

FACTORS AFFECTING THE OFF-FIELD BRAND VALUE OF A FOOTBALL TEAM AND EXTENT OF THE IMPACT OF ON-FIELD PERFORMANCE

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Abstract

Football is the world's most popular sport and there is no doubt that its popularity in the Indian subcontinent is growing at an exponential rate. There are huge investments made in the sport on a daily basis both domestically and internationally. Top clubs like Barcelona and Manchester United are looking at India as potentially one of the largest markets for their clubs. The sport in itself attracts such a large number of people because there is no other sport which gives you such an innate sense of belonging to absolute strangers. Within a football stadium, everyone wearing the same colour is a brother in arms regardless of whether you know their name or not. It is this fervour that we explore in this paper and attempt to explain the impact of it. Commercially, the sport has made great strides across the world. Investors from around the world flock to Europe for an opportunity to invest in the top clubs and their enthusiasm is repaid by the extravagant revenues generated through ticket sales, merchandise sales, broadcasting use rights, etc. With these huge sums of money involved, the sport has seen rapid commodification which is another aspect that we explore towards the end of the paper. Thus, the football industry is multi-faceted and while from an idealistic perspective, a club should only grow if they perform well on the pitch, this is not the case. It is this disparity which we look at and attempt to explain in this paper.

1. INTRODUCTION

Football is a global phenomenon. It is by far the most popular sport in the world and, in the past few decades, it has seen rapid expansion into geographical regions where it is not traditionally popular. India is one of these areas where the sport has seen widespread growth in recent years and it is no surprise that it is viewed as one of the prospective hotspots of talent and a highly profitable market as well.

The Indian Super League (ISL) is in its nascent stages compared to European leagues but despite the large amounts of investment, it has failed to truly capture the attention of not only the general public but also of pre-existing Indian football enthusiasts. Undoubtedly, there exists a great divide between the quality of football across the two leagues but ISL has failed to generate the passionate relationship that is usually expected of supporters with football clubs. Therein lies one differentiating factor of

football clubs from wholly commercial organisations - the reliability of consumers. No category of consumers is perhaps as reliable for content intake as sports fans. This factor is one of the reasons why this topic has been chosen for the research paper.

With this swift expansion has come sharp commercialisation of the sport with the European football market estimated to be worth 28.4 billion USD in 2017-18 by Deloitte (Deloitte, 2019). Millions of dollars are at stake for all parties involved and the pressure to perform for players is higher than ever. However, the question arises - how much does on-field performance actually matter for the commercial end of the football club? Surely, there lies a positive relationship. Otherwise, why would an enterprise's value grow if it fails at achieving its core goals.

Yet, we must also ask ourselves - "Is on-field performance the only thing that matters for a club's brand value and net worth?" A quick glance at the off-field activities

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of a club can assure us that this is not true. If it were, clubs wouldn't be having an army of staff handling the commercial end; they would devote all their resources towards on-field success. Thus, this research delves into the extent of the impact of on-field performance on the net worth of the club and explores other factors which affect the club's market value. Later on, the case study of Manchester United is taken up to study in-depth how the stated factors affect the net worth.

2. LITERATURE REVIEW

The commercial value of the football industry has increased multi-fold over the past few decades and several studies into this industry have taken place and continue to do so on a regular basis.

KPMG releases an annual document titled 'The European Elite' wherein the enterprise value of top football clubs across Europe is calculated on the basis of five major factors. This document follows a similar structure that we wish to undertake but KPMG's research is targeted towards finding the enterprise value while we are aiming towards explaining that value. Further, we feel that the factors accounted for ignore the emotional and non-quantifiable aspects of the club's net worth.

Deloitte releases an annual document titled 'UK Annual Review of Football Finance' which explores the value of the football industry and is comparative in nature with respect to previous years and to other countries. This document is centred around the club's revenue and finances. Similar to KPMG, we feel that this research is only number oriented and ignores the qualitative and football-related off-field factors which affect the net worth of a club.

On a whole, there is a lot of literature available which calculates the value of a football club along various lines but there is little research available on how the value is actually built and what qualitative as well as quantitative factors are behind it. This is why we have decided to take a combination of statistics and theory to explain a club's net worth and brand value.

3. HYPOTHESIS

It is hypothesised that the on-field performance has a positive effect on the brand value. This impact is limited by several other factors such as prestige, squad value, sponsorship deals, manager value, ticket and merchandise sales, youth structure, and owner profile.

4. DATA AND METHODOLOGY

This study is conducted to analyse the impact of the on-field performance of a football club on its net-worth. A regression has been performed on the number of wins (independent variable) of a team in a particular season on its net-worth (dependent variable). The regression is run on Excel. The second regression is performed taking time as another independent variable. The time period which has been chosen is a recent one because of the increasing popularity of football at an exponential rate. Moreover, various other factors have started to play a bigger role in the net-worth of the clubs.

5. SELECTION CRITERIA

i. Premier League: There are many reasons why the Premier League has been chosen for this study. The primary reason for selection is the level of competitiveness in the league which is unmatched across Europe. Results are unpredictable and there are fluctuations in the number of victories over time which helps us in our evaluation. Secondly, the Premier League is the most popular football league in the world and no other league comes close with respect to viewership and broadcast outreach. Further, Fantasy Premier League is the most popular fantasy league in football which engages fans even when "their" team is not playing.

ii. Teams: 10 teams have been chosen according to their performance in the Premier League. These teams have not been relegated in the time period taken. The number of teams taken gives us enough data points for Central Limit Theorem to hold and for regression to be viable.

iii. On-field performance: It is assumed that the number of wins in a season indicates how well a team has played throughout the year. There are 38 match days in a season which represents the total number of matches each team plays.

6. RESTRICTIONS AND ASSUMPTIONS

i. Total wins: It is possible that a team plays well but still ends up drawing or losing to the other team. Various factors like possession, shots on target, player ratings, fouls, corners, etc determine the level of the game.

ii. Margin of winning: A win is considered but not the margin. A 6-0 win would be given the same weightage as a 2-1 win.

iii. Date: The data has been taken at the end of the season. This implies that it does not account for any trends in improvement throughout the season but accounts for trends throughout the year.

iv. Periods: In the case of taking time as an independent variable, the first time period (2013/14 season) is taken as period 1, the second time period (2014/15 season) is taken as period 2 up until the sixth time period (2018/19 season) taken as period 6.

v. Variables: In the first two regressions, the difference is of taking time as an independent variable. The purpose is to find the off-field variables influenced by time. In the next 2 regressions, time is not taken as an independent variable. The factors influenced by time remain a part of the error term. The purpose is to find the off-field variables influenced by the size of the club.

7. DATA COLLECTED

Secondary data has been collected for the purpose of our research. All the net-worths have been taken from Transfermarkt, which is a German website and one of the largest sports websites. The website has scores, results, transfer news, fixtures, and player values. The values have been compared to the number of wins by the same club in a particular season. The number of wins has been taken from the official Premier League website. The data collected for 6 years is as follows:

Table 1: Net-worths and wins of 10 teams from the year ending 2014-2016

TEAMS	YEARS 2013/14		2014/15		2015/16	
	Net worth (millions)	Number of Wins	Net worth (millions)	Number of Wins	Net worth (millions)	Number of Wins
Manchester United	€378.50	19	€425.00	20	€418.25	19
Manchester City	€451.00	27	€418.25	24	€501.75	19
Liverpool	€282.00	26	€310.50	18	€365.35	16
Chelsea	€395.75	25	€487.00	26	€495.75	12
Tottenham	€271.50	21	€262.75	19	€312.50	19
Arsenal	€370.50	24	€388.75	22	€440.00	20
Everton	€171.75	21	€179.50	12	€234.00	11
West Ham	€96.70	11	€119.75	12	€172.00	16
Crystal Palace	€57.00	13	€85.75	13	€125.75	11
Southampton	€111.75	15	€189.25	18	€206.75	18

Table 2: Net-worths and wins of 10 teams from the year ending 2017-2019

TEAMS	YEARS 2016/17		2017/18		2018/19	
	Net worth (millions)	Number of Wins	Net worth (millions)	Number of Wins	Net worth (millions)	Number of Wins
Manchester United	€469.00	18	€750.50	25	€796.00	19
Manchester City	€525.25	23	€856.50	32	€1,140.00	32
Liverpool	€372.20	22	€548.00	21	€950.50	30
Chelsea	€515.00	30	€741.75	21	€885.75	21
Tottenham	€429.00	26	€720.00	23	€835.50	23
Arsenal	€492.50	23	€499.00	19	€625.50	21
Everton	€253.30	17	€344.00	13	€420.00	15
West Ham	€209.45	12	€218.00	10	€323.00	15
Crystal Palace	€186.50	12	€195.70	11	€266.15	14
Southampton	€230.50	12	€248.50	7	€224.60	9

*Note: The data has been split into two tables for convenience.
Source: Transfermarkt and official Premier League website*

8. ANALYSIS

Regression 1

The first regression is run taking the independent variable as the number of wins and the dependent variable as net worth. The confidence interval taken is 95%. The number of observations is 60. We get the following analysis of variation from the same:

Tables 3-5: Results of regression 1

<i>Regression Statistics</i>	
Multiple R	0.70001472
R Square	0.49002061
Adjusted R Square	0.48122786
Standard Error	4.29520636
Observations	60

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	1028.15307	1028.153067	55.7300852	4.84E-10
Residual	58	1070.03027	18.4487977		
Total	59	2098.18333			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	11.6630399	1.09555512	10.64578102	2.90E-11	9.4700481	13.85603176	9.4700481	13.85603176
X Variable 1	0.01763649	0.00236248	7.465258546	4.84E-10	0.01290748	0.022365501	0.01290748	0.022365501

Source: Author's calculations

The equation obtained is

$$Y = 11.6630399 + 0.01763649X \quad (1)$$

Where,

Y represents Net-worth

X represents Number Of Wins

Interpretation of Regression 1

The p-value of the intercept as well the coefficient of variable 1 is close to 0. This implies that both variables are statistically significant. The R squared obtained is 49%. This implies that the number of wins explain only 49% of the change in the net-worth. The rest of the 51% involves more variables like prestige, sponsorships, manager values, etc. This shows that the on-field performance alone is not able to explain even half of the change in net-worth.

Regression 2

The second regression is run taking two independent variables. The first independent variable is the number of wins as before and the second independent variable is taken as time. The first 10 data points belong to the season of 2013/14, so

they are given the value of 1, as explained before. The dependent variable is net worth as before. The confidence interval taken is 95%. The number of observations is 60. We get the following analysis of variation from the same:

Tables 6-8: Results of regression 2

<i>Regression Statistics</i>	
Multiple R	0.88721
R Square	0.787142
Adjusted R Square	0.779674
Standard Error	111.1025
Observation	60

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	2	2601876	1300938	105.3922	7.09E-20
Residual	57	703595.1	12343.77		
Total	59	3305471			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	-377.9	55.69937	-6.7856	7.23E-09	-489.495	-266.42	-489.49	-266.42
X Variable 1	74.918	8.399046	8.91989	2.09E-11	58.09983	91.7374	58.0998	91.7374
X Variable 2	27.552	2.425645	11.3587	2.87E-11	22.69511	32.4096	22.6951	32.4096

Source: Author's calculations

The equation obtained is

$$Y = -377.959 + 74.91863X_1 + 27.55238X_2 \quad (2)$$

Where,

Y represents net-worth

X₁ represents the time period

X₂ represents Number Of Wins

Interpretation of Regression 2

Similar to the first regression, the p-value of the intercept, as well as the coefficients of variables 1 and 2, are close to 0. This implies that both variables are statistically significant. The adjusted R squared, in this case, is 77% as compared to 49% in the first case. This is caused by various factors. There are many factors which are impacted by time which change the net-worth of the club accordingly. If we take ticket sales and merchandise into consideration, the sales of these usually increase with time. This increase in sales leads to a direct increase in net-worth. The increasing popularity of Premier League can also be a very important factor which explains the change in net worth.

23% of the changes in y still remain unexplained due to various variables like manager value, youth structure, prestige value which are explained in the next section.

Difference Between Top 5 Teams And Bottom 5 Teams With The Same Analysis

In this section, we attempt to prove that there is a significant difference between the 5 bigger teams and the 5 smaller teams. We divide the 10 teams into 2 parts on the basis of their net worth at the end of the first season which was 2013-14.

The rank of the clubs in terms of their Net-worth is as follows:

Table 9: Premier League Clubs ranked according to their net-worth

Rank	Team
1	Manchester City
2	Chelsea
3	Manchester United
4	Arsenal
5	Liverpool
6	Tottenham
7	Everton
8	Southampton
9	West Ham
10	Crystal Palace

Source: Transfermarkt

Regression 3

In the 3rd regression, we are taking the regression in the same fashion as the 1st regression. Again, we take net-worth as the dependent variable and the number of wins as the independent variable. The bottom 5 teams are considered in this case.

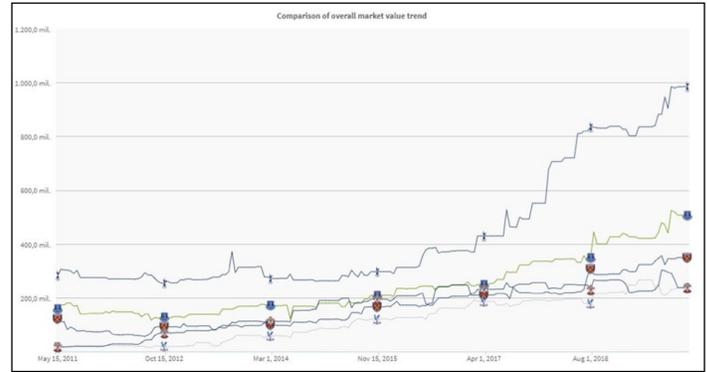
The regression results are as follows:

Table 10: Results of Regression 3

Regression Statistics	
Multiple R	0.585566
R Square	0.342887
Adjusted R Square	0.319419
Standard Error	138.3152
Observations	30

Source: Author's calculations

Figure 1: Comparison of the bottom 5 teams in the Premier League from 2012-18



Source: Transfermarkt

Regression 4

Now we take the regression of the top 5 teams and compare the results:

Table 11: Results of Regression 4

Regression Statistics	
Multiple R	0.45644
R Square	0.208337
Adjusted R Square	0.180064
Standard Error	188.6762
Observations	30

Source: Author's calculations

Figure 2: Comparison of the top 5 teams in the Premier League from 2012-18



Source: Transfermarkt

Comparison of 3rd and 4th regression:

In both cases, the p-value of coefficients is less than 5%, this implies that the coefficients are statistically efficient. When we compare the R square in both cases, we see that in the case of the top 5 teams, the R square suddenly falls to 20% from 34%. This indicates that there are more factors influencing the top 5 teams than the bottom 5 teams.

This is in line with our objective of proving how other variables also have an impact on the net-worth of a club. The variables which we discuss in the following section are of various types but we can create a distinction between them. For example, the squad value of the top teams adds to the merchandise sales since fans are more likely to buy the jerseys of players who are renowned. Higher squad value has been a common observation in the bigger clubs. Another example could be that of sponsorship deals. Bigger clubs are more likely to get huge sponsorship deals and the difference is very high if compared to the bottom half of the teams. This variation in the R square can be explained by these variables which are to be considered thoroughly in the later section.

Table 12: Comparing R square of all the regressions

Regression	1	2	3	4
R square	49	77	34	20

Note: Adjusted R square has been taken in the second regression since it has two independent variables as compared to one in the rest.

Source: Author's calculations

This gives us a summary of the differences in R squared when we took different dependent and independent variables. Keeping all these differences in mind, we move on to the next section where we discuss the other variables affecting net-worth.

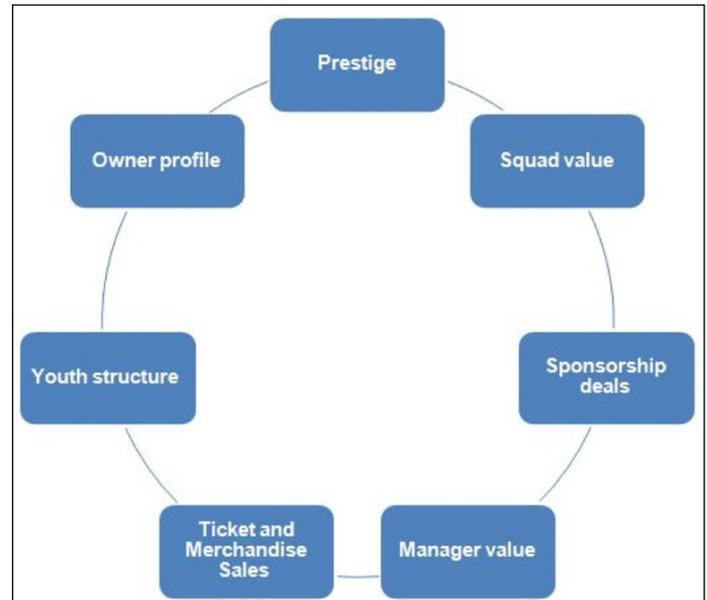
9. FACTORS WHICH AFFECT NET WORTH APART FROM ON-FIELD PERFORMANCE

Prestige

Prestige of a football club refers to its past achievements, fanbase, popularity and 'reputation'. Prestige acts as a stabiliser of the brand value in the sense that if a team has one bad year of on-field performance, the prestige of a team softens the impact on its brand value because of the goodwill that it has built with its supporters and in the market, with the shareholders, through better performances over the past few years. Similarly, prestige will also prevent over-shooting up of a team's brand value on the back of only a short spell of success on-field. This can be seen in the example of Leicester City who won the Premier League unexpectedly in 2016. While their net worth increased, it was also kept in check by their historical achievements and likelihood of such an event to occur again.

Prestige is also interlinked with one of the following reasons: player value. For a player in the market who is looking to switch clubs, prestige is of great importance. Prestige, combined with squad potential, can often lead to players choosing clubs with worse on-field performance

Figure 3: Factors which affect net worth apart from on-field performance



in the immediate past over clubs who performed well in the immediate past but do not have a bigger reputation.

Two prime examples of this are Paul Pogba's transfer from Juventus to Manchester United, despite the lack of Champions League football at Manchester United and N'Golo Kante's transfer from Leicester City to Chelsea, despite Leicester winning the Premier League title and Chelsea finishing as low as 10th in the table. Player value, in turn, affects the net worth and brand value which is explored later.

Squad Value

The cumulative value of the players is a psychological factor for the investors and the market in general as it represents the potential of the team to perform and win trophies. If prestige keeps an eye on the past, then the squad value keeps an eye on the future and the prospective on-field performance in the near future. The players are the key assets of the club and thus, it becomes necessary to host the best possible talent for any club with respect to its wage-bill and prestige capacity.

The value of a player doesn't solely rely on his on-field performance but also on age, nationality, position, contracts, media presence, etc. The sale and acquisition of players also act as a litmus test for the club's administration since it checks whether the best possible players are being recruited or not. It acts as a major mood-defining factor at the start of the season and majorly affects not only the on-field performance but also the morale and motivation of the players, fans and this can easily get converted into investor sentiment.

Sponsorship Deals

Sponsorship deals affect football teams the same way they would affect any other commercial entity. Being the most popular sport in the world has its benefits with big brands constantly looking to associate themselves with football clubs in an effort to increase their own brand's visibility. In a simple chain, sponsorship deals increase the club's revenue which, in turn, raise the wage bill capacity and transfer fee budget. This attracts better players which increases the squad value and ideally, on-field performance along with the brand value, net worth, investor sentiment and market position. The increase in revenue also reflects well in the year-end financial records of the club which reinforces trust in the commercial side of the club if not the on-field side.

Along with the sponsorship deals, another major factor which affects the net worth via its revenue is the television broadcasting rights deal. The Premier League has a bumper TV rights deal worth more than 5 billion currently. The impact of this can be seen on-field as well vis-a-vis the promoted teams who are unable to compete and often find themselves immediately relegated the following season because they do not have the spending power to compete in the premier league which can be largely put down to the two previous major TV rights deals.

Manager Value

Similar to squad and player value, the manager value represents on-field optimism which can have a positive effect on the brand value of the club. The manager is responsible not only for the on-field performance but also deals with the media on a regular basis and is thus responsible for the image of the club. Managers also often foray into the administrative aspects of the club, those which they think will help improve on-field performance. Therefore, a manager is also symbolic of the administrative structure of the club which is an important factor from the eyes of an investor.

A factor that is interlinked with manager value is squad value. Marquee managers attract better players who want to work with specific managers. This has a secondary positive effect on the brand value since it increases squad value and improves the on-field prospects of the club.

A good representation of the importance of manager value can be seen in the case of Arsenal, where the club was shrouded in a negative blanket towards the end of Arsene Wenger's long reign as the manager. Post his departure, Arsenal's net worth jumped from 499 million dollars to 625.5 million dollars in one year despite a negligible improvement in the on-field performance. In comparison, their net worth had increased by a mere 7 million dollars in the final year under his management.

Ticket And Merchandise Sales

Tickets and Merchandise sales signify the core revenue stream of the club. These two specific revenue streams have also been chosen because they are a measure of the fan sentiment and the public perception of the club. Why is it necessary to showcase this aspect? For any commercial organisation, customer satisfaction is one of the prime determinants of growth. Fans are the end consumers of the football team's 'product' and their level of satisfaction is a direct representation of how well they are able to achieve their end goals.

While fan sentiment is linked deeply with the trophies won and on-field performance, it is also representative of the quality of football being played and how well the club is run. It is not only a quantitative assessment but also a qualitative evaluation by the end consumers. If fans aren't satisfied with the club then they will often not turn up to matches as shown by AC Milan fans in recent years and they will also 'protest' by not purchasing club merchandise as a symbolic gesture of discontentment as taken up recently by Arsenal fans.

The revenue aspect of ticket and merchandise sales is portrayed well by Tottenham Hotspur, who have recently moved into a much larger stadium which boasts the largest retail merchandise store across Europe of any football team. Both of these investments have led to a higher expected revenue resulting in the purchase of Tanguy Ndombele and Giovanni Lo Celso at high transfer fees. In context, Tottenham had not signed a single player in the two transfer windows preceding their shift to the new stadium.

Youth Structure

All of the above-mentioned factors look at the club from the perspective of the investors, fans, or the general public. However, there is one key stakeholder whose opinion also needs to be factored in - the players. More specifically, up and coming players who need to make a decision about which club to join. Player value, which positively affects the brand value, is highly volatile and can easily grow worth several million within a single year. Thus, it becomes important for a club to be viewed positively by players. More so by fresh talent because if identified at an early age, talent acquisition is cheap. However, the more renowned a player becomes, the more he will cost. So, early talent acquisition and developing players become one of the assured ways of increasing squad value and in turn, the brand value.

However, the question remains - what makes a club lucrative to youth players? The prestige and current team certainly factor in as all youngsters want to go and win trophies. A young player will also look at the number and

quality of opportunities that he will get at a club for his personal growth. Big clubs have a lot of pressure to perform well so they cannot always put their trust in the youth and therefore, frequently rely on big-money transfers and experienced heads. Thus, several promising players go to tier-2 or tier-3 clubs at the start of their professional career and make the step-up to the best clubs later in their career when they are more experienced and accustomed to the pressure. This presents a revenue-generating opportunity for the smaller clubs who can consider players as assets which are bought at a low rate and sold when their market value is maximum.

Southampton is a classic case of the above. Their academy is renowned across Europe, producing top-level talents such as Gareth Bale and Alex Oxlade-Chamberlain while also having one of the finest scouting systems. This scouting system has led them to make major profits off player sales such as Sadio Mane, Virgil van Dijk, and Adam Lallana who were bought for a low price and sold at a very high rate relatively. Southampton earned a net 74.13 million euros from 2014-15 till 2017-18 solely through the transfer market, showing the shrewdness with which they operate.

Owner Profile

Owners here refer to the majority of stakeholders in the football club. The owners of a club aren't directly involved with the running but they control the financials and thus exude control over the players in terms of wage-bill capacity and transfer fees along with bonuses and other incentives. Owner profile also affects the public image and maintain healthy relations with fans.

Some owners spend lavishly into the club, often circumventing financial rules of regulatory bodies to do so. They're well-loved by their clubs' fans but loathed by the general media such as the Middle-Eastern Sheikh owners of Manchester City and Paris Saint-Germain who transformed the clubs from mid-table sides to European powerhouses. On the other hand, there are owners who are in it purely for the financial benefits and are loathed by fans and media alike. Newcastle United's Mike Ashley and Arsenal's Stan Kroenke would fall under this category. A lack of cordiality between owners and fans casts a negative cloud over the club and affects the brand value similarly but only when things sour beyond a certain point will the owner profile be questioned by the shareholders and the market.

10. MANCHESTER UNITED - A CASE STUDY

Manchester United is one of the biggest clubs in the world. It was established as Newton Heath Football Club

in 1878, before changing its name to Manchester United in 1902 and moving to their current stadium, Old Trafford, in 1910. Historically, United have been the leaders in British football, winning a record 20 Premier League titles, 3 European Cups (champions leagues), 12 FA Cups, 5 League Cups, and a record 21 Community Shields along with one Europa League and FIFA Club World Cup each.

Why has Manchester United been taken up as a case study? United's success has largely come in two distinct sustained time periods under two managers - Matt Busby and Sir Alex Ferguson. After the first such period under Matt Busby, the club lost its position as the biggest club of the country. The on-field performance waned, they found it hard to attract top-level talent, the quality of managers went down, and as a whole, the brand value of Manchester United reduced. After Ferguson's retirement in 2013, a similar downturn was expected and while on-field performance has degraded, the off-field brand value has increased at the same pace if not at a higher one. Thus, we have chosen Manchester United as our case study to explore the reasons as to why their on-field performance hasn't affected the commercial side of the club and how have they managed to create a sustainable brand which can perform even when the core goals of the organisation are not being achieved.

Prestige

In Manchester United's case, prestige plays an important role as it has kept the brand value intact despite a fall in the on-field performance post-2013. Manchester United has high prestige because of a dominant period from 1990 onwards in English football wherein they won 13 Premier League titles, 2 Champions League victories, and 5 FA Cup triumphs till 2013. This ultra-successful period, amongst other factors, has ensured that the lack of trophies since has not led to a decrease in the market value of the club but prestige can only count for so much and the most recent data in 2019 shows that this effect is wearing off because of a sustained spell of poor on-field performance.

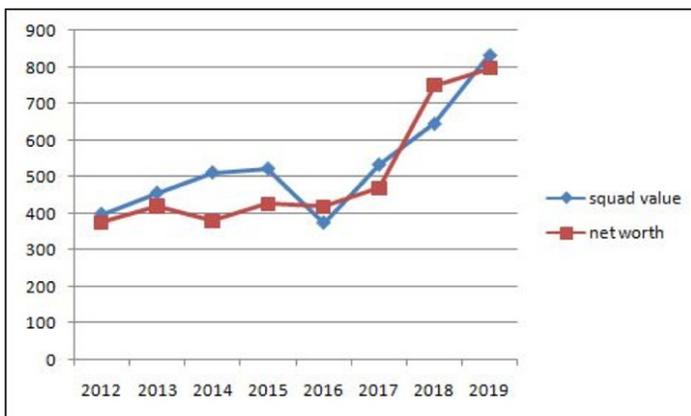
Squad Value

For Manchester United, the purchase of Paul Pogba and Zlatan Ibrahimovic in the summer of 2016 and later Romelu Lukaku in 2017, combined with the appointment of marquee manager Jose Mourinho, represented positive market activities which are also reflected in an upturn in brand value trends from 2017 to 2018 even if the results did not improve as much as expected. The following table represents the data of net worth and squad value over the past few years of Manchester United.

Table 13: Comparison of net-worth and squad value of Manchester United

Period	squad value	net worth
2012	398.25	374.7
2013	456	418.5
2014	511.75	378.5
2015	522.4	425
2016	374.15	418.25
2017	533.25	469
2018	645.1	750.5
2019	833	796

Note: Correlation calculated between squad value and net-worth is 0.894092

Figure 4: Squad value and net-worth of Manchester United over time

Source: Transfermarkt

Sponsorship Deals

For Manchester United, sponsorship deals have perhaps been the strongest driver of commercial growth in the last few years. In 2018, Manchester United earned 269 million euros in sponsorship deals, the highest in the world with Barcelona being the only other team which earned more than 200 million euros. United has a very organised structure, with sponsors being divided into four groups - Global, Regional, Financial, and Media. They had a whopping 68 in 2018, with partner titles ranging from shirt sponsors to pillow partners. Despite gaining much flak for how he has handled the football side of affairs, Ed Woodward, the CEO of Manchester United FC, has undoubtedly completely exploited the brand that is Manchester United to increase the revenue inflow from off-field sources.

Manager Value

The manager value was perhaps most pungently felt by Manchester United after 2013 when Sir Alex Ferguson retired and was replaced by David Moyes. The departure

of Ferguson did not only lead to poor off-field performance but also led to negative changes in the administrative performance of the club and falls in player value. Further, Ferguson's successor Moyes, who wasn't a marquee manager, found it hard to attract with only two signings to his name in two transfer windows. Thus, the net worth fell after his year in charge. Moyes' successor Louis van Gaal, an experienced and successful manager, was able to attract better talent in the form of Angel di Maria and Memphis Depay amongst others but the on-field performance barely improved and he too was sacked after two years at the helm. Post his departure, he has revealed about his clashes with the administration and the lack of support which highlights the lack of organisational discipline within the club. The significance of manager value can be observed at the time of the hiring of Jose Mourinho, one of the most successful managers of all time and an enigmatic character, who attracted the most sought after players such as Paul Pogba, Zlatan Ibrahimovic, Romelu Lukaku, and Fred to the club.

The appointment of Jose Mourinho along with the signings of the above-mentioned players led to an increase in the net worth and is reflected in the share value which peaked under his tenure. His sacking in late 2018, preceded by a tumultuous relationship with the club administration, portrayed the club in a negative light in the media. Rumours regarding a change of ownership surrounded the club at the time. Thus, the case of Manchester United truly shows the importance of the manager on the off-field image and market position of the club.

Ticket And Merchandise Sales

Manchester United's ticket and merchandise sales have been constantly high and are growing at a rapid rate. This is largely due to the global reach of the club and the sheer amount of fans that the club has. The fanbase has been supportive of the team even when the performance has been poor and this has supported the club's off-field growth.

Youth Structure

Manchester United's youth structure has been a strong characteristic of the club historically. It has been one of the few bright spots even in their recent troubles. Promising talent often prefers United because there is a culture of giving youngsters a chance. Manchester United have had an academy graduate in their matchday squad for 3,990 consecutive matches, a streak which goes back over 80 years. The culture continues with 11 academy graduates already being used in the 2019-20 season in 15 matches. Thus, Manchester United stays as an attractive place for players which has a positive effect on the brand value.

Owner Value

The majority stakeholders in Manchester United are the Glazers, an American family of businessmen who owned sporting teams in the USA before diverging into European football. The Glazers aren't popular with United's fan base because they have led the club into debt worth over 200 million pounds, having received it debt-free. Further, fans raise questions over their devotion to the club and abilities of running it efficiently because of a lack of sporting director in the boardroom which is a common practice in top clubs. The effect of this has been cancelled out by the factors mentioned above and thus, has not had a negative impact on the market value of the club.

11. CONCLUSION

From the data analysis we can see that a P-value of close to 0 signifies that the number of wins in a season is relevant to a club's net worth. However, the R-squared value shows that the number of wins can only explain 49% of the increase in net worth. This, however, increases to almost 80% when time is factored in. This happens because several of the factors that we explore in the paper such as squad value, sponsorship deals, etc tend to increase with time and thus, help in explaining the increase in net worth along with the number of wins. However, 20% of the net worth increase still remains unexplained after factoring in time. Here, we can see the importance of non-quantifiable factors such as prestige, youth structure, manager value, etc which can help explain the remaining portion of net worth changes.

The case study of Manchester United reinforces the findings, showcasing that the extent of the impact of the on-field performance on the net worth of the club can be minimised if the commercial side is run well. Blockbuster sponsorship deals, eye-watering player transfers, and a very high prestige value are key factors in explaining why the Manchester United brand has continued to grow post-2013 when their results started declining. Within the case study, a small correlation between the squad value and net worth exhibits how important the players are to a club's net worth with a very high correlation of 0.89 (approximately) between the two variables.

In conclusion, we can say that the hypothesis has been verified and that the findings of the research paper show that other factors limit the impact of on-field performance on the net worth of a football club.

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What can we infer from the results highlighted above? For starters, cultural context can be given to these results by evaluating them with respect to the Indian football scenario. Indian clubs do not devote sufficient time and resources to build their prestige, fanbase, and youth structure which all contribute to the club's brand value. Clubs like Manchester United spend lavishly to make sure that their fans are never dissatisfied with the off-field structure. For example, when Manchester United played FC Rostov away in Russia in 2017 in the Europa League, the club bore the visa fees of all travelling fans of almost 120 pounds per fan to make sure that the fans found it financially feasible to support the club. Indian club owners are often criticised for being overly money-oriented. They also often lose sight of the end goal of the development of the game.

This brings us to the second implication - the rapid commercialisation of the sport can lead to a change in the priorities of the club's administration. This effect can be seen very clearly in the case of Manchester United where, one of the biggest clubs in the world is struggling to compete at the highest level. This is in part due to the lackadaisical approach of the club administration which has seen that it can exploit the brand commercially even without the on-field results. This has been criticised by former manager Louis van Gaal along with several former players like Ander Herrera, Gary Neville, etc., who have been deeply involved with the club and have genuine insider knowledge. Thus, a question arises over where the sport is headed and whether this commodification will help it or not.

Another question that arises after this paper is whether this commercialisation and astronomical numbers are deserved or not? Is the football industry turning into another bubble which might burst at any point? Take, for example, the transfer of Neymar from Barcelona to PSG for a whopping 220 million euros. The question of allocation of resources arises here. To give context, ISRO's Chandrayaan-2 mission cost approximately 125 million euros. Surely, a footballer doesn't justify that price tag.

One thing is for sure that the football market will continue to grow in the coming years, especially in India given the scope for expansion. It is to be seen whether Indian clubs will be able to capture the market or will the march of European clubs squash the budding Indian football industry.

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In the course of this research, we have used the Internet to provide us with a background on the research problem that we selected. There may be a few shortcomings in our paper in the form of errors and mistakes in between which we are solely responsible and hope that you consider the mistakes and nothing more.

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