

FOOTBALL EPISODE 2 – THE INEXORABLE CONCENTRATION OF EUROPEAN FOOTBALL



ECONOMICS

JULY 2018 | 5 MINUTE READ



Henri Philippe
Partner



Aomar Elalamy
Manager

List of full authors: Henri Philippe (Partner), Aomar Elalamy (Manager), Franck Bancel (Academic advisor).

The financial means necessary to be competitive in the Champions League are beyond the reach of most clubs.

European football is based on a pyramid structure. At the bottom, we find each country's amateur clubs; at the top, we find the clubs in the top division. This structure relies on the idea that there is a certain 'permeability' between amateur football and professional football. Even if it remains a rare achievement, an amateur football team is supposed to be able to beat any professional club, particularly during the national championships organised in different European countries.

This pyramid structure is in stark contrast to the concept of the closed league, which characterises professional sport in North America (NBA, NFL, etc.). By definition, teams involved in a closed league do not face potential relegations to lower divisions. The organisation of North-American closed leagues depends on an entire regulatory system, which aims to guarantee fairness among the clubs. At the end of each season, the best university players are spread among the professional teams by random draw that favours the lower-classed teams ('draft').

THE CHAMPIONS LEAGUE, AT FIRST GLANCE, OPEN...

European football urges the continuation of the open-league system. However, this masks a very different reality. Professional football is characterised today by a concentration of financial means amongst a limited number of clubs. These large clubs are now only in competition with each other, as would be the case in a closed league.

UEFA, nonetheless, launched 'financial fair play' in 2010 but without directly regulating the conditions of sporting fairness. The large European clubs can buy the most talented players, maintain huge teams of staff and have at their disposal all the means necessary to ensure their sole domination in the sport.

The Champions League, the most prestigious of football competitions in Europe, is the perfect example. At first glance, all teams in the Champions League are supposed to be able to win it. However, when we look at the past twenty years of the competition, instead of seeing this glorious uncertainty, we see the significant strengthening of the place of certain countries and certain clubs.

LESS SPACE FOR 'SMALL' FOOTBALLING NATIONS

According to one Accur'League study, between 1995 and 2001, only 25% of the Champions League quarter-finalists were not from the 'big five' European leagues (England, France, Germany, Italy and Spain). Since 2002, this average percentage stands at only 13%.

At the semi-final level, the presence of a club from a 'small' footballing nation becomes something of a statistical anomaly – since 2005, only PSV Eindhoven has reached this stage of the competition. The financial means necessary to be competitive in the Champions League are beyond the reach of most clubs. If we observe the clubs having participated in the Champions League over the past ten years, we note that the revenues of clubs in the quarter-finals average €248 million, the revenues of clubs in the semi-finals average €348 million and the revenues of the winner average at €379 million.

From 2018, the top four countries in the UEFA index (Spain, England, Germany and Italy) will automatically have four teams participating in the league. This reform will further reduce the risk of non-participation for clubs in these four countries, and they will then be able to make even larger investments.

Conclusion: the Champions League already resembles a closed league, and this trend should become even more pronounced over the next few years.