previous periods, it is evident that the majority of Chelsea's major titles were won during the Abramovich era: 5 Premier League titles versus 1, 5 FA Cups versus 3, 3 League Cups versus 2, and at the international level, prior to the Abramovich era Chelsea had only won the UEFA Cup Winners' Cup twice compared to the 2 Champions League, 2 Europa League, 2 UEFA Super Cup, and 1 FIFA Club World Cup, The current 2022/2023 season was planned under

## Individual Part – Francisco Rosa

the supervision of the new owner Todd Boehly, who purchased the club from Abramovich in May 2022 for 4.25 billion pounds owing to sanctions imposed on the Russian oligarch by the British government as a result of the Ukraine-Russia war.

Once again, when we analyze Chelsea's transfer policy, as one would've expected, their investment in the squad quadrupled since Abramovich took over (and now under Todd Boehly's management), going from spending 30M in average per year in players from 1998 to 2003 (Exhibit 19), to spending in average 131M on players from 2003 to 2023 (Exhibit 18). (Exhibit 18). Furthermore, the average net loss nearly doubled from 16M to 64M, suggesting that Chelsea FC is also a net 'importer of players'.

The conclusion we draw from Chelsea's case study is that, similarly to PSG and Manchester City, Chelsea too had a takeover that improved dramatically the club's financial capacity which explains the high investment in the team and the club being an importer of players. Chelsea did not dominate domestic competitions as Manchester City and PSG did, but they have achieved domestic and international success (one of their Champions League titles was won against Manchester City), demonstrating a more balanced sporting success when comparing domestic level to international level.

### Manchester United

Manchester United Football Club is a professional football club that was formed in 1878 as Newton Heath LYR (Lancashire and Yorkshire Railway) Football Club and renamed Manchester United in 1902. The club's headquarters can be found at Old Trafford, Greater Manchester, England. In addition, in 1910, the team relocated from Newton Heath to its present stadium, Old Trafford. Manchester United is one of the most popular football clubs in the world; in fact, the club was the highest-earning football club in the world in 2016-17, with an annual revenue of 676,3 million euros, and the world's third most valuable football club in 2019, with an estimated value of 3.15 billion pounds (approximately 3.62 billion euros). In 1991, the club was listed on the London Stock

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Exchange; however, in 2005, American investor Malcolm Glazer purchased the club for over £800 million, taking it private. From 2012, even after the issuing of certain shares by the club on the New York Stock Exchange, the Glazer family maintained ultimate ownership and control of the team. An difficulty with this transaction is that almost 500£ million of the over 800£ million required to purchase the club came from loans, which would become the club's debt. Fans were concerned because they recognized that a club that had been debt-free for so many years would suddenly be saddled with a significant amount of debt following this purchase. This was the initial source of contention between Manchester United fans and the Glazer family, the club's owners. Regarding the club's sports achievements, we may judge Manchester United as one of the most successful clubs in the world. They have won a record 20 league titles (13 Premier Leagues since the top flight of English football was rebranded in 1992), 12 FA Cups, 5 League Cups, and a record 21 FA Community Shields (English Super Cup). On the international level, they have won 3 UEFA Champions League titles, 1 UEFA Europa League, 1 UEFA Cup Winner's Cup, and 1 UEFA Super Cup, as well as one Intercontinental Cup and FIFA Club World Cup. Regarding Manchester United, while the club was acquired in 2005, it was not in the same context as the preceding occurrences (Manchester City, PSG, and Chelsea). Since the club's average expenditure did not grow dramatically after the acquisition, it has steadily increased over the years. For this reason, we shall employ a separate criteria to compare two distinct club eras. This criteria is based on a key person in the club's history, namely Sir Alex Ferguson's tenure as manager. Sir Alex Ferguson served as the club's manager for 27 years, from 1986 to 2013, until deciding to retire from football. He is the longest-serving and most successful manager in history, having won 38 trophies, including 13 Premier League crowns, 5 FA Cups, and 2 UEFA Champions League titles. When comparing the latter nine years of Sir Alex Ferguson's managerial tenure to the subsequent nine years, it is evident that the club never recovered the supremacy it had under the Scottish boss. In his last nine years as a manager, Sir Alex Ferguson won the following major titles: Five Premier League championships, one FA Cup, three League Cups, one Champions League, and one FIFA Club World Cup. Compared to the nine years after Ferguson's

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departure, Manchester United has won 5 Premier League titles versus none, no FA Cups versus one, three League Cups versus one, and at the international level, the club has only won the UEFA Europa League in 2017 (the second most important European club competition behind the Champions League).

Regarding on our analysis in the club's investment policy, as we know the general price level of player's transfers has increased overtime, nevertheless, Sir Alex Ferguson was a manager known for betting in youth players and not spending enormous amount in a consistent way in players, and we can see that in the average spending of 48€ million during Mr Ferguson's spell at United (Exhibit 21). (Exhibit 21). Again, the club is a "net importer of players" with an average net loss of 25 million euros throughout this time frame. Then, when we look at the values after the manager's departure (Exhibit 20), the average spending of the club has more than tripled, reaching an average of €160 million since Alex Ferguson's departure until the present day, and the club has become an even greater "net importer of players" with an average net loss of €118 million. The conclusion we get from these figures is that, in the instance of Manchester United, the increase in investment in the squad did not result in improved on-field performance. One may argue that this is due to bad club management following Sir Alex Ferguson's departure (which was known for handling his squads very well along with planning to the detail each season). In light of what we've said about one of Manchester United's biggest rivals, Manchester City, it's important to note that Manchester United hasn't come close to challenging City's dominance in the last decade. One might assume that this is due to City's strong investment policy after the takeover, but in Exhibit 22, we can see that since 2005/06 (we started here to match the period that we chose for Manchester City), Manchester United has had a negative return on investment. This reinforces that the link between financial capability and sports achievement is not perfect and is dependent on a number of variables, in the case of Manchester United, the club's ability to find competent management.

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### FC Porto

Futebol Clube do Porto (commonly known as FC Porto or just Porto) is a Portuguese sports club with its headquarters in the city of Porto. The club was formed on September 28, 1893, and is most recognized for its football squad, which has competed in I Liga, the first flight of Portuguese football, since 1934. Porto is one of the "Big Three" (or "3 Grandes") clubs in Portugal; the other two are its primary rivals, the two clubs of the capital city Lisbon, Sporting CP and Benfica, who have also participated in every edition of the I League. The club plays in Estádio do Drago, one of the several stadiums constructed in Portugal to host the Euro 2004; this stadium replaced the 51-year-old Estádio das Antas (which has to do with the name of its location which is Antas). 75 of Porto's 82 major trophies have been won in domestic competitions. Porto is the second most decorated team in Portugal, with 82 major trophies, 75 of which were won in domestic tournaments. 30 Primeira Liga (first division) titles (5 won consecutively between 1994 and 1999, a national record), 18 Taca de Portugal (Portuguese Cup), 4 Campeonato de Portugal (the competition that preceded Primeira Liga, and which then converted to the Portuguese Cup even though the titles are counted separately), and a record-setting 23 Supertaca Candido de Oliveira titles (Portuguese Super cup). In addition, Porto has a notable 'footprint' in international events, having won seven trophies to become the most decorated Portuguese team. These seven trophies include: 2 UEFA Champions League (or European Cup) titles in 1987 and 2004; 2 Europa League (or UEFA Cup) titles in 2003 and 2011; 1 UEFA Super Cup title in 1987; and the Intercontinental Cup (now the Club World Cup) titles in 1987 and 2004. In addition, Porto is the only Portuguese team to have won the Europa League, the Intercontinental Cup, and the continental trifecta (domestic league, domestic cup, and European crowns) on two separate occasions (2002-03 and 2010-11). The club is one of the clubs with the most appearances in the UEFA Champions' League group stage, and since their last win in 2003-04, they have qualified for the quarter finals four times (2009, 2015, 2019 and 2021), for the round of 16 seven times (2005, 2007, 2008, 2010, 2013, 2017, 2018), and have only missed the group phase of the competition once (2020), demonstrating that they are a regular participant.

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Contrary to what we've observed before, a brief review of Porto's transfer history (Exhibit 23) reveals that the club is a "net exporter of players" with an average net profit of 28€ million. In addition, the average investment in the squad is much different from what we've seen in the past, with the club spending an average of 31 million euros on their team. This is due to the size and reality of the Portuguese League when compared to clubs from the top five European leagues and much more so with clubs from the Premier League, which is often regarded as the finest league in the world. Because of their financial status and the average financial state of the league in which they compete, these clubs do not need to sell their best players for financial reasons. Rather, they acquire these top players from clubs like Porto and other clubs in similar financial situations (this applies mostly to Premier League clubs). Porto, Benfica, and Sporting form the "Big 3" in Portugal, so the gap between them and the rest of the clubs in the league is quite large. However, what is most impressive is Porto's ability to outperform its financial capacity and investment in the squad when compared to some of the best clubs in Europe. Contrary to PSG and Manchester City, Porto has already won two UEFA Champions Leagues, and he is also a regular presence in the group stages of the competition and the later stages, even if not reaching the semi-final or final as City of PSG has already done, which is understandable given that, despite overperforming, the club's financial capacity is still a barrier to compete with those clubs. The conclusion we draw from Porto's case is the same one we could draw for the two other big clubs in Portugal, Sporting and Benfica, as their realities are very similar: that, with the Portuguese League not being as attractive as the top 5 leagues, these clubs are not even close to the financial capacity of most of the clubs in those leagues (in the case of the premier league, it is almost all clubs; in the case of the other leagues, it varies, but the top clubs). Despite this, they continue to play well in the UEFA Champions League, where they are a regular participant and to some degree in the knockout stages. In the current Champions League season, Porto defeated Atlético Madrid in their group, and Benfica are tied for first position in their group with Paris Saint-Germain heading into the last game of the group stage. Consequently, this example demonstrates once again

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that there is a link between financial capacity and sports achievement, but it is not a perfect one, with the club in this instance outperforming its financial means, in contrast to Manchester United.

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### **6. Conclusions, Limitations and Future Research**

#### **Conclusions**

Based on the analysis performed, we imagined 3 viable scenarios to summarize the possible effects of collective bargaining in the competition for football broadcasting rights, and its impact on the financial structure of clubs. We defined our focal issue as - What will be the impact of collective bargaining on competition in the telecommunications market regarding the broadcasting of football matches? - and the time horizon 2028/29.

For the conception of the scenarios we identified as key uncertainties, the impact of the OTT model and the financial structure of the clubs. The first one refers to the way fans experience the games, as result of an increasing tendency model that challenges the traditional way of watching them. On the other hand, the financial structure of the clubs since it's affected not only by the way the revenue distribution is made through the collective bargaining model, but also for the competition that exists between those interested in acquiring the broadcasting rights of the games. A conservative scenario was created, a neutral one, and lastly, an optimistic one.

In the conservative scenario, the current market values for the broadcasting rights of football games remain unchanged (172 million). The number of consumers (i.e., those who pay to access premium sports content) may decrease due to external context influences and it may consequently, incite the resort to illegal practices. To compensate this decrease, applying higher prices is not viable. Thus, this scenario can lower the premium sporting channels number accesses and lead to a decrease in broadcasting revenues, having even more drawbacks in the clubs' financial structure. Although, if the number of consumers remains equal as it is nowadays, the financial capacity of the big three will be affect as well.

In this scenario, it is difficult for new broadcast models to incorporate the market, since bidders for broadcasting rights would compete for ownership. This may lead to the formation of a cartel and consequently only a few players (the current rightsholders- operators) are able or willing

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to pay high prices. This limitation of competition would also have a negative impact on the end consumer.

Another consequence would be the possibility of Portuguese clubs losing points in European competitions due to a lower investment capacity by the clubs that are usually part of them.

Portuguese football may damage its image and discourage foreign investment, thus contributing to the non-growth of the market.

In the neutral scenario, the market value of the broadcasting rights of the game increases in comparison with the current value. Nevertheless, the financial structure of SC Braga, Vitória SC and the big three, continues to be negatively affected.

However, if the league were to become more competitive, (i.e. the games more balanced and with the gameplay levelled up) it may lead to more consumers willing to pay and consequently generate more revenue.

If the League would become the rightsholder and the unique entity to represent all the clubs and to negotiate with the secret licitors in an auction type bid, it could mean a decrease in the power of the Sport TV monopoly. This would give an opportunity for other forms of broadcasting to incorporate themselves in the market, and it would also provide a bigger range of options to the costumers, to fulfill their requirements. Consequently, it might reduce piracy and increase market value.

In the optimistic scenario, the total value of the market is sufficient so that no club would suffer from the implementation of the centralized model. This value would be achieved by rising the competition among rightsholders, allowing to sell rights at a higher price due to the increase of clubs' bargaining power.

This competitive dynamic leads to a greater offer diversity and consequently, allows an adjustment to the consumers' interests and presents them with different price ranges, consequently this could mean a decrease in illegal practices.

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One could argue that the Centralization might be beneficial in its overall to the Portuguese league, since with the negative impact of the change in TV revenues according to the *Transfermarkt* approach being so close to 0, and the positive impact of the latter according to the *Capology* approach being more considerable than the former approach, the overall effect would most probably be positive. However, since statistically we see that the *Transfermarkt* approach is better fitted to predict the values, even though the impact is extremely small, we cannot forget that good performances in Champions League are much more important to increase Portuguese League's reputation and notability than good performances in the other two competitions. This last argument is particularly relevant since it will for example impact the value of Portuguese League's TV rights attractiveness in the future and the transfer market value of players (since *Transfermarkt* includes the competition where players are playing as one factor for their algorithm).

### **Limitations**

The limitations of the study were identified in the primary and secondary research, in the realization of the financial model, and in the proposal of a centralized model.

In primary and secondary research, the sample obtained by the questionnaire is not as comprehensive and diverse in terms of geographic location and age, this is due to the fact that the respondents are limited to the scope of the group members. Regarding the interviews, it would have been an added value to have obtained an interview with Sport TV, in order to understand their position and forecasts on the subject under study. It would also have been worthwhile, an interview with one of the Portuguese telecom operators, due to its great influence on the competitive dynamics in this market.

The analysis of the current situation and its comparison with the hypothetical and proposed models is limited by the lack of official and/or reliable information on the contracts currently employed by the Portuguese League teams. While approximations were used, the correct values would allow for a more accurate depiction of the situation.

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Despite the analytical standpoint made, further analysis of the indicators within the proposed distribution models and current models employed by other countries and leagues comes up against the “philosophical” notions of equality and/or fairness, where equality of opportunity and equality of outcomes are put into perspective. Although this paper was, for the most part, focused on the teams themselves, this limitation arises on the sense that fans of the teams with the most support (which, if we consider it to be the Big-3 teams in Portugal) would, most likely, be harmed, while a small percentage of fans that supports bottom-tier teams would benefit from it. Unfortunately, it is not a question that we can answer, and it leaves space for different conclusions.

### **Future research**

A potential idea for future research would be to understand whether international rights are worth enough that investing in this market to expand justifies the implementation of the collective bargaining model. It would be valuable to investigate the weight of these international TV rights in some of European top leagues such as the English or the Spanish league and use it to compare with the Portuguese situation. Another alternative could be to create a benchmark about the Eastern tendency interest regarding professional football (a huge and fast-growing emerging market, such as the Asian one), and use that benchmark to learn if Portuguese football has or could have a place in that market in the future. Finally, it would also be worth understanding the consequences of this on the OTT model, to comprehend what the advantages and disadvantages are in relation to consumers valuing the "view in time" of matches.

The data manipulation done for the points prediction model in the Squad value approach, was established by convention, using the arithmetic average as a criterion. Instead of using this criterion, to mitigate the effect of major European teams despising Europe League in detriment of their domestic competitions (to focus on qualifying to the next season of Champions League) a further approach that could be done to filter the data with a better criterion, would be to create a performance ratio. This could be accomplished by dividing the number of UEFA points by the value of the squad

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and eliminating observations that were underperforming other teams based on that ratio. And finally, calculate a linear regression based on that data set. That would possibly give us a more accurate summary output of the regression, and consequently, a better fitted for the purpose of our study.

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## 8. Appendix

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**Exhibit 1: Distribution of Broadcasting Revenues for the Premier League in 2020/21**

Club Name	Live	Equal Share	UK			International		Central Commercial	Total Payment
			Facility Fees	Merit Payment	Equal Share	Merit Payment			
Manchester City	27	31,375,697	24,624,795	34,961,500	47,541,599	8,325,500	5,924,232	152,553,233	
Manchester United	28	31,375,697	25,291,836	33,313,425	47,541,599	7,809,225	5,924,232	151,256,014	
Liverpool	29	31,375,697	24,158,967	33,465,350	47,541,599	7,492,950	5,924,232	149,958,795	
Chelsea	30	31,375,697	27,026,098	29,717,275	47,541,599	7,076,675	5,924,232	148,641,576	
Leicester City	22	31,375,697	20,089,050	27,969,200	47,541,599	6,640,400	5,924,232	139,560,178	
West Ham United	22	31,375,697	20,089,050	26,221,125	47,541,599	6,244,125	5,924,232	137,395,828	
Tottenham Hotspur	25	31,375,697	22,090,442	26,473,050	47,541,599	5,807,950	5,924,232	137,832,971	
Arsenal	24	31,375,697	21,823,312	22,724,975	47,541,599	5,411,575	5,924,232	134,861,390	
Leeds United	24	31,375,697	21,823,312	20,976,900	47,541,599	4,995,300	5,924,232	132,637,040	
Everton	24	31,375,697	21,823,312	19,228,825	47,541,599	4,579,025	5,924,232	130,472,690	
Aston Villa	19	31,375,697	17,487,657	17,480,750	47,541,599	4,162,750	5,924,232	123,972,685	
Newcastle United	18	31,375,697	14,620,526	15,732,375	47,541,599	3,746,475	5,924,232	120,940,204	
Wolverhampton Wanderers	17	31,375,697	15,753,395	13,984,600	47,541,599	3,330,200	5,924,232	117,909,723	
Crystal Palace	14	31,375,697	13,152,002	12,234,525	47,541,599	2,913,925	5,924,232	113,143,980	
Southampton	14	31,375,697	13,152,002	10,488,450	47,541,599	2,497,650	5,924,232	110,979,650	
Brighton & Hove Albion	15	31,375,697	14,019,133	8,740,375	47,541,599	2,081,375	5,924,232	109,682,411	
Burnley	11	31,375,697	10,550,609	8,992,300	47,541,599	1,665,100	5,924,232	104,049,537	
Fulham	15	31,375,697	14,019,133	5,244,225	47,541,599	1,248,825	5,924,232	105,353,711	
West Bromwich Albion	11	31,375,697	10,550,609	3,494,150	47,541,599	832,550	5,924,232	99,720,837	
Sheffield United	11	31,375,697	10,550,609	1,748,075	47,541,599	416,275	5,924,232	97,556,487	
All figures in £									
		627,513,940	567,095,760	367,095,750	950,333,980	87,417,750	118,484,640	2,518,439,820	

Source: Premier League

**Exhibit 2: Merit- Based Payments in the Premier League for 1<sup>st</sup> and last place**

National	International	Total	% Total
£ 34 961 500,00	£ 8 325 500,00	£ 43 287 000,00	9,524%
£ 1 748 075,00	£ 416 275,00	£ 2 164 350,00	0,476%

**Exhibit 3: La Liga Broadcasting Revenues 2020/21**

Source: LaLiga

LaLiga Santander			LaLiga SmartBank		
Club	Income	Obligations	Club	Income	Obligations
ATHLETIC CLUB	72,2	-6,1	R.C.D. ESPANYOL DE BARCELONA, S.A.D.	10,4	30,5+
FUTBOL CLUB BARCELONA	165,6	-14,1	CENTRE D'ESPORTS SABADELL F.C., S.A.D.	5,8	5,8
REAL MADRID CLUB DE FUTBOL	163,0	-13,9	REAL SPORTING DE GIJON, S.A.D.	7,6	7,6
CLUB ATLETICO DE MADRID, S.A.D.	130,1	-11,1	REAL CLUB DEPORTIVO MALLORCA, S.A.D.	9,5	9,9+
SEVILLA FUTBOL CLUB, S.A.D.	84,2	-7,2	SOCIEDAD DEPORTIVA PONFERRADINA, S.A.D.	6,0	6,0
REAL BETIS BALONPIE, S.A.D.	59,5	-5,1	CLUB DEPORTIVO CASTELLON, S.A.D.	6,1	6,1
REAL SOCIEDAD DE FUTBOL, S.A.D.	64,4	-5,6	CLUB DEPORTIVO TENERIFE, S.A.D.	6,9	6,9
LEVANTE UNION DEPORTIVA, S.A.D.	50,3	-4,3	RAYO VALLECANO DE MADRID, S.A.D.	7,4	7,4
CADIZ CLUB DE FUTBOL, S.A.D.	47,3	-4,0	REAL OVIEDO, S.A.D.	6,8	6,8
VALENCIA CLUB DE FUTBOL, S.A.D.	73,3	-6,2	CLUB DEPORTIVO MIRANDES, S.A.D.	6,4	6,4
CLUB ATLETICO OSASUNA	49,7	-4,2	CLUB DEPORTIVO LEGANES, S.A.D.	9,8	16,1+
DEPORTIVO ALAVES, S.A.D.	51,1	-4,3	GIJON FUTBOL CLUB, S.A.D.	7,8	7,8
ELCHE CLUB DE FUTBOL, S.A.D.	47,3	-4,0	REAL ZARAGOZA, S.A.D.	9,4	9,4
VILLARREAL CLUB DE FUTBOL, S.A.D.	73,3	-6,2	ALBACETE BALONPIE, S.A.D.	6,2	6,2
REAL CLUB CELTA DE WIGO, S.A.D.	53,3	-4,5	UNION DEPORTIVA LAS PALMAS, S.A.D.	8,0	8,0
REAL VALLADOLID CLUB DE FUTBOL, S.A.D.	48,5	-4,1	CLUB DEPORTIVO LUGO, S.A.D.	6,2	6,2
GRANADA CLUB DE FUTBOL, S.A.D.	52,5	-4,5	AGRUPACION DEPORTIVA ALCORCON, S.A.D.	4,4	4,4
SOCIEDAD DEPORTIVA EIBAR S.A.D.	51,8	-4,4	CLUB DE FUTBOL FUENLABRADA	6,7	6,7
SOCIEDAD DEPORTIVA HUESCA, S.A.D.	46,8	-4,0	UNION DEPORTIVA ALMERIA, S.A.D.	8,0	8,0
GETAFE CLUB DE FUTBOL, S.A.D.	58,5	-5,0	MALAGA CLUB DE FUTBOL, S.A.D.	7,2	7,2
<b>TOTAL: 1.444,7</b>	<b>-122,8</b>		FUTBOL CLUB CARTAGENA, S.A.D.	6,0	6,0
			UNION DEPORTIVA LOGROÑES, S.A.D.	5,9	5,9
			<b>TOTAL: 160,5</b>	<b>56,5</b>	<b>217,0</b>

Figures in millions of euros

**Exhibit 4: Bundesliga Broadcasting Revenues 2020/21**

		Total			% Total	% Average
1.	Bayern München	105 400 000,00 €	74 300 000,00 €	31 100 000,00 €	8,9%	59,6%
2.	Borussia Dortmund	94 950 000,00 €	73 340 000,00 €	21 610 000,00 €	8,0%	43,8%
3.	Bayer 04 Leverkusen	88 070 000,00 €	70 050 000,00 €	18 020 000,00 €	7,4%	33,4%
4.	RB Leipzig	81 690 000,00 €	69 300 000,00 €	12 390 000,00 €	6,9%	23,7%
5.	Bor. Mönchengladbach	77 600 000,00 €	67 950 000,00 €	9 650 000,00 €	6,5%	17,5%
6.	Eintracht Frankfurt	75 690 000,00 €	63 850 000,00 €	11 840 000,00 €	6,4%	14,6%
7.	FC Schalke 04	75 250 000,00 €	59 300 000,00 €	15 950 000,00 €	6,3%	14,0%
8.	TSG 1899 Hoffenheim	71 980 000,00 €	66 780 000,00 €	5 200 000,00 €	6,1%	9,0%
9.	VfL Wolfsburg	69 020 000,00 €	58 380 000,00 €	10 640 000,00 €	5,8%	4,5%
10.	Hertha BSC	66 510 000,00 €	61 970 000,00 €	4 540 000,00 €	5,6%	0,7%
11.	SC Freiburg	57 760 000,00 €	54 090 000,00 €	3 670 000,00 €	4,9%	-12,5%
12.	Werder Bremen	55 920 000,00 €	52 900 000,00 €	3 020 000,00 €	4,7%	-15,3%
13.	FSV Mainz 05	54 760 000,00 €	48 920 000,00 €	5 840 000,00 €	4,6%	-17,1%
14.	FC Augsburg	49 730 000,00 €	45 180 000,00 €	4 550 000,00 €	4,2%	-24,7%
15.	1.FC Köln	47 040 000,00 €	43 140 000,00 €	3 900 000,00 €	4,0%	-28,8%
16.	VfB Stuttgart	45 710 000,00 €	41 400 000,00 €	4 310 000,00 €	3,8%	-30,8%
17.	1.FC Union Berlin	37 070 000,00 €	34 690 000,00 €	2 380 000,00 €	3,1%	-43,9%
18.	Arminia Bielefeld	34 310 000,00 €	31 930 000,00 €	2 380 000,00 €	2,9%	-48,0%
		1 188 460 000,00 €	1 017 470 000,00 €	170 990 000,00 €		

Source: *Football – Finan*

**Exhibit 5:** Revenue Distribution Serie A 2020/21

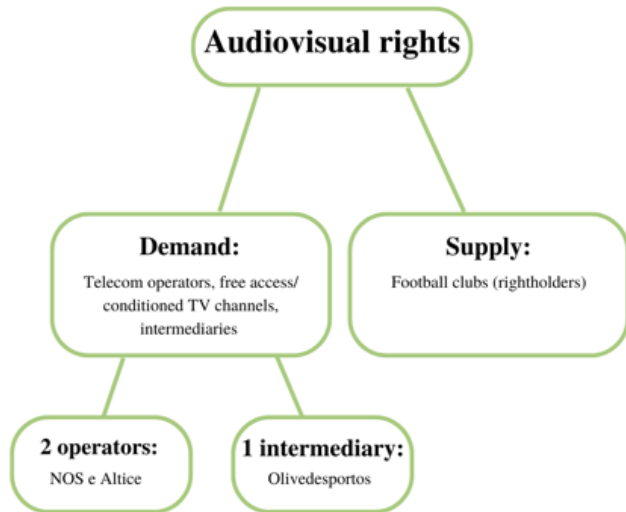
80% Revenues	
Atalanta	54,6
Benevento	30,3
Bologna	37,6
Cagliari	34,1
Crotone	29,5
Fiorentina	39,7
Genoa	36,8
Inter	65
Juventus	62,7
Lazio	48,3
Milan	57,8
Napoli	54,9
Parma	31,6
Roma	49,7
Sampdoria	40,4
Sassuolo	40,2
Spezia	31,5
Torino	36,7
Udinese	35,8
Verona	37,1

**Exhibit 5:** Revenue Distribution Eredivisie 2019/20

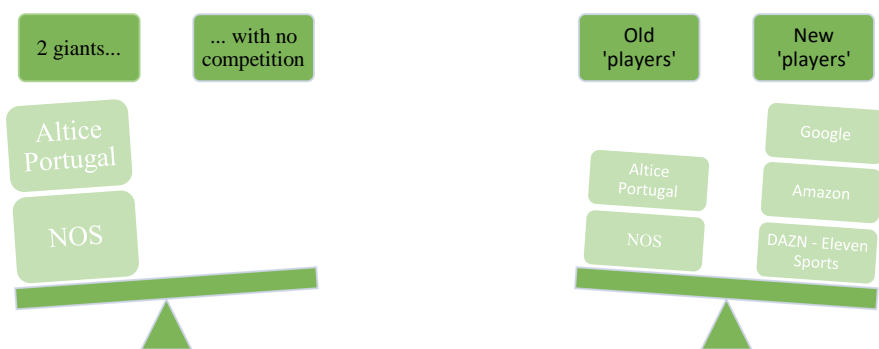
1	Ajax (1)	12.95	10 295 250,00 €
2	PSV (2)	11.65	9 261 750,00 €
3	Feyenoord (3)	10.35	8 228 250,00 €
4	AZ (4)	9.05	7 194 750,00 €
5	Vitesse (5)	8.0	6 360 000,00 €
6	Utrecht (6)	6.95	5 525 250,00 €
7	FC Groningen (8)	5.9	4 690 500,00 €
8	SC Heerenveen (7)	4.85	3 855 750,00 €
9	Heracles Almelo (10)	4.05	3 219 750,00 €
10	ADO Den Haag (9)	3.7	2 941 500,00 €
11	FC Twente (-)	3.45	2 742 750,00 €
12	PEC Zwolle (11)	3.2	2 544 000,00 €
13	Willem II (12)	3.0	2 385 000,00 €
14	VVV Venlo (15)	2.8	2 226 000,00 €
15	RKC Waalwijk (-)	2.6	2 067 000,00 €
16	Sparta Rotterdam (-)	2.55	2 027 250,00 €
17	FC Emmen (18)	2.5	1 987 500,00 €
18	Fortuna Sittard	2.45	1 947 750,00 €

Source: *afc-ajax.info*

**Exhibit 6:** Audiovisual rights framework



**Exhibit 7: Potential situation in the competition between the players in Portugal**



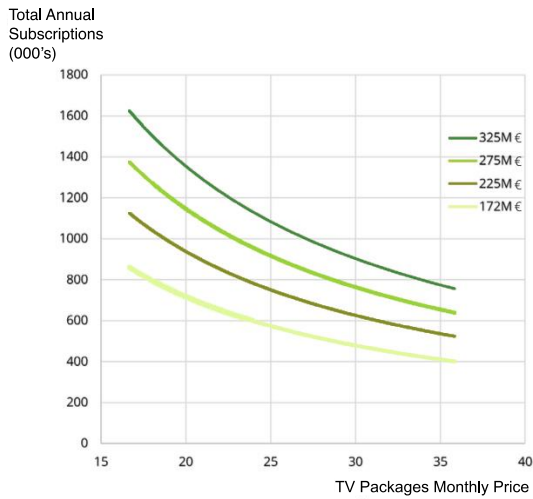
**Exhibit 8: Sensitivity analysis of individual club revenues relative to total revenues 2018/19**

	Situação Atual	Modelo Potencial								
<b>Posição na tabela</b>	<b>172</b>	<b>172</b>	<b>250</b>	<b>275</b>	<b>285</b>	<b>295</b>	<b>305</b>	<b>310</b>	<b>325</b>	<b>350</b>
SL Benfica	41,9	23,1	33,6	36,9	38,3	39,6	41	41,6	43,7	47
FC Porto	41,9	19,8	28,7	31,6	32,7	33,9	35	35,6	37,3	40,2
Sporting CP	41,9	17,3	25,1	27,6	28,6	29,6	30,6	31,1	32,6	35,1
SC Braga	15,5	12	17,4	19,2	19,9	20,6	21,3	21,6	22,6	24,4
Vitória SC	2,2	12,4	18	19,8	20,5	21,3	22	22,3	23,4	25,2
Moreirense FC	2,2	8,3	12	13,2	13,7	14,2	14,7	14,9	15,6	16,8
Rio Ave FC	2,2	7,7	11,2	12,3	12,7	13,2	13,6	13,9	14,5	15,6
Boavista FC	2,2	8	11,6	12,7	13,2	13,7	14,1	14,4	15,1	16,2
Belenenses SAD	2,2	6,7	9,7	10,7	11,1	11,5	11,8	12	12,6	13,6
CD Santa Clara	2,2	6,8	9,9	10,9	11,3	11,7	12,1	12,3	12,8	13,8
CS Marítimo	2,2	7,2	10,5	11,5	12	12,4	12,8	13	13,6	14,7
Portimonense SC	2,2	6,4	9,4	10,3	10,7	11	11,4	11,6	12,2	13,1
Vitória FC	2,2	6,6	9,6	10,6	11	11,4	11,8	12	12,5	13,5
CD Aves	2,2	6	8,8	9,7	10	10,4	10,7	10,9	11,4	12,3
CD Tondela	2,2	6	8,7	9,6	9,9	10,3	10,6	10,8	11,3	12,2
GD Chaves	2,2	6,3	9,1	10	10,4	10,7	11,1	11,3	11,8	12,7
CD Nacional	2,2	5,8	8,4	9,2	9,5	9,9	10,2	10,4	10,9	11,7
CD Feirense	2,2	5,7	8,3	9,2	9,5	9,8	10,2	10,3	10,8	11,7
<b>Total Liga NOS</b>		<b>172</b>	<b>250</b>	<b>275</b>	<b>285</b>	<b>295</b>	<b>305</b>	<b>310</b>	<b>325</b>	<b>350</b>

\*all values in ME

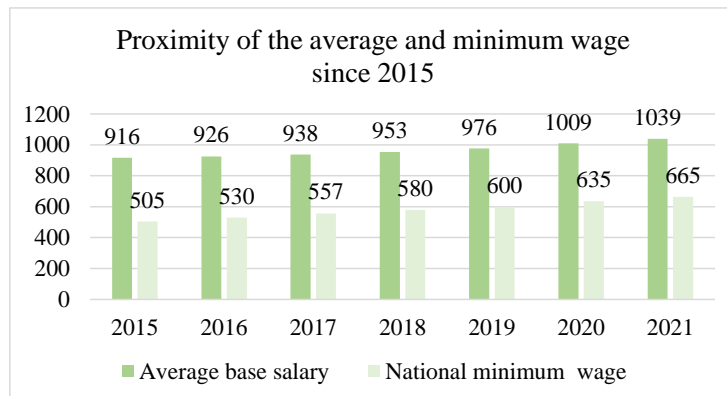
Source: *Estudo sobre o impacto da negociação centralizada dos direitos televisivos em Portugal*, Servir o Benfica (2022)

**Exhibit 9:** Total subscribers, in thousands, and monthly price per TV package for different levels of global revenue/year, M€ and thousands of subscriptions



Source: *Estudo sobre o impacto da negociação centralizada dos direitos televisivos em Portugal*, Servir o Benfica (2022)

**Exhibit 10:** Proximity of the average and minimum wage since 2015



Source: *Dinheiro Vivo* (2022)

**Exhibit 11: Quantitative Research- Questionnaire**

**Section 1. Personal information**

Age

- Under 18
- 18-35
- 35-65
- Over 65

Gender

- Female
- Male

Are you currently living in Portugal?

- Yes
- No

What is your residential district? (Select option)

**Section 2. Filter Question**

Do you watch football games?

- Yes:
- No: Stop survey

**Section 3. Football tastes and stadium assiduity**

1. Which football team you support?

- Sporting Clube de Portugal
- Sport Lisboa e Benfica
- Futebol Clube do Porto
- Other

2. Which football team do you support?

3. Do you have a season ticket?

- Yes
- No

4. How frequently do you watch games at the stadium?

- Never
- Rarely
- Occasionally
- Frequently
- Always

5. Which football competitions do you follow?

- Premier League (England)
- German League
- Italian League
- French League
- International club competitions (e.g: UEFA Champions League)
- Other leagues (Turkish League, Belgium League, Swiss League, Dutch League...)
- Portuguese League

6. Which football competitions do you follow? (Sort them according to your preference, leaving the ones you do not follow for the end.)

Premier League (England)

Spanish League

German League

Italian League

French League

International club's competitions (e.g.: UEFA Champions League)

Other leagues (Dutch League, Turkish league Belgian League, Swiss League...)

Portuguese League

7. Sort, in descending order (from most important to least important), the importance of the following factors regarding the attractiveness of football

Competitive equilibrium

Signing of world class players

Fans presence in the stadium

Investment in the youth teams

Playing with a team of superior quality

8. Do you consider that, in football, competition is correlated with attractiveness of the game?

- Yes
- No (Move to section 5)
- I do not have an opinion (Move to section 5)

9. Would you change your answer if both teams played a football of a low quality?

- Yes
- No
- I do not have an opinion

## **Section 5. Football in other channels**

1. Do you prefer to watch matches on TV box or in other channels stated above?

- TV box
- Other channels

2. What features make you prefer the channel(s) that you have selected previously?

From the following factors please choose up to 3.

Practical

Image quality

Screen size

Mobility

More privacy

Liberty of choice regarding content

#### **Section 6. Premium sports channels in Portugal**

1. Is there a subscription of a Portuguese premium paid sports channel in your household?

- Yes (Move to question 3)
- No

2. If the Portuguese League was to be more competitive, would you be willing to acquire a subscription?

- Yes (Move to section 8)
- No (Move to section 8)
- Yes, if the football practiced is better (Move to section 8)
- No, if the football practiced is worse (Move to section 8)

3. Who pays the subscription?

- Respondent
- Family member (Move to question 5 and 6)

4. What is your monthly revenue?

- Under 500€
- 500€-849€
- 850€-1249€
- 1250€-2000€
- Over 2000€

5. How old is your family member (that pays for the subscription)?

- 18-35
- 35-65
- Over 65

6. What is the monthly revenue of your family member?

- Under 500€
- 500-849€
- 850-1249€
- 1250-2000€
- Over 2000€

**Section 7. Respondents with premium paid Portuguese sports channels**

1. Which sports channel(s) are you subscribed to?

- Sport TV
- Eleven Sports
- BTV

2. Were your subscriptions done through your TV operator?

- Yes
- No, I am only subscribed directly to Eleven Sports
- Yes and no, I am subscribed through the TV operator, and directly through Eleven

3. Does your subscription have a multiscreen feature?

Note: a multiscreen feature can be described as the possibility to watch the same sporting event in different devices at the same time (eg: it allows to watch the same event on TV and also on a smartphone/tablet/PC).

- Yes
- No

4. What is the value of your subscription package?

Note: If you have more than 1 subscription package, please state the total monthly value of all packages.

- 0-15€
- 15-30€
- Over 30€

5. Would you be willing to pay a superior value to what you pay currently so that the Portuguese League becomes more competitive between all clubs?

- Yes
- No
- Yes, if the football practiced is better
- No, if the football practiced is worse

6. If you could watch football matches through an OTT model, would you choose this channel instead of a Portuguese premium sports channel?

Note: OTT model consists of transmitting content directly to the consumer over the internet. To gain access, a subscription fee is usually paid. The kind of content transmitted by this model is On-Demand, which means that the viewer can watch the available content wherever and whenever he or she wants. Examples: DAZN, Amazon Prime Video, Disney +.

- Yes
- No

7. Which factors do you consider as disadvantages in an OTT model?

- Access to Internet
- Not having all the contents in the same platform
- Do not think it has disadvantages
- Other(s) (Move to question 9)

8. Which one(s)?

9. Besides premium channels, do you use illicit channels to watch sporting events?

- Yes (illegal streaming or account sharing) (Move to section 9)
- No (Stop survey)

#### **Section 8. Respondents without Portuguese premium sports channels**

1. Where do you watch football matches?

- Restauration establishments
- House of a friend/ family member

- Online streaming, account sharing
2. In the case of the Portuguese League allowing for their first division matches to be broadcasted in different paid channels, would you be willing to subscribe those channels?
- Yes, even if the price increase
  - Yes, if the price remains the same
  - Yes, but only if the price decrease
  - Only the channels that broadcast the matches of the club I support
3. Would you be willing to subscribe to different channels to obtain access to foreign leagues?
- Yes
  - No (Move to question 6)
4. Which ones?
- Premier League
  - Spanish League
  - German League
  - Italian League
  - French League
  - International club's competitions (Champions League, Europe League...)
  - International national team's competitions (World Cup, European Championships...)
  - Other leagues (Turkish League, Belgian League, Swiss League...)
  - Dutch League
5. If you could watch the matches through an OTT model, would you choose this option instead of a premium paid sports TV channel?

Note: OTT model consists of transmitting content directly to the consumer over the internet. To gain access, a subscription fee is usually paid. The kind of content transmitted by this model is On-Demand, which means that the viewer can watch the available content wherever and whenever he or she wants. Examples: DAZN, Amazon Prime Video, Disney +.

- Yes
- No

6. Which factors do you consider drawbacks in the subscription of an OTT model?

- Access to internet
- Not having all the contents in the same platform
- Do not think that it has disadvantages
- Other(s) (Move to question 8)

7. Which one(s)?

8. What is/are the reason(s) that would make you pay more to have access to a paid TV channel?

- Access to personalized content (in line with my interests)
- More practical
- I am already familiarized with the functioning of my TV box
- More attractive price
- Other(s)

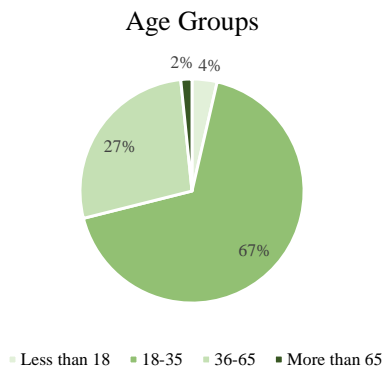
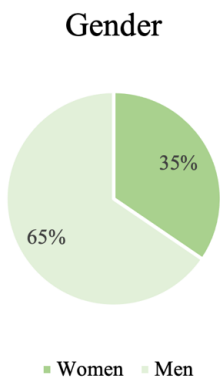
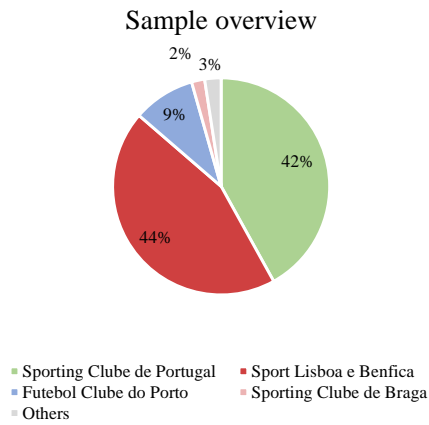
### **Section 9. Illegal streaming and account sharing**

1. Please select any illicit channel that you have ever used to watch a sporting event, such as a football match.

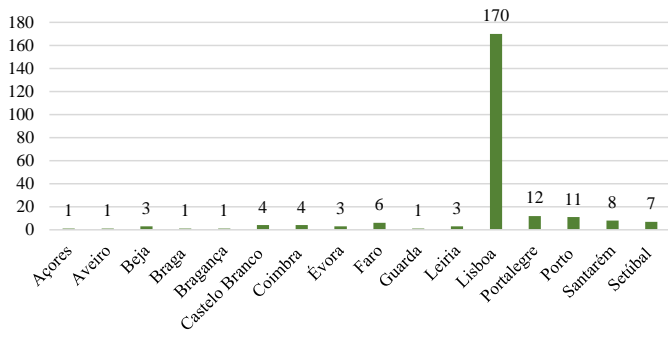
- IPTV

- Online streaming
  - Account sharing
2. Do you have a VPN service?
- Yes
  - No (Move to question 4)
3. Why did you acquire a VPN?
- To protect my internet connections and keep my online privacy
  - To improve my stream quality, allowing me to bypass any obstacles that my interest supplier could impose to my connection
4. Sort, in descending order, the reasons that make you resort to illegal channels to watch sporting events instead of subscribing to a paid channel.
- Price
  - I only have a Wi-Fi package
  - Quality of image
  - Format of the available subscription packages
  - Do not have a TV
5. If new packages of subscription would become available, would you acquire them instead of using illicit channels?
- Yes, if it is through an OTT model, with a lower fee than the present prices
  - Yes, if it is through an TV channel, with a lower fee than the present prices
  - Yes, at a very low fee (does not matter if it is through a TV channel or an OTT model)
  - No

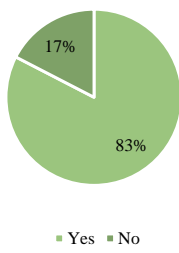
o **Exhibit 12: Quantitative Research- Sample Overview**



District of residence



Attendance of football matches



**Exhibit 13: Manchester City Transfer Net Profit (Post-takeover)**

<b>Manchester City Transfer net Profit (post-takeover)</b>			
Year	Arrivals	Departures	Net profit
2022/23	139,5	159,9	20,4
2021/22	134,5	93,8	-40,7
2020/21	173,4	65,5	-107,9
2019/20	159,52	71	-88,52
2018/19	78,59	57,6	-20,99
2017/18	317,5	91,35	-226,15
2016/17	215	35,35	-179,65
2015/16	208,47	67,44	-141,03
2014/15	102,8	30,3	-72,5
2013/14	115,5	11,3	-104,2
2012/13	61,95	44,3	-17,65
2011/12	91,05	31,2	-59,85
2010/11	183,61	40,15	-143,46
2009/10	143,7	30,95	-112,75
2008/09	157,35	26,5	-130,85

Source: Transfermarkt

Average spending	152
Average net loss	-95

**Exhibit 14: Manchester City Transfer Net Profit (Pre-takeover)**

<b>Manchester City Transfer net Profit (pre-takeover)</b>			
Year	Arrivals	Departures	Net profit
2007/08	77,95	10,56	-67,39
2006/07	6,5	4,2	-2,3
2005/06	12,48	32,5	20,02

Source: Transfermarkt

Average spending	32
Average net profit	-17

**Exhibit 15: PSG Transfer Net Profit (Post-takeover)**

<b>PSG Transfer net Profit (post-takeover)</b>			
Year	Arrivals	Departures	Net profit
2022/23	147,5	54,3	-93,2
2021/22	89,5	11	-78,5
2020/21	62	0,4	-61,6
2019/20	95	105,9	10,9
2018/19	262	114	-148
2017/18	238	98,4	-139,6
2016/17	134,5	59,8	-74,7
2015/16	116,1	22,9	-93,2
2014/15	49,5	2,2	-47,3
2013/14	135,9	26,5	-109,4
2012/13	151	4,75	-146,25
2011/12	107,1	9,4	-97,7

Source: *Transfermarkt*

Average spending	132
Average net profit	-90

**Exhibit 16: PSG Transfer Net Profit (Pre-takeover)**

<b>PSG net Profit (pre-takeover)</b>			
Year	Arrivals	Departures	Net profit
2010/11	9	7	-2
2009/10	15,5	6,3	-9,2
2008/09	10,5	21,75	11,25
2007/08	20,5	14,3	-6,2
2006/07	16,7	4,5	-12,2
2005/06	18,2	12,43	-5,77

Source: *Transfermarkt*

Average spending	15
Average net profit	-4

**Exhibit 17: Chelsea FC Transfer Net Profit (post-takeover)**

<b>Chelsea FC Transfer net Profit (post-takeover)</b>			
Year	Arrivals	Departures	Net profit
2022/23	281,99	56,73	-225,26
2021/22	118	119,95	1,95
2020/21	247,2	57,15	-190,05
2019/20	45	157,27	112,27
2018/19	208,8	83,25	-125,55
2017/18	260,5	194,6	-65,9
2016/17	132,8	108,9	-23,9
2015/16	96,5	87,49	-9,01
2014/15	137,7	142,81	5,11
2013/14	130,35	77,93	-52,42
2012/13	109,7	25,45	-84,25
2011/12	96,45	31,56	-64,89
2010/11	121,5	16,5	-105
2009/10	30	3,8	-26,2
2008/09	30,5	44,55	14,05
2007/08	59	43,65	-15,35
2006/07	88,98	52,6	-36,38
2005/06	91,5	34,6	-56,9
2004/05	166,4	3,3	-163,1
2003/04	170	0,95	-169,05

Source: Transfermarkt

Average spending	131
Average net profit	-64

**Exhibit 18: Chelsea FC Transfer Net Profit (pre-takeover)**

<b>Chelsea FC Transfer net Profit (pre-takeover)</b>			
Year	Arrivals	Departures	Net profit
2002/03	0	2,1	2,1
2001/02	49,7	14,32	-35,38
2000/01	52,39	37,72	-14,67
1999/00	26,36	7,88	-18,48
1998/99	19,3	5,85	-13,45

Source: Transfermarkt

Average spending	30
Average net profit	-16

**Exhibit 19: Manchester United Transfer Net Profit (Post SAF)**

<b>Manchester United Transfer net Profit (post SAF)</b>			
Year	Arrivals	Departures	Net profit
2022/23	240,32	13,25	-227,07
2021/22	142	30,7	-111,3
2020/21	83,8	19,5	-64,3
2019/20	234,8	81,18	-153,62
2018/19	82,7	30,55	-52,15
2017/18	198,4	45,5	-152,9
2016/17	185	47,25	-137,75
2015/16	156	100,67	-55,33
2014/15	195,35	46,7	-148,65
2013/14	77,13	1,8	-75,33

Source: Transfermarkt

Average spending	160
Average net profit	-118

**Exhibit 20: Manchester United Transfer Net Profit (during SAF)**

<b>Manchester United Transfer net Profit (during SAF)</b>			
Year	Arrivals	Departures	Net profit
2012/13	76,45	9,65	-66,8
2011/12	62,3	12,9	-49,4
2010/11	29,3	16,97	-12,33
2009/10	27,3	104,47	77,17
2008/09	45,25	7,45	-37,8
2007/08	106,5	46,6	-59,9
2006/07	27,2	18	-9,2
2005/06	31,8	7,9	-23,9
2004/05	61,25	9,57	-51,68
2003/04	56,53	59,3	2,77
2002/03	48,53	3,5	-45,03
2001/02	85,85	43,6	-42,25
2000/01	11,7	9,88	-1,82
1999/00	7,95	0,35	-7,6
1998/99	44,75	3,75	-41

Source: Transfermarkt

Average spending	48
Average net profit	-25

**Exhibit 21:** Comparison Manchester United VS Manchester City

Comparison Manchester United vs. Manchester City		
Total Spending	Post-SAF	During SAF
Man United	1596	406,1
Man City	1645	734,59

\*Stopped at 2005/06 to match Man City time period

Source: Transfermarkt

**Exhibit 22:** FC Porto Transfer Net Profit

FC Porto Transfer net Profit			
Year	Arrivals	Departures	Net profit
2022/23	48	86	38
2021/22	35,27	72,25	36,98
2020/21	22,73	76,15	53,42
2019/20	63,25	88	24,75
2018/19	40,06	72,55	32,49
2017/18	21,25	70,2	48,95
2016/17	40,65	15,06	-25,59
2015/16	59,5	140,65	81,15
2014/15	53,25	95,96	42,71
2013/14	34,82	81,42	46,6
2012/13	13,07	73,84	60,77
2011/12	49,19	46,8	-2,39
2010/11	31,75	38,78	7,03
2009/10	31,73	72,89	41,16
2008/09	46,65	55	8,35
2007/08	18,27	71,35	53,08
2006/07	7,9	10,83	2,93
2005/06	18,3	48,8	30,5
2004/05	50,1	95,25	45,15
2003/04	8,5	10	1,5
2002/03	11,4	18,2	6,8
2001/02	9,15	3	-6,15
2000/01	3,9	17,05	13,15

Source: Transfermarkt

Average spending	31
Average net profit	28

