Brand Finance®

Football 50 2021

The annual report on the most valuable and strongest football club brands

May 2021

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About Brand Finance.

Brand Finance is the world's leading brand valuation consultancy.

We bridge the gap between marketing and finance
Brand Finance was set up in 1996 with the aim of 'bridging the gap between marketing and finance'. For 25 years, we have helped companies and organisations of all types to connect their brands to the bottom line.

We quantify the financial value of brands
We put 5,000 of the world's biggest brands to the test every year. Ranking brands across all sectors and countries, we publish nearly 100 reports annually.

We offer a unique combination of expertise
Our teams have experience across a wide range of disciplines from marketing and market research, to brand strategy and visual identity, to tax and accounting.

We pride ourselves on technical credibility
Brand Finance is a chartered accountancy firm regulated by the Institute of Chartered Accountants in England and Wales, and the first brand valuation consultancy to join the International Valuation Standards Council.

Our experts helped craft the internationally recognised standards on Brand Valuation – ISO 10668 and Brand Evaluation – ISO 20671. Our methodology has been certified by global independent auditors – Austrian Standards – as compliant with both, and received the official approval of the Marketing Accountability Standards Board.

BRIDGING THE GAP

Corporate Member IVSC International Valuation Standards Council

MASB CERTIFIED 2019 MARKETING ACCOUNTABILITY STANDARDS BOARD MARKETING METRIC AUDIT PROTOCOL

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Foreword.

David Haigh
CEO, Brand Finance

25 years ago, on 1st April 1996, I launched Brand Finance to 'Bridge the Gap Between Marketing and Finance'. I thought that the gap between the silos would progressively disappear as finance people learned the importance of marketing for driving growth and marketing people learned the need for financial accountability.

Progress has been made but the gap is still there and we are now working hard through our publications, rankings, forums and the Brand Finance Institute training programmes to narrow the gap.

Over the last 25 years we have lived through four major recessions: 2001, when the dotcom bubble burst; 2009, when the Great Financial Crash washed over us; 2013, when the Euro caused a meltdown in Europe and in 2020, when the Covid Pandemic brought the world to a halt.

Brand Finance has been through many ups and downs but we have survived because we have always tried to lead our growing niche market. We claim to be the World's Leading Brand Valuation Consultancy. Over the last 25 years we have innovated continuously in our market place and we have transparently shared our innovations, knowledge and techniques to help grow the market, most obviously via ISO global standards on Brand Valuation and Brand Evaluation.

Throughout the last 25 years we have always invested heavily in training and professionalising our staff, in research to bring greater insight to our work and in high profile marketing and communications. We practice what we preach to clients.

There has never been greater recognition of brands as assets and the need to manage them for value. We are poised for significant growth as CEOs and Boards wake up to the need to manage brands better.

I started Brand Finance in the spare bedroom in Teddington. We now operate from the Brand Exchange building in the heart of the City of London and in 25 cities worldwide.

Over the last 25 years, many famous brands have disappeared or declined. Many new brands have emerged. Sectors have risen and fallen. Oil and gas brands are in decline while data- and technology-driven brands are booming. America and Europe are losing out to China and Asia.

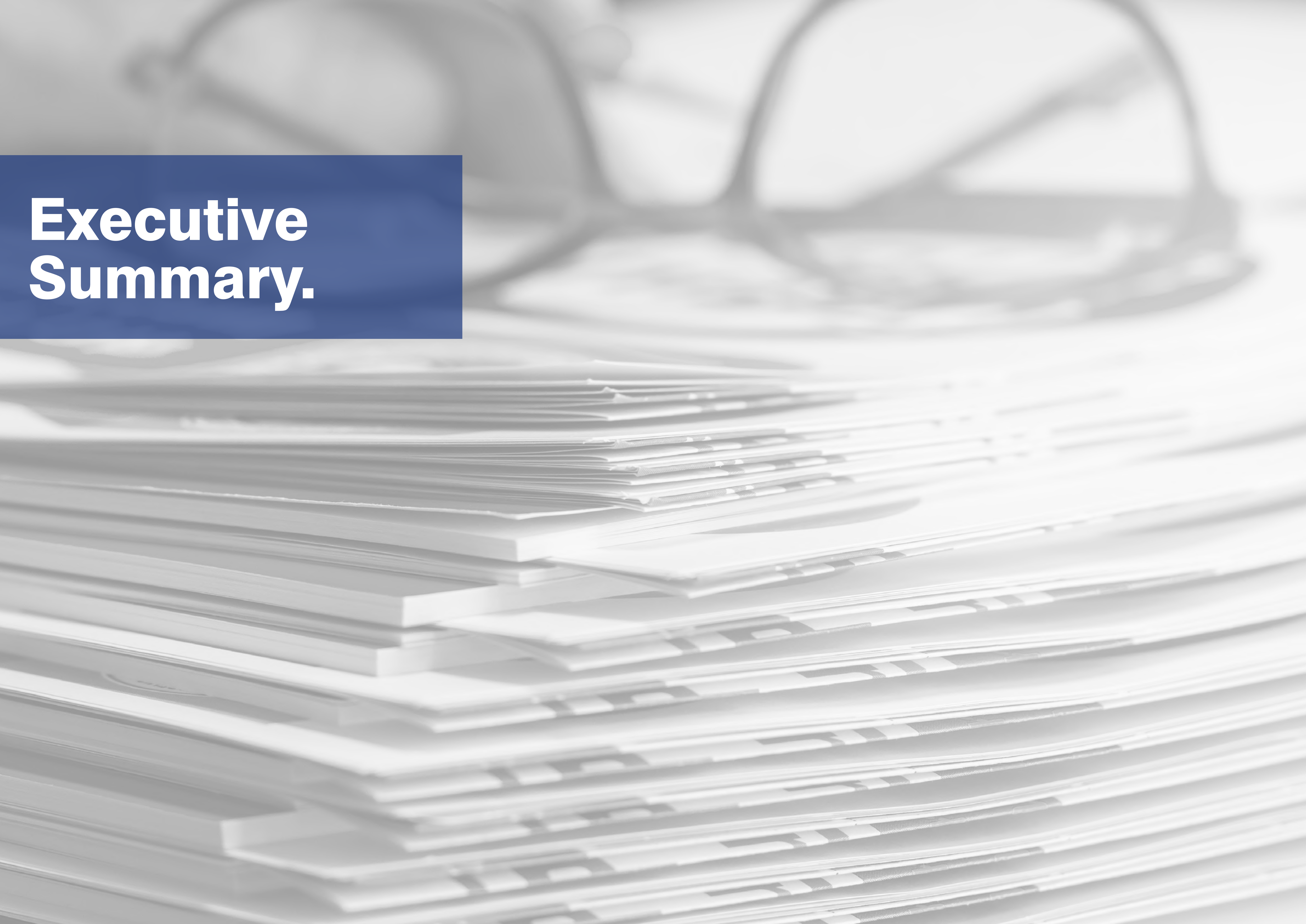
But while there may be volatility, brands have never been more important for Nations, Companies, Products and Services. With a nudge from Brand Finance even Football teams and the Monarchy now recognise that they have valuable brands.

I hope the next 25 years will be as interesting and fun as the last. I would like to thank all the clients, staff and partners who have helped Brand Finance over the last 25 years.

Bayern Munich Crowned World's Strongest Football Brand as ESL Fallout Damages Europe's Elite.

+ **Real Madrid**, **Barcelona**, and **Manchester United** maintain positions as world's most valuable football club brands ranking 1st, 2nd, and 3rd respectively in Brand Finance Football 50 2021
+ **Manchester City** hot on heels of rivals Manchester United, now only 1% lower in brand value
+ Failed European Super League project adversely impacts founding clubs' brand strength and knocks €600 million off brand values
+ Unaffected by ESL fiasco, **Bayern Munich** claims title of world's strongest football brand, with elite AAA+ brand rating, and tops ranking for enterprise value for first time, standing at €3,606 million
+ Clubs hoping to sack COVID-19 in 21/22 season and reopen doors to fans, as total brand value falls 11.2% on weaker revenue
+ English clubs represent 43% of total brand value within top 50, with several German, Spanish, Italian, French clubs and sole representatives from Netherlands, Russia, and Portugal featuring too. No representation from outside Europe
+ Gazprom supplying **Zenit St Petersburg** with energy as Russian outfit boasts highest brand value growth in ranking, up 35% and jumping from 49th to 33rd spot

Executive Summary.



Executive Summary.

LaLiga giants Real Madrid and Barcelona retain gold and silver

Real Madrid remains the most valuable football club brand in the world for the third consecutive year, despite recording a 10% brand value decline to €1,276 million. The club still maintains a slight lead ahead of fierce rivals Barcelona in second spot, with a brand value of €1,266 million, also declining by 10% this year. While the LaLiga giants remain on the podium for 2021, it has now been three years since a LaLiga club has reached the final of the UEFA Champions League, with the last appearance being Real Madrid's victory over Liverpool in 2018. Despite this, both Spanish clubs have consistently been able to secure Champions League qualification year after year, with the last time either club failed to reach the groups stages now more than 20 years ago. This consistent influx of Champions League revenues and status has played a central role in both clubs' overall success.

Top 10 most valuable club brands

Close behind Real Madrid and **Barcelona**, **Manchester United** has retained third place despite suffering a 14% decline in brand value to €1,130 million. The club will be looking to capitalise on a stronger season under Solskjær - securing second place in the Premier League and booking their place in the Europa League Final against Villareal on 26th May – as well as re-establishing themselves as League contenders and a powerhouse within Europe. Neighbours and bitter rivals **Manchester City** are now just 1% (€12 million) behind Manchester United in brand value - the closest the two clubs have ever been in their history. Within the top 10, only Manchester City in 4th (down 1% to €1,118 million) and **Bayern Munich** (up 1% to €1,068 million) in 5th avoided significant brand value decreases, resulting in both clubs climbing one spot in the ranking.

Liverpool, which had seen a resurgence under Jürgen Klopp, winning both the 19/20 UEFA Champions League and claiming the English Premier League title last year, have struggled this year, finding themselves battling for a place in next year's Europa League. This, coupled with the impacts of COVID-19, has caused the club to suffer a 23% decrease in brand value to €973 million, seeing them fall from 4th to 6th in the rankings. Resecuring their position in Europe's premier knock-out competition will be critical in driving future growth.

PSG (down 8% to €887 million) in 7th, **Chelsea** (down 19% to €769 million) in 8th, **Tottenham** (down 8% to €723 million) in 9th, and **Arsenal** (down 6% to € 675 million) in 10th have all retained their positions in the top 10, with declines in brand value recorded across

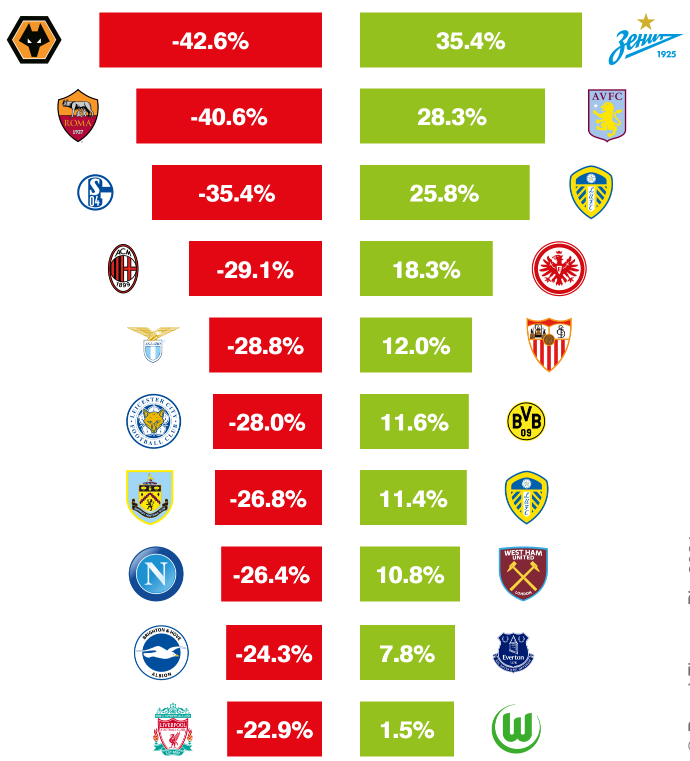
The origin and demise of the European Super League is a story of branding – the 12 clubs considered their brands too strong and attractive to be sanctioned by other associations, and above the footballing pyramid that validates their success. However, the communication, promotion, and positioning of the project were poorly executed, fuelling a backlash from all stakeholders, leading to the dissolution of the group, and resulting in painful brand damage.

Hugo Hensley
Head of Sports Services, Brand Finance

Top 10 Most Valuable Brands

		2021	2020	
1	← 1	€1,276m	€1,419m	-10.1%
2	← 2	€1,266m	€1,413m	-10.4%
3	← 3	€1,130m	€1,315m	-14.0%
4	↑ 5	€1,118m	€1,124m	-0.6%
5	↑ 6	€1,068m	€1,056m	+1.1%
6	↓ 4	€973m	€1,262m	-22.9%
7	← 7	€887m	€967m	-8.2%
8	← 8	€769m	€949m	-19.0%
9	← 9	€723m	€784m	-7.7%
10	← 10	€675m	€719m	-6.2%

Brand Value Change 2020-2021 (%)



Executive Summary.

the board. The UEFA Champions League still illudes French powerhouse PSG losing to Bayern Munich in last year's final and falling short against Manchester City in the semi-final this year. The Paris outfit will be hoping Mauricio Pochettino can change their fortunes next season.

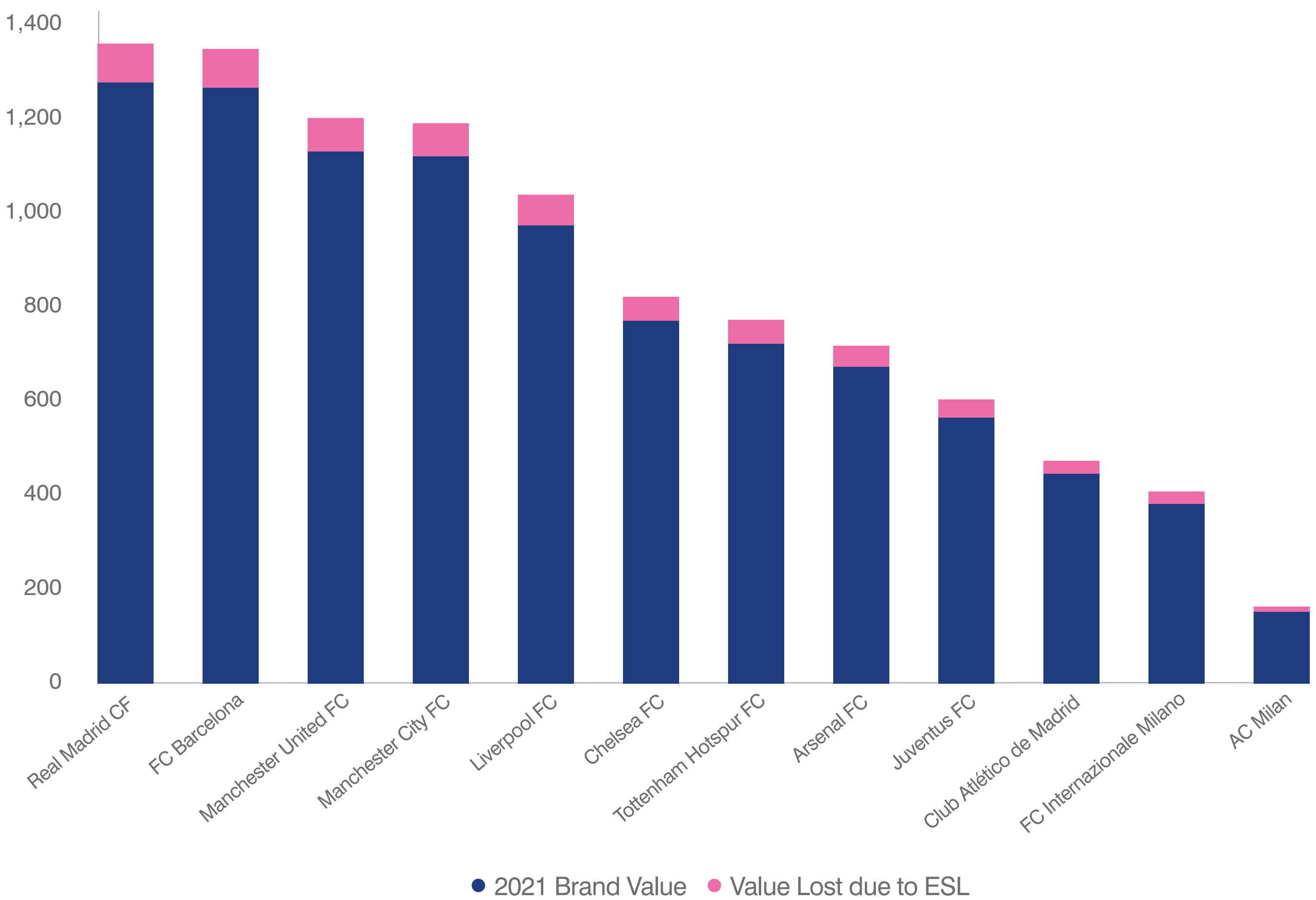
A volatile first half of the season for Chelsea saw manager Frank Lampard depart after just 18 months. The club has since found scintillating form under new manager Thomas Tuchel, booking their place in the 20/21 Champions League final against Manchester City and reaffirming their position within the top four in the League. Chelsea remain the final hurdle for Manchester City to overcome in their pursuit of their first Champions League victory. Arsenal and Tottenham have both had seasons they may wish to forget with both clubs looking likely to miss out on any European football next season.

Failed European Super League project sends ripples into brand strength and brand value of elite clubs

The European Super League (ESL) was announced in April by 12 clubs across England, Spain, and Italy, with the premise that the 15 founding clubs would have a permanent position within a separate European league competition of 20 elite clubs.

The proposed league was quickly met by significant backlash from key stakeholder groups including players, managers, fans, football associations and regulators, as well as politicians and government officials. The public reaction, coupled with the sanctions suggested by existing leagues, saw nine of the founding members swiftly disband, while the ESL announced it was suspending operations.

Fallout from ESL Impacting Brand Value (€m)



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Although the European Super League project looks to have been shelved, there have been knock-on effects for the clubs involved, with their brands damaged by the negative sentiment around the plans.

The Brand Strength Index (BSI) is a balanced scorecard of brand metrics used by Brand Finance to benchmark the power of different brands to drive success for the business. For football clubs, this scorecard includes market research among fans, giving ratings for clubs across a range of attributes including strong heritage, the club is well run, and the owners care for the fans. The ESL announcement visibly damaged these attributes for the 12 clubs involved, which has caused an average decrease in BSI score of -3.0 points among the founders.

The results of these weakening brands can already be seen. For example, Liverpool sponsor Tribus Watches ended the partnership due to the club no longer aligning with its brand attributes, namely having a strong respect for heritage. Manchester United, in turn, were said to have missed out on a £200 million deal over 10 years from Manchester-based company The Hut Group due to fans threatening to boycott club sponsors over Glazers' ownership. Historically there has been little love lost between UTD fans and the Glazers, but their push to join the now-defunct European Super League only added fuel to the fire. Furthermore, UTD fans have threatened to target partner brands and their products with negative online reviews, which could severely damage the club's ability to generate commercial revenue and attract sponsors and will thus ultimately damage the brand.

As well as damaging the strength of the 12 clubs' brands, the ESL proposal has also knocked €606 million off the total brand value of the clubs, equating to around 6%. Having weaker brands leads to reduced forecasts for their commercial and sponsorship success.

Before the plans collapsed, Brand Finance calculated that the ESL could have stripped €2.5 billion - or 25% of the total - in brand value from the 12 clubs. Although much of this damage has been averted, the impact on the perceptions of all stakeholders is still significant.

Executive Summary.

Bayern takes the lead in brand strength and enterprise value

The damage that the disastrous ESL has inflicted on Europe's elite, combined with their stellar performance on the pitch, has propelled Bayern Munich to become the strongest football club brand in the world, with a brand strength score of 91.9 out of 100 and the corresponding elite AAA+ rating.

Bayern's performance has been unrivalled over the past year, winning the sextuplet of the Bundesliga, DFB Cup, UEFA Champions League, UEFA Super Cup, FIFA Club World Cup, and DFL Super Cup, ultimately leading them to be named the Laureus World Team of the Year for 2021. They are the first team ever to lift the Champions League with a 100% record, which included an 8-2 win over Barcelona.

Bayern's leading brand strength score has contributed to an increase in brand value to €1,068 million and climbing up to 5th position overall in the ranking. The club's enterprise value has also rocketed up by nearly €300 million to €3,606 million, allowing them to take the crown in that ranking too, recording an 8% increase year-on-year. Sometimes it pays off to be the nice guy with Bayern leading the figures for commercial revenue generation of any football team at €360.5 million, a key contributing factor to the year-on-year increase in enterprise value. Real Madrid, Liverpool, Manchester United and Manchester City round up the top five for enterprise value.

Clubs hoping to sack COVID-19 in the 21/22 season

Clubs have continued to lose out on key ticketing and other matchday revenue as COVID-19 has kept doors closed to the majority, with only small groups of fans able to attend a handful of fixtures over the campaign. The pandemic also brought many sponsorship deals under the microscope as football was put on hold for a portion of 2020, meaning uncertainty vested in whether sponsors would enjoy the brand exposure, activation, and return they had originally expected. The adverse impact has been felt across the top 50 club brands with average brand value declining by 11.2% versus a 2.2% drop last year.

Clubs and fans alike will undoubtedly be eager to see stadiums filled again, with some suggestions that stadiums may be allowed to accommodate as much as

Top 10 Strongest Brands

1	↑ 5	2021:	91.9	AAA+	+0.5
		2020:	91.4	AAA+	
2	↓ 1	2021:	91.3	AAA+	-3.6
		2020:	94.9	AAA+	
3	↓ 2	2021:	91.1	AAA+	-2.5
		2020:	93.6	AAA+	
4	↓ 3	2021:	89.0	AAA	-4.2
		2020:	93.2	AAA+	
5	↓ 4	2021:	88.7	AAA	-2.8
		2020:	91.5	AAA+	
6	← 6	2021:	86.2	AAA	-2.8
		2020:	89.0	AAA	
7	← 7	2021:	86.2	AAA	-2.6
		2020:	88.8	AAA	
8	↑ 11	2021:	85.3	AAA	-0.3
		2020:	85.6	AAA	
9	↓ 8	2021:	84.9	AAA	-2.7
		2020:	87.6	AAA	
10	↑ 13	2021:	84.8	AAA	+0.6
		2020:	84.2	AAA-	

Top 10 Club Enterprise Values

1	2021:	€3,606m	+8.3%
	2020:	€3,329m	
2	2021:	€3,571m	-14.79%
	2020:	€4,198m	
3	2021:	€3,311m	-10.6%
	2020:	€3,702m	
4	2021:	€3,057m	-20.6%
	2020:	€3,849m	
5	2021:	€2,936m	-12.2%
	2020:	€3,346m	
6	2021:	€2,877m	+4.7%
	2020:	€2,748m	
7	2021:	€2,829m	-16.5%
	2020:	€3,387m	
8	2021:	€2,416m	-2.9%
	2020:	€2,488m	
9	2021:	€2,072m	-2.0%
	2020:	€2,114m	
10	2021:	€1,788m	-12.8%
	2020:	€2,051m	

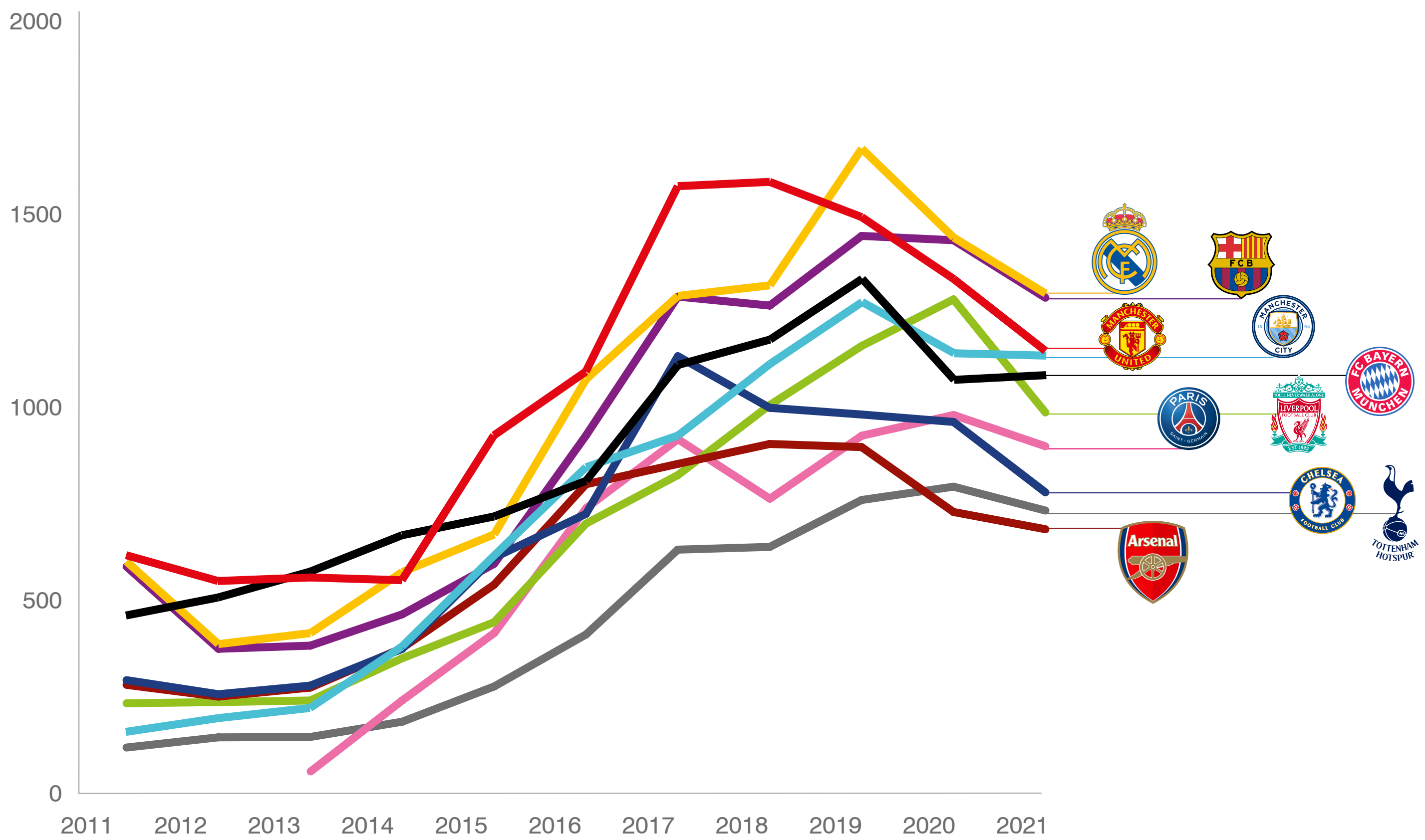
The German 50+1% supporter shareholding model means that the fan is respected as the ultimate stakeholder. This has kept Bayern Munich out of the European Super League fiasco, while on-pitch performance has further boosted the brand's strength. This is a positive signal for future sponsorship performance, and Bayern is already the football club with highest commercial revenue in the world – these factors all come together to boost brand and business value.

Hugo Hensley
Head of Sports Services, Brand Finance

Brand Value by Country

	Country	Brand Value (€bn)	% of total	Number of Brands
●	England	73.9	42.7%	18
●	Spain	35.1	20.3%	7
●	Germany	32.7	18.9%	12
●	Italy	14.5	8.4%	6
●	France	11.5	6.7%	3
●	Other	0.5	3.0%	4
	Total	**17.3**	**100.0%**	**50**

Brand Value Over Time 2011-2021 (€m)



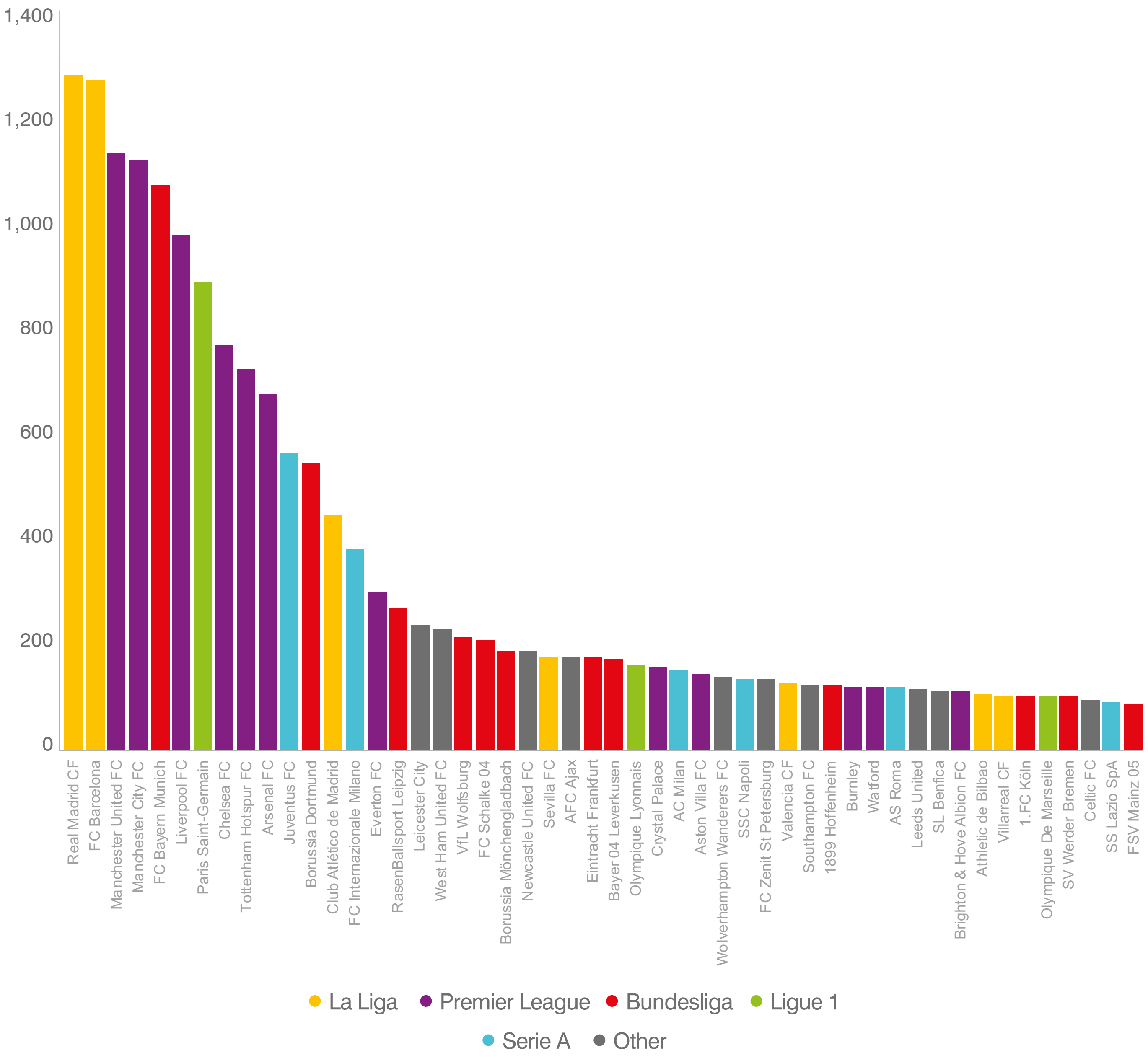
50% of capacity by the start of the 2021/22 campaign, due to kick-off around August this year. From the 17th May, UK clubs are allowed to accommodate up to 10,000 fans or 25% of total capacity – whichever is lower - meaning the final round of the Premier League season will see record attendances for the campaign. Across Europe, and around the world, other leagues and competitions are employing similar strategies allowing clubs to admit a certain number of fans, or a percentage of their total capacity.

League representation

The English Premier League remains the most represented league within the top 50 with 18 clubs featuring and accounting for 43% of total brand value. Soon-to-be promoted **Watford** (down 6% to €121 million) also feature in the ranking in 38th after spending just one season in the Championship following their relegation at the end of the 2019/20 season.

Brand Value by Country (€m)

Brand Value Ranking by League (€m)



The Bundesliga is the second most represented league, with 10 clubs featuring in the top 50, up from eight in 2020. While they have more clubs in the ranking than LaLiga, the Spanish League represents 20% of the total brand value compared to the Bundesliga's 19%.

Italian clubs make up 8% of total brand value but are still without representation within the top 10, with **Juventus** (down 16% to €565 million) currently sitting in 11th position.

Both the Bundesliga and the Serie A agreed new broadcasting deals this year but have only managed to match figures similar to their previous agreements, suggesting returns have plateaued for the time being.

Just three French teams are represented within the top 50: **Paris Saint-Germain** (down 8% to €887 million) in 7th; **Lyon** (down 11% to €161 million) in 27th and **Marseille** (down 19% to €105 million) in 46th. The Netherlands (**Ajax**), Russia (**Zenit**) and Portugal (**Porto**) each have one club featured in the top 50 this year.

Top 5 Leagues by Brand Value

Premier League

1*

Clubs in Top 50
2021: **19**
2020: **20**

Average Brand Strength
2021: **74.9**
2020: **75.2**

Brand Value (€m)
2021: **€7,485m**
2020: **€8,688m**

Average Brand Value (€m)
2021: **€394m**
2020: **€450m**

*including recently Promoted Watford

LaLiga

2

Clubs in Top 50
2021: **7**
2019: **8**

Average Brand Strength
2021: **78.2**
2019: **79.9**

Brand Value (€m)
2021: **€3,509m**
2020: **€3,938m**

Average Brand Value (€m)
2021: **€501m**
2020: **€549m**

BUNDESLIGA

3

Clubs in Top 50
2021: **12**
2020: **10**

Average Brand Strength
2021: **71.4**
2020: **71.5**

Brand Value (€m)
2021: **€3,270m**
2020: **€3,275m**

Average Brand Value (€m)
2021: **€272m**
2020: **€288m**

SERIE A

4

Clubs in Top 50
2021: **6**
2020: **6**

Average Brand Strength
2021: **72.8**
2020: **74.1**

Brand Value (€m)
2021: **€1,449m**
2020: **€1,877m**

Average Brand Value (€m)
2021: **€241m**
2020: **€313m**

LIGUE 1

5

Clubs in Top 50
2021: **3**
2020: **3**

Average Brand Strength
2021: **76.0**
2020: **75.1**

Brand Value (€m)
2021: **€1,153m**
2020: **€1,278m**

Average Brand Value (€m)
2021: **€384m**
2020: **€426m**

Gazprom supplying the energy Zenit need

This year's largest increases in brand value come from Zenit (up 35% to €135 million), **Aston Villa** (up 28% to €147 million), and new entrant **Leeds** (up 26% to €117 million).

Zenit St Petersburg is Russia's sole representative in the top 50 and boasts the 15th highest reported revenue of any club. The club have now won the Russian Premier League for two consecutive seasons and benefitted from a lucrative commercial deal with Gazprom. A second successive year of guaranteed UEFA Champions League participation will supplement broadcasting revenues further as the club's take from Europe far outweighs the domestic distribution.

Both Aston Villa and Leeds have secured their place in the 21/22 Premier League campaign bagging solid mid-table finishes in the 20/21 season with some excellent displays. Both clubs are in a strong position to prolong their stay in the topflight, which will be crucial for ensuring long-term brand building due to the accompanying broadcasting revenues association with the Premier League.

Europe continues to dominate

The top 50 most valuable football clubs continue to be exclusively represented by European teams. While other football leagues around the world, such as the MLS and Chinese Super League, have seen significant growth over the last decade, average club operating revenues remain significantly lower than those of top tier European clubs.

To illustrate, the average revenue for clubs in the Brand Finance Football 50 2021 ranking is €204 million and the average revenue for the bottom 10 clubs is €143 million. This figure is more than double that of MLS top earners Atlanta United who reported revenues of circa €65 million in 2019, while one of China's top clubs Guangzhou F.C. reported revenues of approximately €92 million. In South America, Flamengo recorded record revenues in excess of €150 million in 2019, but a large portion is attributable to player trading, which is not considered within the valuation. Already in 2020, Flamengo budgeted revenue that was 26% lower.

This difference can be attributed to significantly greater broadcasting deals in Europe, as well as the benefits from revenues associated with the Champions League. As a result, it may still be some time before a non-European club challenges for a place in the top 50.

Brand Finance Football 50 (EUR/GBP/USDm).

Top 50 most valuable football club brands

EURm

2021 Rank	2020 Rank		Brand	Country	2021 Brand Value	Brand Value Change	2020 Brand Value	2021 Enterprise Value	Enterprise Value Change	2020 Enterprise Value
1	1	←	Real Madrid CF	Spain	€1,276	-10.1%	€1,419	€3,571	-14.9%	€4,198
2	2	←	FC Barcelona	Spain	€1,266	-10.4%	€1,413	€2,829	-16.5%	€3,387
3	3	←	Manchester United FC	United Kingdom	€1,130	-14.0%	€1,315	€3,057	-20.6%	€3,849
4	5	↑	Manchester City FC	United Kingdom	€1,118	-0.6%	€1,124	€2,877	+4.7%	€2,748
5	6	↑	FC Bayern Munich	Germany	€1,068	+1.1%	€1,056	€3,606	+8.3%	€3,329
6	4	↓	Liverpool FC	United Kingdom	€973	-22.9%	€1,262	€3,311	-10.6%	€3,702
7	7	←	Paris Saint-Germain	France	€887	-8.2%	€967	€2,936	-12.2%	€3,346
8	8	←	Chelsea FC	United Kingdom	€769	-19.0%	€949	€2,416	-2.9%	€2,488
9	9	←	Tottenham Hotspur FC	United Kingdom	€723	-7.7%	€784	€2,072	-2.0%	€2,114
10	10	←	Arsenal FC	United Kingdom	€675	-6.2%	€719	€1,788	-12.8%	€2,051
11	11	←	Juventus FC	Italy	🔒	🔒	🔒	🔒	🔒	🔒
12	12	←	Borussia Dortmund	Germany	🔒	🔒	🔒	🔒	🔒	🔒
13	13	←	Club Atlético de Madrid	Spain	🔒	🔒	🔒	🔒	🔒	🔒
14	14	←	FC Internazionale Milano	Italy	🔒	🔒	🔒	🔒	🔒	🔒
15	18	↑	Everton FC	United Kingdom	🔒	🔒	🔒	🔒	🔒	🔒
16	15	↓	RasenBallsport Leipzig	Germany	🔒	🔒	🔒	🔒	🔒	🔒
17	16	↓	Leicester City	United Kingdom	🔒	🔒	🔒	🔒	🔒	🔒
18	25	↑	West Ham United FC	United Kingdom	🔒	🔒	🔒	🔒	🔒	🔒
19	24	↑	VfL Wolfsburg	Germany	🔒	🔒	🔒	🔒	🔒	🔒
20	17	↓	FC Schalke 04	Germany	🔒	🔒	🔒	🔒	🔒	🔒
21	21	←	Borussia Mönchengladbach	Germany	🔒	🔒	🔒	🔒	🔒	🔒
22	20	↓	Newcastle United FC	United Kingdom	🔒	🔒	🔒	🔒	🔒	🔒
23	32	↑	Sevilla FC	Spain	🔒	🔒	🔒	🔒	🔒	🔒
24	27	↑	AFC Ajax	Netherlands	🔒	🔒	🔒	🔒	🔒	🔒
25	33	↑	Eintracht Frankfurt	Germany	🔒	🔒	🔒	🔒	🔒	🔒
26	23	↓	Bayer 04 Leverkusen	Germany	🔒	🔒	🔒	🔒	🔒	🔒
27	30	↑	Olympique Lyonnais	France	🔒	🔒	🔒	🔒	🔒	🔒
28	28	←	Crystal Palace	United Kingdom	🔒	🔒	🔒	🔒	🔒	🔒
29	22	↓	AC Milan	Italy	🔒	🔒	🔒	🔒	🔒	🔒
30	45	↑	Aston Villa FC	United Kingdom	🔒	🔒	🔒	🔒	🔒	🔒
31	19	↓	Wolverhampton Wanderers FC	United Kingdom	🔒	🔒	🔒	🔒	🔒	🔒
32	29	↓	SSC Napoli	Italy	🔒	🔒	🔒	🔒	🔒	🔒
33	49	↑	FC Zenit St Petersburg	Russia	🔒	🔒	🔒	🔒	🔒	🔒
34	36	↑	Valencia CF	Spain	🔒	🔒	🔒	🔒	🔒	🔒
35	34	↓	Southampton FC	United Kingdom	🔒	🔒	🔒	🔒	🔒	🔒
36	41	↑	1899 Hoffenheim	Germany	🔒	🔒	🔒	🔒	🔒	🔒
37	31	↓	Burnley	United Kingdom	🔒	🔒	🔒	🔒	🔒	🔒
38	39	↑	Watford	United Kingdom	🔒	🔒	🔒	🔒	🔒	🔒
39	26	↓	AS Roma	Italy	🔒	🔒	🔒	🔒	🔒	🔒
40	-	New	Leeds United	United Kingdom	🔒	🔒	🔒	🔒	🔒	🔒
41	46	↑	SL Benfica	Portugal	🔒	🔒	🔒	🔒	🔒	🔒
42	35	↓	Brighton & Hove Albion FC	United Kingdom	🔒	🔒	🔒	🔒	🔒	🔒
43	40	↓	Athletic de Bilbao	Spain	🔒	🔒	🔒	🔒	🔒	🔒
44	44	←	Villarreal CF	Spain	🔒	🔒	🔒	🔒	🔒	🔒
45	37	↓	1.FC Köln	Germany	🔒	🔒	🔒	🔒	🔒	🔒
46	38	↓	Olympique De Marseille	France	🔒	🔒	🔒	🔒	🔒	🔒
47	-	New	SV Werder Bremen	Germany	🔒	🔒	🔒	🔒	🔒	🔒
48	48	←	Celtic FC	United Kingdom	🔒	🔒	🔒	🔒	🔒	🔒
49	42	↓	SS Lazio SpA	Italy	🔒	🔒	🔒	🔒	🔒	🔒
50	-	New	FSV Mainz 05	Germany	🔒	🔒	🔒	🔒	🔒	🔒

GBPm

	2021 Brand Value	Brand Value Change	2020 Brand Value	2021 Enterprise Value	Enterprise Value Change	2020 Enterprise Value
1	£1,152	-5.6%	£1,220	£3,224	-10.7%	£3,608
2	£1,143	-5.9%	£1,215	£2,553	-12.3%	£2,911
3	£1,020	-9.7%	£1,130	£2,760	-16.6%	£3,309
4	£1,009	+4.4%	£966	£2,597	+10.0%	£2,362
5	£964	+6.2%	£908	£3,256	+13.8%	£2,861
6	£878	-19.0%	£1,085	£2,989	-6.1%	£3,182
7	£801	-3.6%	£831	£2,651	-7.8%	£2,876
8	£694	-14.9%	£816	£2,181	+2.0%	£2,139
9	£653	-3.1%	£674	£1,871	+2.9%	£1,818
10	£609	-1.5%	£618	£1,614	-8.4%	£1,763
11	🔒	🔒	🔒	🔒	🔒	🔒
12	🔒	🔒	🔒	🔒	🔒	🔒
13	🔒	🔒	🔒	🔒	🔒	🔒
14	🔒	🔒	🔒	🔒	🔒	🔒
15	🔒	🔒	🔒	🔒	🔒	🔒
16	🔒	🔒	🔒	🔒	🔒	🔒
17	🔒	🔒	🔒	🔒	🔒	🔒
18	🔒	🔒	🔒	🔒	🔒	🔒
19	🔒	🔒	🔒	🔒	🔒	🔒
20	🔒	🔒	🔒	🔒	🔒	🔒
21	🔒	🔒	🔒	🔒	🔒	🔒
22	🔒	🔒	🔒	🔒	🔒	🔒
23	🔒	🔒	🔒	🔒	🔒	🔒
24	🔒	🔒	🔒	🔒	🔒	🔒
25	🔒	🔒	🔒	🔒	🔒	🔒
26	🔒	🔒	🔒	🔒	🔒	🔒
27	🔒	🔒	🔒	🔒	🔒	🔒
28	🔒	🔒	🔒	🔒	🔒	🔒
29	🔒	🔒	🔒	🔒	🔒	🔒
30	🔒	🔒	🔒	🔒	🔒	🔒
31	🔒	🔒	🔒	🔒	🔒	🔒
32	🔒	🔒	🔒	🔒	🔒	🔒
33	🔒	🔒	🔒	🔒	🔒	🔒
34	🔒	🔒	🔒	🔒	🔒	🔒
35	🔒	🔒	🔒	🔒	🔒	🔒
36	🔒	🔒	🔒	🔒	🔒	🔒
37	🔒	🔒	🔒	🔒	🔒	🔒
38	🔒	🔒	🔒	🔒	🔒	🔒
39	🔒	🔒	🔒	🔒	🔒	🔒
40	🔒	🔒	🔒	🔒	🔒	🔒
41	🔒	🔒	🔒	🔒	🔒	🔒
42	🔒	🔒	🔒	🔒	🔒	🔒
43	🔒	🔒	🔒	🔒	🔒	🔒
44	🔒	🔒	🔒	🔒	🔒	🔒
45	🔒	🔒	🔒	🔒	🔒	🔒
46	🔒	🔒	🔒	🔒	🔒	🔒
47	🔒	🔒	🔒	🔒	🔒	🔒
48	🔒	🔒	🔒	🔒	🔒	🔒
49	🔒	🔒	🔒	🔒	🔒	🔒
50	🔒	🔒	🔒	🔒	🔒	🔒

USDm

	2021 Brand Value	Brand Value Change	2020 Brand Value	2021 Enterprise Value	Enterprise Value Change	2020 Enterprise Value
1	$1,499	-4.7%	$1,572	$4,195	-9.8%	$4,649
2	$1,487	-5.0%	$1,565	$3,322	-11.4%	$3,751
3	$1,327	-8.8%	$1,456	$3,591	-15.8%	$4,263
4	$1,313	+5.5%	$1,245	$3,379	+11.0%	$3,043
5	$1,255	+7.3%	$1,169	$4,236	+14.9%	$3,687
6	$1,143	-18.2%	$1,398	$3,890	-5.1%	$4,100
7	$1,042	-2.6%	$1,071	$3,449	-6.9%	$3,706
8	$904	-14.0%	$1,051	$2,837	+3.0%	$2,756
9	$849	-2.2%	$868	$2,434	+4.0%	$2,342
10	$792	-0.5%	$796	$2,101	-7.5%	$2,271
11	🔒	🔒	🔒	🔒	🔒	🔒
12	🔒	🔒	🔒	🔒	🔒	🔒
13	🔒	🔒	🔒	🔒	🔒	🔒
14	🔒	🔒	🔒	🔒	🔒	🔒
15	🔒	🔒	🔒	🔒	🔒	🔒
16	🔒	🔒	🔒	🔒	🔒	🔒
17	🔒	🔒	🔒	🔒	🔒	🔒
18	🔒	🔒	🔒	🔒	🔒	🔒
19	🔒	🔒	🔒	🔒	🔒	🔒
20	🔒	🔒	🔒	🔒	🔒	🔒
21	🔒	🔒	🔒	🔒	🔒	🔒
22	🔒	🔒	🔒	🔒	🔒	🔒
23	🔒	🔒	🔒	🔒	🔒	🔒
24	🔒	🔒	🔒	🔒	🔒	🔒
25	🔒	🔒	🔒	🔒	🔒	🔒
26	🔒	🔒	🔒	🔒	🔒	🔒
27	🔒	🔒	🔒	🔒	🔒	🔒
28	🔒	🔒	🔒	🔒	🔒	🔒
29	🔒	🔒	🔒	🔒	🔒	🔒
30	🔒	🔒	🔒	🔒	🔒	🔒
31	🔒	🔒	🔒	🔒	🔒	🔒
32	🔒	🔒	🔒	🔒	🔒	🔒
33	🔒	🔒	🔒	🔒	🔒	🔒
34	🔒	🔒	🔒	🔒	🔒	🔒
35	🔒	🔒	🔒	🔒	🔒	🔒
36	🔒	🔒	🔒	🔒	🔒	🔒
37	🔒	🔒	🔒	🔒	🔒	🔒
38	🔒	🔒	🔒	🔒	🔒	🔒
39	🔒	🔒	🔒	🔒	🔒	🔒
40	🔒	🔒	🔒	🔒	🔒	🔒
41	🔒	🔒	🔒	🔒	🔒	🔒
42	🔒	🔒	🔒	🔒	🔒	🔒
43	🔒	🔒	🔒	🔒	🔒	🔒
44	🔒	🔒	🔒	🔒	🔒	🔒
45	🔒	🔒	🔒	🔒	🔒	🔒
46	🔒	🔒	🔒	🔒	🔒	🔒
47	🔒	🔒	🔒	🔒	🔒	🔒
48	🔒	🔒	🔒	🔒	🔒	🔒
49	🔒	🔒	🔒	🔒	🔒	🔒
50	🔒	🔒	🔒	🔒	🔒	🔒

Top 50 Strongest Club Brands.

Top 50 strongest football club brands

2021 Rank	2020 Rank		Brand	Country	2021 Brand Strength Index (BSI) Score	Brand Strength Change	2020 Brand Strength Index (BSI) Score	2021 Brand Rating	2020 Brand Rating
1	5	↑	FC Bayern Munich	Germany	91.9	+0.5	91.4	AAA+	AAA+
2	1	↓	Real Madrid CF	Spain	91.3	-3.6	94.9	AAA+	AAA+
3	2	↓	FC Barcelona	Spain	91.1	-2.5	93.6	AAA+	AAA+
4	3	↓	Liverpool FC	United Kingdom	89.0	-4.2	93.2	AAA	AAA+
5	4	↓	Manchester United FC	United Kingdom	88.7	-2.8	91.5	AAA	AAA+
6	6	←	Chelsea FC	United Kingdom	86.2	-2.8	89.0	AAA	AAA
7	7	←	Manchester City FC	United Kingdom	86.2	-2.6	88.8	AAA	AAA
8	11	↑	Paris Saint-Germain	France	85.3	-0.3	85.6	AAA	AAA
9	8	↓	Tottenham Hotspur FC	United Kingdom	84.9	-2.7	87.6	AAA	AAA
10	13	↑	Borussia Dortmund	Germany	84.8	+0.6	84.2	AAA	AAA-
11	9	↓	Juventus FC	Italy	🔒	🔒	🔒	🔒	🔒
12	10	↓	Arsenal FC	United Kingdom	🔒	🔒	🔒	🔒	🔒
13	12	↓	Club Atlético de Madrid	Spain	🔒	🔒	🔒	🔒	🔒
14	14	←	FC Internazionale Milano	Italy	🔒	🔒	🔒	🔒	🔒
15	16	↑	AFC Ajax	Netherlands	🔒	🔒	🔒	🔒	🔒
16	19	↑	Everton FC	United Kingdom	🔒	🔒	🔒	🔒	🔒
17	15	↓	Valencia CF	Spain	🔒	🔒	🔒	🔒	🔒
18	20	↑	RasenBallsport Leipzig	Germany	🔒	🔒	🔒	🔒	🔒
19	21	↑	Olympique Lyonnais	France	🔒	🔒	🔒	🔒	🔒
20	22	↑	Sevilla FC	Spain	🔒	🔒	🔒	🔒	🔒
21	17	↓	FC Schalke 04	Germany	🔒	🔒	🔒	🔒	🔒
22	18	↓	SL Benfica	Portugal	🔒	🔒	🔒	🔒	🔒
23	25	↑	West Ham United FC	United Kingdom	🔒	🔒	🔒	🔒	🔒
24	24	←	Leicester City	United Kingdom	🔒	🔒	🔒	🔒	🔒
25	29	↑	Wolverhampton Wanderers FC	United Kingdom	🔒	🔒	🔒	🔒	🔒
26	26	←	Athletic de Bilbao	Spain	🔒	🔒	🔒	🔒	🔒
27	27	←	Borussia Mönchengladbach	Germany	🔒	🔒	🔒	🔒	🔒
28	28	←	Newcastle United FC	United Kingdom	🔒	🔒	🔒	🔒	🔒
29	23	↓	AC Milan	Italy	🔒	🔒	🔒	🔒	🔒
30	31	↑	SSC Napoli	Italy	🔒	🔒	🔒	🔒	🔒
31	30	↓	Celtic FC	United Kingdom	🔒	🔒	🔒	🔒	🔒
32	38	↑	Aston Villa FC	United Kingdom	🔒	🔒	🔒	🔒	🔒
33	35	↑	Eintracht Frankfurt	Germany	🔒	🔒	🔒	🔒	🔒
34	39	↑	Olympique De Marseille	France	🔒	🔒	🔒	🔒	🔒
35	33	↓	Bayer 04 Leverkusen	Germany	🔒	🔒	🔒	🔒	🔒
36	36	←	Brighton & Hove Albion FC	United Kingdom	🔒	🔒	🔒	🔒	🔒
37	34	↓	AS Roma	Italy	🔒	🔒	🔒	🔒	🔒
38	40	↑	Southampton FC	United Kingdom	🔒	🔒	🔒	🔒	🔒
39	37	↓	Crystal Palace	United Kingdom	🔒	🔒	🔒	🔒	🔒
40	46	↑	Watford	United Kingdom	🔒	🔒	🔒	🔒	🔒
41	41	←	VfL Wolfsburg	Germany	🔒	🔒	🔒	🔒	🔒
42	-	New	SV Werder Bremen	Germany	🔒	🔒	🔒	🔒	🔒
43	-	New	Leeds United	United Kingdom	🔒	🔒	🔒	🔒	🔒
44	42	↓	Burnley	United Kingdom	🔒	🔒	🔒	🔒	🔒
45	44	↓	SS Lazio SpA	Italy	🔒	🔒	🔒	🔒	🔒
46	43	↓	1.FC Köln	Germany	🔒	🔒	🔒	🔒	🔒
47	45	↓	1899 Hoffenheim	Germany	🔒	🔒	🔒	🔒	🔒
48	47	↓	Villarreal CF	Spain	🔒	🔒	🔒	🔒	🔒
49	50	↑	FC Zenit St Petersburg	Russia	🔒	🔒	🔒	🔒	🔒
50	-	New	FSV Mainz 05	Germany	🔒	🔒	🔒	🔒	🔒

Top 50 Most Valuable Club Enterprises.

Top 50 most valuable football club enterprises

EURm

2021 Rank	2020 Rank		Brand	Country	2021 Enterprise Value	Enterprise Value Change	2020 Enterprise Value
1	6	↑	FC Bayern Munich	Germany	€3,606	+8.3%	€3,329
2	1	↓	Real Madrid CF	Spain	€3,571	-14.9%	€4,198
3	3	←	Liverpool FC	United Kingdom	€3,311	-10.6%	€3,702
4	2	↓	Manchester United FC	United Kingdom	€3,057	-20.6%	€3,849
5	5	←	Paris Saint-Germain	France	€2,936	-12.2%	€3,346
6	7	↑	Manchester City FC	United Kingdom	€2,877	+4.7%	€2,748
7	4	↓	FC Barcelona	Spain	€2,829	-16.5%	€3,387
8	8	←	Chelsea FC	United Kingdom	€2,416	-2.9%	€2,488
9	9	←	Tottenham Hotspur FC	United Kingdom	€2,072	-2.0%	€2,114
10	11	↑	Arsenal FC	United Kingdom	€1,788	-12.8%	€2,051
11	10	↓	Juventus FC	Italy	🔒	🔒	🔒
12	12	←	Borussia Dortmund	Germany	🔒	🔒	🔒
13	14	↑	Club Atlético de Madrid	Spain	🔒	🔒	🔒
14	13	↓	FC Internazionale Milano	Italy	🔒	🔒	🔒
15	17	↑	FC Zenit St Petersburg	Russia	🔒	🔒	🔒
16	16	←	Everton FC	United Kingdom	🔒	🔒	🔒
17	19	↑	Wolverhampton Wanderers FC	United Kingdom	🔒	🔒	🔒
18	20	↑	RasenBallsport Leipzig	Germany	🔒	🔒	🔒
19	15	↓	FC Schalke 04	Germany	🔒	🔒	🔒
20	28	↑	SL Benfica	Portugal	🔒	🔒	🔒
21	18	↓	Leicester City	United Kingdom	🔒	🔒	🔒
22	22	←	VfL Wolfsburg	Germany	🔒	🔒	🔒
23	34	↑	Newcastle United FC	United Kingdom	🔒	🔒	🔒
24	24	←	Borussia Mönchengladbach	Germany	🔒	🔒	🔒
25	33	↑	Bayer 04 Leverkusen	Germany	🔒	🔒	🔒
26	21	↓	West Ham United FC	United Kingdom	🔒	🔒	🔒
27	27	←	Crystal Palace	United Kingdom	🔒	🔒	🔒
28	25	↓	Watford	United Kingdom	🔒	🔒	🔒
29	31	↑	Fenerbahçe SK	Turkey	🔒	🔒	🔒
30	23	↓	Olympique Lyonnais	France	🔒	🔒	🔒
31	35	↑	1899 Hoffenheim	Germany	🔒	🔒	🔒
32	29	↓	Galatasaray A?	Turkey	🔒	🔒	🔒
33	30	↓	Southampton FC	United Kingdom	🔒	🔒	🔒
34	26	↓	Valencia CF	Spain	🔒	🔒	🔒
35	32	↓	SSC Napoli	Italy	🔒	🔒	🔒
36	56	↑	Aston Villa FC	United Kingdom	🔒	🔒	🔒
37	37	←	Brighton & Hove Albion FC	United Kingdom	🔒	🔒	🔒
38	39	↑	Burnley	United Kingdom	🔒	🔒	🔒
39	41	↑	Sevilla FC	Spain	🔒	🔒	🔒
40	42	↑	Eintracht Frankfurt	Germany	🔒	🔒	🔒
41	43	↑	SV Werder Bremen	Germany	🔒	🔒	🔒
42	47	↑	AC Milan	Italy	🔒	🔒	🔒
43	40	↓	Be?ikta? JK	Turkey	🔒	🔒	🔒
44	78	↑	Cardiff City	United Kingdom	🔒	🔒	🔒
45	50	↑	Huddersfield Town	United Kingdom	🔒	🔒	🔒
46	51	↑	1.FC Köln	Germany	🔒	🔒	🔒
47	48	↑	Hertha BSC Berlin	Germany	🔒	🔒	🔒
48	52	↑	FSV Mainz 05	Germany	🔒	🔒	🔒
49	38	↓	Bournemouth FC	United Kingdom	🔒	🔒	🔒
50	36	↓	FC Porto	Portugal	🔒	🔒	🔒

Deep Dive Analysis.

The ESL Fiasco – What’s Next for Football Brands?

We have been tracking the financial value of football brands for 15 years and the European Super League (ESL) project has probably caused the biggest shakeup to the game seen in that time. We have calculated that – had the league gone ahead – the 12 ESL Founding Clubs could have lost a combined brand value of €2.5bn.

Even though the ESL fancy was crushed almost as soon as it was announced, and our estimations – thankfully – will not be fully realised, the damage has been done and the football clubs behind the project are likely to see their brand strength and brand value dented in the short to medium term.

What could have happened?

In the most likely scenario, had the ESL gone ahead, we estimated that the annual loss for the Founding Clubs would have been €1.1bn in revenue a year and the brands would have all suffered significant reputational damage, leading to a drop in brand value of €2.5bn. This loss would have been a combination of lower broadcasting, commercial, and matchday revenue. The scenario assumed that the UEFA would not have allowed the teams to compete in the Champions League and the national leagues would also have removed the teams from their rosters.

For the ESL ‘Founding Clubs’ the prize seemed obvious – more money – but this ignored the huge risk that fans wouldn’t follow, and neither would the money. There was outrage in the home markets from fans and leagues alike, the effects of which will be felt for months to come.

Richard Haigh
Managing Director, Brand Finance

We value the top European football club brands each year, and at latest measurement the top 50 were worth a total of €19.5bn. The twelve clubs behind the ESL project make up 56% of this – €10.8bn euros. This highlights the dominant commercial position they hold and is likely part of the reason they thought they could get away with the new scheme without sanctions from the domestic leagues and associations.

In addition, our analysis indicated that not only would the move have inflicted financial damage on the ESL Founding Clubs themselves, but also on the other clubs in their leagues, which may have lost up to 25% of their brand value.

Get in touch to discuss with our sports services team how the failed launch of the European Super League could affect your brand's finances in the coming months.

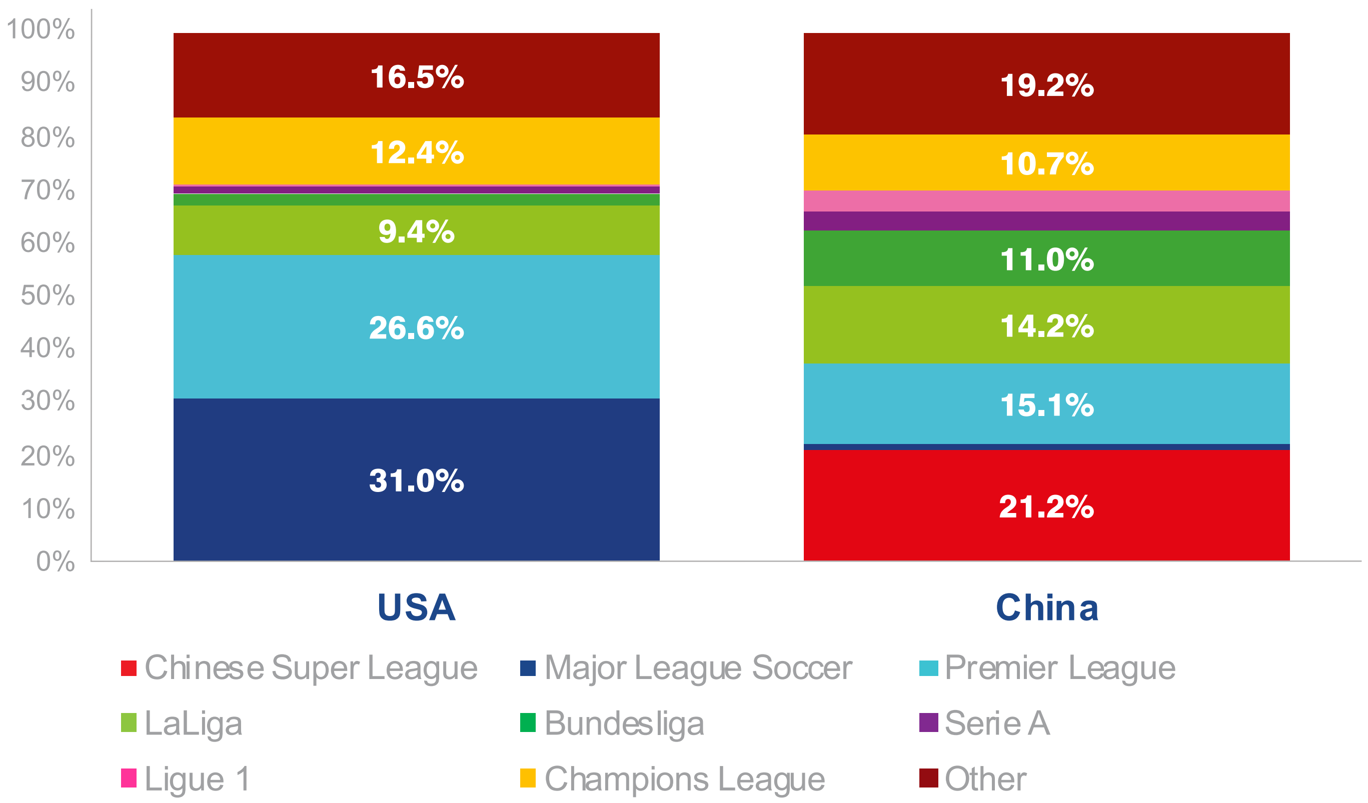
Living the American dream?

If not from the domestic markets, then the revenue would have had to come from the US or China, but an uplift in either of these geographies would have been unlikely. In both the US and China, the domestic leagues are by far the most popular as measured in Brand Finance’s Football Fan Survey. 31% of US fans prefer Major League Soccer and 21% of Chinese Fans prefer the Chinese Super League – and these numbers are already strengthening year by year. Both are countries that will more readily put their resources behind home grown team brands than foreign ones if the opportunity presents itself.

In 2011, President Xi Jinping announced his dream to see China win the World Cup – a dream many thought impossible, but as a result, the game has received investment at all levels in the country. If the ESL Founding Clubs think that the Chinese market is a vacuum available for them to fill, they are in for a nasty shock as there’s only one true ‘super league’ in China.

Richard Haigh
Managing Director, Brand Finance

Which Football Competition Do You Follow Most Closely?



China is no longer an undeveloped market for European and North American football brands to grow. As we have seen in our studies of other industries, Chinese brands are growing fast. Many of these brands, like real estate giant Evergrande, are starting to become known beyond the domestic market and it is only a matter of time before we start hearing about Chinese football clubs more regularly.

What's the damage?

Although the ESL Founding Clubs will not see the full €2.5bn brand value loss we forecast, their brand strength and therefore also brand value have undoubtedly been damaged. The club brands in question are unlikely to carry the same appeal to fans and sponsors, and the negative sentiment around the ESL has damaged emotional associations and affected attributes that sponsors value very highly, such as strong heritage, community engagement, and trustworthiness.

The sentiment of fans online towards the ESL project was overwhelmingly negative, with negative posts outweighing positive ones 3 to 1. The sour taste left by the ESL may lead to lower matchday spend and commercial revenue, which is still the lion’s share of any European club’s income.

Hugo Hensley
Head of Sports Services, Brand Finance

Rebuilding the brands will take different actions for the different stakeholders and relationships impacted. Loyal fans of the English clubs already see the U-turn as a win and can be proud that their voices were heard and that

they have an influence on the club's direction; but it will take more than a video statement to win back their faith in the owners. The clubs will need to show a specific commitment to the damaged attributes through actions not words – communicating with fan groups better on a regular basis and involving them in the decision-making process much more than it has been the case to date.

It is a different story for the national leagues and associations, governments, UEFA and FIFA – they will be weary of these clubs attempting to seize power again, but they should also recognise that they have contributed to the inequality in football that caused the 12 clubs to consider themselves untouchable.

The clubs will need to convince the regulating stakeholders of their loyalty, and that might mean conceding a greater proportion of domestic revenue distribution. The leagues, on the other hand, will need to take the fan reaction as a warning and make sure they also respect the issues raised. This could bring more scrutiny on the Champions League new format, which gives even more security to the continent's 'big clubs'.

What have we learned?

There are three key takeaways relevant to all brands, including clubs and sponsors, which come from the ESL's poor communication, weak marketing, and misjudged positioning:

1. There was a lack of communication with all stakeholders before the strategic decision, and this led to a defensive reaction to the announcement. Neither the fans nor the regulators seemed to have been properly consulted.

2. The marketing of the new plans was uninspiring – it was announced as a legal agreement between businesses, and not an exciting opportunity to break out of a structure that most agree isn't working perfectly. The clubs missed an opportunity to deliver global fans what they clearly have the appetite for.

3. The positioning didn't work for local markets, but our research also shows that football fans' preferences in the key target market of China are much more driven by community attributes like passionate fans, strong heritage, and tradition – these were all damaged by the ESL reaction and show a misjudgement on the part of the clubs.

The ESL Fiasco – What's Next for Football Brands?

The True Value of Football Sponsorship.

Sports sponsorship is big business, and like any marketing spend, its value and ROI need to be evaluated carefully. Would you pay £50,000 to have your brand name on Arsenal's shirts? Almost certainly. £50 million? Maybe. £500 million? Definitely not. It's a commercial decision.

Using rigorous analysis to inform partnership decision making is an important element in sponsorship evaluation for both rights' holders and sponsored brands. Sponsoring brands will have different objectives (and subsequently KPIs and measures), but if the commercial value is to be assessed, those measures must somehow relate to financial performance – Facebook likes or 'media equivalents' aren't enough.

Brand Finance has developed a methodology to evaluate sponsorship activities which involves determining monetary value ROI for sponsors beyond advertising equivalency.

Brand-building vs. short-term activation

Sponsorship can pay off through short-term sales uplifts, especially if additional activations (such as competitions or special packs) are built in. However, most sponsors seek broader and more enduring benefits for the brand – whether that is through increased awareness, improved brand image, alignment with a quality club/event, or other improvements to brand equity.

Even these measures may not carry enough weight in the boardroom and finance department, so being able measure using real monetary value can go a long way in securing marketing budgets. The ultimate goal of sponsorship activity is to generate a financial return for the business.

This points to the importance of measuring sponsorships' impact on brand strength (using frameworks such as our Brand Strength Index) and brand value and contribution. These take better account of the longer-term impact of sponsorship and subsequent financial returns.

Sponsorship affects various stakeholders

Most sponsorship analysis focuses on the likely impact on consumers and customers, which is entirely understandable, as that is ultimately how commercial benefits accrue. However, the impact on other stakeholders may not be negligible. Will your brand make you more attractive as an employer? Will financial analysts or business media see you in different light? In a recent analysis for a global drinks brand, we urged our client to consider the possible uplift in on-premise distribution driven by the sponsorship. These benefits can and should be quantified – even if somewhat crudely – and may make a difference to tight renew or drop decisions.

Measuring the uplift

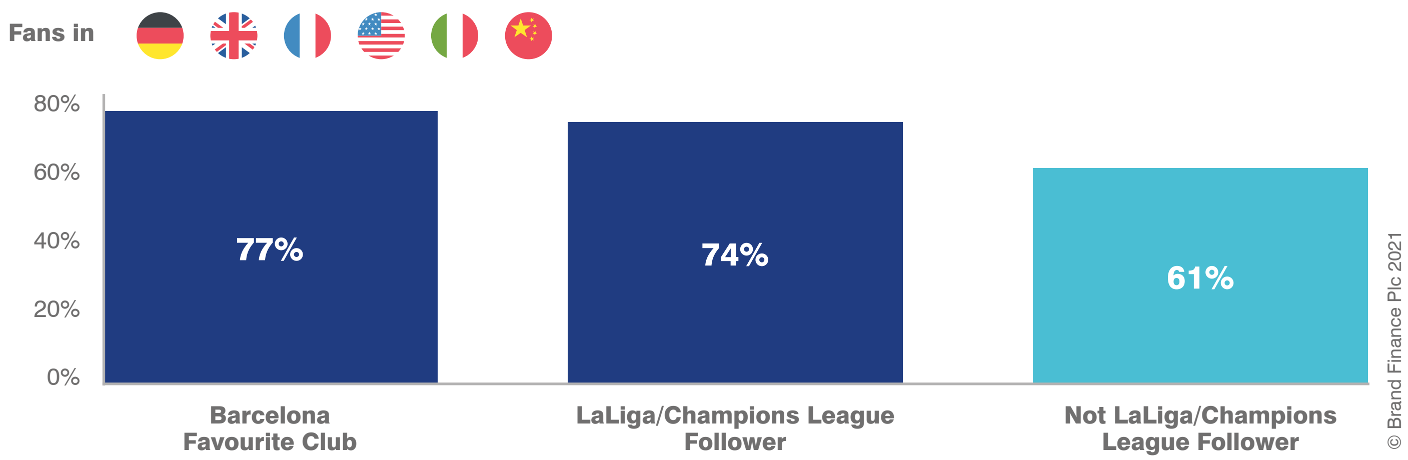
With a focus on consumers or customers, Brand Finance recommends assessing any uplift in brand health through a combination of market research and digital indicators, such as search history, web visits, and social media engagement. Market research is essential in determining whether sponsorship has improved key brand measures such as awareness/familiarity, consideration/preference, overall reputation, and other brand-specific measures. In turn, these metrics must prove to somehow relate to commercial performance. Attribution in surveys is never straightforward, and calculation may be harder depending on the pre-sponsorship measures available. This method is certainly not easy (or low cost) but reverting to soft measures such as pledging the equivalent to £500,000 in paid advertising is insufficient.

It is possible to estimate uplift even without pre-sponsorship data. In our latest Global Football Fan Research , we assessed the possible uplift which various sponsors of major clubs might have achieved.

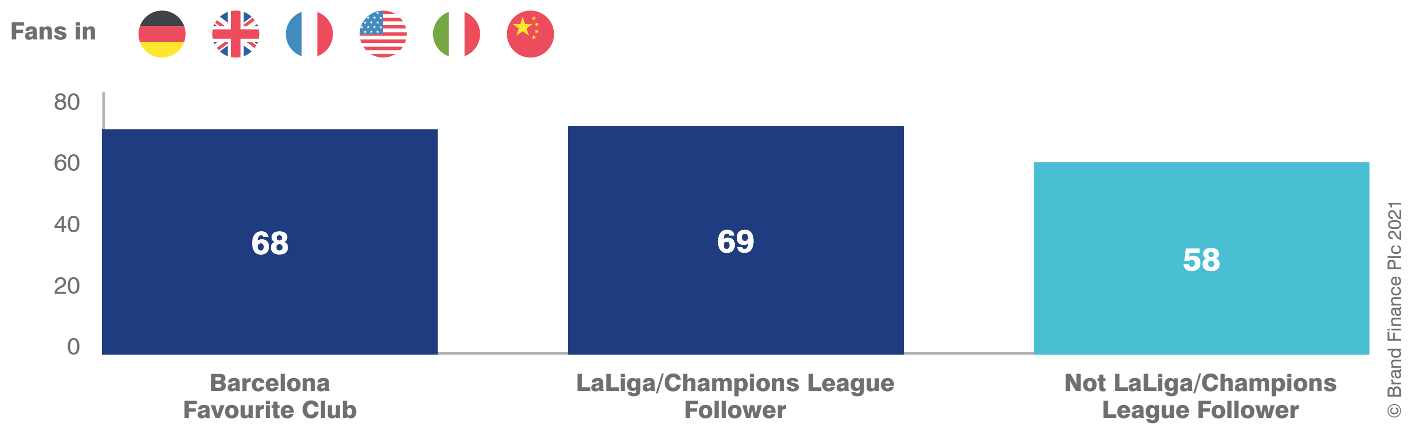
Unsurprisingly, this revealed that Barcelona fans in Spain have much higher consideration for sponsoring brand Rakuten compared to fans of other clubs. But causality is difficult to infer from one wave of research, and even the fans of other clubs in Spain will have been exposed to the sponsorship (e.g. when their club plays Barca).

A more revealing analysis is the comparison outside of Spain between football fans who follow LaLiga or the Champions League – fans likely to have been exposed to Rakuten's sponsorship – versus fans who follow other leagues and clubs. This shows a significant uplift for Rakuten.

Fan consideration for Rakuten (%)



Fan closeness to Rakuten (out of 100)



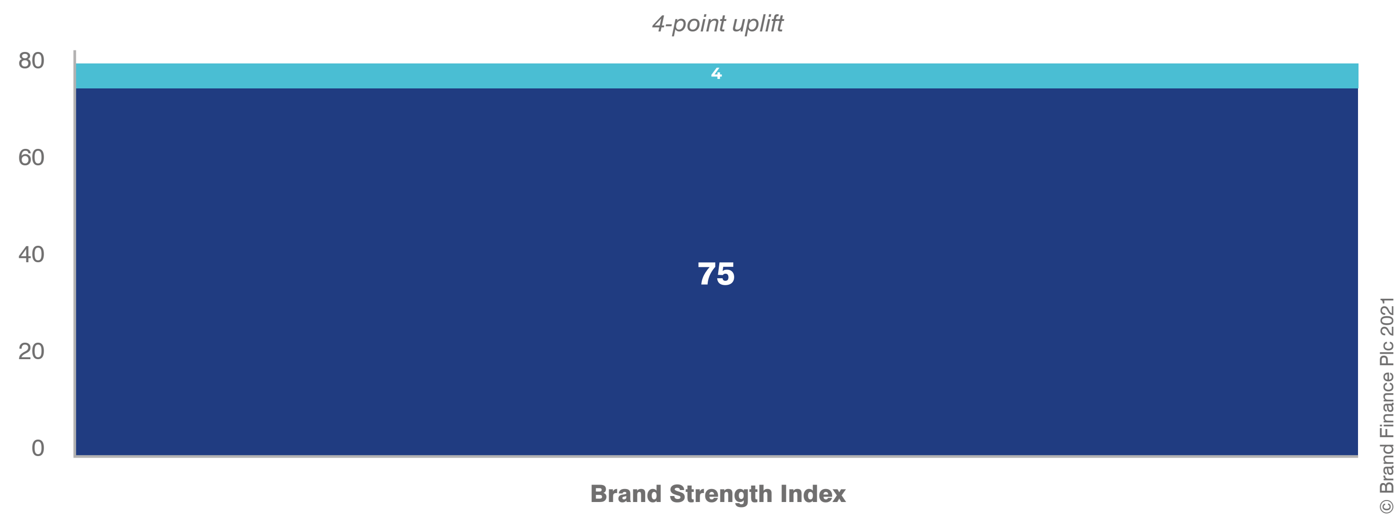
What is it worth?

Improvement on key metrics such as brand consideration have a measurable impact on brand and business value in Brand Finance valuations, as they in turn are empirically proven to be predictive of brand growth and sales uplifts.

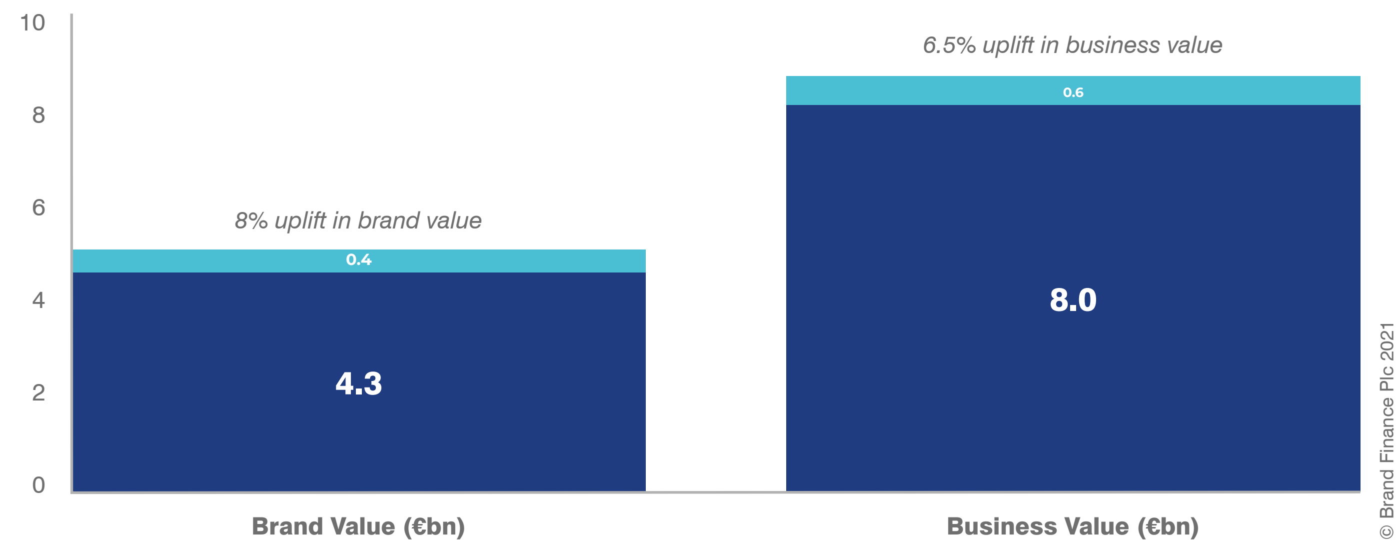
Precise estimates of the value Rakuten might have gained from the sponsorship requires management data, but our initial calculations suggest that Rakuten has derived significant value from the sponsorship. Since Rakuten began their sponsorship in 2017, it has cost around €190 million – and on that basis it appears that the brand has achieved a good commercial return.

Every brand sponsor should attempt this kind of evaluation. Only then can decisions regarding sponsorship opportunities and renewal be based on hard evidence and a realistic appraisal of their commercial contribution.

Rakuten KPI’s are higher among those who are exposed to the sponsorship



Rakuten increase in Brand Value and Business Value as a result of the sponsorship



The True Value of Football Sponsorship.

Enterprise Valuations and Foreign Ownership in the Premier League.

On the 27th of November 2019, The Abu Dhabi United Group announced they were selling a 10% stake in City Football Group (CFG) to US private equity firm Silver Lake Partners. The deal placed a value on the group at $4.8 billion (€ 4.4 billion).

The announcement of the deal highlighted two key trends in the world of football; firstly, the increasing appetite of foreign investors into European football clubs (particularly from US investors), and secondly, the financial viability of a football club as a sound investment. While the topic of foreign investment into Premier League football clubs is never far beneath the surface, after the recent announcement of the European Super League (ESL) and the subsequent backlash, the polarising debate of foreign ownership has raised its head once again as the foremost controversial subject in football.

Foreign ownership can be a contentious subject for all stakeholders of a football club, but particularly so for football fans. The promise of investment into a club in the form of stadium expansion, improved training facilities and increased spending in the transfer market is a lucrative proposition. There is no greater proof of the benefits of a large investment from a foreign owner than that of Manchester City, who since being taken over by the Abu Dhabi Investment United Group have gone on to win five Premier League titles, two FA Cups and 6 League Cups. The benefits of the vast investments that foreign owners have the potential to make extend beyond the field of play too, with the Greater Manchester community benefitting from gentrification of the area.

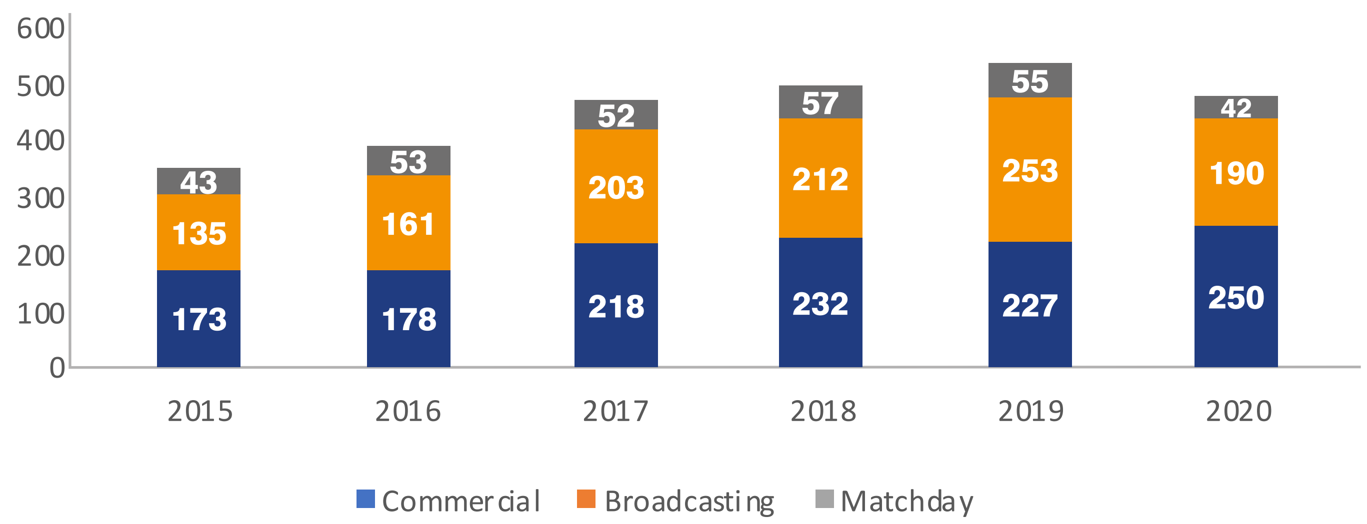
However, the counter argument for foreign ownership often cited is that the investors lack an in-depth understanding and respect for the traditions and history of a club, a lack of financial transparency, and poor relations with fans and other stakeholders. One needs only to look at the red half of Manchester to understand how potentially damaging a fractious relationship between foreign owners and fans of the club can be both on and off the pitch.

According to the latest UEFA club benchmarking report, 40% of Premier League clubs are majority owned by foreign investors, with an additional 35% of Premier League teams having foreign investors as minority stakeholders. This article will explore the financials of three clubs - Manchester City, Newcastle United, and Manchester United - to highlight why Premier clubs are so attractive to foreign owners and why in some cases the fans are not happy.

Manchester City

Focussing more closely on Manchester City's latest financial results gives a good indication of the case for

Revenue (GBPm)

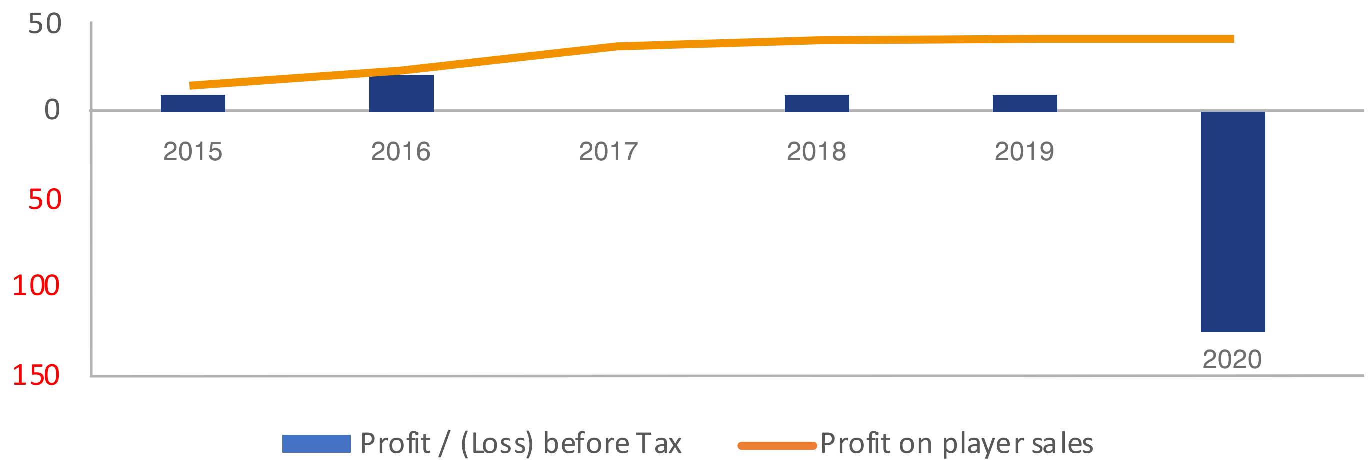


the successful investment into the club with increasing returns year-on-year.

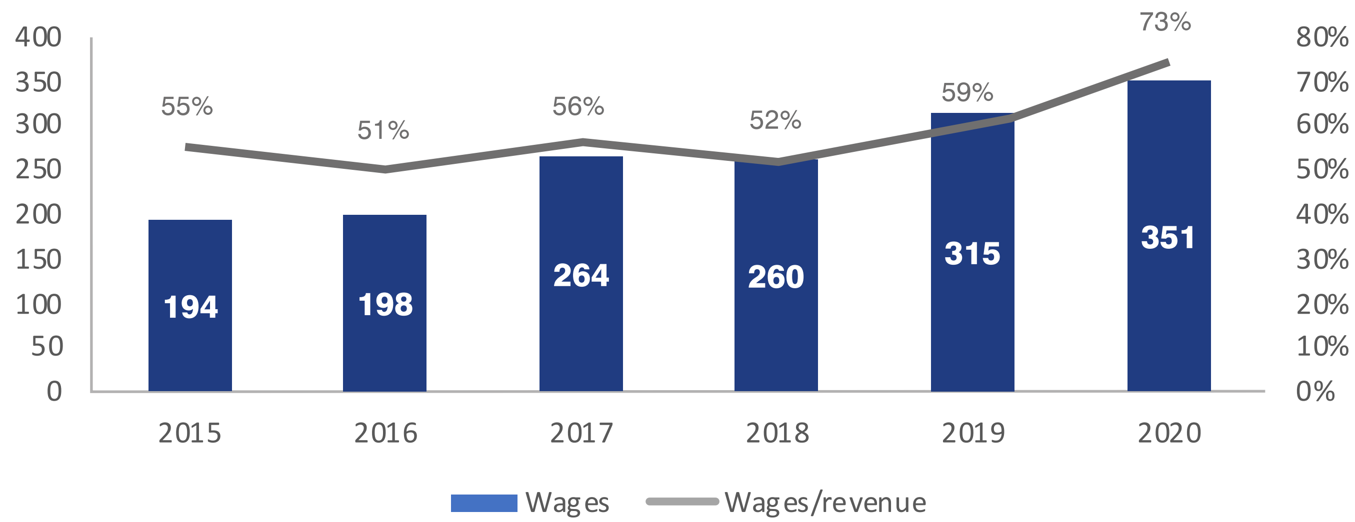
Since 2015, Manchester City has grown its revenues at a compound annual rate of 27%. 2019 was a record year in terms of revenue, with the club reporting total revenue of €590 million (£535 million). According to the latest available financial statements, which includes three months of COVID impacted football, City experienced an expected decline in revenues. Growth in revenue over the past 5-year term is largely attributable to excellent on field performances which generated a higher share of Premier League broadcasting revenue and has ultimately attracted better commercial deals from sponsors, such as the lucrative 10-year Puma deal with a reported £650 million.

After initial sustained losses occurring at the onset of Sheik Mansour's investment into the club, Manchester City enjoyed five straight years of profitability. However, in 2020 City swung from a £10m profit in 2019 to a £125m loss in 2020. Although the impacts of the pandemic have a large part to play in the significant loss incurred by City, the ever-increasing wage bill because of new signings, the extension of player

Profit/(Loss)



Wages/Revenue Ratio



contracts as well as large player bonus payments has not helped the case.

Expanded opportunities
Silver Lake has a history of investments in both the technology and sporting sectors, having previously invested in the likes of Alibaba, Skype and the Ultimate Fighting Championship (UFC). The firm believes there is a strong convergence in entertainment, sport, and technology. It could leverage its involvement within technology and entertainment to potentially grow the Manchester City brand across various platforms and geographies, particularly in non-traditional markets such as the US and China. Undoubtedly the Abu Dhabi United Group found this prospect enticing when the agreement was made to part way with 10% of CFG.

Newcastle United

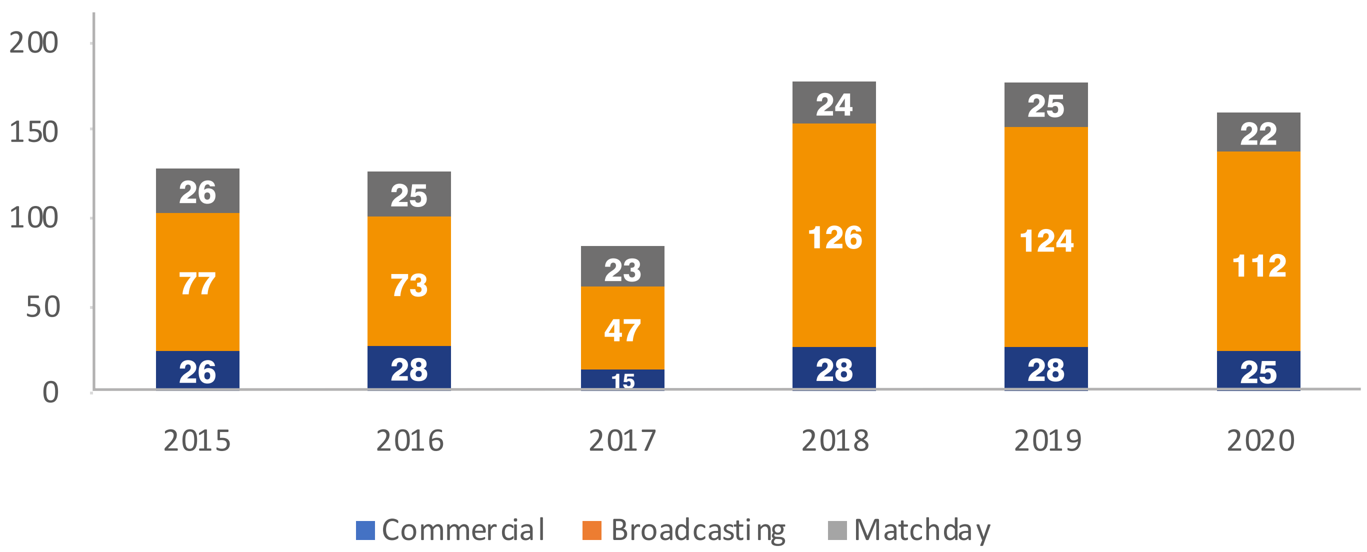
Another club that has been firmly in the media spotlight for a potential change of ownership is Newcastle United. The current owner, Mike Ashley, has had a tumultuous tenure since he acquired the club in 2007. Newcastle United fans have made no secret of the fact that they want Ashley gone, and Ashley has done himself no favours in improving his relationship with the fans; he once reportedly admitted to never having visited the club's official website. Between late 2019 and the first half of 2020, rumours circulated of a potential deal with a Middle Eastern consortium led by the Public Investment Fund (PIF) of Saudi Arabia, that would value the club at between €330 million and €390 million. For reference, Brand Finance valued Newcastle United at the time at €457 million. However, in late 2020, the consortium officially withdrew its offer. A closer look at Newcastle United's financials explains why the Middle Eastern investors had been interested in acquiring the club.

The club reported revenues of £159 million for the financial year ending June 2020. Over 70% of revenue earned is attributable to broadcasting income as a direct result of playing in the Premier League, which highlights the importance of Newcastle's continued participation in England's flagship league. Commercial revenue has been stagnant in recent years. A prolonged period playing Premier League football (and potentially challenging for European football as the club did in the late 90's) could see renewed interest from commercial sponsors and partners, and further improve Newcastle's revenue prospects and development in the future.

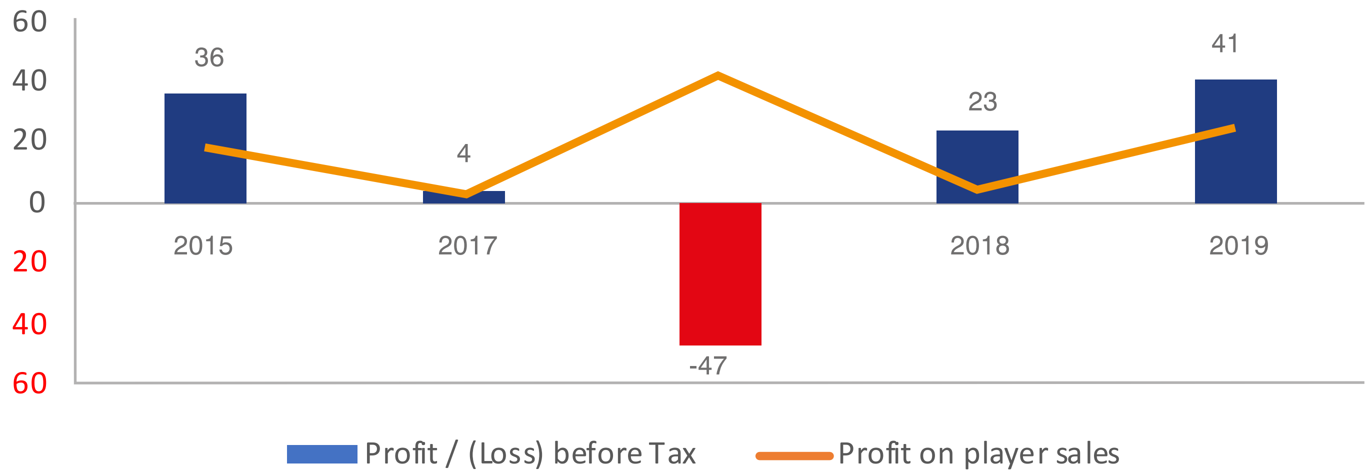
In 2020, Newcastle finished 13th in the Premier League, three places lower than the previous season. Yet, their profit before tax improved by £18 million. The year-on-year profit increase from 2018 to 2019 is largely attributable to the shrewd sale of players during the transfer window. Unfortunately, Newcastle United have yet to release the 2020 annual report, so it remains to be seen how severe the impact of COVID-19 has been on the financial state of the club. With the possible exception of a COVID impacted 2020 and a relegation impacted 2017, Newcastle have been consistently profitable over the last 5 years.

Newcastle have been slowly chipping away at the overall debt used to the fund the club, with net debt sitting at £98 million (considerably lower than the £152 million high in 2017). This could potentially mean a strong balance sheet from which to make inroads in the transfer market.

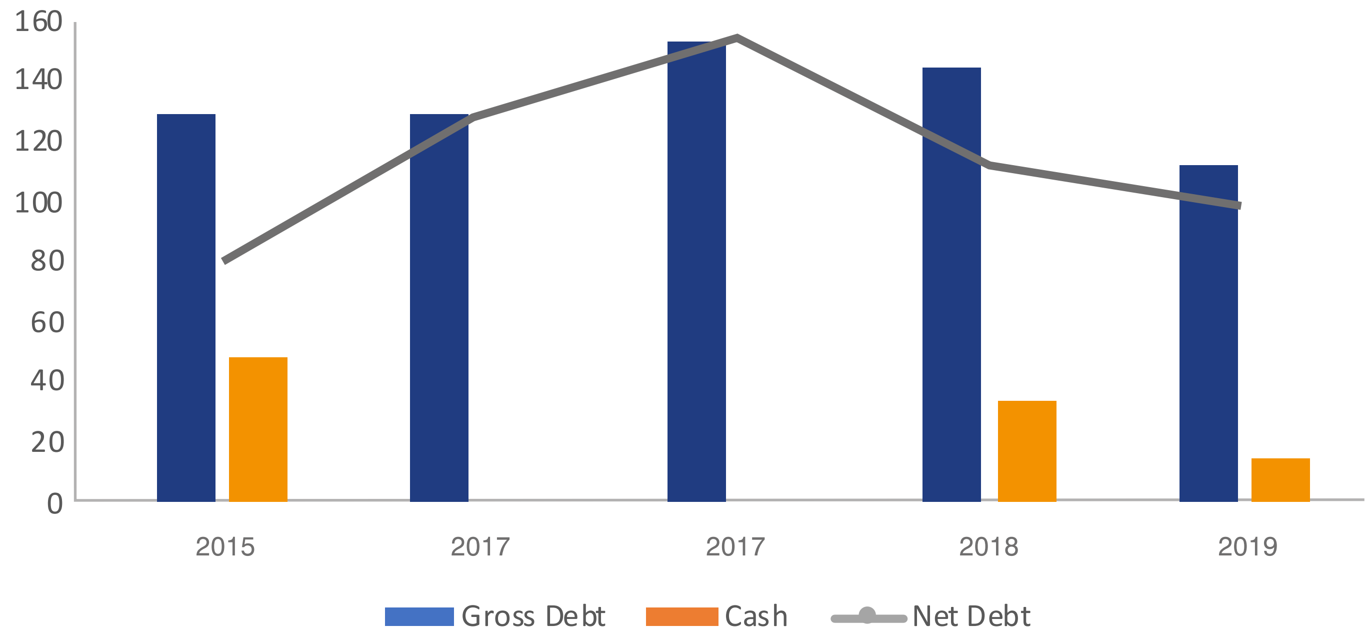
Revenue (GBPm)



Profit/(Loss)



Debt



The Newcastle brand has arguably been underperforming relative to the stature and history of the club. The fractious relationship between Mike Ashley and the Newcastle fan base is proof that it is not just foreign owners that can cause angst among local football fans. An injection of money from the vast wealth of the PIF, or indeed another potential suitor which could be used to invest in the infrastructure of the club as well as bring in some world-class talent on the pitch, could prove to be a turning point in restoring Newcastle United to its former glory and prove to be a savvy investment simultaneously.

Manchester United

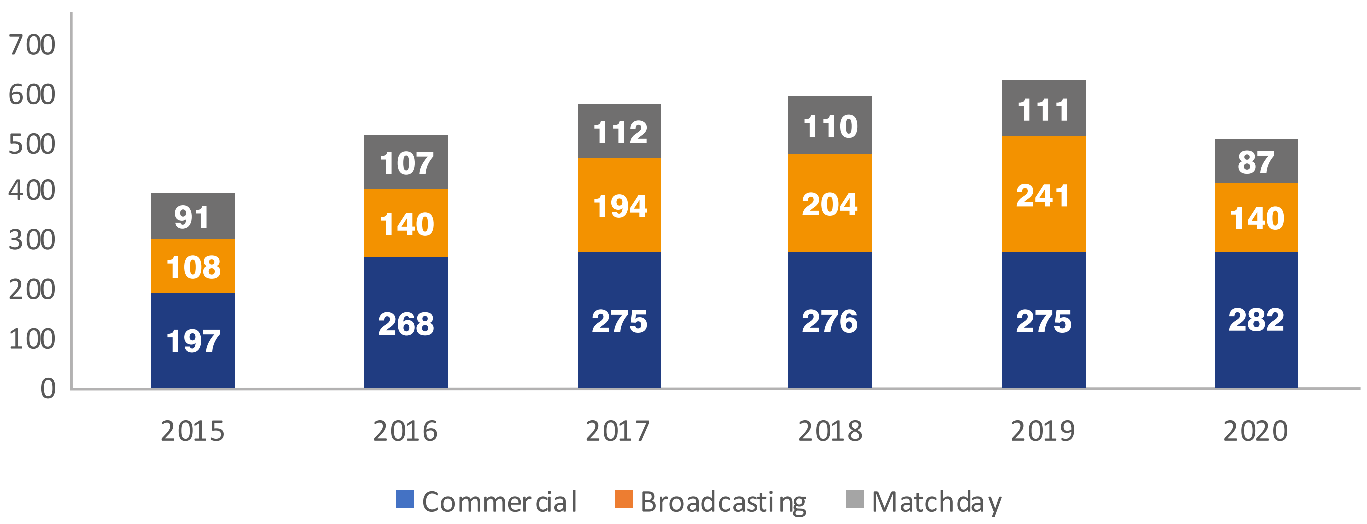
The high-profile takeover of Manchester United by the Glazer family in 2005 was not without controversy, particularly among some factions of the fan base. However, despite recent on-field performance struggles, the club has unquestionably been the predominant financial power in English football.

Being one of only two publicly listed football clubs operating in England, Manchester United's enterprise value is currently valued at £2.3 billion by the wider market. However, the share price has experienced declines due the impact of COVID and the recent ESL scandal. Brand Finance currently calculates Manchester United's Enterprise Value at £2.7 billion within the latest Brand Finance Football 50 2021 ranking.

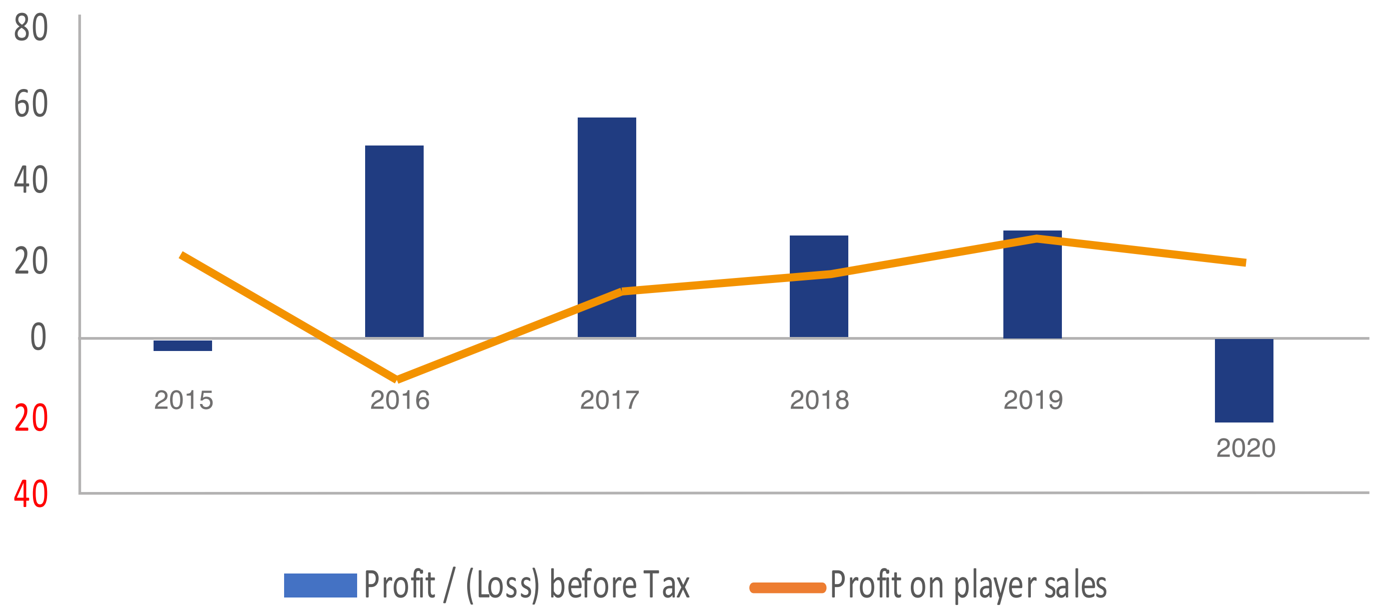
Despite finishing 6th in the 2019-20 season, Manchester United became the first Premier League club to report revenues in excess of £600 million, generating £627 million in total. Revenue growth was largely driven by an 18% increase in broadcasting revenue generated through the new European broadcasting agreement. However, as a direct result of the impact of COVID, United has experienced a 19% decline in overall revenue down to £509 million. Closed door matches, and broadcast revenue rebates were the main drivers behind the fall in revenue.

Manchester United has managed to maintain a healthy level of profit, except for the COVID affected 2020 financial year end. This can largely be attributed to the significant revenue generating capabilities of the brand and a relatively in-check wage/revenue ratio (49%). However, this figure is greatly reduced when accounting for the interest payments made on the large amount of debt incurred because of the takeover by the Glazers. In fact, a large reason for the angst felt by many Manchester United fans is the way the Glazers took control of Manchester United in 2005, using a leverage buyout to purchase the club. A leverage buyout involves using debt to purchase the club and then placing that debt on the balance sheet, which incurs an interest cost each year. On average over the last five years, interest expense on net debt has been 9%, which is a significant figure. In fact, since 2010, Manchester United has paid a total of £565m in interest expenses.

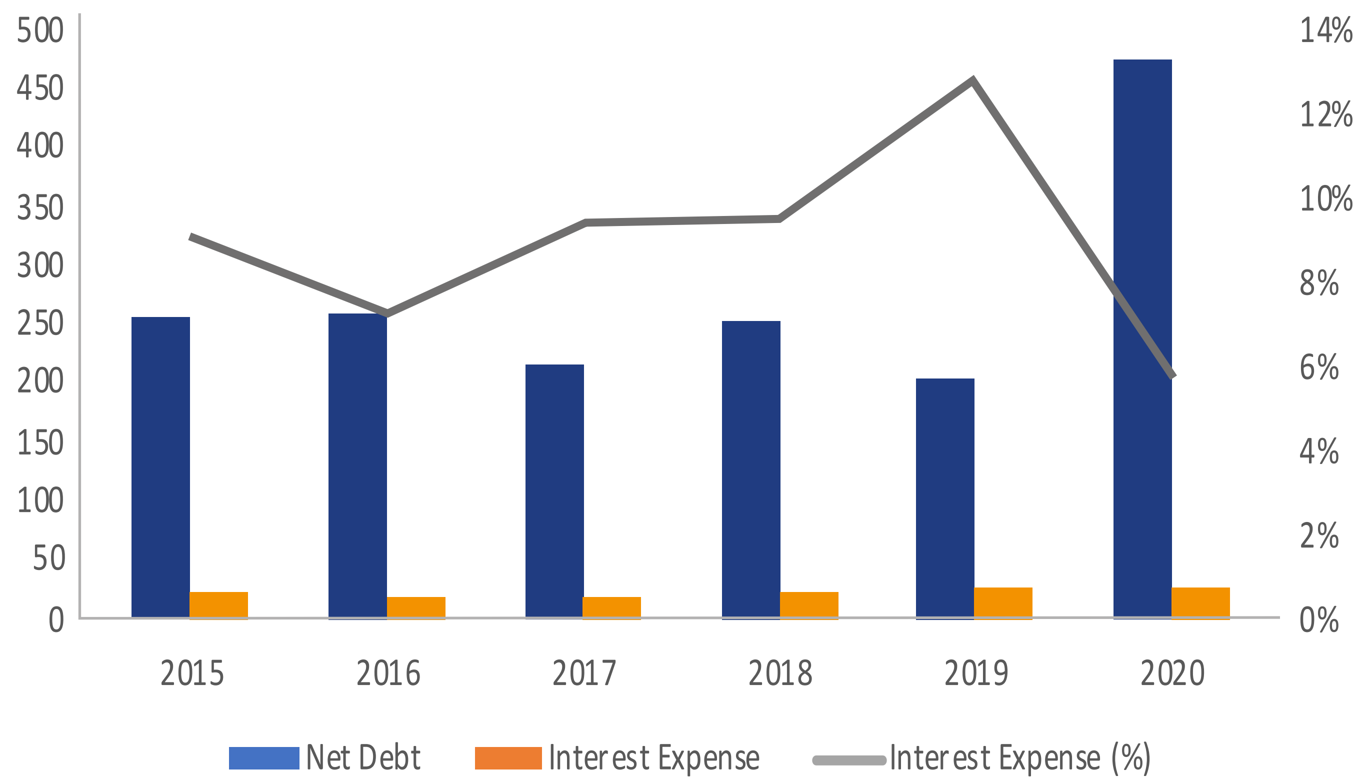
Revenue (GBPm)



Profit/(Loss)



Data and Interest Expense



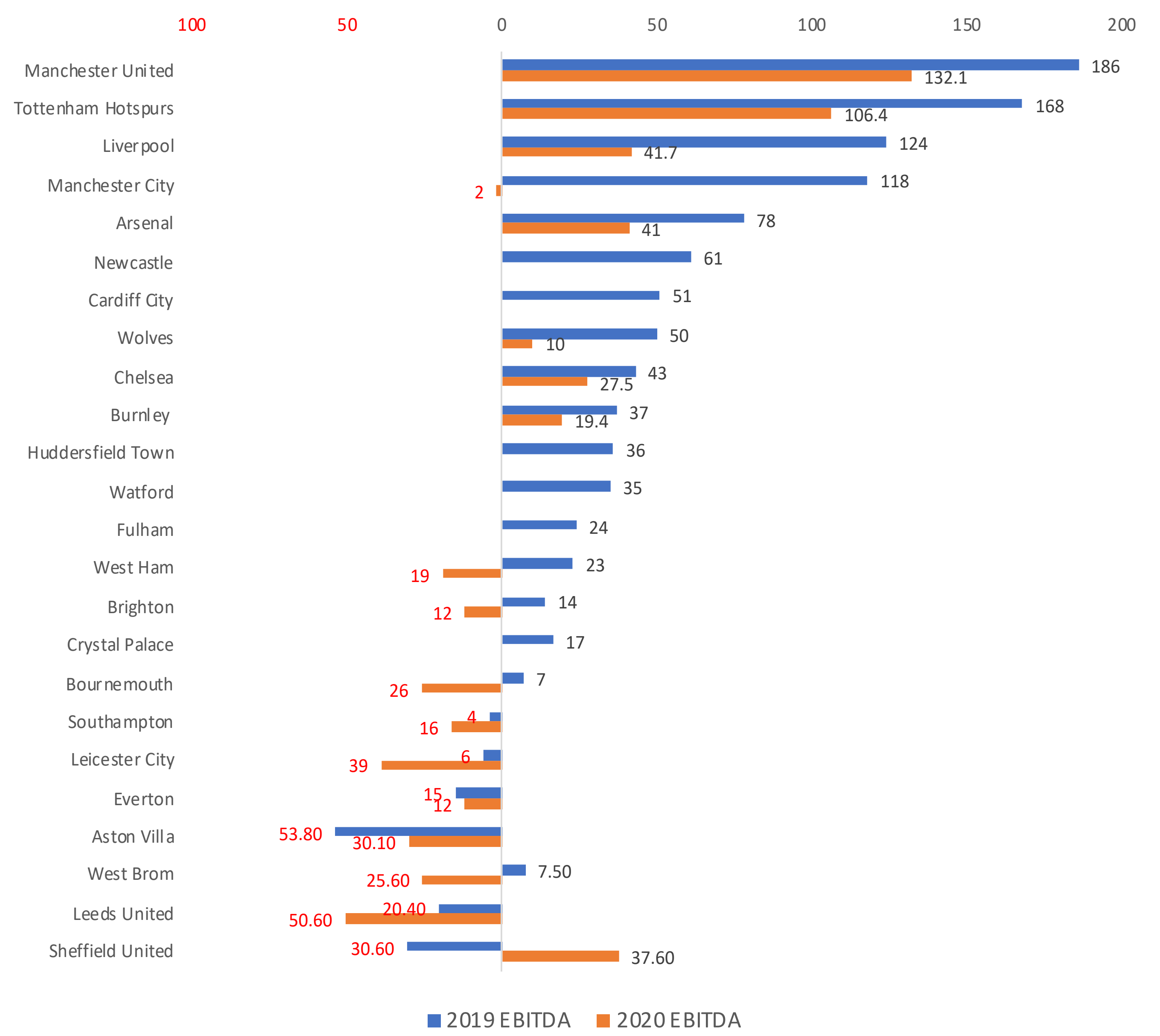
Enterprise Valuations and Foreign Ownership in the Premier League.

Enterprise Valuations and Foreign Ownership in the Premier League.

Manchester United has the highest EBITDA of any team in the Premier League, which serves as a testimony to the value of the Manchester United brand and the club's ability to leverage that to generate ever increasing commercial partnership fees all over the world. This ultimately is what keeps the Glazers, and indeed any other potential future investors, extremely interested.

The general perception of football clubs is that they are a volatile business, and one in which investors should be weary of. Indeed, according to activity around publicly traded football clubs, the share price can fluctuate substantially based on short-term on field performances or transfer market activity. However, the likes of Manchester City, Liverpool, and Manchester United are indicative of the fact that a long-term investment at the right price can yield excellent financial returns for those willing to take the risk.

EBITDA



A Bid to Change Football.

On 4th May 2021, Arsenal legend Thierry Henry confirmed that Daniel Ek, Spotify co-founder and CEO, was building an attempt to oust the Kroenke administration in a reported £1.8 billion take over-bid of Arsenal FC, backed by Henry and other "invincibles" Patrick Vieira and Dennis Bergkamp.

A premium offer

Brand Finance's enterprise value for the club has dropped from £1.76 billion in 2020 to £1.61 billion in 2021. According to calculations performed by Brand Finance in the latest Brand Finance Football 50 2021 study, the majority of Europe's football clubs' enterprise values fell over the year because of the wider impact of COVID on matchday income and overall profitability – and Arsenal was no exception. The reported offer of £1.8 billion would be a 12% premium to Brand Finance's valuation.

The fractious Kroenke's, who have fostered anything but an interactive ownership, kept the Arsenal fan base suspended in a week of uncertainty following the outbreak of the ESL scandal.

The scandal probed many questions regarding the future of Kroenke Sports & Entertainment (KSE) before it released a statement informing it wouldn't entertain any offer for the club. The Arsenal Supporters Trust (AST) wrote "We've continually sought a dialogue with Stan Kroenke but he has refused to engage, despite commitments to do so made in the official takeover documents in 2011."

Brand Finance's latest fan research indicates only Fulham fans were less likely to agree with the statement 'The club appreciates its fans' than at Arsenal.

On the contrary, Ek's premium offer, which was received prior to KSE's above announcement, is a very public bid that surely the KSE cannot ignore. However, it is the style and content of the offer that has the potential to dramatically change the dynamics of the club's owner-supporter relationship.

Supporting the supporters

Prior to proposing an initial offer to KSE, Ek made efforts to communicate with the club's supporters on 4th May 2021 through arranging a meeting with the AST. Ek prepared for the launch of his takeover bid by stressing the importance of reintroducing the fan and club loyalty into the day-to-day management of the club. Thierry Henry's comments on Sky Sports news confirmed the Swedish billionaires bid and highlighted Ek's desire of getting the clubs 'DNA' back.

Ek also has experience in building and running a global brand with Brand Finance valuing the Spotify brand at £4.3 billion which represents a 4.5x increase since 2016, while Arsenal's brand value has stalled in recent years.

Ek, with the collaboration of the AST, has floated the idea of introducing a "golden-share" scheme - giving supporter groups the power to reject board decisions. If the scheme had already been in place prior to the negotiations and subsequent announcement of the ESL, the fans would likely have vetoed the decision and perhaps the clubs majority share owners would be thanking their fans for avoiding the £150 million value decline, partly due to the negative brand impact on the Arsenal brand because of the ESL announcement. It has been reported that Germany's similar 50+1% supporter ownership model is the main reason Bayern Munich and Borussia Dortmund avoided the mistake.

"You cannot blame these major clubs for wanting more, but you can't do it at the expense of fans and football itself" commented the football player-turned-actor Vinnie Jones, "it was just the big boys trying to earn more wedge".

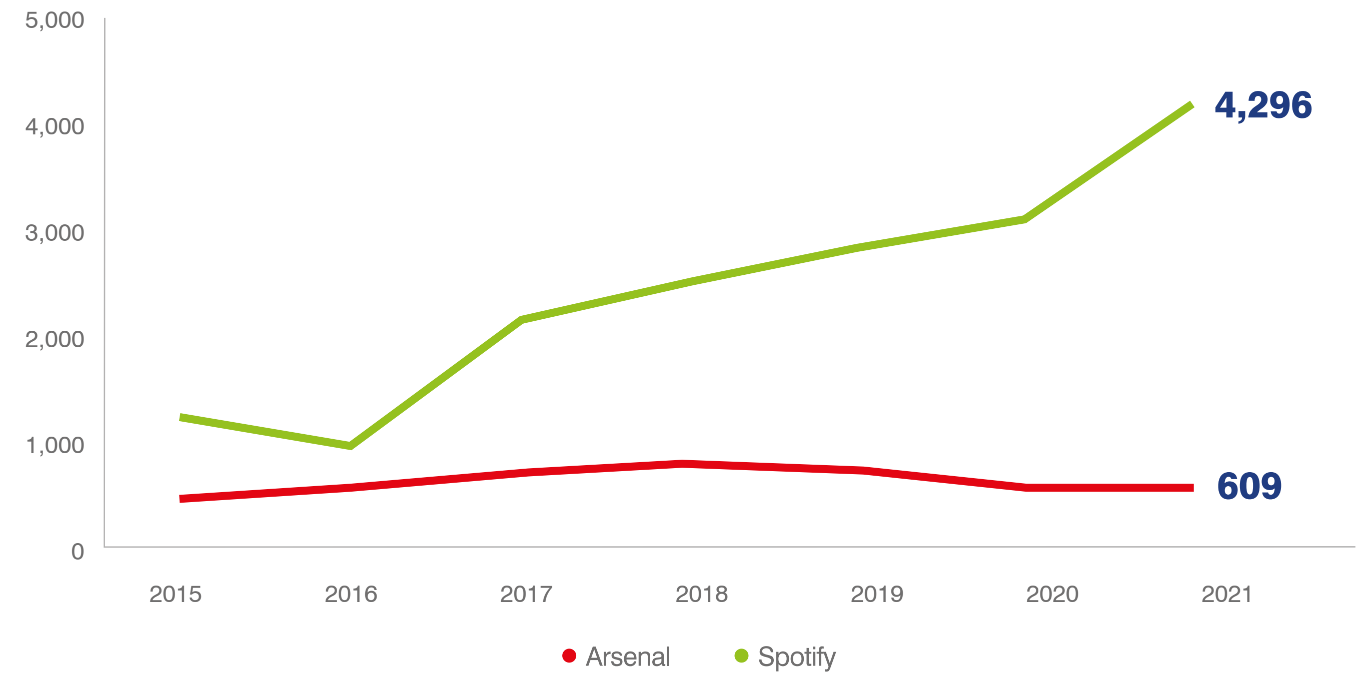
What's at stake?

On the face of it, Ek's potential takeover would seem like a positive change, due to his appreciation of the fans as the most important stakeholder. However, it is worth noting that the clubs with the most valuable brands have built them on the back of a sophisticated commercial team working to maximise sponsorship and matchday revenue, and it is not the sole role of the owner to be loved by supporters. It is not known whether Ek's proposed approach would lead to financial success in these areas.

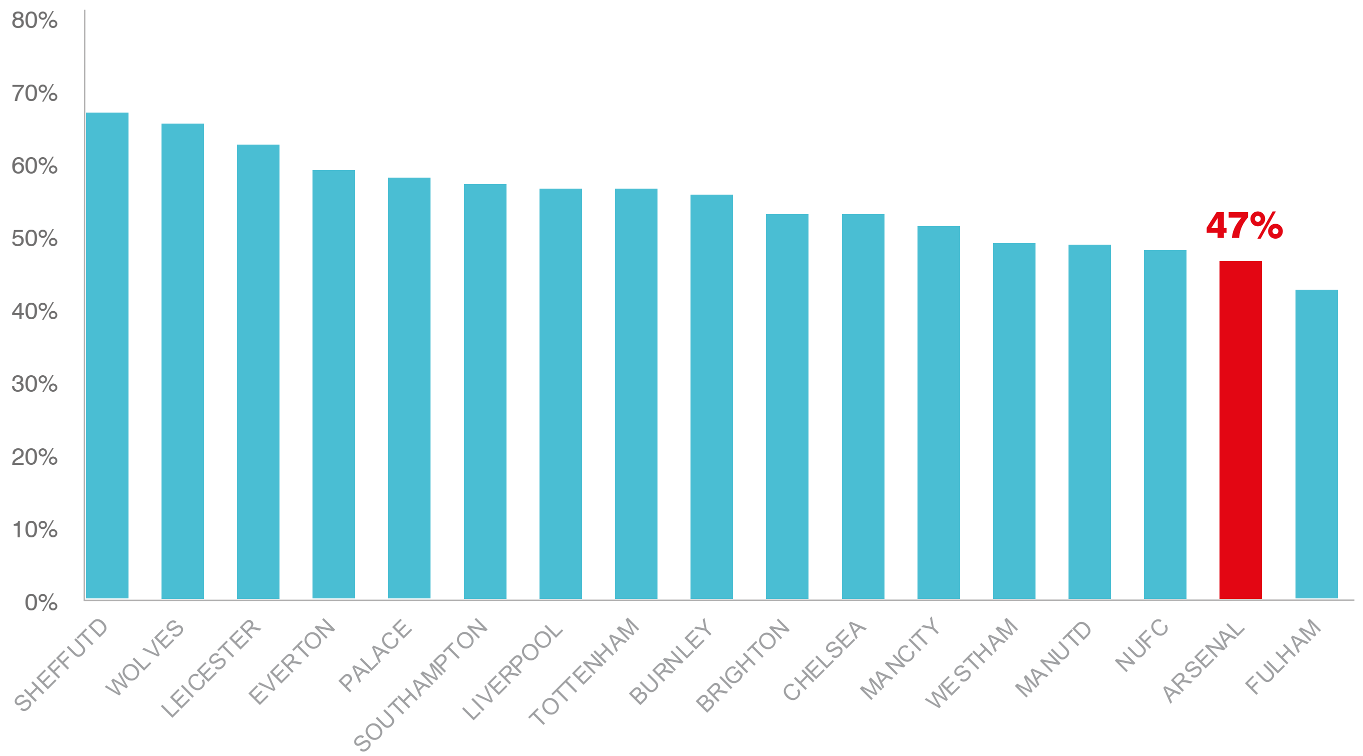
Brand Finance's football fan market research in March 2020 showed that only one in three Arsenal fans agree with the statement 'the owners really care about the club'. Ranking 5th, perhaps unsurprisingly behind usual suspects Manchester United and Newcastle.

We've seen what can happen when a fan-owner relationship breaks down, as Manchester United fans are currently damaging the brand strength, and its commercial revenue, in their protests against the Glazer ownership and the sponsors.

Brand Value (£m)



The Club Appreciates its Fans



Venue Performance Rating.

BURO HAPPOLD

Here are the top 3 divisions of 2021 VPR. Tottenham Hotspur Stadium and Wembley Stadium lead an ever-improving portfolio of world stadia. Much like the win, draw, loss columns of football league tables we show extra information in the form of 'Experience', 'Revenue' and 'Impact' scores.

- *Experience scores the potential influence of the stadium and its surroundings on the experience of a typical fan on a match-day, rather than the team!*
- *Revenue scores the revenue generating potential of the stadium (match-day, commercial and broadcasting)*
- *Impact scores the potential influence of the stadium on what happens on the pitch – i.e. how can the stadium facilitate the 12th player effect?*

Due to the size of the data-set some of the Brand Finance 'Football 50' do not make it into these tables, for example Stadio Olimpico and Molineux Stadium.

OVERALL VPR RATING / League 1

BURO HAPPOLD

	STADIUM	EXPERIENCE	REVENUE	IMPACT	POINTS
1	TOTTENHAM HOTSPUR STADIUM	90	83	72	90
2	WEMBLEY	74	90	80	90
3	CAMP NOU	85	68	90	89
4	MERCEDES-BENZ STADIUM	80	84	75	87
5	PRINCIPALITY STADIUM	85	75	79	87
6	ESTADIO SANTIAGO BERNABÉU	86	68	82	86
7	VELTINS ARENA	76	77	72	82
8	ESTADIO MESTALLA	85	61	75	80
9	ALLIANZ ARENA	68	71	73	77
10	ANFIELD	66	78	68	77
11	WANDA METROPOLITANO STADIUM	65	73	75	77
12	STADE DE FRANCE	71	68	74	77
13	OLD TRAFFORD	72	68	71	76
14	SIGNAL IDUNA PARK	69	64	76	76
15	EMIRATES STADIUM	69	71	66	75
16	AVIVA STADIUM	66	80	56	73
17	STAMFORD BRIDGE	76	58	66	72
18	JOHAN CRUIJFF ARENA	71	68	62	72
19	ESTADIO BENITO VILLAMARÍN	65	65	69	71
20	ST. JAMES' PARK	77	55	62	70

Venue Performance Rating www.burohappold.com

OVERALL VPR RATING / League 2

BURO HAPPOLD

	STADIUM	EXPERIENCE	REVENUE	IMPACT	POINTS
21	GAZPROM ARENA	60	73	60	69
22	SAN MAMÉS STADIUM	69	61	62	69
23	RHEINENERGIESTADION	63	67	61	69
24	PARC DES PRINCES	79	62	50	68
25	GOODISON PARK	70	56	63	68
26	GROUPAMA STADIUM	64	65	62	68
27	CELTIC PARK	62	58	69	68
28	ESTADIO AZTECA	56	60	74	68
29	ETIHAD STADIUM	61	63	63	67
30	AMEX STADIUM	70	63	56	67
31	ESTÁDIO DA LUZ	54	60	71	66
32	RED BULL ARENA	64	60	57	65
33	LONDON STADIUM	62	63	57	65
34	WESERSTADION	64	49	66	64
35	VILLA PARK	59	61	60	64
36	RCDE STADIUM	58	65	57	64
37	MARACANÃ	54	62	63	63
38	GIUSEPPE MEAZZA STADIUM	48	60	67	62
39	OLYMPIASTADION	57	64	55	62
40	RAMÓN SÁNCHEZ PIZJUÁN	62	53	57	61

Venue Performance Rating www.burohappold.com

OVERALL VPR RATING / League 3

BURO HAPPOLD

	STADIUM	EXPERIENCE	REVENUE	IMPACT	POINTS
41	ELLAND ROAD	62	55	55	61
42	ALLIANZ STADIUM	51	62	55	59
43	VOLKSWAGEN ARENA	61	58	48	59
44	BORUSSIA-PARK	51	58	60	59
45	SELHURST PARK	71	44	50	58
46	CARROW ROAD	65	49	52	58
47	LA BOMBONERA	49	52	63	58
48	COMMERZBANK ARENA	48	52	61	57
49	STADE VELODROME	43	57	61	57
50	OPEL ARENA	60	46	50	55
51	HAMPDEN PARK	50	52	54	54
52	SAPPORO DOME	55	53	46	53
53	TURF MOOR	57	46	47	52
54	QATAR FOUNDATION	47	52	51	52
55	RHEIN-NECKAR-ARENA	58	49	43	52
56	BRAMALL LANE	63	39	46	52
57	ST. MARY'S STADIUM	52	47	48	51
58	ESTADIO DE LA CERAMICA	54	48	46	51
59	BAYARENA	53	48	42	50
60	BANC OF CALIFORNIA STADIUM	49	52	43	50

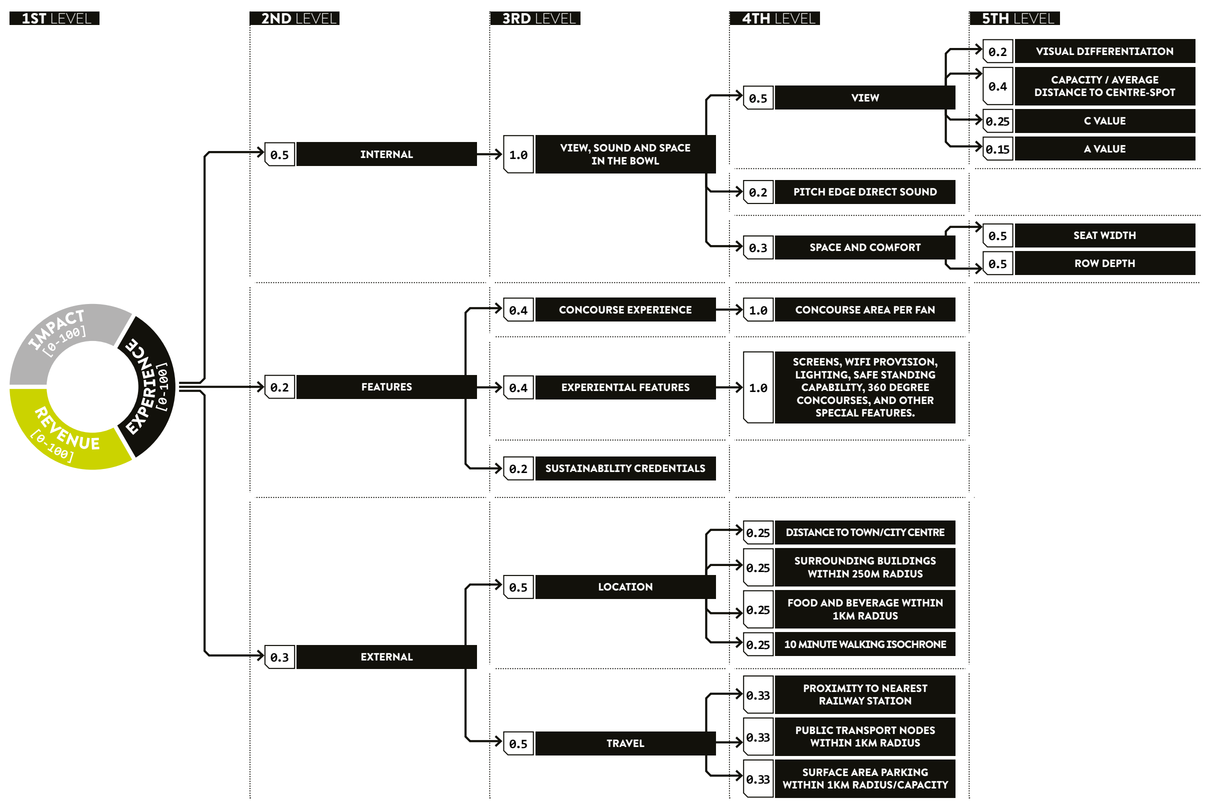
Venue Performance Rating www.burohappold.com

Venue Performance Rating.

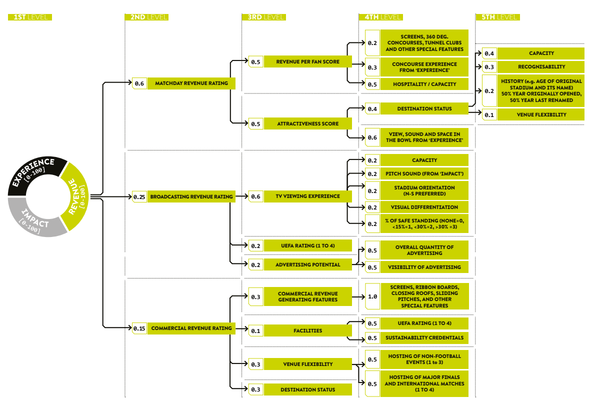
Over the past year we have gratefully received input and feedback from clubs, fans and owners and used this to refine and expand the metric structure which generates the 2021 tables. Below we show a graphical representation of the current structure for **'Experience'** (and thumbnails for **'Revenue'** and **'Impact'**).
Your feedback continues to be welcome, so please get in touch if you want to know more.

In the last year we have explored the relationship between Stadium VPR and revenue. The graph on the right illustrates that, ***once the overall VPR score rises above 60, a club has the potential to lift themselves away from the chasing pack and generate strong commercial and match-day revenues.***

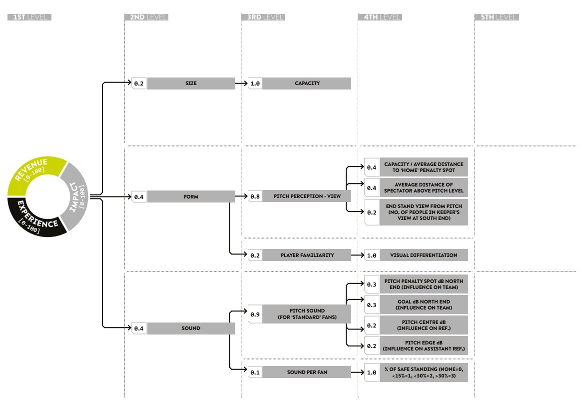
Buro Happold Venue Performance Rating: **Experience Rating - Metrics Structure**

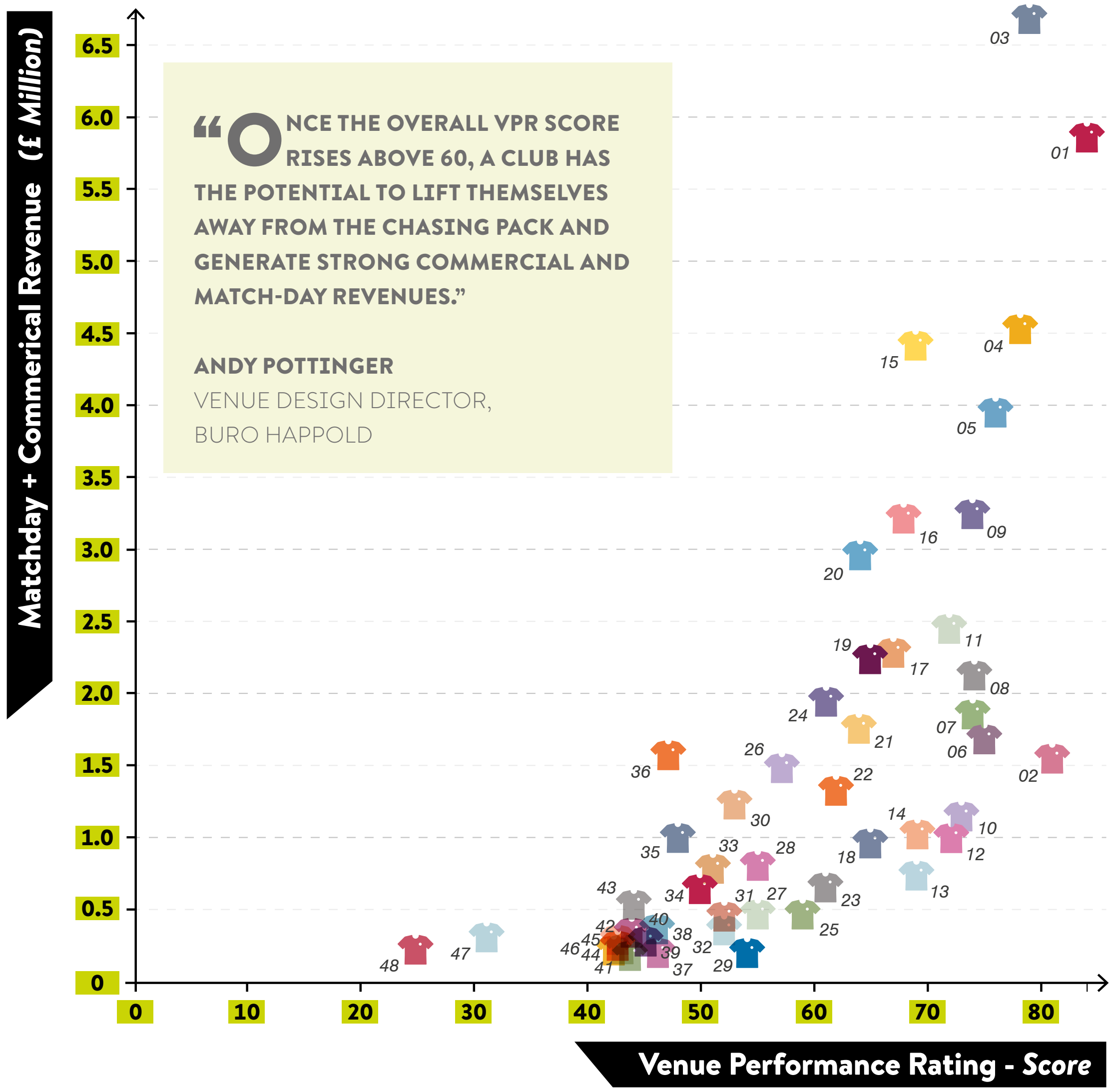


Revenue Rating - Metrics Structure



Imapct Rating - Metrics Structure



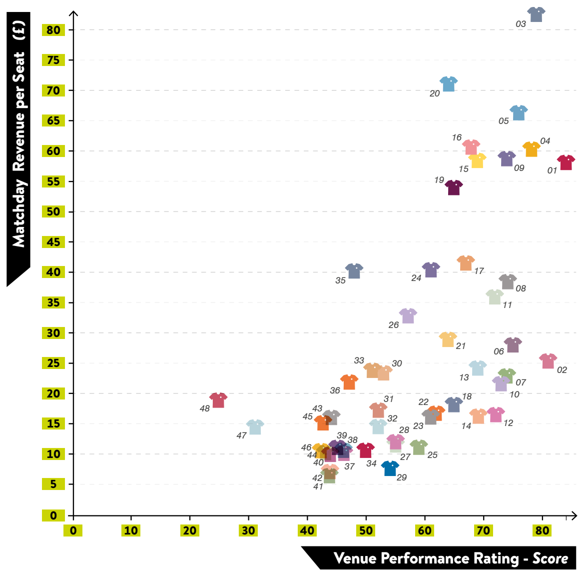


"ONCE THE OVERALL VPR SCORE RISES ABOVE 60, A CLUB HAS THE POTENTIAL TO LIFT THEMSELVES AWAY FROM THE CHASING PACK AND GENERATE STRONG COMMERCIAL AND MATCH-DAY REVENUES."

ANDY POTTINGER
VENUE DESIGN DIRECTOR,
BURO HAPPOLD

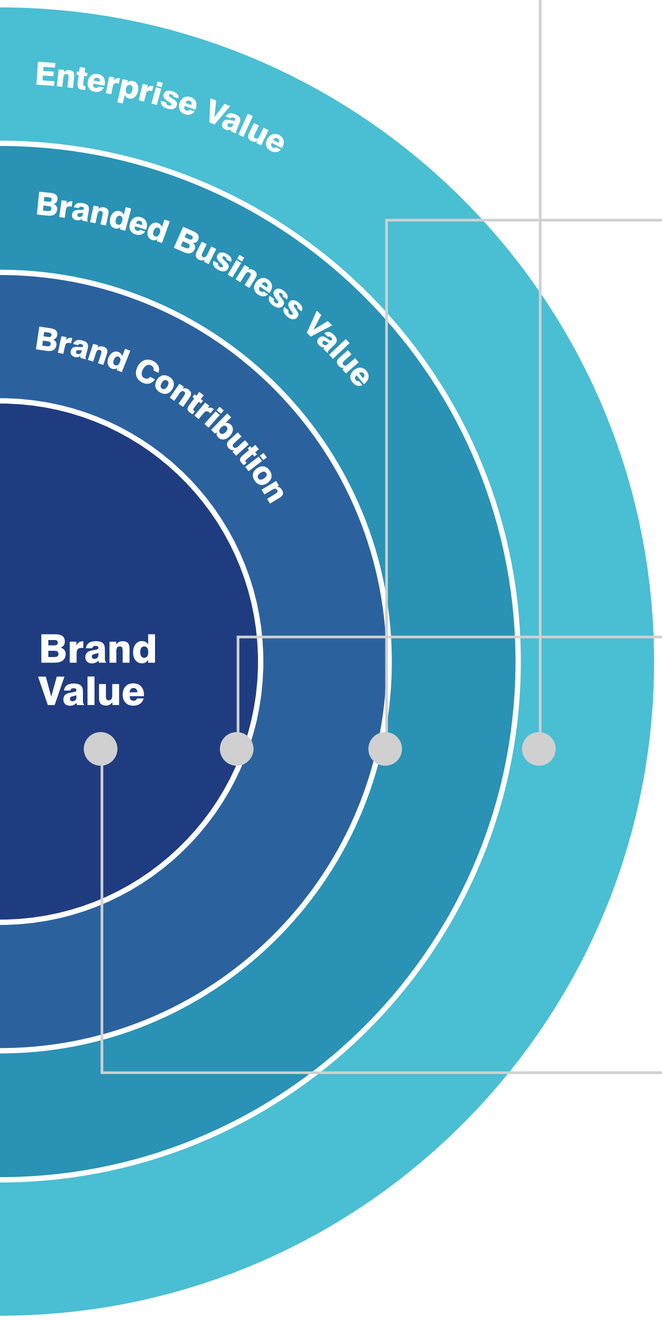
Legend to Graphs:

01	Camp Nou	25	Villa Park
02	Veltins Arena	26	Ramón Sánchez Pizjuán
03	Estadio Santiago Bernabéu	27	Elland Road
04	Allianz Arena	28	Stade Velodrome
05	Emirates Stadium	29	Cardiff City Stadium
06	Groupama Stadium	30	Commerzbank Arena
07	Signal Iduna Park	31	Selhurst Park
08	Johan Cruijff ArenA	32	Carrow Road
09	Estadio Mestalla	33	St. Mary's Stadium
10	San Mamés Stadium	34	Stadio San Paolo
11	Wanda Metropolitano Stadium	35	El Madrigal
12	London Stadium	36	Stadio Olimpico (Roma)
13	Amex Stadium	37	Turf Moor
14	Estádio da Luz	38	Bramall Lane
15	Old Trafford	39	Craven Cottage
16	Anfield	40	Molineux Stadium
17	Etihad Stadium	41	Madejski Stadium
18	St. James' Park	42	John Smith's Stadium
19	Allianz Stadium	43	King Power Stadium
20	Stamford Bridge	44	bet365 Stadium
21	Celtic Park	45	Vicarage Road
22	Giuseppe Meazza Stadium (Inter FC)	46	The Hawthorns
23	Goodison Park	47	Liberty Stadium
24	Parc des Princes	48	Vitality Stadium



Methodology.

Definitions.



[City Football Group]

+ Enterprise Value

The value of the entire enterprise, made up of multiple branded businesses.

Where a company has a purely mono-branded architecture, the 'enterprise value' is the same as 'branded business value'.

[MCFC]

+ Branded Business Value

The value of a single branded business operating under the subject brand.

A brand should be viewed in the context of the business in which it operates. Brand Finance always conducts a branded business valuation as part of any brand valuation. We evaluate the full brand value chain in order to understand the links between marketing investment, brand-tracking data, and stakeholder behaviour.

[MCFC]

+ Brand Contribution

The overall uplift in shareholder value that the business derives from owning the brand rather than operating a generic brand.

The brand values contained in our rankings are those of the potentially transferable brand assets only, making 'brand contribution' a wider concept. An assessment of overall 'brand contribution' to a business provides additional insights to help optimise performance.

[MCFC]

+ Brand Value

The value of the trade mark and associated marketing IP within the branded business.

Brand Finance helped craft the internationally recognised standard on Brand Valuation – ISO 10668. It defines 'brand' as a marketing-related intangible asset including, but not limited to, names, terms, signs, symbols, logos, and designs, intended to identify goods, services or entities, creating distinctive images and associations in the minds of stakeholders, thereby generating economic benefits.

Effect of a Brand on Stakeholders

Brand Strength

Brand strength is the part of our analysis most directly and easily influenced by on pitch performance, publicity, and brand management. In order to determine the strength of a brand we have developed the Brand Strength Index (BSI). We analyse performance in three key areas: Marketing Investment, Stakeholder Equity, and finally the impact of those on Business Performance. Metrics within these categories include: stadium capacity, squad size and value, social media presence, on pitch performance, fan satisfaction, fair-play rating, stadium utilisation and revenue. Following this analysis, each brand is assigned a BSI score out of 100, which is fed into the brand value calculation. Based on the score, each brand in the ranking is assigned a rating between AAA+ and D in a format similar to a credit rating.

Brand Value Methodology.

Brand Finance calculates the values of the brands in its rankings using the Royalty Relief approach – a brand valuation method compliant with the industry standards set in ISO 10668.

This involves estimating the likely future revenues that are attributable to a brand by calculating a royalty rate that would be charged for its use, to arrive at a 'brand value' understood as a net economic benefit that a licensor would achieve by licensing the brand in the open market.

The steps in this process are as follows:

1 Calculate brand strength using a balanced scorecard of football-related metrics assessing Marketing Investment, Stakeholder Equity, and Business Performance. Brand strength is expressed as a Brand Strength Index (BSI) score on a scale of 0 to 100.

2 Determine royalty range. As brand has differing effects on each source of income, revenues are split down into three streams: matchday, commercial, and broadcasting, each with a corresponding royalty range. For instance, due to the greater influence of the brand on sponsorship deals and merchandising, commercial revenues enjoy a royalty range with a higher maximum percentage than broadcasting or matchday revenues.

3 Calculate royalty rate. The BSI score is applied to the royalty range to arrive at a royalty rate. For example, if the royalty range is 0-5% and a brand has a BSI score of 80 out of 100, then an appropriate royalty rate for the use of this brand will be 4%.

4 Determine applicable football-specific revenues, which can be categorised under matchday, commercial, and broadcasting revenue.

5 Determine forecast revenues using a function of historic revenues and expected future performance.

6 Apply the royalty rate to the forecast revenues to derive brand revenues.

7 Brand revenues are discounted post-tax to a net present value which equals the brand value.

Brand Strength Index (BSI)

Brand strength expressed as a BSI score out of 100.

Brand royalty rate

BSI score applied to an appropriate sector royalty range.

Brand Revenues

Royalty rate applied to forecast revenues to derive brand value.

Brand Value

Post-tax brand revenues discounted to a net present value (NPV) which equals the brand value.

Club Revenue Streams and Forecasting.

Matchday Revenue

Focuses on the club's ability to generate revenue from matchdays, which includes tickets, hospitality sales, and other associated sales. Matchday revenue is further influenced by stadium size, utilisation, and average attendance.

Commercial Revenue

This stream of revenue is made up of kit, shirt, and other relevant sponsorship deals, merchandising, and any other relevant commercial operations.

Sponsorship values and merchandise sales are strongly related to club performance, heritage, and global following.

Broadcasting Revenue

Broadcasting revenue is dependent on the broadcasting rights associated with participation in respective domestic leagues, knockout competitions, and regional competitions.

Further to participation, broadcasting revenues are positively influenced by strong performances on the pitch.

Enterprise Value Methodology.

Brand Finance professionals have utilised a relative valuation approach in order to approximate the Enterprise Values of the most valuable football club brands in the world.

Why use Enterprise Value?

The Enterprise Value is a measure of the worth of the company's core business, to all investors, regardless of how that company is financed. This is particularly relevant in the football industry where clubs are financed in a range of different ways.

What is Relative Valuation?

Relative (or market) valuation involves identifying a set of comparable market values for a football club, converting these market values into standardised values known as multiples, and adjusting these multiples for any perceived differences between the club you are valuing and the comparable set.

Relative valuation is more reflective of market perceptions within the football industry than a traditional discounted cash flow. In an industry where the Brand, and thus perceptions of consumers play such a large role, it is important to capture this changing sentiment.

Methodology

Brand Finance creates a league specific revenue multiple based on data from sixteen publicly listed football clubs across various European leagues. Once a base revenue multiple is established within the league, this is adjusted based on 7 relevant factors that influence a clubs Enterprise Value; The perception of the league in which the club plays, whether or not the club owns its stadium, the market value of the squad, the strength of the clubs brand, whether or not the club has a global fanbase, the heritage and history of the club, and finally the clubs operating margins.

1. League Perceptions
The perception of the league in which a team plays has a large influence on the value of the club. Brand Finance has conducted research across European and emerging footballing markets to ascertain the perceptions of these markets on each of the leagues that feature within the annual football valuation study.

2. Stadium Ownership
In many cases the stadium in which a club plays is the most valuable asset for any football club. Naturally, by owning that asset the football club becomes more valuable. Ownership of the stadium further allows the clubs to directly benefit from revenue generated at the ground whether that be in the form of matchday tickets, or concessionary items.

3. Squad Value
Players registrations (contracts) are another significant asset for a football club. The modern game has seen many different business models emerge and has resulted in teams generating revenue through the acquisition and disposal of high-profile players.

4. Brand Strength
The value of a football club is a directly related to the strength of its Brand. As football clubs extend beyond their local municipalities, into far reaching countries, searching for additional revenue and profits, it is the strength of their brand that attracts supporters, commercial sponsors, and ultimately differentiates one club from another.

5. Global Reach – Fanbase
Football clubs are global brands and businesses, with fanbases around the globe. Brand Finance research in emerging football markets such as America, India and China give insight into the global reach of football clubs in the modern era. The global reach of these football clubs can be leveraged for higher commercial revenue from global sponsors, and higher broadcasting revenue from a worldwide fanbase hungry to follow their favourite team.

6. Club Heritage
Sponsors are not only interested in tapping into the global reach of football clubs but are also conscious of being associated with a club with rich heritage, and a successful history behind its name. Therefore, fans perceptions of the club's heritage in both home and overseas markets has been accounted for.

7. Operating Margin
Clubs are first and foremost businesses. The objective of any business is to generate returns for their respective owners. With the advent of rules such a financial fair play, clubs can no longer rely solely on ownership investment to cover the increasing costs of players wages, technical staff and other expenditures in the modern game.

Our Services.

League & Club Services.

Brand Finance offers a wide range of Sports Services which can be tailored to meet specific needs and outcomes. Some are developed directly from this report's analysis, and some are bespoke to each scenario.

1 Football Fan Research

Design and manage bespoke research or review existing football fan research programmes.

Access to existing Brand Finance annual football research

2 Brand Evaluation

Understanding what drives Brand Strength and highlighting how this can be improved is key to secure a successful long-term commercial future

3 Competitor/Peer Benchmarking

How is your brand/league performing against its peers/competitors in your respective markets?

4 Brand Strategy & Positioning

Help develop brand strategy to drive growth and achieve business goals. Positioning of the League within the context of the market it operates in.

5 Brand & Business Valuation

Brand and Business valuation services for M&A / Sale and Fundraising purposes

6 Partnership Tracking

Continuous research to track the reach and effectiveness of sponsorship activities. This is an invaluable service to partners, and a must have to professionalise the partnership offering.

7 Sponsorship & Activation Strategy

Use sponsorship tracking to drive strategy and future relationships with the rights holder, and the activations used to maximise their partnership effectiveness.

8 Sponsorship Return on Investment

Are existing sponsors seeing a good return on investment?

Sponsorship opportunity analysis & Comparable Deal Benchmarking

9 Sponsorship Prospectus

A strong sponsorship prospectus can elevate a leagues offering above that of the competition and professionalise the commercial strategy

Consulting Services.

Make branding decisions using hard data

Brand Research
What gets measured

Brand evaluations are essential for understanding the strength of your brand against your competitors. Brand Strength is a key indicator of future brand value growth whether identifying the drivers of value or avoiding the areas of weakness, measuring your brand is the only way to manage it effectively.

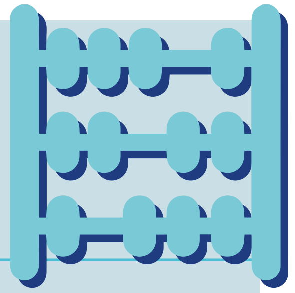
+ Brand Audits
+ Primary Research
+ Syndicated Studies
+ Brand Scorecards
+ Brand Drivers & Conjoint Analysis
+ Soft Power

+ Are we building our brands' strength effectively?
+ How do I track and develop my brand equity?
+ How strong are my competitors' brands?
+ Are there any holes in my existing brand tracker?
+ What do different stakeholders think of my brand?

Brand Valuation
Make your brand's business case

Brand valuations are used for a variety of purposes, including tax, finance, and marketing. Being the interpreter between the language of marketers and finance teams they provide structure for both to work together to maximise returns.

+ Brand Impact Analysis
+ Tax & Transfer Pricing
+ Litigation Support
+ M&A Due Diligence
+ Fair Value Exercises
+ Investor Reporting

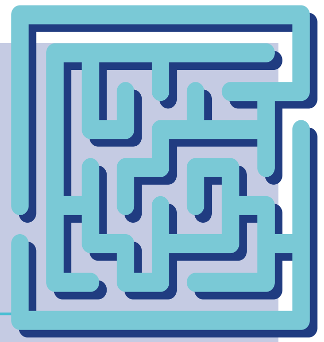


+ How much is my brand worth?
+ How much should I invest in marketing?
+ How much damage does brand misuse cause?
+ Am I tax compliant with the latest transfer pricing?
+ How do I unlock value in a brand acquisition?

Brand Strategy
Make branding decisions with your eyes wide open

Once you understand the value of your brand, you can use it as tool to understand the business impacts of strategic branding decisions in terms of real financial returns.

+ Brand Positioning
+ Brand Architecture
+ Franchising & Licensing
+ Brand Transition
+ Marketing Mix Modelling
+ Sponsorship Strategy



+ Which brand positioning do customers value most?
+ What are our best brand extension opportunities in other categories and markets?
+ Am I licensing my brand effectively?
+ Have I fully optimised my brand portfolio? Am I carrying dead weight?
+ Should I transfer my brand immediately?
+ Is a Masterbrand strategy the right choice for my business?

Brand Evaluation Services.

How are brands perceived in my category?

Brand Finance tracks brand fame and perceptions across 30 markets in 10 consumer categories. Clear, insightful signals of brand performance, with data mining options for those who want to dig deeper – all at an accessible price.

What if I need more depth or coverage of a more specialised sector?

Our bespoke brand scorecards help with market planning and can be designed to track multiple brands over time, against competitors, between market segments and against budgets. Our 30-country database of brand KPIs enables us to benchmark performance appropriately.

Do I have the right brand architecture or strategy in place?

Research is conducted in addition to strategic analysis to provide a robust understanding of the current positioning. The effectiveness of alternative architectures is tested through drivers analysis, to determine which option(s) will stimulate the most favourable customer behaviour and financial results.

How can I improve return on marketing investment?

Using sophisticated analytics, we have a proven track record of developing comprehensive brand scorecard and brand investment frameworks to improve return on marketing investment.

What about the social dimension? Does my brand get talked about?

Social interactions have a proven commercial impact on brands. We measure actual brand conversation and advocacy, both real-world word of mouth and online buzz and sentiment, by combining traditional survey measures with best-in-class social listening.

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Head of Sports Services

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Brand Finance®
Institute

Brand Finance Institute

Learn how to build, protect and measure brand value

The Brand Finance Institute is the educational division of Brand Finance, offering expert training on brand evaluation, management and strategy.

Our in-house training and workshops, online learning offer and webinars will help you answer key strategic questions about your brand for different levels of seniority and development needs:

- How can I grow brand value?
- How can I build a business case to show the return on my marketing investment?
- How can I set up my marketing budget using brand research and analytics?

For more information, contact enquiries@brandfinance.com

Brand Finance Institute is a member of the Brand Finance plc group of companies

Brand Dialogue®

Brand Dialogue®

With strategic planning and creative thinking, we develop communications plans to create dialogue with stakeholders that drives brand value.

Our approach is integrated, employing tailored solutions for our clients across PR, marketing and social media, to

With strategic planning and creative thinking, we develop communications plans to create dialogue with stakeholders that drives brand value.

Our approach is integrated, employing tailored solutions for our clients across PR, marketing and social media, to deliver strategic campaigns and helping us to establish and sustain strong client relationships.

We also have a specific focus on geographic branding, including supporting nation brands and brands with a geographical indication (GI).

Brand Dialogue is a member of the Brand Finance plc group of companies

Research, Strategy & Measurement
- Brand & Communications Strategy
- Campaign Planning
- Communications Workshops
- Market Research & Insights
- Coverage Analysis
- Social Media Analytics

Public Relations & Communications
- Media Relations
- Press Trips & Events
- Strategic Partnerships
- Relationship Management
- Influencer Outreach
- Media Training
- Social Media Management

Marketing & Events
- Promotional Events
- Conference Management
- Sponsorship Management
- Native Advertising
- Print Advertising
- Shopper Marketing
- Trade Marketing

Content Creation
- Bespoke Publications
- Press Releases
- Blog Posts & Newsletters
- Marketing Collateral Design
- Photography & Videography
- Social Media Content

Strategic Communications
- Crisis Communications
- Brand Positioning & Reputation
- Geographic Branding
- Corporate Social Responsibility (CSR)

For more information, contact enquiries@brand-dialogue.com or visit www.brand-dialogue.com

How Coronavirus has Broken the Chain of Business Communication in the World of Football.

Cristina Campos
Managing Director,
Brand Dialogue Spain

The COVID-19 pandemic has shaken the world of football - a stage that gave visibility to brands that sought to connect with the public and fans to promote their image and products. In this context, the Spaniards love of the game has prevailed and has not faltered in the face of the pandemic.

Cristina Campos, Managing Director at Brand Dialogue Spain: "Football is the means of brands to reach a certain audience. If fans lose interest, sponsors may leave clubs due to lack of visibility. TV operators have also created new club links with fans and new channels and communication have become a priority."

COVID has forced the football industry to reinvent itself

Coronavirus arrived in Europe in early 2020, causing havoc across many sectors. It forced us to change our social habits: the way of thinking, living, relationships and communication. Our leisure and sports cracked; the loss of contracts and, above all, the absence of an audience in events were the main reasons for their economic bleeding. Among professional sports, football, the king of our nation and the continent, was no stranger to the fall.

On March 13, LaLiga announced a temporary suspension of the championship which, following the declaration of the state of emergency and a nationwide imposed lockdown, lasted until June 11. Since then, not a single fan has returned to occupy a seat in any stadium in a League match, and both the Superior Sports Council and LaLiga have only just begun to open the door to the public in the most recent matches—more than a year later.

Turnovers have taken a significant hit and Brand Finance estimates that, since the start of the pandemic until now, the world's 50 most valuable clubs have lost nearly €2.9 billion in brand value. To compensate for this significant decline in turnover, Spanish clubs have made spending cuts over the last 12 months. The clubs most affected by COVID-19 have been those that have the highest revenues across the four main revenue streams (match day, broadcasting, merchandising and income from transfers of players) such as Barcelona and Real Madrid. 82% of Barça's income comes from TV and marketing (35% and 47% respectively), a percentage that rises to 85% in the case of Real Madrid (31% and 54%).

Cristina Campos, Managing Director at Brand Dialogue Spain: "Clubs now have to gain attractiveness by re-engaging with football fans who have abandoned them, and by capturing the attention of millennials. Football is much more than a product that can only be enjoyed through television, it is also a product that can also be enjoyed through social networks too."

Clubs enhance digital channels and offer new content

Coronavirus has caused a general decrease in the revenue of football clubs and has forced them to redefine their sources of income and seek new business opportunities.

With matchday revenues, media rights, and sponsorships revenue suffering as matches are postponed and competitions cancelled, clubs and federations have been forced to explore new business avenues for income and revenue streams. This includes new opportunities offered by digitalization and technology, which have enabled clubs and their players to be brought closer to fans' homes through content never issued before.

War of rights

LaLiga announced in 2018 the figures for the sale of the media content exploitation rights of the National League Championship of First and Second Division in Spain and Andorra for the 2019/20, 2020/21 and 2021/22 seasons. The total amount for the three years was €3.421 million (€1.140 million per season). However, the broadcasting of matches has been devalued with the arrival of Coronavirus and broadcasters - aware of the lack of audience - had to reformulate the agreed amounts downward.

The cancellation and holding of matches behind closed doors has had consequences, with media platforms claiming a refund of the amount paid (LaLiga will return €100 million corresponding to the 2019/20 season). Others have requested the downward negotiation of contracts, such as Mediapro with Ligue 1 in 2020/21, in an agreement that ultimately broke down. It has also led to sponsors evaluating whether their investments remain profitable, due to the decrease in brand exposure.

LaLiga is resisting reasonably well. It has secured broadcasting in the United States. The League has reached an agreement with ESPN, a Disney-owned channel, to offer its subscribers Spanish football matches in the United States starting from next season. It has also negotiated with British over-the-top (OTT) platform, Dazn, to continue to broadcast all LaLiga matches for the next three years. However, Movistar + will keep the Bundesliga rights.

Sponsors are wobbling

When there are risks of store closures, it becomes very difficult for companies to sustain sports sponsorships. This has been very noticeable in the financial sector, especially in banks, as well as across the airlines and auto industries.

How Coronavirus has Broken the Chain of Business Communication in the World of Football.

The suspension of competitions has led to a loss of visibility for the sponsors – who largely support the economy of football clubs – and who are rethinking whether to endure, remain supportive and maintain their agreements until activity resumes, or try to survive by negotiating downwards.

Companies like Iberdrola, the main sponsor of the Spanish women's first division, are clear: "Now it must be the opposite of what logic would propose; it is in this dramatic situation that the support of the sponsors is more necessary than ever. You don't just leave at this time" and Joma, the Toledo sports equipment company that already dressed the two main futsal teams, Brazil and Spain, has reached an agreement with the LNFS to be the sponsor of the new competition.

The European Super League suspends in communication

And in the middle of this party of losses, Europe's elite clubs surprised us with the announcement of the European Super League. A bitter surprise from a communication point of view. An event worthy of study that will go down in history as an example of what not to do in public relations.

Beyond the debate as to whether the ESL initiative, led by Florentino Pérez with the stated objective of saving football, was or still is legitimate, what we can affirm is that there was a marketing and communication problem that is almost inexplicable. The violent reaction from fans clearly shows that the benefits of such an important project of this magnitude have not been well marketed, but there has also been a complete breakdown and errors in its communication - aspects that should have been studied, evaluated and, especially, shared among all stakeholders (member clubs, partners, fans, players and managers, football associations, leagues...).

Cristina Campos, Managing Director at Brand Dialogue Spain commented on this: "The European Super League suffered a communication crisis. All scenarios were not well considered before the announcement and reputations were put on the line. The benefits to all stakeholders were not conveyed properly. The result: communication failure."

The brands of the 12 clubs involved will be affected. The nine clubs that withdrew after the announcement (Arsenal, Milan, Chelsea, Atletico Madrid, Inter Milan, Liverpool, Manchester City, Manchester United and Tottenham Hotspur) will not have to pay sanctions, although the clubs have decided to make a "voluntary" donation (perhaps in an attempt to clean up or mitigate the impact on the reputation of their brands) of a total of €15 million, which will be used for the benefit of children, youth and grassroots football in local communities across Europe, including the UK.

For the dissidents, Real Madrid, Barça and Juventus, UEFA has begun the procedures to impose a sanction worth one hundred million euros. The impact on the brands of these three clubs will undoubtedly be greater than the impact on the personal brand of their spokesperson and leader.

Brand Finance®

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