Commercialization, governance problems, and the future of European football – or why the European Super League is not a solution to the challenges facing football

Wagner, Ulrik; Storm, Rasmus K.; Cortsen, Kenneth

Published in:
International Journal of Sport Communication

DOI:
10.1123/ijsc.2021-0049

Publication date:
2021

Document version
Peer reviewed version

Citation for published version (APA):
Commercialization, Governance Problems and the Future of European Football – or why the European Super League is not a Solution to the Challenges Facing Football

Ulrik Wagner, PhD (corresponding author)
Associate Professor
Department of Nutrition, Exercise and Sports
University of Copenhagen – Denmark
Mail: uw@nexs.ku.dk
Phone: +45 20 87 48 80.

Rasmus K. Storm, PhD
Head of Research
Danish Institute for Sport Studies
and
Adjunct Associate Professor
NTNU Business School – Trondheim, Norway.
Mail: rasmus.storm@idan.dk

Kenneth Cortsen, PhD
Department of Sport Management & Experience Industry
Asst. Professor & Business Development Strategist
University College of Northern Denmark
E-mail: keco@ucn.dk
Commercialization, Governance Problems and the Future of European Football – or why the European Super League is not a Solution to the Challenges Facing Football

Football (known as “soccer” in the U.S. and Canada) holds a prominent position in the world. As the widest distributed sport across the globe, football is a popular pastime activity from the grassroots level all the way up to the professional and global elite clubs. As such, the sport gathers fans and other commercial stakeholders on all continents (Cortsen, 2018; Giulianotti, 2012; Storm et al., 2017). Fans are attracted to the games for multiple reasons such as emotional excitement, the team’s performance, local or national esteem, socialization, and escapism (Karakaya et al., 2016). While fan engagement is multi-dimensional, the excitement aspect also taps into the desire for intellectual stimulation, mental action and the uncertainty of the competition’s outcome. Therefore, one of the entertaining elements is tied to how fans, commentators and other experts speculate and discuss which teams are the favorites to be promoted or win the title, and which could be relegated (Funk et al., 2009). League matches regularly appear on TV screens and digital media in an interconnected flow where fan engagement and fans’ willingness to consume meet commercial advertising and promotional sponsor logos and messages. Simultaneously, the game is practiced on a daily basis by millions of people worldwide as an amateur sport. No wonder that the sport fosters an emotional attachment (Funk & James, 2001) among its followers that is hardly comparable to any other sport on a global scale. Further, in academia, football is well researched, not only in the natural sciences, but also in social science and humanities.
However, European football is – similarly to several other disciplines – also known for more than its sporting content. Over the years illegal gambling (Hill, 2010), dubious political branding (Rockwood, 2019) and hooliganism (Rockwood, 2008) have also been football’s companion. In response, several campaigns have been initiated within these contexts to encourage mutual cultural understanding and better public health provisions. Football is therefore multifaceted and finds itself constantly captured in a balancing act between ‘good and evil’. For example, the international governance of the game has remained controversial.

Football’s European governing body, the Union of European Football Associations (UEFA), and particularly its global counterpart the Fédération Internationale de Football Association (FIFA), have frequently been accused of organizational corruption and nepotism (Pouliopoulos & Georgiadis, 2021; Sugden & Tomlinson, 2017). One can also legitimately claim that the federations have not been supportive enough of anti-racist campaigns (Sugden et al., 1998; Wachter & Fanizadeh, 2007), or promoting women’s football and gender equality (Bennike et al., 2020; Cortsen, 2017). Their democratic transparency also begs many questions. For instance, workers’ human rights have been of conspicuously low priority when it comes to formulating criteria used to award the rights to host mega events such as the World Cup (Millward, 2017).

Therefore, there are dozens of good reasons to criticize how the world’s most popular game has been governed and administered on a daily basis by UEFA and FIFA, and by the national federations and the leading clubs. In addition, football has undergone a rapid process of globalization and most importantly commercialization over the last decades (Cortsen et al., 2020; Cortsen & Rascher, 2018; Storm et al., 2017). TV rights’ prices have constantly increased (Storm & Solberg, 2018). As such, this development has created a lucrative surplus for the rights holders. Players’ salaries have experienced significant growth rates and transfer amounts have
gone in the same direction. The war for sporting talent influences clubs to search minor villages and clubs for the new future superstar. The essence is to turn the player into a lucrative asset once this player is sold to bigger clubs (in the same or bigger leagues) and the financial upside is the positive impact on the pitch for the buying club and (hopefully) derived future value from sell-on clauses once the player is transferred upwards in the football hierarchy. The commercial buy-in from the worlds’ biggest multinational brands characterizes the sponsorship and business partnerships in top football. Moreover, a recent trend that transcends the leading European leagues in England, France, Italy and Spain (Germany is excluded from this group of top 5 leagues given its 50+1 rule, which acts as a barrier to foreign ownership by guaranteeing the club an ownership majority) is the entry of affluent international individuals as club owners. Now, it is normal procedure to see Middle East sheiks, American private equity investors and East Asian billionaires among the core club leadership (Nauright & Ramfjord, 2010; Rohde & Breuer, 2016, 2017). While these examples focus on the development close to the top of the global football pyramid, the game is confronted with serious foundational challenges at the amateur level: young kids may no longer naturally opt for football. Streetsport, E-sport and computer gaming in general or no sport or physical activity at all may instead be the alternative preferences. Among the young generations, football may be something you play on a screen with FIFA simply being the name of a gaming product that makes an alternative to Counterstrike (CS GO), General Theft Auto (GTA), or Fortnite (Tjønndal, 2021).

Taking this rapid and escalating development into consideration, it is no wonder that European football finds itself in the middle of a multi-stakeholder controversy and potentially in some kind of an existential crisis. At the same time, it’s worth remembering that football still attracts massive fan attendance numbers in venues and as eyeballs in front of a screen while
being a huge passion for many young girls and boys and a game where seniors (+60 years) can be spotted playing as part of a lifelong literacy. However, with the popularity and multidimensional complexity of football in mind (Cortsen et al., 2020), the recent stakeholder opposition regarding the launch of the European Super League (ESL) deserves comments and a critical debate.

**European Super League as a Communication Gaffe**

On April 18, 2021, news about a European Super League (ESL) was launched in a press release one day before UEFA’s executive committee was to hold a meeting regarding the future structure of its Champions League format. UEFA had already intended to increase the number of Champions League matches from 32 to 36 for the 2024/25 season. But twelve leading clubs from England, Italy and Spain broke ranks to become signatories for the creation of a new league that guaranteed the founding clubs permanent participation, thus circumventing the qualification rules that characterized the Champions or Europa League. The proposal resembled a closed league structure known from North American sports. The signatories argued that the ESL would attract additional mass media and global sponsors, thereby increasing the revenues of the clubs involved as well as providing matches of highest international quality. American investment bank JP Morgan announced that it would back the new breakaway league financially.

The development following this announcement highlighted that this controversy was of utmost relevance for sports communication at various levels: *First*, the North American model with a closed league structure conflicted and differed radically from the European tradition of promotion and relegation determined by the respective teams’ results. *Second*, the controversy illustrated the conflicts between clubs from leading football nations like Spain, England and Italy, as opposed to clubs from other leading football nations like Germany and France and
smaller clubs from smaller football nations, which did not join the breakaway group. Striking omissions from the proposed super league were clubs like BVB Dortmund, Bayern Munich and Paris Saint Germain, as well as Leicester City F.C. and reigning UEFA Europa League champion Sevilla FC. Apparently, these clubs had rejected the opportunity to be part of the breakaway league. Third, the conflict following the announcement exposed the internal communicative rivalry between club owners, among them wealthy American investors, as well as fans, players and coaches supported by FIFA, UEFA, national football associations, and even politicians in various European countries such as Boris Johnson in England or the Minister of Culture in Denmark.

After an intense period of fan mobilization, political pressure and UEFA’s threats of severe sanctions, the English teams quickly withdrew from the project. Only three founding clubs have remained loyal to the idea (at the time of writing this commentary): Juventus, Real Madrid, and F.C. Barcelona. A preliminary conclusion is that the commercial shareholders and club owners completely misjudged the potential counter-effects of communicating their plans externally by circulating a press release. Extending the perspective of the discussion, it essentially highlights communication about who deserves to own how much and to what extent is sharing the revenue possible and desirable.

**Why the ESL is not a Solution**

Many contemporary problems are ascribed to the negative effects of Covid-19. It would be wrong to claim that international football has *not* been negatively impacted by the pandemic (Pedersen et al., 2020). However, our claim is that football’s contemporary problems cannot be reduced to the side effects of a global pandemic. Instead, Covid-19 accelerated and made visible
a development that has been gathering momentum for years – the notorious ‘drop that caused the glass to overflow’.

Yet, one feature deserves special attention. New foreign (private equity) investors and owners of leading European clubs found it difficult to maximize revenue-generation from domestic league matches in which world-class teams with international superstars such as Liverpool F.C. or Manchester City had to play against teams with much lower levels of brand equity such as West Bromwich Albion or Sheffield United. From an economic perspective, debt is not catastrophic as long as there is a positive operational situation and thus revenue generation sufficient enough to accommodate the financial obligations on the cost side. With transfer spending and salary levels skyrocketing especially since the 1990s due to milestones such as the reformation and re-branding of competition formats, e.g., the Premier League or the UEFA Champions League, the Bosman-ruling (Binder & Findlay, 2012), and increasing globalization, the economic ‘gearing’ of the best football clubs reached new and higher levels. Additional commercial evolutions in the following decades linked to technology and digitization, e.g., social media platforms, online streaming, and data-driven football consumption via smart phones, have helped to boost this development, and players and agents have taken their share of the revenues from a more liberalized football marketplace. Then, the Covid-19 wave hit and disrupted football’s revenue-generating ecosystem and momentarily stopped the production line. So, suddenly, clubs with huge debt levels such as FC Barcelona became financially distressed for what reason it did not become more appealing to travel to a small stadium in the Basque region to play SD Eibar. Covid-19 even made these events occur without spectators. For owners with no dedication to the mythical and romantic history of football and no understanding for the local, regional and national identities and narratives of these European top clubs, their profit-
maximizing business models seem to have pushed European football – in the version that European football fans have known it for decades–to an impression of being financially outdated. Covid-19 has made it even harder to ensure revenue-generation for these clubs, which also spend a significant high percentage of their turnover on salaries (Kesenne, 2010; Szymanski, 2012). The logic underpinning the response emerging in the closed boardrooms is the ghost of piracy leagues (Cortsen, 2018) that football stakeholders have heard rumors of for years: Why not create our own closed league, detached from UEFA, not burdened by the annual relegation/promotion circus, and liberated from any ideas of revenue sharing with the poorest clubs? Mirroring the American Major Leagues would help new investors in European top football to get rid of these annoying matches against relative medium-sized and small-sized teams. In contrast, the cynical financial rewards from selling commercial media rights based on guaranteed frequent matches with other top European clubs was a money-driven exit opportunity for these top clubs to somehow tackle the financial burden of the global pandemic and to reap the self-absorbed and low-hanging economic fruits. As a derived economic effect, these clubs would also benefit commercially from their sporting and hyper-commercialized superstars (Magee, 2002; Shapiro et al., 2017) competing against each other on a regular basis, and this was an additional incentive in this new, closed and sort of single-entity ESL competition similar to the professional American sports economic model. This is even an idea, which previously has been embraced by researchers, e.g., Hoehn and Szymanski (1999).

The problem is that the exclusivity of ESL is only a temporary solution for the few while it leaves the rest of the clubs in the void. The presented model blocks the lower-ranked clubs in the European football hierarchy from qualifying and is as such not aspirational nor sustainable in relation to the strategic cohesion of European football. For instance, Cortsen (2018, p. 445)
suggests that “the cohesion between sporting and business performances in European football are manifested in the interdependencies and interactions between (red., for instance) the Premier League and other European leagues, including UEFA as the overall governing body of European football”. Consequently, the idea that you are guaranteed participation collides with the idea that you need to earn your right to participate. This is a clash with the sporting substance of European football where good sporting performances equal opportunities. Furthermore, it violates the current interconnectivity and solidary model of European football, which also demonstrates a positive spill-over effect on grassroots football and does not include a closed network economy only benefitting a small exclusive group of clubs. Whether we like the UEFA football pyramid or not, the surplus generated by running for instance the Champions League trickles down to lower levels. Ironically, it is not because UEFA has not experienced commercial growth when it comes to the UEFA Champions League, in which the 12 clubs behind the ESL ideal are often featured. The figure below illustrates significant revenue growth over the past decades and these top clubs have received a good portion of this revenue pool. UEFA took part in initiating the self-centered and meritocratic power struggle for more money when the new Champions League format was brought to life in the early 1990s (while this format has reinforced revenue-generation considerably).

Figure 1: UEFA Champions League Total Revenue 2005/06-2018/19 (in million Euros)
Another problem is that the ESL fundamentally counters the myth that Goliath can be defeated by David – the idea that even smaller clubs and underdogs can make it if they are skilled, clever and manages to beat the haughty giant. Like when Leicester City Football Club against all odds managed to win the Premier League during the 2015-16 season or when FC Porto won the UEFA Champions League in 2004. This is the hope, the myth, and possibility, which the ESL destroys once the ‘Americanization’ and the private equity standard of a merely financial lens is imposed on the game of football. The hope that even clubs from the smallest nations like the Faroese Islands can qualify for a European tournament is overridden (Satchwell & Wagner, 2020). The proponents of the ESL simply ignored the idea and strength of the pyramid that – despite all its flaws, inconsistencies, and opaqueness – underpins European football and the European sports model of inclusion, accessibility and the utilitarian principle. However, there is a factual acknowledgement that the gap between rich and poor teams has been widened in recent decades,
which have made it tougher for the teams outside the top 20 list of the richest football clubs to go far in the UEFA Champions League (Hagen & Cunha, 2019).

A few examples from our Danish context may illustrate examples of a ‘somewhat lost but charming time’ in European football; especially for an audience more familiar with the closed league system one finds in NBA, NFL or NHL. Danish football clubs do not have a rich and long-standing record of performing well in the cross-border UEFA tournaments. Typically, young talented players move on to sign contracts in higher ranked European leagues, e.g. in Italy, Spain, Germany or England. But the myth about David defeating Goliath endures. In 1994, Odense Boldklub (OB) lost its first match home 2-3 against the mighty Spanish and global powerhouse Real Madrid. The away match in Madrid looked like the end-destination, but ‘the miracle in Madrid’ appeared as OB defeated Real Madrid 2-0 and thus qualified for the next round. This performance is still by many Danes perceived as the greatest football surprise ever and is still celebrated by the OB fans more than 25 years later. During the 2010-2011 season, FC Copenhagen qualified for the Champions League group play. This was an occasion where young fans had the opportunity to get a real-life glimpse of the icon Lionel Messi as FC Copenhagen managed to get a 1-1 home against FC Barcelona. And also of importance, after losing the 1/8 finals against Chelsea FC, the club received UEFA-related prize money amounting to 158 mill. DKK. This amount was three to four times the average player budget in Danish league clubs at the time. Finally, working in Aalborg BK, one of the authors still recall the feeling of pride in the club from when they played in the UEFA Champions League and achieved a 2-2 result against Manchester United at Old Trafford’s theatre of dreams in 2008 in a season where United went all the way to the final. Danish football fans would also recall how Brøndby IF made it to the semi-final of the UEFA Cup against AS Roma from Italy in 1991 (at a time) when the Italian league
was the strongest in the world. Five Brøndby players from this game started for Denmark in the UEFA European Championship Final in Sweden the following year when Denmark won the prestigious European title after beating Germany 2-0. Peter Schmeichel was one of the them and he became the best keeper in the world when he moved on to play for Manchester United. This marks a contrast to the professionalized and more financially driven modern-day football industry in which players at Schmeichel’s caliber usually transfers from a small European league like the Danish Super League at a very young age and most likely before they get their senior debut in Denmark.

These few, but memorable (and financially lucrative) moments are what minor clubs from peripheral nations live and dream for – and it enables fans, sponsors, and club administrations to forget all the occasions where they’ve lost against theoretically poorer performing clubs from Azerbaijan or have not (once again) earned a qualification for the European leagues.

Reclaim the Clubs? How to move on

The time from starting to write this commentary to now has illustrated how fast the reality of football changes. The announcement of the ESL was met with fury, fans’ mobilization, severe critique from football fans generally but also from fans inside the 12 clubs. Therefore, the idea of ESL – at least for now – seems to be dead. We cannot mourn that. Nevertheless, it also calls for a deeper critical reflection within the global football community, research included. The worst thing to follow is that we now ignore the problems and challenges we started out mentioning just because we welcome the ESL failure. In the following, we do not claim to come up with a quick-fix as the situation facing football is complex, multifaceted and takes place on many inter-related layers globally, nationally, and locally. However, we will point out three
challenges that need to be addressed (and the list is incomplete), and perhaps the current mobilization of human forces can create a momentum for such a process and debate:

**Democracy**

As a reflection of the entire sports industry, football is also an example of a suffering democracy and lack of transparency. Football needs to strengthen its democratic processes if it is to uphold its image of being the ‘people’s game’. Its current state of bureaucrats from huge international federations playing into the hands of for-profit investors and billionaires is alien to the real world of football. We need to know how powerful leaders are selected – not only those at the very top, but also those at second-tier levels. How can fans, members, players, and coaches – those who on a daily basis live with, for and through football – have their say? It is important that we extend our vision of football democracy beyond a single club. Of course, democracy starts at the bottom if we stay loyal to the pyramid model of sport, but we need to consider how we can enhance democratic influence once we move upwards and closer to the top.

We are aware that democracy sometimes collides with clubs’ and federations’ commercial strategies. However, it is our assumption that democratic influence is a precondition for the continuous support, innovation and development of the people’s game. This should make sense in a time when corporate social responsibility (CSR), corporate citizenship, good governance, sustainability, inclusion and equal rights are important topics on the societal agenda that have influenced a growing population of politically conscious consumers and thus also football fans and corporate buy-ins related to the game (Cortsen et al., 2020). In Belarus, Northern Africa and some Eastern European countries, the lack of fundamental democratic rights led and leads to revolutions, but often leaves a void, dysfunction and instability. The post-ESL era is therefore a perfect occasion for FIFA and UEFA to re-think and integrate democracy into
the global governance of football. This can include fans being present at board meetings, an idea that has been initiated by Chelsea FC in response to its misjudgments of fans’ reactions. One of the leading Danish league clubs, Brøndby IF, also has fan representation at the board level. In addition, initiatives to ensure mother clubs’ continuous presence at board meetings can enhance the feeling of clubs’ decision-making bodies staying embedded in clubs’ traditions and local community engagement. Inspiration from the German 50+1 rule should also be seriously considered to guarantee that new club owners and foreign investors do not detach clubs from their fan and member bases and local community settings. One way to prevent communication gaffes can be to introduce annual assemblies where all stakeholders (fans, players and coaches, sponsors, club members, local business etc.) can join to discuss the development of the clubs to ensure mutual feelings of belonging, dialogue and co-ownership.

Financial Sustainability

The Covid-19 pandemic has highlighted how economies are vulnerable to dramatic and unforeseen events (Cortsen, 2020; Pedersen et al., 2020). Football economies are no exception here. In light of the ESL affair, it is time to reflect upon financial sustainability. The most simplistic formulation is to argue that clubs must be financially managed and guided by the idea of ensuring a long-term balance between spending and income, thus reducing short-term incentives towards overspending. This requires some sort of centralized governance and monitoring. In principle, we agree on the ideas underpinning Financial Fair Play (FFP). Therefore, the next step is to initiate a discussion of how FFP can be made more efficient rather than concluding that it is a complete failure (Franck, 2018, 2021). This should include a debate on how media income should be distributed both within national leagues and from European
competitions, and perhaps also daring to initiate a discussion on players’ salaries and agents’ fees. But these admittedly vague proposals will not solve all problems.

Even prior to Covid-19, the gap between prosperous clubs and less prosperous clubs was increasing (Hagen & Cunha, 2019). ESL somehow only manifested that few leaders of the most prosperous clubs did not adhere to an ideal of solidarity, community and revenue sharing. Perhaps, it’s time to rethink and revitalize why these principles exist (in theory) and how we can convert them into practice for the greatest good for the greatest number of participants in the game. Maybe, it’s time to rethink the business models where players’ salaries reach levels that force clubs to prioritize self-centered big checks (like a guaranteed annual amount sponsored by an American bank like JP Morgan) without a critical stance concerning the long-term sustainability of the game. The latter refers to the strategic basis to grow a huge football industry with learning outcome from the benchmark of the cooperative German model. In Germany, the sporting giants from FC Bayern Munich has not been too ignorant to help clubs such as Borussia Dortmund or 1. FC Kaiserslautern financially when these two clubs faced economic turmoil. This example may help to explain how the solidary German model in which fan welfare maximization ranks highly and where the 50+1 rule and the recognition and interdependence of competitors prove the unique and peculiar nature of sports (Hasel, 2019). We are not claiming that this German model improves competitive balance per se (at the end of the 2020/21 season, Bayern Munich became the national champion for the 9th consecutive time), but a similar pattern can be detected by looking at the recent dominance of Juventus in Italy. Yet, inspiration from salary caps or regulatory intervention related to agents may be better elements to adopt from U.S. professional sports than the idea of closed leagues. However, if one does not dare to regulate, the downward spiral can continue and we may see the idea of ESL revitalize within a few years.
because the top clubs continue their spending spree without considering long-time financial sustainability grounded in important learning from the global pandemic. We wonder why there is a need to change a European football model to the form of the ESL, because there are many reasonable elements in the current model – it just needs adjustments. Instead, we believe that the holistic European football community should strive to fix the economic inconsistencies and volatility and thus the vulnerability from the huge salary burdens and agent fees without destroying the upward performance-based mobility and the positive derived effects for the grassroots level. The latter should motivate football’s internal and external stakeholders to continue to unite and stay cohesive. Accordingly, we believe that the current sports governing bodies did well in terms of demonstrating a zero-tolerance approach towards the ESL.

A Cultural Revolution: More Gender Equality and Focus on Diversity

Football needs a cultural revolution if it wants to remain competitive in the face of alternative pastimes such as e-sports, other sports, or non-sports related activities. This change should come from the bottom of the pyramid. Overall, we argue that football must be guided by the welfare maximization rationale and not by profit maximization – or, rather, a cost maximization spiral that seems to have led to a sporting arms race and additional financial problems that have dominated European football for years. The implication is that we must adopt a holistic view – if football is a lifelong activity and a public good, the revenue it generates should be shared more evenly from the grassroots to the elite levels and not only among the elite leagues or the owners of the most prosperous clubs. Football’s governing bodies need to address the fact that girls play football, too, and should be prioritized rather than marginalized in comparison to boys. Investing in sport-for-all as well as talent development should not be articulated as a financial burden but as a broader parameter of success and long-term planning as
it witnesses the enduring organizational commitment to maintain football as the people’s game worldwide. It is about emphasizing cultural and socio-economic diversity at the expense of conservatism whilst remaining loyal to the principles we know work well for football.

Alternative forms, for instance three-on-three matches, football for people with disabilities, and seniors (+60 years of age) must be prioritized. We know that these initiatives already take place – often with support from UEFA, national federations and clubs. Grassroots football is the way forward and there must be a better balance between the competitive aspect and deliberate incentives to play for fun where the participatory and community aspects are emphasized too.

We should not be blinded that competition is a double-edged sword. The critique against ESL was fueled by its lack of acknowledgement of competition at the highest level. On the other hand, too much (formalized) competition may exclude a broader popular engagement and commitment among upcoming generations. Diversity is achieved when elite sport and sport-for-all stimulate each other. A good example is the Danish elite player Christian Eriksen: Every time he has been traded to a new club (from the Danish club Odense Boldklub to Ajax Amsterdam, to Tottenham Hotspurs and recently to Inter Milano) his alma mater club Middelfart receives a share of the profit. This allows the club to invest in new jerseys and in renovating its clubhouse, thus perhaps building the foundations for a new elite player to emerge. In that sense, the holistic character of European football is already tangible. However, it needs to be enhanced at many different levels. This commentary has only given a few examples of how this could be done. But we hope that it has given some inspiration for how future development paths can be explored to the benefit of the whole football community – from top to bottom.
References


https://doi.org/10.1080/14660970.2019.1690472


https://doi.org/10.1177/1527002511400278


https://doi.org/10.1080/14660970.2015.1133410


Cortsen, K., & Rascher, D. A. (2018). The application of sports technology and sports data for commercial purposes. In D. A. Marinho & H. P. Neiva (Eds.), *The use of technology in*


