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# Manchester United

## *Creating the Global Sports Brand<sup>1</sup>*

### INTRODUCTION

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May 2005 will go down as a watershed moment in the storied history of Manchester United, as U.S. businessman Malcolm Glazer bought financial control over the fabled English football (soccer) club. It was noteworthy that Glazer's move was premised on Manchester United's position as one of the most prominent global brands in a sport with proven worldwide appeal.

The question facing Manchester United's new owner and club management was how to leverage the club's global brand name further in the worldwide marketplace. Manchester United's historic pedigree was not to be doubted, nor was its position in the top echelons of English football. The club was already reputed to have 75 million fans worldwide, including 40 million in Asia.

But the competitive environment of the "beautiful game" was tightening. In the English Premier League (EPL), Chelsea, with the bottomless purse strings of Russian owner Roman Abramovich, had set the pace with over €330 million worth of new player signings in recent years. In Europe, it was Spain's Real Madrid—nine-time European Cup (Union of European Football Associations—UEFA) winner—that had

successfully demoted Manchester United to second place in the Deloitte World Football Money League in 2005. The downward trend was confirmed in 2006 as the club slipped to fourth in global club rankings, one place ahead of seven-time UEFA winner AC Milan. The pressure was on Manchester United to ratchet up its performance levels both on and off the field in order to maintain its position as the world's best-known football club.

### HISTORY OF MANCHESTER UNITED

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The club now known as Manchester United was originally formed in 1878 as the Newton Heath Lancashire and Yorkshire Football Club. Financial problems followed and the club was reformed under its present name in 1902. The club moved to the Old Trafford stadium in 1910. Throughout the 1920s and 1930s, it was the lesser of the two Manchester clubs, with Manchester City being more successful in the interwar years. The foundation for the club's current success was laid in the post-1945 era by two exceptional managers, both Scottish—Matt Busby and Alex Ferguson.

## The Matt Busby Era

Manchester United's move toward national and international prominence began with the appointment of Matt Busby as manager in 1945. It was Busby who established the distinctive corporate culture that characterizes the club today. Corporate (or organizational) culture consists of the shared values, beliefs, and norms that help an organization achieve results. Effective corporate cultures have high performance standards, caring attitudes toward people, and feelings of uniqueness and pride. Busby's soccer philosophy established club precedents in many key areas. He established the youth orientation by playing seven teenagers (the "Busby Babes") against Huddersfield in 1953. Busby's quest for soccer excellence extended nationally as he scoured the country in search of talent. He promoted individuality and flare on the field but encouraged a club-oriented "one for all" camaraderie off the field. He enhanced team unity by arranging off-the-field perks for all players, including golf memberships, local cinema passes, and concessions at resort hotels. In 1956, he took the club to Europe in defiance of the English Football League. The Busby corporate culture legacy imbued Manchester United with a reputation for youth, talent development, and striving for soccer and individual excellence, all within the framework of a club steeped in traditional values and atmosphere.

Ironically, however, it was a tragedy that first raised the Manchester United profile above other English clubs. In 1958, returning from European competition play, eight players were killed in Munich, West Germany, when the team airplane crashed. A surviving player, Bobby Charlton, noted, "Before Munich, it was Manchester's club; afterwards, everyone felt they owned a little bit of it." The club rebuilt, and in the 1960s and 1970s it took advantage of the era's Beatles, James Bond, and Anglophilic tendencies (including England's 1966 World

Cup win) to enhance its reputation, garnering the European Cup in 1968 with charismatic Irishman George Best voted the European Player of the Year. Busby retired in 1969, and the club languished during the 1970s and 1980s while Liverpool superseded them as England's leading club, though Manchester United remained the best-supported English club.

## The Alex Ferguson Era

The hiring of Alex Ferguson in 1986 heralded a return to traditional club values and a revival of the club's fortunes, with Manchester United dominating English soccer through the 1990s, winning the league title eight times between 1992 and 2003 and being crowned European champions in 1999. Commentators noted at the time that it was a good decade to dominate English football. The Premier League was formed in 1992. Television revenues skyrocketed and made clubs and players wealthier. With the proliferation of satellite, cable, and digital TV, the beautiful game became the truly global game. Ferguson's revival of Manchester United's traditional club values involved a heavy orientation back to youth and talent. The overriding quest to develop the best available soccer talent was continued as the bulk of the 1990s team, including Ryan Giggs, Paul Scholes, Nicky Butt, the Neville brothers, and David Beckham, came up through the club's youth system. Over the club's championship 1992–2003 period, Manchester United topped the EPL in starting appearances for homegrown talent.

But the club's youth development system proved insufficient to sustain the lofty standards of play now characterizing the EPL. As the soccer industry globalized, increasing competition in the EPL necessarily expanded the search for talent, and foreign players were more routinely recruited. The success of Frenchman Eric Cantona (bought from Leeds United) in the 1990s encouraged the club to buy new talent, and over the 1992–2002

period, Manchester United topped the English Premier League in purchase fees for new players, averaging close to £20 million per year. The current team roster includes many imports: Cristiano Ronaldo, Wayne Rooney, Rio Ferdinand, Louis Saha, and Carlos Tevez.

The club's potent combination of home-grown and imported talent resulted in an attacking style of soccer that got results and attracted fans worldwide. From 1992–2003, Manchester United averaged over two goals per game, with most of the remaining EPL clubs languishing at one to one-and-a-half goals per game.

Manchester United had become well-known not only for its attacking soccer but also for the galaxy of stars it attracted under the club banner. In the corporate world, companies assemble portfolios of brands to reinforce their corporate brand image. Within the portfolio branding framework, it is the "silver bullet" concept that identifies key individual brands to form the marketing vanguard for corporate branding strategies. In soccer, it has been player brands that have contributed to the excitement quotient at the club level. In Manchester United's case, a succession of charismatic players has generated that excitement. In the 1950s, it was teenager Duncan Edwards; in the 1960s, it was George Best, ably supported by Bobbie Charlton and Denis Law, who generated on- and off-the-field media coverage to maintain Manchester United's high news profile. In the early 1990s, it was the mercurial Frenchman Eric Cantona who provided headline sports news until a talented crop of young stars from their youth academy, including media and celebrity icon David Beckham, came on the scene. In 2007, the squad included young world-class talents with attacking flair such as Portuguese winger Cristiano Ronaldo and England's Wayne Rooney (both 21 years old). Such talents exemplified and magnified the aura of the club.

On-field success is important for any sports brand seeking national and global fame, but for sports teams, maintaining success over long

time periods is a challenge. In this area, Manchester United has few equals. In the modern era, from 1945 to the forming of the English Premier League in 1992, the club had top two finishes 15 times, winning top honors five times (see [www.ManU.com](http://www.ManU.com)). But the forming of the Premiership heralded the club's most successful era. From 1993–2003, Manchester United won the Premiership 8 of 11 times and lifted the Football Association (FA) Challenge Cup four times over the same period. In 1999, the club achieved a unique treble: the FA Premiership, the FA Challenge Cup, and the European Cup. Throughout the 14-year Premiership history, the Manchester club has never finished out of the top three. This consistency in excellence has earned Manchester United a coveted place in English and European soccer annals, matched perhaps only by Spanish club Real Madrid. It also paid off as the club topped EPL attendance figures from 1992 to 2003 at over 53,000 per game, significantly above the average of 37,000. Club supporters, known as the Red Army, consistently follow them to away games, and its national fan membership is over 190,000.

Astute leadership is the hallmark of excellent organizations. Following the Busby era, the club experienced a leadership vacuum for about 15 years until Alex Ferguson took charge in 1986. Under his stewardship, Manchester United has experienced two decades of unprecedented success. Sir Alex, currently the longest-serving manager in the Premiership, recently turned 65. Effective succession planning is clearly paramount if the club is to maintain its success on the field and as a business.

## THE NATIONAL INDUSTRY ENVIRONMENT: THE CHANGING FACE OF ENGLISH SOCCER

In the 1990s, increased competition to procure and retain unique soccer talent put enormous

financial pressures on clubs to augment club revenues, especially from off-the-field revenue sources. The forming of the Premiership in English soccer over 1992–1993 signaled a new era of commercialism in the sport. This became increasingly necessary as club costs rocketed under the impetus of player salary inflation, while attendance receipts and existing television deals were leveling out. Both the Football Association and individual clubs looked for additional revenue streams to bolster finances and attract star players in inflation-affected transfer markets. Clubs had traditionally classified their revenue streams into three categories: match day, broadcast, and commercial revenues. Clubs therefore systematically sought additional revenues to expand their spectator appeal, sponsorships, merchandising deals, and television coverage.

## Match Day Revenues

Recognizing the need for increased gate receipts, the English Football League in 2004 set goals of increasing game attendances from 16 to 21 million by 2010. This was deemed feasible given the League directive that stadiums were to be all-seated following the 1989 Hillsborough disaster where 95 people were killed in an FA cup semifinal between Liverpool and Nottingham Forest. This made stadiums more family friendly and broadened the game's appeal among the middle classes. As a result, some clubs have expanded their stadiums (as Manchester United did) while others, such as Arsenal, built the new 60,000-seat Emirates stadium, named for its Arabic airline sponsor. Chelsea's 42,000 capacity at Stamford Bridge makes it one of the smaller EPL stadiums.

As clubs sought to maximize match day revenues, ticket prices rose and some EPL single-game prices went above £40 (€60 or \$95) in 2005. Attendances fell from 13.5 million in 2002–2003 to a projected 12.4 million in 2005–2006. Average attendance at EPL

matches peaked in 2002–2003 at 35,445 but fell to 33,887 in 2005–2006. Manchester United was the only British club to consistently sell out its home games at Old Trafford, one of the largest stadiums in England. Consequently, the club's "Theatre of Dreams" stadium was expanded by a further 7,800 seats to give it a capacity of 75,600 by the 2006–2007 season. The multipurpose nature of the development, which includes restaurant and conference facilities, positioned the club to augment its revenue streams through non-soccer events such as concerts, banquets, conferences, exhibitions, symposiums, and weddings.

## Broadcast Revenues

A key event for English soccer occurred as Rupert Murdoch's media empire sought to enter the UK television market in the late 1980s. Murdoch's BSkyB satellite channel offered £304 million—five times ITV's 1988 deal—to broadcast top-tier games. The subsequent contract to 1997 was worth £670 million, and the two following arrangements were both in excess of £1 billion. Along with increased ticket, advertising, and merchandising revenues, this increased turnover for the top 20 English clubs from £160 million in 1992 to £1,130 million in 2003. TV rights for the EPL were centrally negotiated, with individual club shares equal except for bonuses for top-four finishes and number of live games broadcast. In 2006, at the bidding of the European Commission, BSkyB's monopoly was broken with two of six EPL broadcast rights packages being bought by Irish pay-TV group Setanta. Nevertheless, BSkyB was scheduled to show 92 games over 2006–2007, four more than in the 2005–2006 season. Together, Setanta and BSkyB paid £1.7 billion (about €2.5 billion or nearly \$4 billion) for their broadcast rights. The EPL's centralized contract contrasts with the Spanish and Italian leagues where TV broadcast rights are club-negotiated.

European success was important not only for club prestige but also from a financial perspective. Additional revenues derived from progress in the UEFA Cup. The last 16 appearances gave clubs €.6 million in 2005, quarterfinals garnered another €1.9 million, semifinals another €2.6 million, and reaching the finals added €3.9 million (for the runner-up) and €6.5 million for the Cup winner. Liverpool's fifth UEFA Cup win in 2005 was therefore a financial boon for the club.

## Commercial Revenues

Other revenues derive from sponsorships and merchandising deals, and operate at numerous levels—global (the World Cup), regional (e.g., the UEFA Champions League), national (e.g., Premier League), club level, and for individual players.

**Tournament and league sponsorships.** Soccer tournaments have increasingly attracted top-level sponsorships as their popularity has increased. In 2006, Budweiser was the official beer of Germany's World Cup (a £23 million privilege), and the U.S. brewer has already signed on for the 2010 and 2014 World Cup tournaments. At the national team level, Danish brewer Carlsberg sponsored England's Euro 2004 team for £10 million. At the European level, the UEFA Champions League has a number of major international sponsors, including Canon, Amstel, PlayStation, MasterCard, Ford, Adidas, and Sharp. In Britain, the FA Premier League was sponsored by finance conglomerate Barclay's in a £57-million, 3-year deal.

**Club sponsorship and merchandising deals.** Up to the 1990s, sponsorships and merchandising deals were viewed as minor revenue streams in clubs' financial operations. Today they are big business. Premiership clubs in 2005 earned €342 million from sponsorships and merchandising operations (less, though, than both game day revenues at €413 million and broadcast

revenues at €579 million). Manchester United has led the way in developing synergistic global sponsorship partners. In 2006, U.S. financial group AIG took over from Vodafone in a 4-year, €85-million deal to have their logo on Manchester United's shirts. BetFred, the world's largest independent bookmaker, is one of the club's platinum sponsors and provides in-stadium betting at Old Trafford on match days as well as online gambling and amusements such as poker (in which fans can play against former players), casino games, arcade machines, and lotto sites. Other platinum sponsors in 2007 included Budweiser (which owns lager pouring rights at Old Trafford), Air Asia, and Audi. Sponsor packages include field-based LED advertising boards promoting sponsor brands throughout home games.

**The emergence of the player brand.** Although player deals do not accrue to club financial operations, they add to the sport's media exposure through individual sponsorships and commercial endorsements. The England 2006 World Cup squad contained seven of the world's highest-earning and best-sponsored players. David Beckham topped out the list at £12.85 million per year (€19 million or about \$30 million). He was joined by Manchester United stars Rio Ferdinand and Wayne Rooney, Chelsea's Frank Lampard and John Terry, Newcastle's Michael Owen, and Liverpool's Steven Gerrard. Beckham's appeal is, however, uniquely multifaceted and includes his metrosexual fashion image, his marriage to one of the Spice Girls, and a cameo in the movie *Bend It Like Beckham*. Beckham's transfer to Real Madrid in 2003 is credited with a revival of the Spanish club's financial fortunes and pushing them to the top of soccer's money league in 2005. His 2007 transfer from Real Madrid to the Los Angeles Galaxy (a 5-year deal estimated to be worth \$250 million) is testament to the celebrity crossover appeal that such personalities develop.

EPL clubs have developed some financial acumen in their revenue-generating activities. Table 2 shows key financial data for the premiership's top four clubs—Chelsea, Manchester United, Arsenal, and Liverpool.

## SOCER AS A GLOBAL INDUSTRY

### Globalization, Sport, and Soccer

As the 21st century got underway, one trend was very much apparent in the world economy, and that was globalization. Generally defined as the process through which the free flow of ideas, peoples, goods, services, and capital increasingly leads to the integration of economies and societies, globalization has resulted in nation-states forging links through trade, investments, and the activities of international companies participating in the world economy.

The integration of world economies has led to increasing competition in many industries. In the sports field, globalization has added impetus to international rivalries that date in the modern era from the 1896 Olympic Games. But no single sport has benefited from its global exposure as much as soccer. From its first appearance in the 1908 Olympics, the sport has attracted increasing international attention. The first World Cup was organized in 1930 by Jules Rimet in Uruguay. From that time, the sport has consistently drawn more support worldwide than any other pastime.

As globalization trends accelerated after the 1980s, advances in communications technologies took live soccer broadcasts worldwide so that millions could share game day excitement with stadium spectators. This also broadened the market for soccer expertise as managers, coaches, and players became increasingly mobile. The 1995 Bosman ruling from the EU Court removed the “three foreigners” rule in soccer (which had limited clubs to three foreign

players) and allowed players to become free agents following contract expiration. This intensified competition for top players and made wage inflation a danger to club finances. Soccer management went global also, with club managers being recruited regardless of national origin. Currently, EPL contenders Chelsea, Arsenal, Liverpool, and Manchester United are managed by a Portuguese (Jose Mourinho), a Frenchman (Arsene Wenger), a Spaniard (Rafael Benitez), and a Scotsman (Alex Ferguson), respectively. The EPL's cosmopolitan outlook comes through in its ownership trends. Mohamed Al-Fayed's takeover of the Fulham soccer club in 1997 set the trend that was followed with Russian Roman Abramovitch's purchase of Chelsea; the Glazers' (U.S.) takeover of Manchester United; Frenchman Alexandre Gaydamak's acquisition of Portsmouth; the United States' Randy Lerner's purchase of Aston Villa; an Icelandic buyout of West Ham United; and in February 2007, the takeover of Liverpool by U.S. magnates George Gillett and Tom Hick. But the greatest impact of globalization was to give professional soccer the latitude to capitalize on a global appeal many centuries in the making.

### The Worldwide Appeal of Soccer

All products and services that achieve global brand status have some degree of worldwide appeal and service universal needs. Soccer's global appeal is based on its history—the fact that many nations and cultures have been playing the sport (or some version of it) for thousands of years, and its current attraction as a sporting endeavor with many positive attributes.

**Historic appeal: The evolution of soccer.** FIFA—the international football governing body—dates soccer as originating in China under the Han dynasty between the 2nd and 3rd centuries BC. It started out as a military exercise in physical fitness and dexterity known as “tsu

chu,” and consisted of kicking a leather ball filled with feathers and hair through an opening 30–40 centimeters (12–16 inches) wide, backed by a small net. A Japanese version (kemari) a few hundred years later emphasized passing the ball without it touching the ground. Further versions evolved through the Greeks (episkyros) and the Romans (harpastrum) that initiated rectangular fields with boundary lines.

The game’s present-day popularity was established in Britain between the 8th and 19th centuries when rivalries between villages and communities were played out with few rules. These “tribal” rivalries among communities were to be the basis for today’s club system of competitive play.

The year 1863 was a crucial one for soccer development. Game rules were formalized and a standard-sized ball was introduced. In 1866, a London–Sheffield match was arranged where the game’s duration was fixed at 90 minutes. The English Football Association was formed in 1871 with a 50-club initial membership. The Scottish FA came into being in 1873, followed by Ireland in 1880 and Wales in 1895.

The early organization of British soccer established a blueprint that laid the foundation for the sport. The community club-based template quickly took root in Europe and, through colonization, the organized game spread to Latin America, Africa, and Asia.

***The universal appeal of soccer.*** Soccer is a global sport by virtue of its simplicity and its benefits as a player- and team-oriented form of physical exercise. It appeals to both collective and individual instincts that are essential aspects of the human existence. In contrast to some other sports, soccer has many attractive features that contribute to its current 300-million player following and a fan base that is measured in the billions worldwide. It is action-oriented. It builds stamina and provides aerobic conditioning. There are few physical size or age

limitations. Its rules are relatively simple to understand. It requires minimal equipment (appropriate footwear, shin guards, and uniforms for organized play) and facilities. Soccer is very team-oriented, with many players usually participating in moving the ball up the field. It can be played in a variety of climates, and in contrast to many U.S. sports where coaches or managers dictate most plays, on-field strategies are largely player-created.

***The never-ending season.*** Soccer’s global following both north and south of the equator has meant that the sport is always in season somewhere in the world. The EPL and European seasons are long compared to, for example, North American sports. They stretch over 9 months, from August to May, and ensure soccer is almost always in the public eye. Even in the short off-season period, Latin American and Asian soccer fills the void for enthusiasts.

## **The Global Advantage of English Soccer**

While the sport of soccer is global, English soccer has inherent advantages over other countries that have contributed to the global appeal of its clubs. These derive from its history as the home of the modern organized game and its reputation for competitive excellence.

***Country-of-origin advantages.*** As international marketers note, country-of-origin advantages accrue when countries become associated with specific industries, products, or services. French champagne, German engineering, and automobiles (Mercedes, Porsche, BMW); Japanese electronics (Sony, Panasonic); and U.S. computers and software (IBM, Microsoft) have all benefited from being centers of excellence for their specific industry sectors. While the sport of soccer did not originate in Britain, British clubs have benefited from being the

birthplace of the modern organized game. Many clubs in the United Kingdom have been established for over 100 years (Manchester United celebrated its centenary in 2002), and their solid geographic franchises have resulted in strong local fan bases.

### ***The competitive advantage of British soccer.***

Michael Porter's (1990) Competitive Advantage of Nations theory posits that within specific industries, clusters of expertise result from highly competitive national environments. This expertise enables them to become extremely competitive in the global marketplace. On the field, strong rivalries in the British club system, from local leagues all the way up to the Premier League, have resulted in a consistent ratcheting up of standards of play in the modern era. Off the field in other industries, national competitiveness has been enhanced through an open economy philosophy that recognizes global excellence in all fields. In soccer's case, the commitment to excellence means obtaining the best players and managers regardless of national origin. These factors have made top clubs such as Manchester United, Arsenal, Liverpool, and Chelsea very aware of the high standards needed to maintain leadership positions over long time periods. These standards of excellence make them attractive propositions in the international marketplace.

***Global media exposure advantages.*** However, global excellence in playing standards did not pay off while audiences were just local or national; it was their exposure through the Murdoch media empire that gave the English Premier League the global platform it needed to reach soccer fans worldwide. Murdoch's ownership of Fox Sports gave the EPL global coverage through its Fox Sports World channel. In the United States, Murdoch's 2004 takeover of Direct TV consolidated this hold in the North American market, and the subsequent creation of the Fox Soccer Channel cemented this leadership

position. Murdoch's agreement with ESPN Star Sports in Asia upped regional audiences of Premiership matches by 150 million households. Today the EPL reaches an audience of over 1 billion viewers in over 200 countries, giving the league the worldwide marketing platform to reach new fans and to merchandise its wares to broader consumer bases.

### **European Challengers to the EPL**

As the global market has opened up for English soccer, it has also presented opportunities for soccer clubs worldwide to take advantage of the sport's global appeal. Not surprisingly, the big clubs of Europe have stepped up to provide significant competition to English clubs. In 2006, although English clubs occupied 4 out of the top 10 spots in the financial performance stakes, the number one team was Real Madrid, one of two Spanish clubs. Italy had three clubs among the elite and Germany one. Table 1 summarizes the financial fortunes of the 10 leading European clubs; Table 2 lists the top five club characteristics, strategies, and performance; and Table 3 shows the revenue streams for the four major national leagues in the European arena.

## **LEVERAGING THE SPORTS BRAND: THE MANCHESTER UNITED STRATEGY**

### **Manchester United: Diversification Strategies**

***Leveraging the club brand nationally.*** Manchester United has been a household name in Britain for decades. The key first step, therefore, was to leverage its national brand reputation in the home market. As the Premiership got underway in the early 1990s, Manchester United started to capitalize on its success and attach its name to non-soccer-related products

**TABLE 1** Top 10 Soccer Clubs: Yearly Revenues (in Euros) 2002–2006 (m) and 2006 Revenue Splits (%)

2002	2003	2004	2005	2006	Club Name (Nationality)	Match Day	Broadcast	Commercial
152	193	236	276	292	Real Madrid (Spain)	26%	31%	43%
139	123	169	208	259	FC Barcelona (Spain)	30%	36%	34%
177	218	215	229	251	Juventus (Italy)	7%	68%	25%
229	251	259	246	243	Manchester United (England)	43%	27%	30%
159	200	222	234	239	AC Milan (Italy)	13%	65%	22%
143	134	217	221	221	Chelsea (England)	38%	34%	28%
124	162	167	177	207	Internazionale (Italy)	14%	63%	23%
176	163	166	190	205	Bayern Munich (Germany)	25%	21%	54%
141	150	174	171	192	Arsenal (England)	33%	41%	26%
154	149	140	181	176	Liverpool (England)	27%	41%	32%

*Source:* Adapted from *Deloitte Football Money League*, February 2007.

and services. Its Champs Cola was launched in 1993. In the mid-1990s, Manchester United–branded wines, beers, and a champagne were added to the list. Over time, about 40 products, including credit cards, financial services, and mobile phones, were added to the club's portfolio of associated brands. Sports sponsorships were added, first with Umbro and then with Nike with a 13-year £303 million deal. In 1999, the club launched its own dedicated television network, MUTV, in conjunction with Granada Media. MUTV had the rights to club games after their airing on the Sky network. Table 4 shows a summary of Manchester United's financial

results over 2000–2005. Table 5 contains key financial data for the four major EPL clubs—Manchester United, Chelsea, Arsenal, and Liverpool.

### Building the Global Brand

Worldwide, Manchester United Club Annual Reports boast a fan base of 75 million. Of these, 23 million are in Europe, over 40 million in Asia, 5.9 million are in southern Africa, and North America has 4.6 million. From a branding perspective, a WPP Group sports study of European soccer teams confirmed that UK fans

**TABLE 2** Top Five Clubs: Characteristics, Strategies, and Performance

Club	<i>Characteristics, Strategies, and Performance</i>
1. Real Madrid (Spain)	<ul style="list-style-type: none"> <li>Modest 2006 performance: 2nd in Spanish League; eliminated by Arsenal in UEFA Champions League</li> <li>Revenues doubled in last 4 years, mainly due to increases in commercial revenues (€126 million in 2006) from domestic and Asian sales of club memorabilia</li> <li>Shirt sponsorship worth €20–25 million from BenQ Mobile, 2006–2007</li> <li>Key player issues: Beckham (English) sold 2007; Zidane retired 2006 (French); Ronaldo (Brazilian, age 30)</li> <li>Match day revenues up 18% due to expansion in corporate hospitality capacity; average game attendance 72,000 at Bernabéu home stadium</li> </ul>
2. FC Barcelona (Spain)	<ul style="list-style-type: none"> <li>2005–2006 winners of the UEFA Cup worth over €31 million in broadcast and sponsorship revenues</li> <li>Easily retained their Spanish league title</li> <li>Individual club TV rights with Televisió de Catalunya worth an estimated €54 million a season. Likely to rise to over €100+ million a season over 2006–2008 with Spanish media group Mediapro, and perhaps to over €150 million after that</li> <li>Kit sponsorship agreement with Nike at €30 million a season, though no payment for UNICEF shirt sponsorship</li> <li>Club membership up from 40,000 in 2003 to over 150,000 in 2006</li> </ul>
3. Juventus (Italy)	<ul style="list-style-type: none"> <li>Club claims to be the most popular in Italy, with 14 million supporters, but average game day attendance was only 26,600, yielding match day revenues of €22.8 million</li> <li>Broadcast revenues of €124.4 million emanate from two deals, with Sky Italia and Mediaset. A new deal with Mediaset from 2007–2008 should generate €100 million per season in revenues</li> <li>Tamoil is the club's new shirt sponsor at €22 million a season</li> </ul>
4. Manchester United (England)	<ul style="list-style-type: none"> <li>Bought by U.S. entrepreneur Malcolm Glazer in 2005</li> <li>Slipped from #1 ranking in 2004 to #4 in 2006 but still most profitable; full revenues of over €300 million if Nike, MUTV, and MU Mobile included</li> <li>Match day revenue was €103.1 million in 2005–2006 but will increase as stadium capacity increases to 76,000, including 2,400 corporate seats; average attendance 68,800 in 2005–2006</li> <li>Broadcast revenues at €65.9 million placed the club 9th over the top 10 European teams due to 2nd place finish in 2005–2006 EPL and early exit from UEFA Cup in knockout stage</li> <li>Club merchandising by Nike (€438 million over 13 years); U.S. financial group AIG takeover from Vodafone (UK) as shirt sponsor in 2006 for €80 million over 4 years</li> </ul>

5. AC Milan (Italy)	<ul style="list-style-type: none"> <li>The club has 53,000 season ticket holders but average attendance at matches fell to 59,300, and match day receipts of €30.8 million were only 30% of Manchester United's. Stadium comfort and security is a significant concern</li> <li>BetandWin replaced Opel as the club's shirt sponsor for €10 million a season with Adidas remaining the club's kit supplier. Commercial revenues dropped over €4 million from 2005–2006</li> <li>Broadcast was 65% of club revenues, with an €80 million per season contract with Sky Italia. Media contracts are club- rather than league-negotiated</li> </ul>
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**Source:** Adapted from *Deloitte Football Money League*, February 2007.

viewed Manchester United as having the strongest presence and vitality, and in North America, the club easily beat out Liverpool, Real Madrid, Barcelona, and Arsenal as the best-known European team. But creating a global brand image requires a deliberate strategy and good execution. Here is how Manchester United has gone about this process.

**Club organization.** Building a global sports brand requires considerable forethought and organization to take advantage of marketplace opportunities. Manchester United was among the first soccer clubs to recognize the importance of quality, commerce-oriented management. Much of this began with the appointment of Martin Edwards as Club Chairman in 1980. The global push was aided with the recruitment of Umbro's Peter Kenyon (now with Chelsea) as director of international marketing in 1997 and the appointment of Peter Draper, also from Umbro, as director of marketing. They put into place a new affiliate, MU International, in 1998 to replicate

the Old Trafford experience in international markets. In 2000, advertising agency Cheetham Bell was charged with the creation of a global brand awareness campaign, and in 2003, One United was launched as the club's global brand initiative.

**Building relationships with other global brands.** Being associated with other international brand names lends global auras to brands as they go worldwide. Both Manchester United and Nike gained in stature after the announcement of their global tie-in. In recent years, Manchester United has formed commercial alliances with a number of global players in other industries, with Vodafone (replaced by U.S. financial group AIG in 2006), Pepsi, Budweiser, Audi, and Air Asia being added to the club's premium sponsorship list. Under these arrangements, the club benefits from its sponsors' international reputations, and sponsors gain from their association with a marquee sports brand.

**TABLE 3** Europe's Four Top Leagues—Revenue Breakdowns: 1996–1997, 2000–20001, and 2004–2005 (€millions)

<i>National League</i>	<i>Match Day</i>	<i>Broadcast</i>	<i>Commercial</i>	<i>Total</i>
English Premiership				
1996–1997	289 (42%)	144 (21%)	254 (37%)	687
2000–2001	434 (31%)	533 (39%)	421 (30%)	1,388
2004–2005	612 (31%)	856 (43%)	506 (26%)	1,974
Total Attendance: 2004–2005	12.88 m			
Average Revenue per Attendee (€ 2004–2005)	48			
Italian Serie A				
1996–2007	206 (37%)	199 (36%)	146 (27%)	551
2000–2001	187 (16%)	619 (54%)	345 (30%)	1,151
2004–2005	226 (17%)	739 (55%)	371 (28%)	1,136
Total Attendance 2004–2005	9.49 m			
Average Revenue per Attendee (€ 2004–2005)	24			
German Bundesliga				
1996–2007	143 (32%)	111 (25%)	190 (43%)	444
2000–2001	157 (18%)	399 (45%)	324 (37%)	880
2004–2005	232 (19%)	321 (26%)	683 (55%)	1236
Total Attendance 2004–2005	11.57 m			
Average Revenue per Attendee (€ 2004–2005)	20			
French Ligue 1				
1996–2007	64 (22%)	95 (32%)	136 (46%)	293
2000–2001	102 (16%)	326 (51%)	216 (33%)	644
2004–2005	131 (19%)	344 (49%)	221 (32%)	696
Total Attendance 2004–2005	8.09 m			
Average Revenue per Attendee (€ 2004–2005)	16			

**Source:** Excerpted and adapted from Deloitte's *Annual Review of Football Finance 2006*, Appendix 20a.

TABLE 4 Manchester United Financial Record 2000–2005

<i>Financial Record</i> (€000)	2001 (€1.67 per £1)	2002 (€1.57 per £1)	2003 (€1.45 per £1)	2004 (€1.53 per £1)	2005* (€1.48 per £1)
<i>Sales turnover</i>	216,380	229,317	25,0851	258,692	246,272
Group operating profit before depreciation and amortization of fixed assets	63,784	65,001	83,040	89,260	60,825
Depreciation	(10,878)	(10,869)	(10,560)	(10,084)	(9,479)
Player amortization exceptional costs	(16,989) (3,462)	(27,706) (2,220)	(30,476) (3,186)	(33,413) 0	(37,828)
<i>Group operating profit</i>	32,455	24,206	38,818	45,762	13,515
Share of results of joint venture and associate undertakings	(1,005)	(791)	(658)	(242)	(6)
<i>Total operating profit: Group and share of joint venture associates</i>	31,499	23,415	38,159	45,520	13,509
Profit on disposal of associate			593	265	336
(Loss)/profit on disposal of players	3,706	27,327	18,756	(4,718)	(870)
Net interest receivable/(payable)	1,214	42	(458)	1,631	3,877
<i>Profit on ordinary activities before taxation</i>	36,369	50,785	57,050	42,698	16,854
Taxation	(12,356)	(11,474)	(13,868)	(12,983)	(6,612)
<i>Profit for the year</i>	24,013	39,311	43,182	29,714	10,240
Dividends	(8,676)	(12,643)	(15,067)	(10,670)	(5,384)
<i>Retained profit for the year</i>	15,337	26,668	28,116	19,044	4,854

(Continued)

TABLE 4 (Continued)

Equity shareholders' funds	201,163	215,785	226,806	265,232	267,652
Earnings per share	0.092	0.15	0.167	0.113	N/A**
Dividends per share	0.03	0.048	0.058	0.040	N/A
Dividend cover (times)	2.8	3.1	2.9	2.8	N/A
<i>Playing Record</i>					
FA Premier League	Champions	3rd	Champions	3rd	3rd
FA Challenge Cup		4th Round		Winners	2nd
European Champions Cup	4th Round Quarterfinal	Semifinal	5th Round Quarterfinal	Last 16	Last 16

\*Published accounts for 2005 were 11 months to June 30, 2005, when the club was taken private by the Glazers. Accounts are extrapolated to 12 months for comparative purposes only.

\*\*No dividends were reported for 2005 following the Glazer takeover and the club became privately owned.

**Source:** Manchester United Annual Report 2005.

**Building relationships with foreign fans.** In the home market, British clubs can build relationships with fans from being longtime participants in national and local sports scenes and their week-to-week media exposures during the August to May soccer season. Taking the Manchester United image and brand into foreign markets poses challenges in building emotional ties with fans who are less familiar with the club's history or who have not witnessed firsthand the excitement of Old Trafford's Theater of Dreams atmosphere. Televised broadcasts and print exposures are the entrees, but the all-important follow-ups are where club-fan relationships are built and fans are converted into consumers.

Building brand relationships with global consumers works best when not done through conventional mass media. Commentators note

that the most successful brands are built through emotional bonding occurring in unconventional media—sport sponsorships (such as Hugo Boss with Formula One racing, art exhibitions, golf) or publicity (Benetton's controversial non-product-related AIDS campaigns, or Cadbury's Chocolate Theme Park in Bournville, England.) All have one thing in common: customer involvement in the brand-building experience. The involvement factor has been critical in Manchester United's brand-building efforts in Asia and North America.

In Asia, Manchester United estimates that it has about 40 million fans. Much of this support has resulted from the increased popularity of the sport within the region. While soccer has been around in Asia for a long time, primary demand for the sport has been revitalized through (a) English teams that have periodically visited the

TABLE 5 Selected Financials, English Premier League (£000)

	<i>Manchester United</i>	<i>Chelsea</i>	<i>Arsenal</i>	<i>Liverpool</i>
Stadium capacity and attendance %	68,210 (100%)	42,449 (99%)	38,500 (99%)	45,352 (94%)
Revenues 2005	159,374	148,993	115,083	122,413
2004	171,500	143,615	114,562	92,349
Wages & salaries 2005	77,010	108,887	66,012	64,233
2004	76,874	114,784	69,889	65,635
Profit (loss) before player trading 2005	32,791	(16,670)	20,188	25,159
2004	51,749	(24,657)	20,109	10,607
Amortization of players 2005	(24,159)	(82,550)	(14,993)	(24,250)
2004	(21,839)	(55,932)	(26,406)	(17,286)
Pretax profit (loss) 2005	10,764	(139,961)	19,265	9,463
2004	27,907	(87,829)	10,577	(21,903)
Net assets (liabilities)				
2005	180,846	77,173	122,656	43,139
2004	173,354	67,134	84,363	35,606
Intangibles net value				
2005	76,934	144,938	28,893	80,105
2004	79,615	153,236	34,989	58,744
Cash (bank loans, overdrafts) 2005	65,340	23,436	(128,502)	(16,623)

**Source:** Adapted from Deloitte's *Annual Review of Football Finance 2006*.

region since the 1980s; (b) China qualifying for the 2002 World Cup that was hosted in South Korea and Japan; (c) Asian players signed by Manchester United (Ji-Sung Park and Dong Fangzhou), Everton (Li Tie), Crystal Palace (Fan Zhiyi and Sun Jihai), and Tottenham Hotspur (Kazuyuki Toda); (d) live broadcasts through ESS (ESPN Star Sports); and (e) the prospect of Beijing hosting the 2008 Olympic Games. Manchester United has capitalized on this interest through the following:

- *Southeast Asia Tours 2001 and 2006:* This included exhibition games, the promotion of club-branded products and services, and the signing of a sponsorship agreement with a Malaysian budget airline, Air Asia.
- *Establishment of foreign outlets:* The club opened up a Theatre of Dreams-branded leisure complex in Hong Kong that houses a museum, interactive games, a café, and a club merchandise outlet. In 2004, the club opened theme restaurants—One United Cafes—in Beijing and Chengdu in China. Another 100 outlets are planned for various locations in Asia.
- *Club merchandise:* In 2002, Manchester United granted Thailand's Central Marketing Group rights to produce sporting, casual wear, stationery, bags, car accessories, and souvenirs for distribution in department stores, stand-alone outlets, and megastores—an arrangement that complements similar deals signed in Malaysia, the Philippines, and Hong Kong. These producers were to service third-party markets in Asia and Europe.

- *Website promotions:* The club, in conjunction with website specialist Lycos, opened up a Chinese language website. In 2004, a club website was established for Thailand.
- *Soccer schools:* Manchester United opened its first Asian soccer school in Hong Kong. This gave the club a presence at the grassroots level of the game; it helped to generate new revenue streams for club merchandise as well as expand the club's scouting and academy youth development system.

In North America, Manchester United has about 5 million fans, a following enhanced through Murdoch's marketing of his Fox Sports World TV channel in the United States. In 2002, the club formed an alliance with baseball's New York Yankees to extend television coverage over the Yankee sports network and to establish distribution for club merchandise through Yankee outlets. In 2004, the club teamed with Master Card International to launch a Manchester United credit card. In the same year, the club joined eight other famous European clubs for a series of games to promote the sport throughout the United States—a move dubbed the "Manchester United Global Brand Enhancement Tour."

## NOTE

1. This case was authored by John S. Hill and John Vincent of the University of Alabama. Source references are available from the authors upon request.



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