



CATÓLICA
LISBON
BUSINESS & ECONOMICS

Moving the Ball Forward: Multi-Club Ownership and Competitive Advantages in Football

António Dias

Dissertation written under the supervision of Professor Peter Rajsingh PhD, with
the collaboration of industry expert André Pinho

Dissertation submitted in partial fulfilment of requirements for the MSc in
Management with Specialization in Strategy and Entrepreneurship, at the
Universidade Católica Portuguesa, January 2021.

Abstract (English)

The football industry exists in a climate of fierce competition and overinvestment. Football clubs constantly seek competitive advantages to outperform competitors in the various dimensions in which they compete. This thesis evaluates a recent and rising phenomenon in the football industry - Multi-Club Ownership (MCO). It seeks to understand whether MCO can lead to competitive advantages over the current business model of operating a single club, and if it will become prevalent.

This study employs a hybrid methodological approach, including 10 expert semi-structured interviews which added granularity to the real-world context, and a survey to evaluate fans' perceptions and behaviour relative to MCO.

Results showed that MCO enables advantages in revenue capture, on-field performance, brand internationalization and operational efficiencies. Nevertheless, these are extremely dependent on the group's level of integration, organizational structure, global exposure of the parent club, and level of connection to local community. For revenue generation, these benefits may become sustainable competitive advantages. It was found that fans tend to be more engaged in Singular-Club Ownership (SCO) rather than MCO, and fans who prefer foreign ownership, on average, tend to give higher engagement scores in MCO situations, *ceteris paribus*.

Furthermore, the Belgium case was analysed, which showcases how the development of MCO may be enhanced in environments with certain specific characteristics.

It is likely that MCO will grow, without necessarily becoming prevalent in the industry, or declining abruptly. The main threat to its development is potential legal restrictions applied by governing bodies (FIFA/UEFA), constraining MCO development and operations.

Title: *Moving the Ball Forward: Multi-Club Ownership and Competitive Advantages in Football*

Keywords: *Multi-Club Ownership; Singular-Club Ownership; Football; Competitive Advantage; Sports; FIFA; UEFA*

Author: *António Dias*

Abstract (Portuguese)

A indústria do futebol vive num ambiente de competitividade feroz e investimento acima das possibilidades, levando os clubes a constantemente procurarem vantagens competitivas, com vista a superar os rivais.

O objetivo desta tese é avaliar se “Multi-Club Ownership” (MCO), um fenómeno recente na indústria do futebol, leva a vantagens competitivas quando comparado com o atual modelo de negócio de gerir um clube como uma entidade independente.

Foi utilizada uma abordagem metodológica híbrida, incluindo 10 entrevistas semiestruturadas com especialistas na indústria, que acrescentaram granularidade ao contexto do mundo real. Foi também usado um questionário para avaliar a perceção e comportamento dos fãs em MCO.

Os resultados mostraram que MCO leva a vantagens em captura de receita, performance desportiva, internacionalização da marca e eficiências operacionais. Contudo, estas vantagens são extremamente dependentes do nível de integração do grupo, organização da estrutura, exposição global do clube mãe e nível de conexão com a comunidade local. Em criação de receita, estas vantagens podem tornar-se vantagens competitivas. Foi descoberto que os fãs tendem a preferir “Singular-Club Ownership” (SCO) a MCO. Os fãs que preferem investidores estrangeiros, em média, tendem a ser mais recetivos a MCO, *ceteris paribus*. Foi também analisado o caso da Bélgica, que mostra como o desenvolvimento de MCO pode ser exponenciado em ambientes com características específicas.

É provável que MCO tenha um crescimento sustentado, sem se tornar prevalente, nem decrescer abruptamente. A maior ameaça ao seu desenvolvimento são as potenciais restrições das instituições que controlam o futebol (FIFA/UEFA).

Título: Jogando Para a Frente: Multi-Club Ownership e Vantagens Competitivas no Futebol

Palavras-Chave: Multi-Club Ownership; Singular-Club Ownership; Futebol; Vantagem Competitiva; Desporto; FIFA, UEFA

Autor: António Dias

Acknowledgments

I would like to express my deepest gratitude to Professor Peter Rajsingh. All the content in this thesis was immensely impacted by his knowledge, guidance, support, and availability.

I would also like to thank Professor André Pinho for his considerable guidance and support.

A key aspect of this thesis were the expert interviews. I would like to appreciate all the 10 experts for their availability and precious knowledge. Their names will remain anonymous, but their contribution was immense. Furthermore, my gratitude to all the survey participants for their time.

To my parents, and my brothers, thank you for your constant love, support, motivation, and guidance throughout my life and academic journey. This thesis would not have been possible without you. This appreciation extends to the rest of my family.

To Filipa, for your support, motivation, friendship, and love. Thank you.

My deepest gratitude to all my friends for their support throughout my life and academic journey.

And to all of those who influenced my journey. Thank you as well.

Table of Contents

- Abstract (English) i
- Abstract (Portuguese)..... ii
- Acknowledgments iii
- Table of Contents iv
- List of tables vi
- List of figures vi
- Executive Summary vii
- 1. Introduction 1
- 2. Literature Review 2
 - 2.1. Introduction 2
 - 2.2. Football Industry..... 2
 - 2.2.1. Overview 2
 - 2.2.2. Sources of Revenue 3
 - 2.2.3. Ownership Structures and Business Models 4
 - 2.2.4. Football: Applying Managerial Best Practices..... 5
 - 2.3. Multi-Club Ownership..... 6
 - 2.3.1. Context 6
 - 2.3.2. Disruptors 7
 - 2.3.3. Data 7
 - 2.4. Multi-Club Ownership on the Football Industry 8
 - 2.4.1. Sources of Competitive Advantage..... 8
 - 2.4.2. Internationalization..... 9
 - 2.4.3. Parenting Advantage 10
- 3. Methodology 12
 - 3.1. Research Methodology 12
 - 3.2. Data Collection 12

3.2.1.	Primary Data Collection.....	12
3.2.2.	Secondary Data Collection.....	14
3.3.	Scope of Analysis	14
4.	Analysis & Findings.....	15
4.1.	Semi-Structured Interviews	16
4.1.1.	Growth of MCO	16
4.1.2.	MCO vs SCO in Competitive Advantages.....	19
4.1.3.	Disadvantages of MCO	24
4.1.4.	MCO vs SCO Overview.....	24
4.2.	MCO segmentation.....	25
4.3.	Corporate Strategy and MCO	25
4.4.	Case Study – Belgium & Brexit	27
4.5.	Survey.....	28
4.6.	Scenario Planning	31
4.6.1.	1 st scenario – “Predominant”	33
4.6.2.	2 nd scenario – “Consolidated Growth”	34
4.6.3.	3 rd scenario – “Decline”	35
4.6.4.	MCO – Predominant Business Model?.....	36
5.	Conclusion.....	37
5.1.	General Conclusions.....	37
5.2.	Limitations.....	39
5.3.	Future Research	40
6.	References	41
7.	Appendix	47

List of tables

Table 1: Experts Overview.....	13
Table 2: Competitive Advantages in Revenue Sources?	21
Table 3: Competitive Advantages in Performance?.....	22
Table 4: Competitive Advantages in Internationalization?	23
Table 5: Competitive Advantages in Operational Efficiencies?	23
Table 6: Regression Analysis	29
Table 7: t-test for Age Influence in MCO	31
Table 8: Future Scenarios Probabilities	36

List of figures

Figure 1: European Club Footballing Landscape.....	2
Figure 2: Annual Review of Football Finance	4
Figure 3: MCO Business Model.....	5
Figure 4: MCO Owner Type	8
Figure 5: Research Methodology	12
Figure 6: UEFA (2017) and CIES Sports Intelligence Reports	17
Figure 7: Evolution of Foreign Ownership in Football.....	18
Figure 8: MCO Integration Level.....	25
Figure 9: Parenting Fit Matrix.....	26
Figure 10: Fan Engagement	28
Figure 11: Merchandise Sale in Different Scenarios	30
Figure 12: Satisfaction Star Player Changing in MCO	30
Figure 13: Stakeholders.....	32

Executive Summary

A book written by a former FC Barcelona vice-chairman introduced me to the idea of clubs owning subsidiaries throughout the world to increase brand presence. While reading it I wondered whether such an innovation could work given the conservative nature of football. At the time, this nascent idea was still “preliminary” (Soriano, 2009), but in 2020 it is growing rapidly and already has a name: Multi-Club Ownership (MCO).

The focus of this dissertation is to understand why football, an industry accounting for billions in revenues and followers, still lags with respect to certain managerial best practices (such as M&As and divestments). It will be analysed if MCO leads to competitive advantages as an innovation phenomenon that will potentially change the complexion of football as we know it.

A review of the literature focusses on 3 main areas: an overview of the football industry; the appearance and growth of MCO; and the role of MCO in the football industry. It analyses the global structure of the football industry, revenue sources for clubs, ownership structures and business models. Furthermore, it covers the role of MCO as a disruptor in football. To further understand how MCO can be a potential source of competitive advantages, concepts from Corporate Strategy theory were analysed, such as parenting advantage.

This dissertation follows a hybrid approach, using both qualitative and quantitative data. The data was derived from 10 semi-structured interviews with experts in the sports/football industry and from a survey directed at football fans, which yielded 186 valid answers.

According to the experts interviewed, the reasons for the growth of MCO are player recruitment and development, increasing foreign ownership, a natural evolution of the industry towards professionalization, polarization between wealthy and less wealthy clubs and leagues, cost efficiencies created by economies of scale, and the use of MCO to bypass TPO (Third-Party Ownership) prohibition.

The conclusion is that implementation of an MCO business model enables advantages for achieving revenue capture, on-field performance, brand internationalization, and operational efficiencies. Nevertheless, these are extremely dependent upon certain key variables, notably, the level of integration within MCO groups, organizational structures, global exposure of the parent club, and level of connection to the local community. For revenue generation, these benefits may become sustainable competitive advantages.

Via the interviews it was also apparent that MCO's main disadvantages are a loss of focus created by establishing a portfolio of clubs, the potential to implement match fixing and money laundering practices in football, and its poor reputation amongst football's most traditional fans.

The impact of MCO in Belgian football was also analysed, and how MCO may grow exponentially in an environment with specific underlying characteristics, such as low restrictions on player registrations, favourable legislation for obtaining European citizenship, and lower costs for entering the market. Furthermore, it was analysed the impact of Brexit on the Belgian MCO market.

The survey showed that fans tend to be more engaged on SCO's (Singular-Club Ownership) rather than MCO's. Furthermore, fans who prefer foreign ownership, on average, give a higher engagement score to MCO, *ceteris paribus*. Around 15% of fans would purchase merchandise off various teams within an MCO portfolio. Survey participants who stated they would not be concerned by their team selling a major player in the open transfer market, said they would be upset if their team's star player was sold to a club within the same MCO group.

Most likely, MCO will continue to grow, without becoming preponderant in the industry or declining abruptly. The main uncertainty and threat to its development are the potential legal restrictions applied by governing bodies (FIFA, UEFA, CONMEBOL ...).

1. Introduction

Over the last 20 years, European Football has seen significant changes amidst an intense period of trading and marketing, which has led to inflows of significant sums of money into the sport (Dima, 2015). Football has become a huge industry, developing into something more than just entertainment (Şener and Karapolatgil, 2015). Therefore, clubs are increasingly focused on long-term financial stability and on developing managerial best practices to outperform competitors (Zülch, Palme and Jost, 2020). A possible source of competitive advantages is Multi-Club Ownership (MCO).

MCO consists of an individual/group/entity “having control and/or a decisive influence over more than one football club” (UEFA, 2016) and it has been developing rapidly. As of 2017, 26 first-division clubs in the top 15 major European Leagues were linked with MCO (UEFA, 2017), and since 2006 it has had a compound average growth rate (CAGR) of 18%. Currently 57 football clubs operate under a MCO business model, and it “has been deemed as a business model that may dominate the next chapter of world football” (KPMG Sports Advisory, 2020).

Advantages frequently attributed to MCO are player recruitment and development, brand internationalization, synchronizing and centralizing business operations, and on-field performance (KPMG Sports Advisory, 2020). Therefore, the problem statement of this dissertation is to evaluate *whether multi-club ownership can lead to competitive advantages* (E.g., through sporting performance, broadcasting rights, commercial revenues) *over the current business model in the industry, and if this can lead to it becoming prevalent in the future*. To answer this problem statement, the following research questions will be addressed, which pertain to clear gaps in the extent literature:

Research Question 1: *What impact does MCO have in the European football industry? Can it be a source of competitive advantage for clubs?*

Research Question 2: *How will the industry evolve, assuming MCO becomes the prevalent business model?*

This dissertation will start with a literature review, whereby crucial literature is defined and analysed, followed by the methodology chapter, which describes the research methodology, the data collection, and the analysis scope. In the fifth chapter, analysis & findings, the research questions are answered. Lastly, the conclusion outlines the dissertation’s general inferences, the work’s limitations, and future research suggestions.

2. Literature Review

2.1. Introduction

This literature review will analyse the core ideas of theorists in three different domains. Firstly, the football industry; secondly, the Multi-Club Ownership (MCO) business model; and thirdly, the intersection between MCO and the football industry.

Throughout this literature review high level academic and managerial sources will be used, with 15 A-papers, and other references being from reputable academic and managerial sources. It is important also to underline the relevance of the literature review for exposing gaps in understanding the MCO phenomenon, given the general lack of theoretical studies of it (Rohde and Breuer, 2017).

2.2. Football Industry

2.2.1. Overview

To analyse the football industry, it is vital to understand its global structure given its particularities compared to other industries. FIFA is the highest governing body of football, controlling six confederations, one for each continent (UEFA, CAF, CONCACAF, CONMEBOL, OFC, AFC). Each confederation controls the correspondent Member Associations (MA). Each MA is responsible for ensuring the development and realization of the football competitions in its country (FIFA, 2018). At the base of this pyramid there are the football clubs which are “a member of an association (that is a member association of FIFA)” (FIFA, 2019a). How big is the football industry? In the year of 2016, European football clubs reported revenues of 18.5bn€, with a compound average annual growth rate of 9.8% since 1996, as shown in Figure 1 (UEFA, 2016).

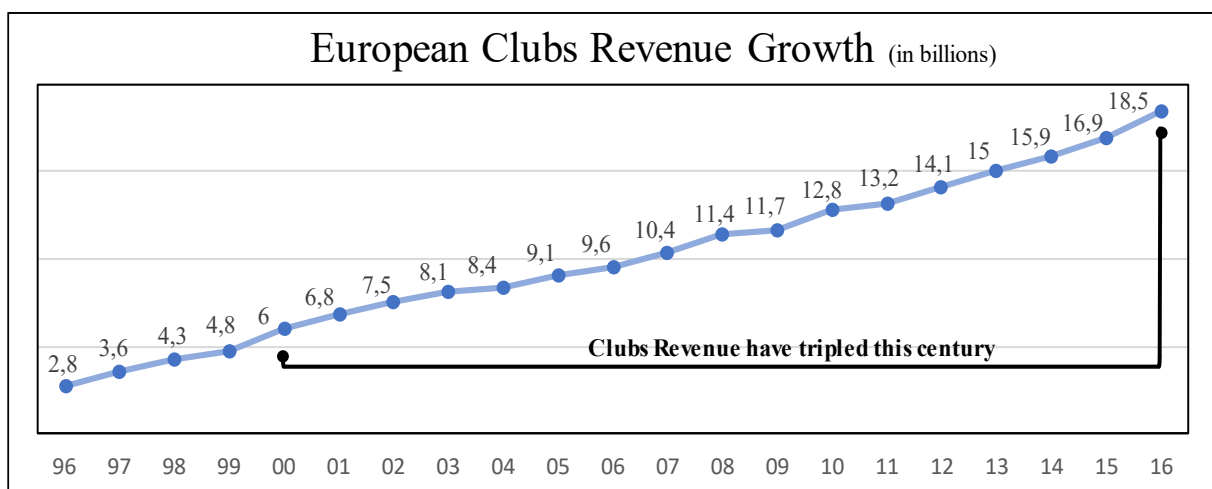


Figure 1: European Club Footballing Landscape (UEFA, 2016)

For the 2018/19 football season, Deloitte valued the European market at 28.9bn€ (Deloitte, 2020a). But not all this money is equally distributed between the leagues. The biggest five leagues (England, Germany, Spain, Italy, France) account for 59% of the revenues in European Football (Deloitte, 2020a). Even among the biggest five leagues, there is one that stands out, the English Premier League (EPL). The EPL generates more revenue than the bottom 50 leagues combined (UEFA, 2018).

There are significant differences between the football industry and conventional businesses (Olson, Duray, 2016). Leagues enjoy cartel like status, by selling a popular product with only imperfect substitutes (Szymanski and Smith, 1997) ; (Olson, Duray, 2016). For investors, the football market presents low barriers to entry, with weak profitability, despite the constant revenue growth (Rohde and Breuer, 2017). Due to the limited revenue sources in football, competition is intense and football lives in a climate of overinvestment (Şener and Karapolatgil, 2015). With this overinvestment, “the competitive position of a club is not determined by its profitability, but by its spending power” (Franck, 2010).

2.2.2. Sources of Revenue

With the growth of the football industry, which very few other industries can claim (Dima, 2015), clubs are turning into brands (Şener and Karapolatgil, 2015). There has been a “complexification” of clubs` product lines, moving towards more diverse operations, revolving around the brand (Andrews, 2015).

The literature delineated the three main revenue sources for football clubs as:

- Media Rights - value paid by media companies to broadcast events.
- Commercial Income - sponsorships, marketing, conferences, etc.
- Matchday Revenue - ticket sales and inside the stadium sales (Dima, 2015).

These revenue sources are also backed by evidence from Ramchandani *et al.*, (2018) and Deloitte (2019), as stated in Figure 2.

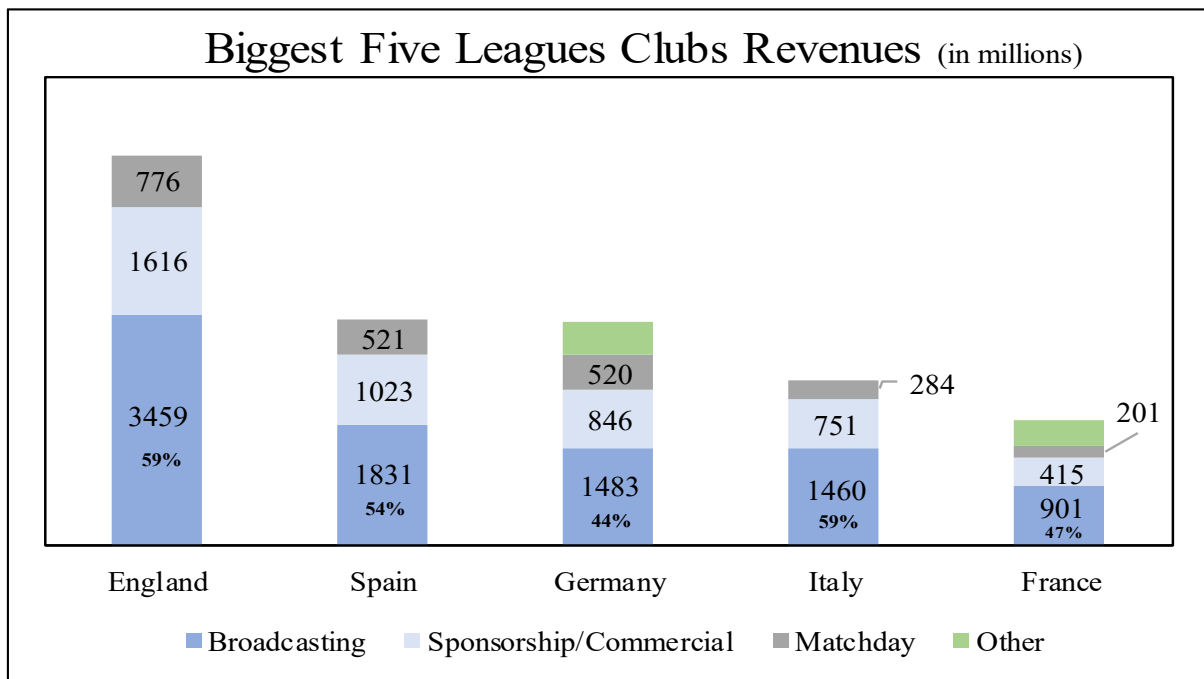


Figure 2: Annual Review of Football Finance (Deloitte, 2019)

With exponential growth of revenues from Media Rights (UEFA, 2017), and growing UEFA prizes, there is intense competition among Europe’s leading clubs (Rohde and Breuer, 2017). Therefore, pressure to use strategic and managerial knowledge to optimise and diversify revenue streams underlines the fierce competition in football (Holzmayer and Schmidt, 2020).

2.2.3. Ownership Structures and Business Models

The various ownership structures across European football are mainly due to different statutory regulations, domestic legislation and commercial ambitions (UEFA, 2017). Commonly, there are three ownership models: public ownership model, members ownership model and private ownership model (Franck, 2010).

Public ownership is where a football club is listed on the stock exchange and its shares traded in the public capital markets. However, this “appears to be a declining trend” (UEFA, 2017). The member ownership model corresponds to members/fans having majority ownership of the club. This is seen by some academics as having benefits because “fans will ensure that the club will operate in the benefit of the community and in its long-term interests, rather than operating in the interests of the private owners” (Acero, Serrano and Dimitropoulos, 2017). Lastly, private ownership is associated with residual rights of control being allocated to one person or group. Inside the private ownership model there is a recent growing trend, which is foreign private ownership. This entails foreigners buying and controlling a football club and has seen rapid

growth since 2004 (Hamil and Chadwick, 2010), with almost half of the European leagues having at least one club owned by a foreigner (UEFA, 2018).

Regarding business models, almost all football teams historically were established as independent entities operating freely within the industry. This business model will be referred to as Singular-Club Ownership (SCO). Nevertheless, there is an alternative model which has recently emerged as a disruptive phenomenon in the industry. This is Multi-Club Ownership (MCO). MCO is not operative merely at the ownership structure level, but works at the business model and strategic level, since any of the three ownership structures can follow the MCO business model, instead of SCO (Figure 3).

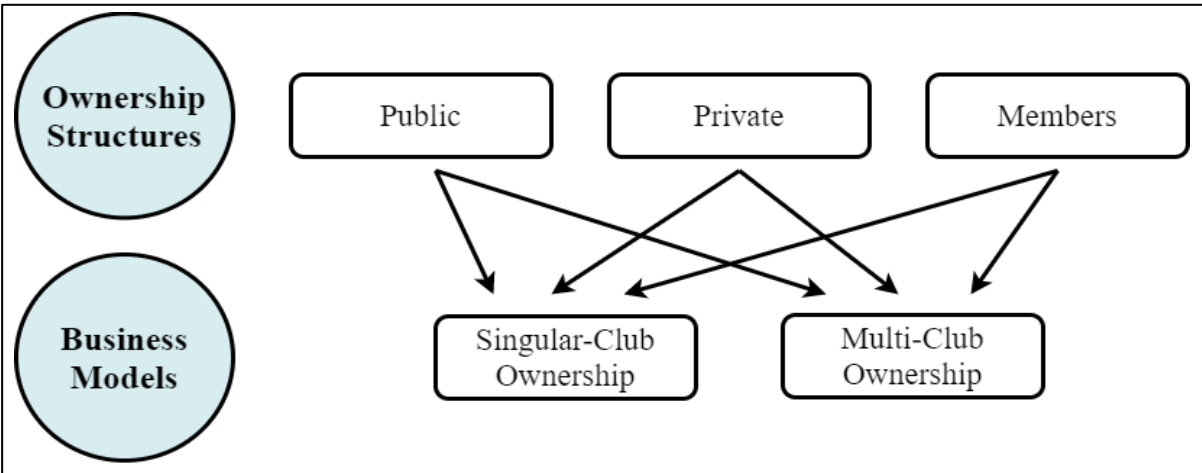


Figure 3: MCO Business Model (Own Development)

2.2.4. Football: Applying Managerial Best Practices

With money inflows and competitiveness increasing, clubs are focusing on long-term financial stability and on developing managerial best practices (Zülch, Palme and Jost, 2020).

One such practice is the use of data analytics. In 2003, Michael Lewis, an American author, accompanied the season of the Oakland A’s, a second tier baseball team which was an avid user of data analytics (sabermetrics) to outperform richer teams by finding undervalued players not apparent to the rest of the market without data analysis (Lewis, 2004). Moneyball proved that managerial practices already present in almost every other industry (banking, insurance, retail, among others) could be of great value in sports. It also advanced the notion that teams could gain a competitive advantage by finding undervalued players who were “diamonds in the rough”, a notion akin to value investing in finance. Currently, the use of data is common in sports and particularly in football, with Liverpool FC using data analytics as an important element to win the English Premier League in 2020 (Lichtenthaler, 2020).

Companies within industries try to achieve economies of scale, build synergies and leverage strengths to outperform competitors, especially in increasingly integrated worldwide industries. One method to achieve these advantages is through Mergers and Acquisitions (M&A), especially cross-borders M&A's, which "are likely to become even more important in the future" (Erel, Liao and Weisbach, 2012). Therefore, if football is applying more and more managerial best practices, could the M&A paradigm become more prevalent in the sport? MCO is paving the way for an industry scenario where M&A's are increasingly common and perhaps the future will see an even more accentuated trend of M&A's due to MCO.

2.3. Multi-Club Ownership

2.3.1. Context

Historically, Multi-Club Ownership had its first "prototype" in the decade of 1990s. ENIC Group, at the time a British private investment trust had control (minority and majority) over a wide range of football clubs, such as SK Slavia Prague, AEK Athens, Tottenham Hotspur, among others. However, it is claimed that ENIC Group "did not control the day-to-day management of the clubs owned" (Pastore, 2018) and was only interested in acquiring the shares, expecting that their price would rise. Therefore, ENIC was not seeking the strategic advantages of MCO.

In the 1997/1998 football season, SK Slavia Prague and AEK Athens (ENIC owned) both reached the quarter finals of the UEFA Cup Winners Cup. In the follow-up of this occurrence, UEFA issued a new rule, entitled "Integrity of the UEFA Club Competitions: Independence of the Clubs". This rule prevents clubs under common control to participate in similar UEFA competitions (Pastore, 2018).

The rule still applies today for UEFA competitions (UEFA Champions League, Europa League, among others) and may have created a bottleneck for MCO becoming more prevalent given that "multiple ownership of clubs is fairly widely restricted at least in some manner" (Boillat and Marston, 2016). Alternatively, authors state that "similar to regulations in major US sports leagues, multi-club ownership is generally allowed, although investors are not allowed to participate with more than one team simultaneously at UEFA club competitions" (Rohde and Breuer, 2017). Although MCO is still not widely regulated, "multi-ownership is a trend that may continue unless regulatory measures make it difficult to achieve" (Soccerex, 2018).

2.3.2. Disruptors

One of the leading proponents of disruption, especially technological disruption, posits disruptive innovation as a specific type of innovation which creates a new paradigm in markets and occurs sporadically (Christensen, 1997). Christensen also states that if management is not capable of “understanding customers’ future needs, identifying which technologies could best address those needs, and in investing to develop and implement them”, no disruption will succeed (Christensen, 1997).

Business model innovation, another species of innovation, “is the discovery of a fundamentally different business model in an existing business” (Markides, 2006). Furthermore, corporate business model transformation is defined as “a change in the perceived logic of how value is created by the corporation, when it comes to the value-creating links among the corporation’s portfolio of businesses, from one point of time to another” (Aspara *et al.*, 2013).

In the recent history of MCO, there are two disruptors which stand out and which may be reshaping the future of football: Red Bull and City Football Group. Currently, Red Bull counts four teams in its global portfolio, with teams in Austria, USA, Brazil and Germany (UEFA, 2016). On the other hand, there is City Football Group. “The City Football Group, with its lead brand Manchester City, has invested in soccer properties worldwide, with similar branded teams New York City, Melbourne, and Yokohama as lynchpin teams” (Zhang *et al.*, 2018). To some authors, the City Football Group is the pinnacle of MCO, because “CFG is unique in creating a multinational operating company to run its football clubs, the principal activity of which is the operation of professional football clubs as well as providing football and commercial services to other organizations” (Robert M. Grant, 2019). Currently, CFG counts with 10 clubs in its portfolio which are present in 5 of the 7 world continents.

2.3.3. Data

But how big is MCO currently? According to UEFA (2017), as of 2016, there were 26 first-division clubs with cross-ownership relations with football clubs around the world, with more than 20 of these clubs competing in the 15 major European Leagues (UEFA, 2016). Later, this dissertation analysis will provide the number of MCO’s in 2020.

Regarding the ownership type, in 2015 there were at least 12 private owners with control in more than one club, 5 groups, and at least 3 clubs with control in more than one club (MCO), as it is possible to state in Figure 4 (UEFA, 2016).

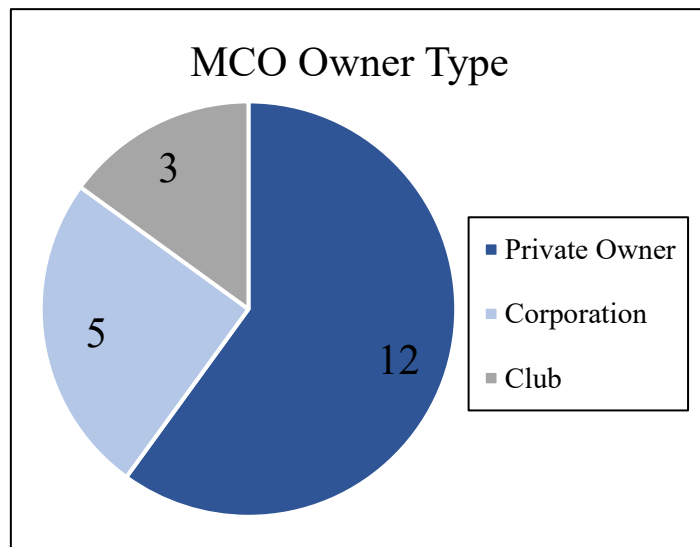


Figure 4: MCO Owner Type (UEFA, 2016)

2.4. Multi-Club Ownership on the Football Industry

2.4.1. Sources of Competitive Advantage

Competitive advantage is the “difference in relative price or relative costs that arise because of differences in the activities being performed. Your value chain must be specifically tailored to deliver your value proposition” (Magretta, 2012). In simple terms, it means “you have found a way to perform better by being different” (Magretta, 2012).

Competitive advantage is also taken to be something that cannot be sustained in the long-term. “Competitive advantage is, at best, temporary” (Porter, 1996) because “as competitors strive to level the playing field, [they] cause the advantage to dissipate (...). [Therefore], successful strategists need to cultivate a deep understanding of the processes of competition and progress” (Christensen, 2001).

A diversified company has two levels of strategy: the business unit and corporate strategy. Business unit strategy focuses on how to achieve competitive advantage in each of its businesses. Corporate strategy focuses on what businesses the company should be in, and how the “mother company” can add up more value to its subsidiaries than what its rivals would (Porter, 1989).

To gain further understanding of corporate strategy, the following statement is relevant: “A corporate strategy can then be developed that will guide the two outputs: decisions about the portfolio - what should be added, split off, or sold - and decisions about the parent, how it should be designed and how it should relate to its businesses” (Campbell, A., Goold, M. and Alexander, 1995).

What are the sources of competitive advantage for football clubs and how can MCO deliver competitive advantages to football clubs?

Due to the positive relationship between budget and team performance, the “financial position of the clubs is important” (Şener and Karapolatgil, 2015). In addition, the authors state that a weak brand in the most important leagues has more brand value than an industrial leader in a weak league (Şener and Karapolatgil, 2015).

One of the most important findings for the football industry was that “football skills are bought in a competitive market for players, with the adjusted wage being determined as a Nash equilibrium between the clubs. The amount of skill a club purchases determines its position in the league” (Szymanski and Smith, 1997). Contrary to this notion is the idea that undervalued players which are scouted through data analytics can be developed to reach their true value, allowing for the creation of a robust and viable team capable of outperforming competitors (Lewis, 2004).

For Franck (2010), “spending power is the main driver of competitive advantage”. This author states that clubs able to tap sources of money which rivals cannot access, possess a competitive advantage. Along with this analysis, Andrews (2015) states that for clubs to become super clubs, “capital matters” because it allows connections and catalyses creativity.

Therefore, for Şener and Karapolatgil (2015), Franck (2010) and Andrews (2015), the financial resources of football clubs are the main source of competitive advantage. For Szymanski and Smith (1997), the ability to pay high salaries to players and the amount of skill football clubs have at their disposal are the competitive advantage determinants. On the opposite side, Lewis (2004) defends the position that competitiveness can be achieved by finding undervalued players and making them rise to their true potential. Lastly, another way to achieve competitive advantage is just by competing in the best league possible (Şener and Karapolatgil, 2015).

If MCO can create and sustain these competitive advantages, the future looks bright for the implementation of MCO as the prevalent business model in the football industry.

2.4.2. Internationalization

In the area of international business, multinational corporations are distinguished from global corporations: “The multinational corporation operates in a number of countries and adjusts its products and practices in each – at high relative costs. The global corporation operates with

resolute constancy – at low relative cost – as if the entire world were a single entity” (Levitt, 1983).

Furthermore, behavioural drivers strongly affect the international business strategies of multinational enterprises (Bouquet and Birkinshaw, 2011). This is particularly true of policies pertaining to governance choices, such as decisions on “where to locate operations, how to enter foreign markets, and how to organize geographically dispersed value chains” (Kano and Verbeke, 2019). These authors also state that microfoundations are fundamental aspects of all six theories associated with Forsgren (2017), which are widely adopted in international business (Kano and Verbeke, 2019).

International diversification strategies have positive financial impacts on football clubs, since they may be a way to generate diversified revenue streams (Holzmayer and Schmidt, 2020). These authors cite that: “Manchester City (City Football Group) and its strategy of operating multiple club subsidiaries around the world should be noted. The club’s diversification approach has increased their global footprint and thereby further enhanced the club’s financial opportunities through multiple income sources” (Holzmayer and Schmidt, 2020).

Teams in professional sporting competitions generate the majority of their income through live televised consumption, making mandatory for football clubs to attract more satellite fans in emerging economies (Zhang *et al.*, 2018).

Internationalization process is a catalyst for the emergence of super football clubs (Andrews, 2015) and City Football Group with its MCO business model is an example whereby: “Manchester City have ratcheted up their global activities by creating connections to feeder clubs all over the world” (Andrews, 2015).

2.4.3. Parenting Advantage

The definition of parenting advantage is to: “create more value in the portfolio of businesses than would be achieved by any rival” (Campbell, A., Goold, M. and Alexander, 1995). Corporate strategy should achieve a parenting advantage, “recogniz[ing] the existence of competitors at the parent level, just as the concept of competitive advantage recognizes competitors at the business unit-level” (Campbell, A., Goold, M. and Alexander, 1995).

Parenting advantage is connected with MCO since this new business model in the football industry tends to have a football club which is at the top of the pyramid, while the other clubs in the same group serve to “feed” the main club. This point is illustrated with how “the City

Football Group, with its lead brand Manchester City, has invested in soccer properties worldwide” (Zhang *et al.*, 2018). Manchester City is the “lead brand” for City Football Group, while for Red Bull Football is Red Bull Leipzig. Therefore, the concept of parenting advantage is crucial when analysing the phenomenon of MCO.

3. Methodology

This dissertation employs a qualitative and quantitative approach. There is both primary and secondary data collection. The main objective is to use these sources of data to answer the problem statement.

3.1. Research Methodology

To explore the MCO phenomenon and answer the research questions, concepts from Corporate Strategy were discussed. By analysing MCO business model under the lens of Corporate Strategy it was possible to better understand if it delivers competitive advantages compared to SCO. This is important for our prognosis concerning whether MCO might become the prevalent business model in the future of football. The main corporate strategy concept used is the “Ashridge Fit Matrix” (Campbell, A., Goold, M. and Alexander, 1995). It was also used a scenario planning framework of Schoemaker (1995), to construct 3 hypothetical future scenarios to MCO in football. The methodology summary for this dissertation is illustrated in Figure 5.

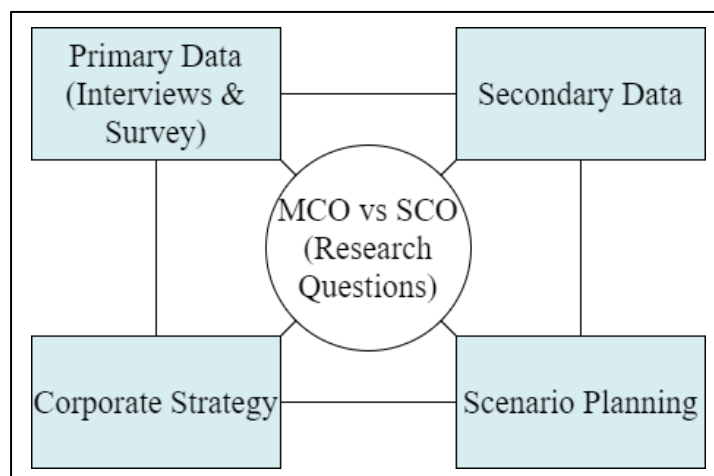


Figure 5: Research Methodology (Own Development)

3.2. Data Collection

3.2.1. Primary Data Collection

Primary data was obtained from two main sources: semi-structured interviews with experts in the sports/football industry and from a survey directed at football fans to analyse how ownership structures and business models, especially MCO, influence fan engagement.

Qualitative content analysis can be “all sort of recorded communication” such as interviews transcripts, and it has “differentiated levels of content: themes and main ideas of the text as primary content; context information as latent content” (Mayring, 2000). There were 10 semi-

structured interviews with stakeholders from football clubs, governing bodies, consulting sports/media firms and academics with deep knowledge on MCO. 2 of the interviews were topic specific (football business internationalization and football law). Semi-structured interviews were used to understand the relationships between variables and allow respondents to develop their responses more deeply (Saunders, Lewis and Thornhill, 2007). Table 1 identifies the roles of the interviewees, their company type, and the revenue range of their company.

ID	Role	Company Type	Revenue Range
1	Founder of major insights/consulting firm in football.	Consultancy/Research	n/a
2	Founder of global advisory firm in sport M&A's/Joint-Ventures.	Consultancy	n/a
3	Partner in a sports law firm and adviser to major football stakeholders.	Law	n/a
4	Senior manager in sports department of global consulting firm (Big-4).	Consultancy	>100 million USD
5	Lawyer in one of South America's top 30 football clubs (CONMEBOL, 2020).	Football Club	>75 million USD
6	Researcher & sports academic.	Academic	n/a
7	CEO in regional branch of major global sports and media consultancy firm.	Media/Consultancy	>100 million USD
8	Head of international business in one of Europe's top 30 clubs (UEFA, 2020a).	Football Club	>60 million USD
9	Former executive in integrity and ethics department in one of football's major governing bodies.	Governing Body	n/a
10	Business development manager at an MCO Group	MCO Group	n/a

Table 1: Experts Overview (Own Development)

There were 235 respondents to the survey, 49 which were excluded due to incomplete answers. The participants were from 38 countries, being the UK (24%), USA (20%) and Portugal (14%) the most represented nations. Such nationality diversity was attained by posting the questionnaire in multiple reddit and Facebook groups. Given that these groups were focused on

football content, the majority of respondents were already football fans. Nevertheless, it was essential to create control questions which allowed for the identification of the core target group: football fans who are engaged with their club. Therefore, in questions “How engaged do you feel with your football club currently?” and “Do you have a football club that you support?”, participants who answered with 1 and 2 (out of 5) in the Likert Scale (13 answers), and, participants who answered “no” (5 answers), were excluded. Consequently, there were 168 responses considered in the survey analysis.

“Attitude is a complex thing. Recent theoretical models of attitudes suggest that there are two dimensions – direction and strength” (Albaum, 1997). To evaluate these dimensions a Likert Scale that “consists of a series of statements to which a respondent is to indicate a degree of agreement or disagreement” (Albaum, 1997) is typically used. In the survey’s 21 questions, 5 were Likert Scales, used to evaluate increases or decreases in participants’ engagement levels, as football fans.

3.2.2. Secondary Data Collection

Secondary data, largely used to complement data sources in the analysis, was derived from 2 main sources. Firstly, there were financial and strategical reports from football governing bodies (FIFA/Member Associations). Secondly, reports from consulting firms and entities that perform analytical analyses of the football industry. A substantial part of the secondary data collection was completed in the literature review, using academic articles, books, and reports from governing bodies.

3.3. Scope of Analysis

To analyse the MCO phenomenon thoroughly, it is crucial to narrow the specific scope of the analysis. This was defined by: MCO’s in the football industry; MCO’s with cross-borders clubs; MCO’s with at least one club in UEFA territory; MCO’s in which the group/entity/individual is the majority owner and controls a 50% stake in at least 2 clubs; MCO’s where group/entity/individual has control in at least 2 clubs, and not mere influence over at least 2 clubs.

4. Analysis & Findings

Throughout this dissertation, the key problem was understanding why the football industry, when compared to others, has not yet evolved to a stage where business consolidation practices (M&As, roll-ups, statutory mergers) are prevalent: “In the context of company mergers and restructurings, it often occurs that multiple variants of a business process (...) need to coevolve and to eventually converge into a single process in order to eliminate redundancies and to create synergies” (Rosa, Dumas and Dijkman, 2012). Firms engage in M&As to accelerate growth, seize and expand on valuable capabilities (Brueller, Carmeli and Markman, 2018) and “M&A’s are a big deal for firms, managers, and scholars” (Brueller, Carmeli and Markman, 2018). Therefore, why has European football not yet regularly adopted these business consolidation practices?

Business consolidation practices introduce business complexity, which can be defined “by looking at the number of operating segments within different (...) companies” (Goldman Sachs, 2019) and by “growing globalization, (...) ever more sophisticated products, and the escalating demands of customers” (North, M. J., & Macal, 2007). Operating diversified business units, such as MCO’s, introduces higher levels of complexity and while it may deliver positive economies of scale, it also brings “challenges given regional nuances related to customer preferences, regulatory regimes and competitive dynamics” (Goldman Sachs, 2019). Analysis suggest that, on average, “simplified” European companies are outperforming “complex” ones, delivering higher cash return on capital invested (CROCI), over the last decade (Appendix 1).

Multi ownership in sports, a form of business complexity, is common in the USA, where individuals/groups tend to own multiple franchises across leagues (Robert Kraft, Stanley Kroenke, Philip Anschutz, Arthur Blank). On the other hand, in European football this is still an uncommon phenomenon, being MCO still in its early stages. Contrary to this phenomenon of multi ownership being common in the USA and not in Europe, is the fact that European multinational companies tend to be more complex than American ones, by operating in a greater number of geographical segments in segmental reporting (Goldman Sachs, 2019) ; (Appendix 2).

The normalization of multi ownership in the USA and the growth of American investment in European football (Rohde and Breuer, 2017), may be influencing the development of MCO in Europe. While European investors have been associated with win maximization, US investors, it is argued, are more oriented towards profit maximization and seek financial efficiencies by

applying “innovative revenue streams and an increased focus on profitability” (Rohde and Breuer, 2018), such as the use of data analytics (Lewis, 2004).

4.1. Semi-Structured Interviews

Interviews were analysed in three parts: firstly, the reasons for MCO growth; secondly, analysis of competitive advantages between MCO and SCO; thirdly, the future of MCO in the football industry. Since the third part focuses on the future, this was analysed in the scenario planning (chapter 4.6).

4.1.1. Growth of MCO

2006 saw one of the world’s biggest brands implementing MCO, Red Bull GmbH. In 2006, New York Metro Stars were sold to Red Bull and renamed as New York Red Bulls (UEFA, 2016). This was the second team in the portfolio, after Red Bull Salzburg. In 2007, Red Bull founded a team in Brazil and in 2009 founded a team in the Germanic city of Leipzig. Currently, this is the most successful club in the portfolio, having reached the semi-finals of the Champions League (2019/2020), the most important club competition in Europe (UEFA, 2020b).

2013 brought another crucial disruptor to MCO, City Football Group (CFG). Manchester City’s vision of adopting an MCO “business model has been shaped primarily by the vision of [Ferran] Soriano” (Robert M. Grant, 2019). Ferran Soriano, a former Barcelona FC vice-chairman presented the idea of MCO in his 2009 book, as an opportunity for clubs to explore incremental sources of revenue by increasing its brand presence worldwide (Soriano, 2009). Coincidence or not, in the end of 2012 Soriano was appointed Manchester City’s new CEO and in 2013, CFG created a new team, New York City FC (City Football Group, 2020b). The group rapidly grew with the inclusion of Melbourne City FC (2014), Yokohama F. Marinos (2014), Montevideo City Torque (2017), Girona FC (2017), Mumbai City FC (2019), Sichuan Jiuniu (2019), Lommel SK (2020) and ESTAC Troyes (City Football Group, 2020a).

City Football Group and Red Bull are unique in creating a sense of unity/standardization within their groups, following characteristics only attained through MCO.

Firstly, there is similarity in names, badges, and colours. All Red Bull teams’ main colours are red and yellow, they all operate under the name of the Austrian company, and the logos are similar. The most integrated teams in CFG play in Manchester City’s traditional sky blue, adopt the holding club name of “City”, and have similar logos. Secondly, both groups offer a career path to young footballers, attracting the best youth talent (Appendix 3). Thirdly, there is a standardization of digital media platforms (Appendix 4), presenting an opportunity to centralize

resources and achieve cost synergies. Fourthly, both groups create a common identity, using the same play style throughout all the teams. For instance, CFG adopts a “City Way”, where “all the City teams adopt a style of football based on passing, possession and a commitment to attack” (Robert M. Grant, 2019). Lastly, at CFG, unity and standardization are so accentuated that “features of [New York FC and Melbourne FC academies] were based on those of the Manchester academy and both were designed by the same architect, Rafael Viñoly” (Robert M. Grant, 2019). This allows economies of scale due to similarities between projects, leading to a decrease in the cost of each additional academy.

As the main disruptors, the successful example of CFG and Red Bull led to the development of other MCO’s.

In a similar vein, Atlético de Madrid currently owns two other football clubs, Atlético de San Luis in Mexico (2017) and Atlético Ottawa in Canada (2020). Atlético teams have a high integration level, sharing similar names, badges, and colours. The 3 teams use the name of the holding, “Atlético”, and play in red and white.

The previous examples are the most renowned ones, based upon holding club fame, history, portfolio size or integration level, but they are not isolated cases. After a thorough analysis of UEFA (2017) and CIES Sports Intelligence reports, it can be concluded that there are currently 57 clubs linked with MCO (Figure 6 and Appendix 6). Between 2005 and 2020, the number of clubs operating as MCO’s grew from 5 to 57 (Figure 6), with a compound average growth rate (CAGR) of 18%. Figure 6 shows the constant and rapid growth of MCO since 2006, especially in the last decade.

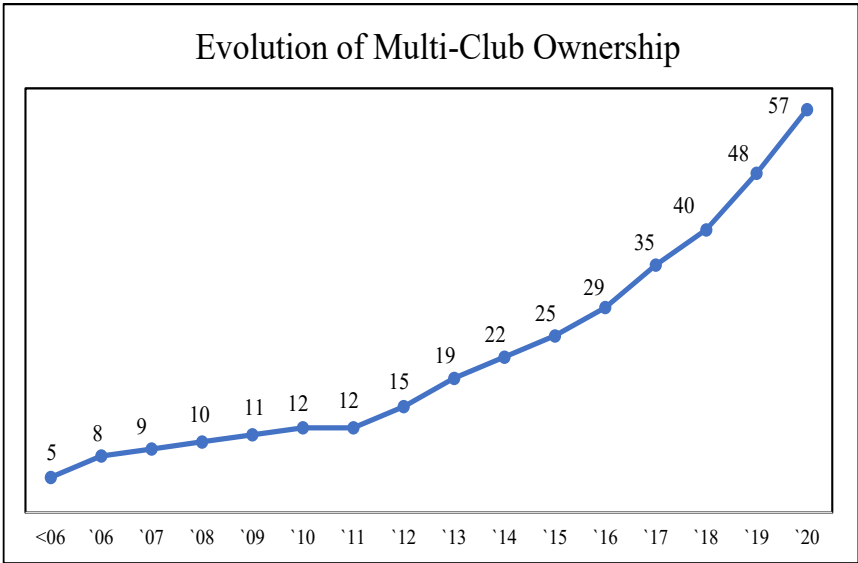


Figure 6: (UEFA, 2017) and CIES Sports Intelligence Reports (Own Development)

What are the reasons for this growth?

The first reason, mentioned by 5 out of 9 experts is player recruitment and development. Establishing a global network of clubs enables access to a wider talent pool across the globe. As this talent pool increases, so does the likelihood of having an academy player who will succeed in the first team of the holding club. Furthermore, by sending players to subsidiary clubs in competitive leagues there is an opportunity to increase their market value to promote them to the holding club in the future, or to sell them for a premium.

Inside player recruitment and development, a reason mentioned by 1 of the experts, is the commission value paid to agents in transactions. In 2019, intermediary commissions represented around 9% of each transaction (FIFA, 2019a) ; (FIFA, 2019b). Therefore, when selling a player within the group, MCO's avoid the intermediary commissions, achieving cost savings.

A second reason, mentioned by 5 out of 9 experts is the natural evolution of the football industry towards professionalization. "Football has become extremely globalized and professionalized" (Interview 5). The increasing commercialisation of football has led to an increase in M&A's: "In other industries M&A's are common – as football becomes more commercialised it is natural it increases" (Interview 4).

A third reason, mentioned by 6 of the 9 experts, is the increase of foreign ownership in the football industry, especially from American investors who bring new approaches and professionalized management (Figure 7). As of 2018 60% of English clubs were foreign owned, 35% in France, and 25% in Italy (UEFA, 2018).

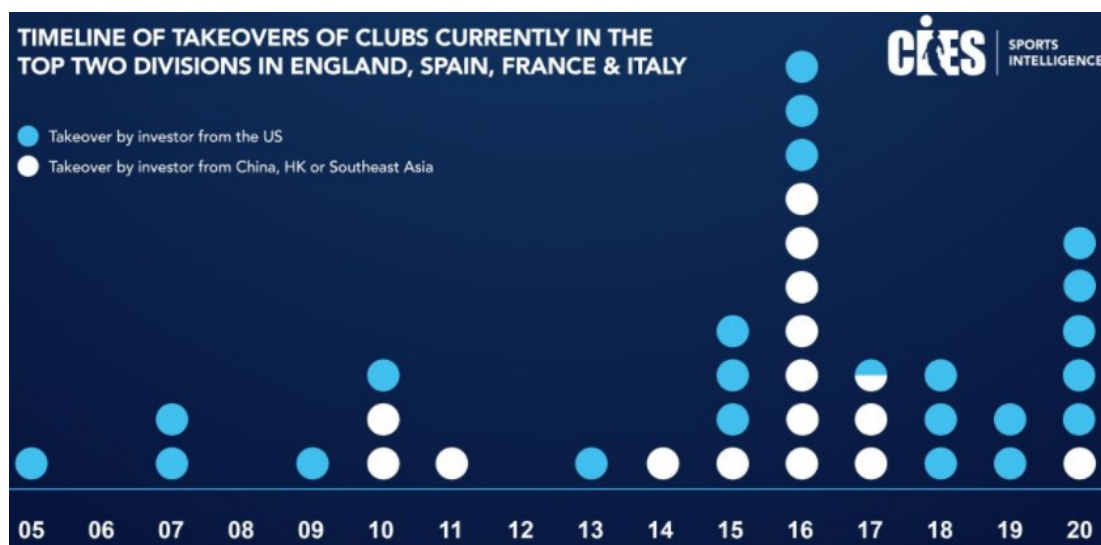


Figure 7: Evolution of Foreign Ownership in Football (CIES Sports Intelligence)

The trend towards foreign investment in Europe is not exclusive to the football industry. In 2018, 58% of the sold (or pending) European companies were with Asian and North American investors (Goldman Sachs, 2019) (Appendix 5).

Fourthly, there are cost efficiencies created by economies of scale. The centralization of business activities such as CRM, scouting, marketing, HR, data analytics and performance analysis decreases the costs of each player and game analysis/development (mentioned by 4 of the 8 experts).

Fifth, mentioned by 3 of 9 experts, was the polarization between leagues/clubs with vast financial resources and those without (UEFA, 2018).

Lastly, there was the effort to bypass the prohibition of third-party ownership (TPO). TPO is where an individual/fund owns the economic rights of a player and is entitled to compensation in a future transfer. In May 2015, FIFA banned this: “No club or player shall enter into an agreement with a third party whereby a third party is being entitled to (...) compensation payable in relation to the future transfer of a player” (FIFA, 2014). 3 experts mentioned that MCO may be used by some individuals/funds to bypass TPO, owning the player’s economic rights through a club structure. Using MCO for this purpose is not based on any managerial or strategic theory and does not bring any positive elements contributing to the performance, operations, internationalization, or fan engagement of the clubs, but merely accrues to the individual interests of owners.

4.1.2. MCO vs SCO in Competitive Advantages

In the second part of the interview, experts focused on evaluating if MCO delivers competitive advantages compared to SCO in: revenue sources, on-field performance, internationalization, and operational efficiencies. The rationale behind the selection of these 4 parameters was: firstly, maximizing revenue sources is crucial for clubs, because football lives in a climate of overinvestment (Şener and Karapolatgil, 2015) and capital matters (Andrews, 2015); secondly, the main competitive advantage for any football club, as a sport’s entity is to win championships and games; thirdly, 2 of the main advantages attributes attributed to MCO are internationalization and operational efficiencies: “gaining global exposure or optimising operations are among the expected benefits that drive owners toward multi-club structures” (KPMG Sports Advisory, 2020).

Revenue Sources

As mentioned, a club's 3 main revenue sources are: media (broadcasting) rights, commercial, and matchday revenues (Dima, 2015). Experts were asked if MCO delivers competitive advantages in each of these categories, when compared to SCO.

The distribution of media rights differs from league to league, with two available options: each club sells its media rights individually; the league/clubs sells the rights as a bundle, with money distributed equally amongst clubs based upon stipulated performance compensation criteria. The second option is the dominant model and Portugal is "the only major league where clubs sell their rights individually, and this is reflected in the huge gap between the top three sides and the rest in terms of TV revenues" (UEFA, 2018).

According to the experts the implementation of an MCO business model does not lead to competitive advantages in media rights value, when compared to SCO (Table 2). Experts claimed that the centralization of rights makes the decision to adopt an MCO or SCO business model immaterial: "With the rights centralization, there are no significant advantages" (Interview 4). Despite this clear answer, 2 of the interviewees stated that in the future, MCO's can create cross-country media platforms to broadcast club's games, increasing media revenues.

Regarding commercial revenues. 7 experts believed that, depending upon the level of integration, organizational structure, and the holding club's prestige, MCO brings advantages such as sponsorship deals, economies of scale, cost synergies, resources mutualization, but these are not enough to become competitive advantages. On the other hand, 1 expert stated that MCO brings competitive advantages regarding commercial revenues, when compared to SCO (Table 2). The keywords for analysis pertaining to commercial revenues are sponsorship, foreign markets, and synergies.

Regarding sponsorship, 4 experts stated that MCO enables advantages, with the rest of the experts not mentioning this dimension. This happens mainly due to increased brand presence. By having an international portfolio, MCO's reach a wider fanbase, a fact important for potential sponsors. An example is the deal between CFG and PUMA, which covers 5 teams of the group (PUMA, 2019).

Moreover, 4 experts stated that MCO leads to commercial advantages by promoting the holding club in foreign markets, with the rest of the experts not mentioning this aspect. With increased local brand presence, MCO's are able to create local engagement campaigns, enabling higher commercial revenues.

“Synergies are the present value of the net additional cash flow that is generated by a combination of two companies that could not have been generated by either company on its own” (Ficery, Herd and Pursche, 2007). 2 experts stated that MCO creates synergies by establishing shared campaigns across clubs and mutualizing media solutions. The rest of the experts did not cite synergy creation in their remarks.

Matchday revenues merely corresponded to 15% of club’s total revenues in 2018 (UEFA, 2018). 2 experts stated that MCO does not pose any type of advantage given that no fan will be attracted to a game if its club is part of an MCO. 5 experts stated that dependent on the MCO’s integration level and organization, some residual advantages can be achieved (Table 2). However, these benefits were viewed as rather theoretical and difficult to materialize. Examples include: ticketing know-how sharing, which enables cost efficiencies; halo effects created in the subsidiary club fans.

An additional source of revenues mentioned by 2 of the experts, which is often underestimated by reports, are transfer market revenues. According to these 2 experts, MCO clearly delivers a competitive advantage in transfer market revenues (Table 2), “because it gives access to national markets for player pooling” (Interview 6). The impact of MCO on transfer revenues was not mentioned by the interviewer because for the academic literature, club’s main sources of revenues are media, commercial, and matchday (Dima, 2015).

Interview	Competitive Advantage in Revenue Sources			
	Media	Commercial	Matchday	Transfers
1	No	Advantage	No	Not Mentioned
2	No (future possibilities)	Advantage	n/a	Not Mentioned
3	No	Advantage	Dependent on MCO	Not Mentioned
4	No	Advantage	Dependent on MCO	Not Mentioned
5	No (future possibilities)	Advantage	Dependent on MCO	Not Mentioned
6	No	Advantage	Dependent on MCO	Comp. Advantage
7	No	Comp. Advantage	Dependent on MCO	Not Mentioned
10	No	Advantage	No	Comp. Advantage

Table 2: Competitive Advantages in Revenue Sources? (Own Development)

Performance

“The most obvious area where a chain of clubs can realise a competitive advantage, [is the area] of on-field performance and player development” (KPMG Sports Advisory, 2020).

3 of the experts stated that the implementation of an MCO business model delivers an advantage in performance, due to player development, access to wider talent pool, and resource sharing, but that these are not competitive advantages. 3 of the experts claimed the achievement of these advantages is dependent on the group’s integration, organization, and capability.

Interview	Competitive Advantage in Performance
2	Dependent on MCO
3	Dependent on MCO
4	Advantage
5	Dependent on MCO
7	Advantage
10	Advantage

Table 3: Competitive Advantages in Performance? (Own Development)

Internationalization

The global appeal of European football is shown, among other factors, in shirt sponsorships. Across 25 European leagues, 56 clubs have a non-European shirt sponsor (UEFA, 2017). 6 experts believe that MCO delivers advantages in internationalization compared to SCO, but that these advantages have some risk associated, or are dependent on the club’s level of connection to local communities. 2 of the experts believe these advantages are dependent on the group’s integration level and holding club fame given that only global brands which are not extremely connected to a given region are able withdraw any advantage in internationalization by implementing an MCO business model (Table 4).

These advantages mainly occur due to: fan engagement, brand presence and brand visibility in the subsidiary’s countries; cost savings achieved by operating centralized campaigns for the portfolio clubs.

One of the experts is the head of international business in one of Europe’s most famous clubs, ranked in UEFA top-30 for 2020 (Interview 8). This expert stated that when SCO clubs create international campaigns, they are merely expanding and not internationalizing. To truly internationalize, clubs need to have strong brand presence in the market, only attained by

competing there. Therefore, internationalization entails clubs needing to apply an MCO business model. Nevertheless, this expert added that a successful internationalization strategy for an MCO is only attainable in clubs with historically low community engagement because no club with strong local presence can gain success from an internationalization standpoint, by applying an MCO business model.

Interview	Competitive Advantage in Internationalization
1	Advantage
3	Advantage
4	Advantage
5	Dependent on MCO
6	Advantage (some risks associated)
7	Advantage (some risks associated)
8	Advantage (dependent on variables)
10	Dependent on MCO

Table 4: Competitive Advantages in Internationalization? (Own Development)

Operational Efficiencies

According to 5 out of 6 experts MCO delivers advantages in operational efficiencies, which are not competitive advantages. These advantages are the centralization of activities (CRM, HR, marketing), best practices/resources sharing and networking effects. These advantages allow clubs to attain similar operational results at lower costs. 1 expert stated that the achievement of these advantageous is dependent on the MCO integration level and organizational structure (Table 5).

Interview	Competitive Advantage in Operational Efficiencies
1	Advantage
2	Advantage
3	Advantage
4	Advantage
5	Dependent on MCO
7	Advantage
10	Advantage

Table 5: Competitive Advantages in Operational Efficiencies? (Own Development)

4.1.3. Disadvantages of MCO

The interviews also yielded 3 main disadvantages/challenges in establishing an MCO business model.

Firstly, there was lack of focus. 3 experts stated that having a wider portfolio can result in a lack of focus in each of the clubs, potentially undermining advantages, and economies of scale.

Secondly, there was the potential for match fixing and money laundering. One of the experts is a former executive in the integrity and ethics department in one of football's governing bodies, and stated that MCO may exacerbate these problems, which are already present in football. Match fixing is an increasing trend and by having multiple clubs in the same group, MCO may worsen this negative tendency. In addition, due to MCO's global nature, tracking money flows around the world is harder for legal authorities, which is a disadvantage for ensuring integrity and best practices.

Thirdly, 3 experts stated that MCO has a poor reputation amongst fans, especially football's most traditional fans.

4.1.4. MCO vs SCO Overview

After analysing the interviews, it is possible to answer the first research question: *What impact does MCO have in the European Football Industry? Can it be a source of competitive advantage for clubs?*

Excluding media and matchday revenues, MCO delivers advantages to clubs, relative to various impact factors.

Regarding commercial revenues, achievement of these potential advantages is dependent on the group's level of integration, organizational structure and holding club fame. These advantages may become competitive advantages.

In performance, attainment of potential advantages is contingent upon the group's level of integration and organizational structure.

For internationalization purposes, these advantages may be attained depending on the groups level of integration, holding club fame and level of connection to the local community.

Operational efficiencies is the area where it is most likely for clubs to achieve an advantage just by implementing an MCO business model, but it is also dependent on the level of integration and organizational structure.

There is potential for MCO to deliver competitive advantages in market transfer revenues, according to 2 experts (one of these experts being a manager in an MCO group). This occurs because MCO's have access to a greater talent pool.

4.2. MCO segmentation

Experts stated that MCO delivering advantages is likewise dependent on the group's integration, organizational structure, prestige of the holding club, and level of connection to the local community. Therefore, "it is a mistake to think that all MCO's are the same" (Interview 5).

MCO's that are well integrated have a common identity and exhibit a strong brand unity, sharing names, colours, badges, and styles of play (Figure 8). There is player sharing and business operations centralization between clubs (marketing, HR, scouting and data analytics). These groups will enjoy advantages in revenues sources (commercial & transfers), performance, internationalization, and operational efficiencies. Revenues advantages may become competitive advantages.

Medium integration MCO's share players and centralize operations. These groups will enjoy advantages in performance, and in operational efficiencies (Figure 8).

Lastly, low integration MCO's operate as SCO's in terms of their business units, enabling possible performance advantage, through player sharing (Figure 8).

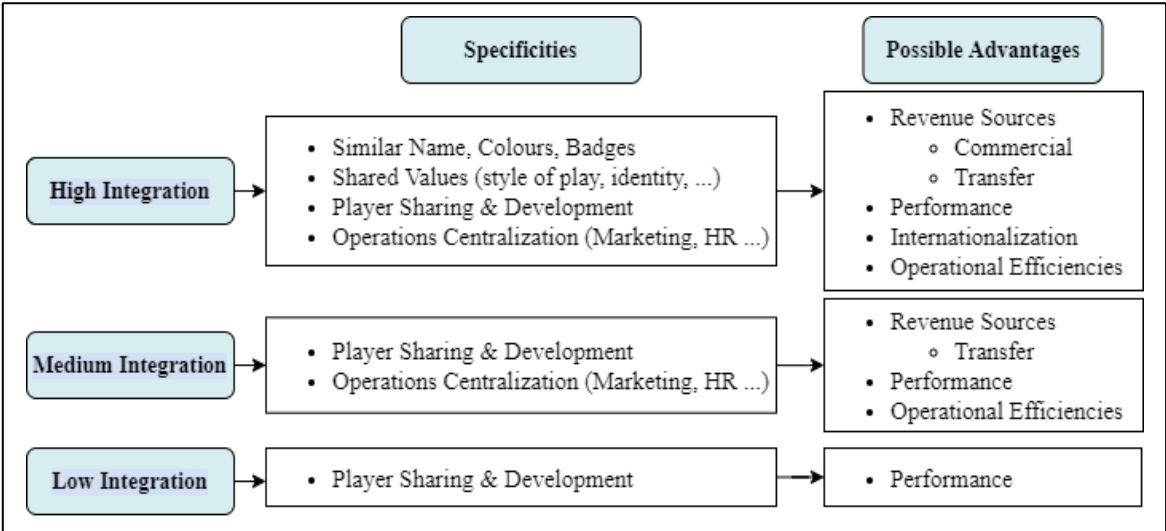


Figure 8: MCO Integration Level (Own Development)

4.3. Corporate Strategy and MCO

As alluded to in the literature review, corporate strategy focuses on what businesses the company should be in, and how the "mother company" can add more value to subsidiaries than

its rivals would (Porter, 1989). When a corporate strategy adheres to this logic “a company can create a meaningful corporate advantage”, which is the way in which a company creates value through the configuration and coordination of its multibusiness activities” (Collis and Montgomery, 1998).

To deliver this corporate advantage, there needs to be a clear fit between the subsidiary clubs and the holding, which can be evaluated using the “parenting fit matrix” (Campbell, A., Goold, M. and Alexander, 1995) (Figure 9). In the x-axis “potential for the parent to add value to the business”, there is the possibility for holding clubs to add value to the subsidiaries, through player sharing, operations centralization and enhanced commercial deals. Therefore, the question lies in the y-axis: “potential for value destruction from misfit between needs of the business and parent’s corporate management style”.

MCO groups with low integration and disorganized structures have high potential for value destruction, being marked in green inside “value trap” (Figure 9). An example was the abrupt partnership end between Atlético de Madrid and Atlético Kolkata, due to youth development divergencies (ESPN, 2017). Medium integration MCO’s have a medium potential for value destruction, being marked in grey, on the “edge of the heartland” (Figure 9). Lastly, high integration MCO’s such as Red Bull and CFG, have a low potential for value destruction, being in the “heartland”, marked in blue (Figure 9).

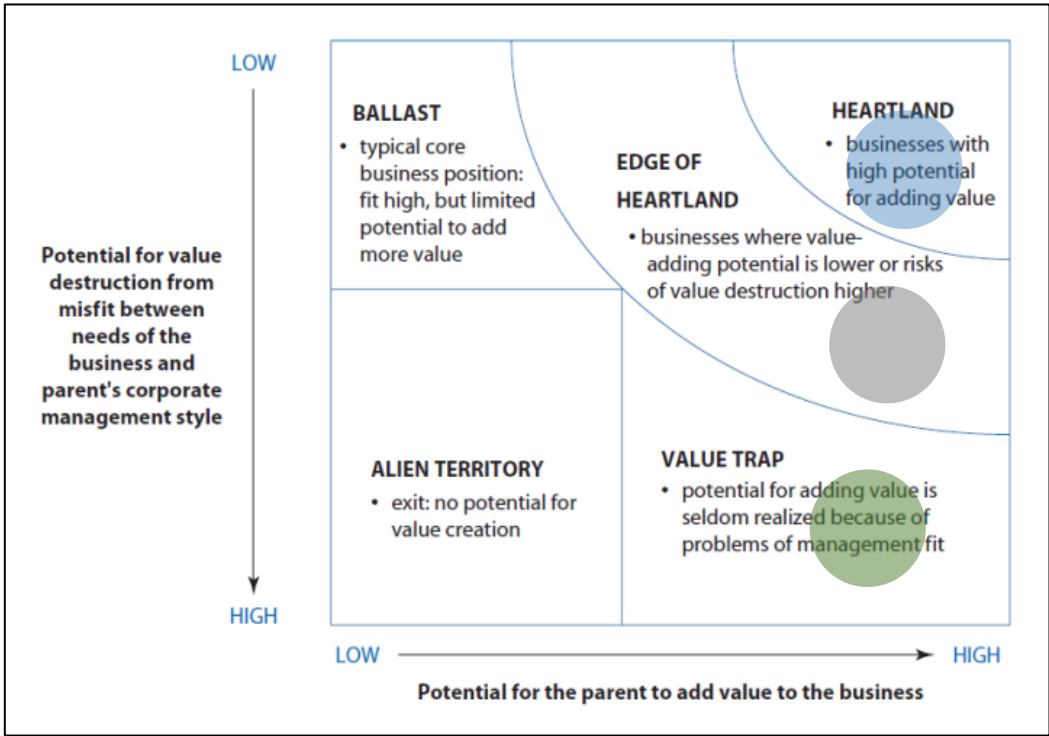


Figure 9: Parenting Fit Matrix (Campbell, A., Goold, M. and Alexander, 1995)

4.4. Case Study – Belgium & Brexit

Analysing MCO, a noticeable phenomenon became apparent: the high number of MCO's in Belgian professional football. Out of the 18 teams in Belgium's first division, there are 8 clubs linked with MCO (44%) (Appendix 6).

Insights collected from 2 of the experts, along with research completed, show that the main reasons for this phenomenon are: firstly, no restriction on non-EU player registrations, no restriction on loans, and only eight players need to be homegrown (New York Times, 2017); secondly, experts stated that having multiple languages spoken can smoothen integration; thirdly, low entry cost. Paul Conway, co-founder of Pacific Media Group, which operate as an MCO (appendix 6) stated that “you can invest a few million euros into a Belgium club and get control of (...) a clear path to develop players abroad and bring them [to England]” (Bloomberg, 2020); fourthly, due to legislation benefits: “Belgium offers a fast track to European citizenship, making it an ideal port of call for African players in particular” (New York Times, 2017). Furthermore, “in the Netherlands, any team planning on registering a non-E.U. player must pay him at least 300k euros a year. In Belgium, it is just 80k or 90k, including bonuses” (New York Times, 2017); lastly, Belgium football is one of the main exporters of talent, specially to the “big five” leagues. In 2019/2020, there were 17 transactions to the Premier League and the Bundesliga, with an average value of 6.2 million euros per transaction (Deloitte, 2020b).

There is a disruptor which may leverage this phenomenon even further: Brexit. With Brexit, English football clubs will no longer be under European laws, and will not “be able to sign EU players at 16 [years old]” (Bloomberg, 2020). Therefore, Belgium clubs can be a gateway between young foreign talent and English clubs. After the announcement of Brexit in 2016, there was a spike in the purchase of Belgium teams by English football clubs (OH Leuven by Leicester City FC, KV Oostende by Barnsley, Lommel SK by CFG, Beerschoot by Sheffield United, Waasland-Beveren by Crystal Palace, Saint-Gilloise by Brighton) (Bloomberg, 2020).

All the stated reasons make Belgium an “incubator” for MCO in European football. Paul Conway stated that M&A's in football will continue to expand because they offer performance, revenues and cost synergies, and because European football will continue to grow in professionalization, becoming similar to other industries: “you can have one CEO, one commercial director, one finance director and one data analytics director to oversee multiple clubs” (Bloomberg, 2020).

4.5. Survey

A crucial stakeholder in sports are fans. Without their support, a club's top management can become unstable and face pressures. Therefore, it is essential to understand fans' perceptions of MCO.

In figure 10, it is plotted the engagement levels that participants stated to have under the 3 most common ownership structures (members, private, foreign) and 2 business models (SCO and MCO). The 3 main insights which can be drawn are: firstly, members ownership is the iteration with the highest fan engagement (mean = 4.399) and with the lowest standard deviation (0.759), meaning that scores are very concentrated around the mean; secondly, foreign ownership is the ownership structure with the lowest fan engagement (mean = 3.132) and the highest spread (standard deviation = 1.159); thirdly, SCO (mean = 4.185) clearly delivers higher fan engagement than MCO (mean = 2.899). It also has a lower standard deviation, meaning answers in SCO are more concentrated around the mean.

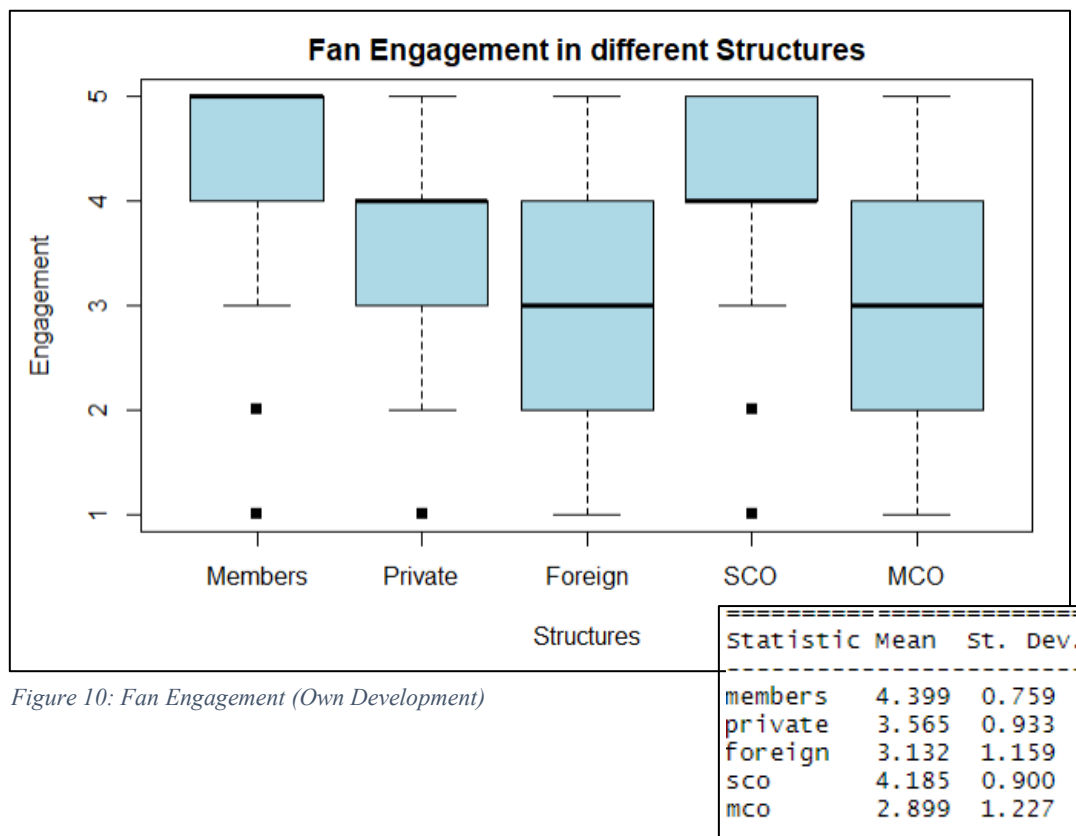


Figure 10: Fan Engagement (Own Development)

A regression analysis was also conducted to understand what factors most influence fan engagement in MCO (1) and SCO (2) (Table 6).

Firstly, for each additional engagement unit in foreign ownership (Likert Scale), on average, fan engagement in MCO increases by 0.207, ceteris paribus. This means that fans who are more

engaged in foreign private ownership situations, tend to be more engaged under an MCO business model. On the other hand, for each additional engagement unit in members ownership (Likert Scale), on average, fan engagement in SCO increases by 0.463, ceteris paribus. Therefore, fans who feel more engaged in members ownership, tend to be more engaged in SCO.

Secondly, participants were asked if they would support another club in a portfolio in which their team participated. When participants answered “yes”, their engagement in MCO increased by 0.570, on average, ceteris paribus.

Thirdly, participants were asked how they would act if their club became part of an MCO group. By each additional unit in engagement (Likert Scale), fan engagement in MCO increases, on average, by 0.465, ceteris paribus.

	Dependent Variable	
	MCO (1)	SCO (2)
Members Ownership Engagement	0.152	0.463***
Private Ownership Engagement	0.224*	0.213**
Foreign Ownership Engagement	0.207**	-0.051
Would Support Other MCO Teams?	0.570***	
Team Becoming Part an MCO Perception	0.465***	-0.047
Constant	-1.065	1.732***
n	131	167
R2	0.488	0.230
Note:	*p<0.1	**p<0.05
		***p<0.01

Table 6: Regression Analysis (Own Development)

Note: regression 1 has 131 observations and regression 2 has 167 observations, because for the question: “Under an MCO, would you support the rest of the clubs in the network?” participants who answered “Do not know” were removed in regression 1 dataset. Since this data was not an independent variable in regression 2, it does not affect the conclusions drawn.

When experts stated that MCO delivers advantages in commercial revenues and internationalization, one of the premises was that fans would buy merchandise from the other teams in the group. According to the survey results, 83% of the participants currently buy

merchandise for their primary team and 14% would buy merchandise of the other teams in the group (Figure 11).

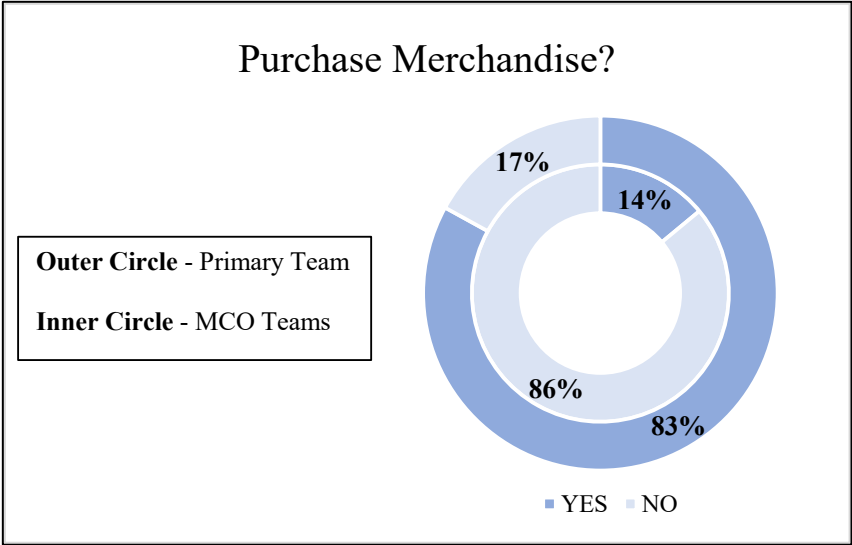


Figure 11: Merchandise Sale in Different Scenarios (Own Development)

Fans are extremely attached to players, especially star players, with 71% of the participants stating that they have a favourite. Given that MCO is focused on resource sharing, especially in moving major athletes from the subsidiaries to the major holding club, how do fans feel about these transfers? When asked if their feelings towards the club would change if a major player was sold in the transfer market, only 10% answered yes. From the 90% who stated that their feeling towards the team would not change, 60% would still be very dissatisfied or dissatisfied if the major player were sold inside an MCO (Figure 12). Therefore, fans who do not change feelings towards the team when a major player is sold in the open transfer market will still be dissatisfied if their team’s star player is sold inside an MCO.

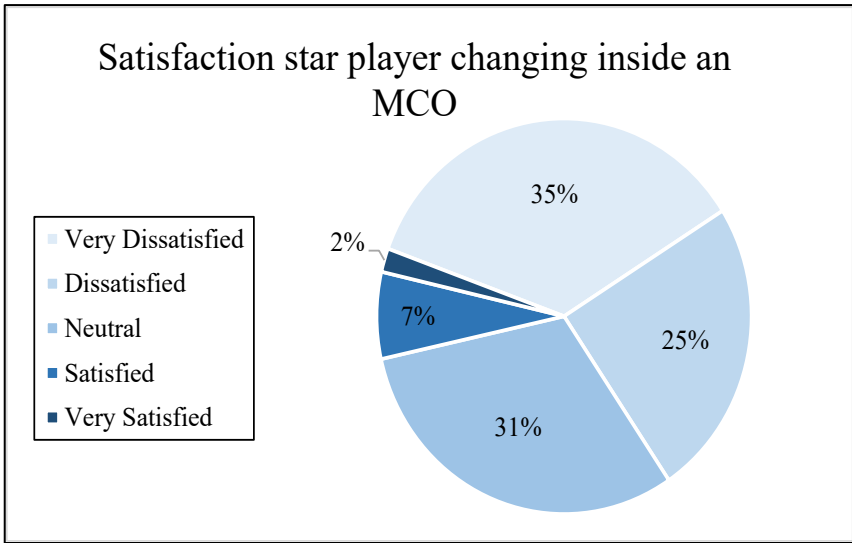


Figure 12: Satisfaction Star Player Changing in MCO (Own Development)

Lastly, an interesting insight is to analyse whether age as any effect on the perception of MCO. If participants are divided into two groups, below and above 30 years old, it is possible to evaluate if there is a difference in the mean given to engagement under MCO, by each age group (Table 7). The null hypothesis was: “the engagement mean under MCO is equal for both age groups”. Given that the p-value (0.2963) is higher than the significance level (0.05), the null hypothesis is not rejected. Therefore, age does not make any significant difference when evaluating engagement levels under an MCO business model.

Age Group	n	Mean	StDev
<30	128	2.84	1.23
>=30	40	3.08	1.19
t = -1.0527		p-value = 0.2963	
		df = 66.406	
		α = 5%	

Table 7: t-test for Age Influence in MCO (Own Development)

Concluding, fans feel more engaged in members ownership, than in private or foreign ownership. Furthermore, fans are more engaged in SCO than in MCO. Participants who feel more engaged about members ownership will, on average, give a higher score to SCO. On the other hand, fans who feel more engaged about foreign ownership will tend, on average, to assign a higher engagement score to MCO. It is not possible to discount whether age makes a difference when giving an engagement score for the MCO business model. Furthermore, MCO’s can expect around 15% of fans from each club to buy merchandise from the other portfolio teams. Lastly, fans that do not change feelings towards their team when a major player is sold in the open transfer market, are still dissatisfied if the star player is sold to a club inside the same group.

4.6. Scenario Planning

It is crucial to establish that this thesis is not attempting to predict the future, but rather build 3 hypothetical scenarios to evaluate how MCO, as a disruptor, may influence the football industry. “There is absolutely no possibility of [any] scenario being fully articulate about what will occur”, but “some variables can be predicted with considerable accuracy” (Granger, 2014).

The framework presented by Schoemaker (1995) was used, where “by identifying basic trends and uncertainties, a manager can construct a series of scenarios that will help to compensate for the usual errors in decision making - overconfidence and tunnel vision” (Schoemaker, 1995).

Schoemaker (1995) states that it is crucial to identify the stakeholders. The primary stakeholders are clubs, governing bodies (FIFA, UEFA...), leagues and fans. The secondary stakeholders

are sponsors, players, and coaches. The influencers are media, governments, and player’s agents (Figure 13).

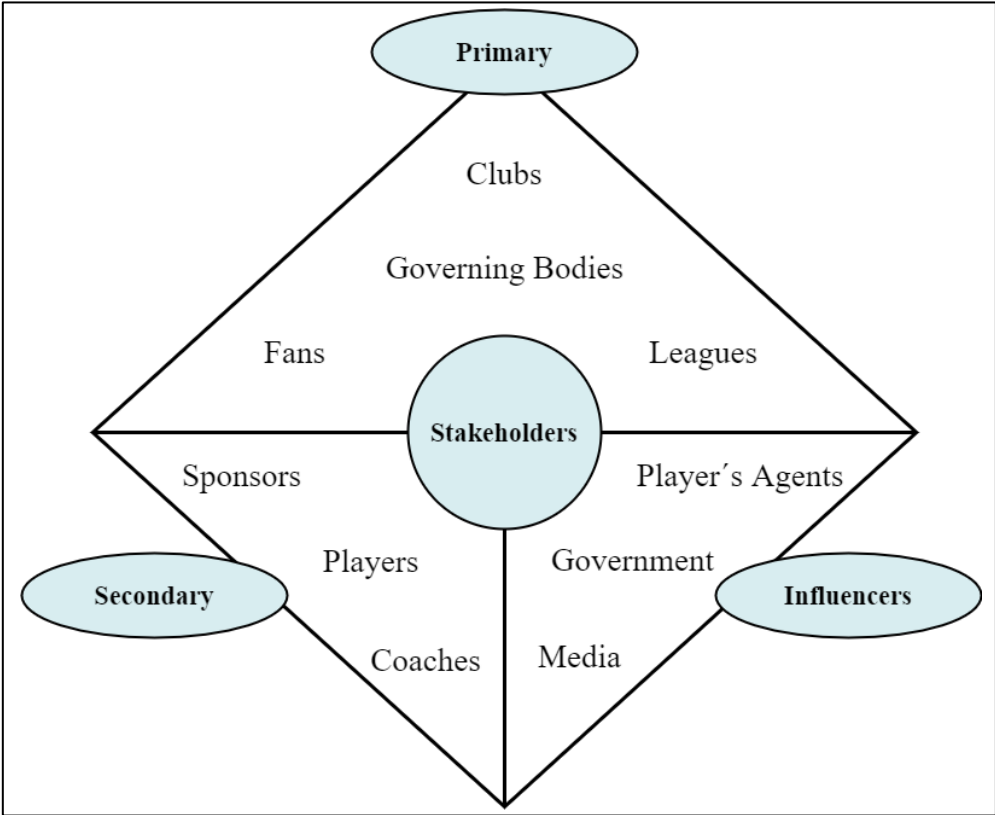


Figure 13: Stakeholders (Own Development)

Historically, given that football is such a competitive industry, disruption tends to come from clubs who constantly seek competitive advantages over competitors (signing foreign players, data analytics, MCO). Governing bodies and leagues usually stipulate the boundaries of legality for such disruptions. Fans either approve or disapprove the disruption, exerting power over clubs and governing bodies.

Furthermore, it is important to identify basic trends affecting the football industry and MCO. Firstly, there is a growth of foreign investment, particularly from the USA. Secondly, there is a bifurcation between wealthy leagues/clubs and less wealthy ones (UEFA, 2018). Thirdly, there is speculation about the creation of a European Super League, with claims that richest European clubs are “contemplating a breakaway competition that will supersede the existing structure of the world’s favourite sport” (Financial Times, 2020c). Then, there is an increase of management best practices (moneyball (Lewis, 2004); use of data analytics by Liverpool FC to win the EPL (Lichtenthaler, 2020)). Further, there is an increase in the number of Private Equity firms investing in football. In 2019, Silver Lake purchased a 10% stake in CFG for 500 million dollars, valuing CFG at 4.8 billion dollars (City Football Group, 2019). Currently, multiple

private equity firms are investing in Italian football (Financial Times, 2020a). Lastly, there is an increase in the importance of e-sports (Financial Times, 2020b).

The next step is to identify key uncertainties. Being an industry that is extremely competitive and in constant development, uncertainties abound in football. The main uncertainty regarding MCO in the football industry is how governing bodies (FIFA, UEFA ...) will act in the future. Will they allow the growth of MCO, or will legal barriers stymie it? Furthermore, how will fans adapt to the continued growth of MCO in the football industry? Positively or negatively? Will they be an obstacle to its development?

It is also essential to define the rules of interaction between the basic trends and the key uncertainties (Appendix 7). The main rule of interaction is that football is becoming like any other industry, with clubs searching for competitive advantages everywhere, while governing bodies and fans are the ones who either validate these disruptions or do not.

An important statistical concept in forecasting and that will be used in this scenario planning is Wiener and Granger causality (WGC). WGC states that if there are two variables (X and Y), and if the forecasting is trying to predict $X(t+1)$, it may be necessary to use past terms of both X and Y. This occurs because Y may contain useful information to predict $X(t+1)$, that X misses (Bressler and Seth, 2011). Therefore, when trying to predict MCO, it is necessary to analyse both past terms of MCO, and also how fans, governing bodies, and clubs reacted to changes in the industry in the past.

It is now possible to develop the 3 different scenarios. Each scenario will start off with a 1/3 probability, being recalculated after its analysis. The probabilities will be recalculated giving the following weights to each of these items (experts - 80%; fans (survey) - 20%).

4.6.1. 1st scenario – “Predominant”

In this scenario, the great majority of clubs in the big-5 leagues will understand the efficacy of implementing an MCO model, holding that it delivers advantages. They will purchase clubs in Belgium, the French second division, Spain, Portugal, Uruguay, India, among others.

Given that MCO's will be inter-continental, leagues will not pose any barrier to its development. Perhaps there will be the implementation of an European Super League (Financial Times, 2020c), creating an even greater polarization in football, incentivizing big clubs (Juventus, Real Madrid, Paris-Saint Germain, ...) to adopt an MCO business model to develop talent and become more competitive in this exclusive league.

Governing bodies (FIFA, UEFA ...) will embrace the development of MCO positively. This scenario is very uncertain and according to expert n° 9, a former executive in one of football's major governing bodies, their decision will be made to please the stakeholders who exert the greatest power (Interview 9). Therefore, in this scenario MCO's will be capable of lobbying and exerting enough pressure on governing bodies to allow this model to become preponderant.

Fans will adapt well to this growth and embrace MCO. This is extremely unlikely. The survey showcases that fans prefer SCO to MCO and 1 of the experts stated that: "Sports fans are very conservative in their way of thinking" (Interview 4).

Concluding, only 1 expert (14.3%) stated that this scenario would be possible, but very dependent on the future position of governing bodies. Furthermore, as concluded in the survey, fans prefer SCO to MCO, with merely 10% of the survey participants stating that they would be strongly engaged in a MCO business model. Therefore, the probability for this scenario to occur is 13% (Appendix 8).

4.6.2. 2nd scenario – "Consolidated Growth"

In this scenario, more clubs will evaluate the possibility of adopting an MCO business model, but only the ones capable of developing such an organizational structure, and with available capital will embrace it. Rumours surrounding the creation of new MCO's (Leeds United owner wanting to form a consortium of clubs (The Times, 2020) or USA investors planning to "recreate" CFG (Forbes, 2020)) will become a reality. Covid-19 will be a catalyst, given that it "has had a direct and immediate impact on clubs' matchday revenue" and "there may also be longer-term impacts" (Deloitte, 2020a).

In this scenario, governing bodies will continue to widely allow MCO in football and manage conflicting situations individually, to not upset any of the major stakeholders. With the growth of MCO groups, the pressure on governing bodies not to undertake any restrictive measures will increase. Decisions similar to the one allowing RB Leipzig and Red Bull Salzburg to play in the same Champions League edition (Reuters, 2017) will be applied. For Wiener and Granger causality, this would be a past event of a Y variable, because it shows the behaviour of governing bodies in past events. By not taking widespread preventive measures, governing bodies will allow the growth of MCO.

Fans will continue to prefer SCO, but will cope with the growth of MCO. Therefore, it is likely that MCO will mainly grow in clubs and leagues with low and less engaged fanbases. For instance, in the German Bundesliga where football clubs are very embedded in communities

tradition, and where there is a 50+1 rule obliging each club to be at least 51% owned by members (Bundesliga, 2017), MCO will not see any large developments. On the other hand, leagues/clubs accustomed to private or foreign ownership, and not so domestically rooted, will see the rise of MCO.

In conclusion, 5 of the experts (71.4%) believed that MCO will continue to grow at a steady pace, despite this growth being extremely dependent on future policies of governing bodies. According to the survey, around 48% of the fans stated that they would be either engaged or neutral towards an MCO business model. Therefore, the likelihood of this scenario is 67% (Appendix 8).

4.6.3. 3rd scenario – “Decline”

This scenario may occur due to disparate behaviour of different stakeholders.

Clubs may realize that the return on investment (ROI) of implementing an MCO is not positive and start a divestment process. This seems unlikely because as already concluded, MCO may deliver clear advantages. Therefore, the decline is not likely to come from the club’s side.

According to 7 experts, MCO’s main threat comes from governing bodies imposing legal boundaries on its implementation and operation, leading to a divestment process. 1 of the experts, a former executive in one of football’s major governing bodies stated that the “challenge is for governing bodies to ensure how this issue will develop. Do they back MCO clubs or other interests?” (Interview 8).

Fans will have a preponderant role in this scenario. If they take a clear position against MCO in European football, they can exert a great amount of pressure on governing bodies and leagues. As stated by expert 8, governing bodies will please whichever stakeholder is capable of exerting the greatest pressure (Interview 8). If fans unite and have a clear voice against MCO, governing bodies will be forced to impose restrictions on MCO, leading to divestments.

To conclude, only 1 expert (14.3%) stated that this is the most likely scenario, given that governing bodies will most likely restrict MCO. The survey clearly shows that 42% of the fans would either be disengaged or strongly disengaged under a MCO business model. Therefore, this scenario has a probability of 20% (Appendix 8).

Table 8 shows the probability of each scenario to occur, based on the analysed data.

	Predominant	Consolidated Growth	Decline
Experts (80%)	14.3%	71.4%	14.3%
Survey (20%)	10%	48%	42%
TOTAL	13%	67%	20%

Table 8: Future Scenarios Probabilities (Own Development)

4.6.4. MCO – Predominant Business Model?

After outlining the possible future scenarios, it is possible to answer the second research question: *How will the industry evolve, assuming MCO becomes the prevalent business model?*

The first conclusion drawn is that it is unlikely for MCO to become the prevalent business model in football. According to the analysis, there is a 13% probability for this scenario to occur.

If it does become a reality, most likely this will be caused by the creation of a European Super League, a possibility for the near future (Financial Times, 2020c). With this league, the disparities between wealthiest and poorer clubs would be further accentuated: “a breakaway that does not depend on qualification via a domestic league would create an unbreachable chasm between the biggest teams and the rest of the game” (Financial Times, 2020c). Teams desiring to build a portfolio of clubs would be enhanced for two main reasons. Firstly, the law impeding two clubs owned by the same entity from participating in the same European competition would lose its value, because only the holdings would be present. Secondly, there is the need to develop and supply talent to make the holding club powerful in this competition.

Governing bodies would either be lobbied to allow development of MCO, or this European Super League would be played “without FIFA’s explicit approval” (Financial Times, 2020c), withdrawing all of the governing body’s power. Nevertheless, this last scenario is unlikely to occur.

Even when expressing strong dissatisfaction, fans would be unable to mitigate football being based on commercial, financial, and strategic decisions. Fans would adapt to this reality or else football would lose its popularity. This last point is not likely at all given the deep connection fans have with the game. As Andrea Agnelli, Juventus FC’s president stated: “Go back and look at what happened 25 years ago when changes were first introduced to the Champions League. Everyone was against it. Now, everybody loves it” (Financial Times, 2020c). This statement shows a past event of a possible Y variable in a Weiner and Granger causality. In the past, fans have responded badly to abrupt changes in the industry but adapted well.

5. Conclusion

This chapter presents an overview of the dissertation's conclusions, its limitations, and future research suggestions.

5.1. General Conclusions

Despite the clear growth of MCO in the football industry, especially in the last decade, there is still a general lack of theoretical studies (Rohde and Breuer, 2017). Prior literature focused on introducing the MCO phenomenon and discuss its growth trajectory, while neglecting to analyse MCO from a managerial and strategic standpoint.

This dissertation may already have had an impact upon current studies of MCO. Shortly after interviewing a manager in the sports department of a global consulting firm (Interview 4), this renowned company published an article about MCO and its role in the future of football.

The climate of fierce competition and overinvestment in the football industry (Şener and Karapolatgil, 2015) force stakeholders to constantly search for competitive advantages, such as the use of data analytics (Lewis, 2004) ; (Lichtenthaler, 2020). Nevertheless, football still lags in applying certain managerial best practices when compared to other industries. Football's popular tradition and the unprofessional way in which it is managed, are the factors hindering dissemination of managerial best practices. However, growth of MCO may be proof that managerial best practices are gaining traction in the industry, as it becomes increasingly global and professionalized.

MCO growth may be attributed to multiple factors. Firstly, player recruitment and development. Building a portfolio of clubs concedes access to a wider talent pool and allows player development via the group's supply chain. Secondly, increasing foreign ownership, with mainly American investment bringing professionalization and a financial perspective to football (Rohde and Breuer, 2018). Thirdly, there is natural evolution of the industry towards professionalization, and a widening gap between wealthy and less wealthy clubs and leagues (UEFA, 2018). Fourthly, cost efficiencies created by economies of scale are attracting owners towards MCO. Lastly, some groups are using MCO to bypass FIFA's prohibition of TPO (FIFA, 2020).

This dissertation shows that implementing an MCO business model enables advantages in commercial and transfer revenues, on-field performance, brand internationalization, and operational efficiencies. Nevertheless, achieving these advantages is highly dependent on the

level of integration within MCO groups, organizational structures, global exposure of the parent club, and level of connection to the local community. There is potential for competitive advantages being achieved in commercial and transfer revenues.

The main disadvantages of MCO are the lack of focus created by managing a portfolio of clubs, the potential to fix matches, launder money, and MCO's poor reputation amongst football's most traditional fans.

Belgium football showcases how MCO development is enhanced by an environment where specific characteristics are enabled: a competitive league with low restrictions on player registration, with favourable legislation to obtain European citizenship, where player integration and development are enabled, and there are low barriers to entry.

Qualitative data (survey) in this dissertation facilitated analysis of how football fans perceive MCO, and how their engagement is influenced under the MCO business model. Fans are most engaged in members ownership than in private or foreign ownership and are more engaged by SCO than MCO. Participants who are more engaged by members ownership will, on average, give a higher fan engagement score to SCO, *ceteris paribus*. On the other hand, fans increasingly engaged with foreign ownership will, on average, have higher engagement in MCO, *ceteris paribus*. The conclusion was that age is immaterial when evaluating MCO, and groups can expect around 15% of fans from each club to purchase merchandise of the rest of the teams in the portfolio. Participants who are not affected by their team selling a major player in the open transfer market, will still be dissatisfied if their team's star player is sold to a club inside the same group.

This dissertation also focused on MCO possible future scenarios. To do this a scenario planning framework from Schoemaker (1995) was used and concepts from Wiener and Granger Causality (Bressler and Seth, 2011).

The likely future scenario is for MCO to have consolidated growth, attracting groups interested in the potential competitive advantages gained. It is unlikely that it will become preponderant in the industry. If it does become a reality, this is expected due to the creation of a European Super League, which incentivised the biggest European clubs to adopt such a business model. The main threat to MCO, and which may lead to its decline, are the potential legal restrictions applied by governing bodies, restraining MCO development and operations.

5.2. Limitations

The present dissertation, while providing contributions to the field of study, has inevitable limitations.

Regarding sampling, the younger (<18) and older (>50) segments have 16 and 8 observations, respectively. Given that “much less than 40 observations in length are not likely to be adequate and statistically significant” (Ashley, 2003), there may be an untruthful representation of these group’s true behaviour. Nevertheless, no statistical analysis was performed to groups where sample sizes had less than 40 observations.

The regression analysis for SCO (table 6) has a quite low R² of 0.230. This may be explained by two reasons: firstly, the survey was directed towards the evaluation of MCO. Therefore, there are more explanatory variables for engagement in MCO than SCO; secondly there may be an omitted variable bias, leading to a significant independent variable being omitted from the model, resulting in a lower R².

In the interviews, the selected revenue sources were media, commercial, and matchday, given that these are the club’s main sources of revenues (Dima, 2015). Nevertheless, 2 of the experts stated that transfer revenues were being ignored and they concluded that MCO leads to competitive advantages in this regard. Therefore, it would have been advantageous to receive input from more experts regarding the impact of MCO on transfer revenues.

Qualitative data may suffer from interviewer bias. “Biases introduced by the interviewer can directly affect the validity and reliability of the ultimate findings of the study (...). The interviewer inadvertently may convey approval or disapproval for responses through facial expressions or nonverbal behaviour” (Salazar, 1990). Unintentionally, and due to the interviewer lack of experience, questions may have been posed in a way that made experts answer in a specific path. Nevertheless, this bias was avoided as much as possible, by following a specific interview script (Appendix 9).

This dissertation was written during the Covid-19 pandemic. Therefore, expert interviews were conducted remotely, which may have affected responses. Furthermore, with the lockdown, football fans have been restricted from stadiums. Therefore, survey participants` answers may be influenced by abnormal variances, which would not be felt if participants could attend games in person.

5.3. Future Research

This dissertation opens the door to further research in the still unexplored field of MCO.

It would be interesting to analyse MCO's impact on sporting performance, through a quantitative analysis, instead of a qualitative analysis.

Furthermore, it would be useful to perform a quantitative analysis on the influence of player transfer revenues in MCO's total revenues.

Further analysis of the impact of the Covid-19 pandemic on the development of MCO in the football industry may also be interesting.

6. References

- Acero, I., Serrano, R. and Dimitropoulos, P. (2017) 'Ownership structure and financial performance in European football', *Corporate Governance (Bingley)*, 17(3), pp. 511–523. doi: 10.1108/CG-07-2016-0146.
- Albaum, G. (1997) 'The Likert scale revisited: An alternate version', *International Journal of Market Research*, 39(2), pp. 331–348. doi: 10.1177/147078539703900202.
- Andrews, M. (2015) 'Being Special: The Rise of Super Clubs in European Football', *Working Papers Center for International Development at Harvard University*, (299).
- Ashley, R. (2003) 'Statistically significant forecasting improvements: How much out-of-sample data is likely necessary?', *International Journal of Forecasting*, 19(2), pp. 229–239. doi: 10.1016/S0169-2070(01)00139-X.
- Aspara, J. *et al.* (2013) 'Corporate business model transformation and inter-organizational cognition: The case of nokia', *Long Range Planning*, 46(6), pp. 459–474. doi: 10.1016/j.lrp.2011.06.001.
- Bloomberg (2020) *English Soccer finds EU Loophole to Keep Access to Young Talent*. Available at: <https://www.bloomberg.com/news/articles/2020-05-27/english-soccer-finds-eu-loophole-to-keep-access-to-young-talent>.
- Boillat, C. and Marston, K. T. (2016) *Governance Models Across Football Leagues and Clubs*.
- Bouquet, C. and Birkinshaw, J. (2011) 'How Global Strategies Emerge ', *Global Strategy Journal*, 1(1), pp. 243–262. doi: 10.1111/j.2042-5805.2011.00022.x.
- Bressler, S. L. and Seth, A. K. (2011) 'Wiener-Granger Causality: A well established methodology', *NeuroImage*, 58(2), pp. 323–329. doi: 10.1016/j.neuroimage.2010.02.059.
- Brueller, N. N., Carmeli, A. and Markman, G. D. (2018) 'Linking Merger and Acquisition Strategies to Postmerger Integration: A Configurational Perspective of Human Resource Management', 44(5), pp. 1793–1818. doi: 10.1177/0149206315626270.
- Bundesliga (2017) 'German soccer rules: 50+1'. Available at: <https://www.bundesliga.com/en/news/Bundesliga/german-soccer-rules-50-1-fifty-plus-one-explained-466583.jsp>.
- Campbell, A., Goold, M., & Alexander, M. (1995) 'Corporate strategy: The quest for

parenting advantage’, *Harvard Business Review*.

Christensen, M. C. (1997) *The innovator’s dilemma: when new technologies cause great firms to fail*. Harvard Business Review Press.

Christensen, M. C. (2001) ‘The Past and Future of Competitive Advantage’, *MIT Sloan Management Review*, p. 105. doi: 10.2307/j.ctvxkn79b.14.

City Football Group (2019) *CFG Announces US\$500 Million Strategic Investment by Silver Lake*. Available at: <https://www.cityfootballgroup.com/information-resource/news-and-press-packs/cfg-announces-us-500-million-strategic-investment-by-silver-lake/>.

City Football Group (2020a) *City Football Group adds Estac Troyes as Tenth Club*. Available at: <https://www.cityfootballgroup.com/information-resource/news-and-press-packs/city-football-group-adds-estac-troyes-as-tenth-club/>.

City Football Group (2020b) *New York City FC*. Available at: <https://www.cityfootballgroup.com/our-teams/new-york-city/>.

Collis, D. and Montgomery, C. (1998) *Creating Corporate Advantage*. Available at: <https://hbr.org/1998/05/creating-corporate-advantage>.

CONMEBOL (2020) *Conmebol Ranking*. Available at: <http://www.conmebol.com/es/ranking-conmebol-libertadores2020>.

Deloitte (2020a) ‘Annual Review of Football Finance’, *Deloitte*, (June).

Deloitte (2020b) ‘Socio-economic impact study of the Pro League on the Belgian economy’, (June).

Dima, T. (2015) ‘The Business Model of European Football Club Competitions’, *Procedia Economics and Finance*, 23(October 2014), pp. 1245–1252. doi: 10.1016/s2212-5671(15)00562-6.

Erel, I., Liao, R. C. and Weisbach, M. S. (2012) ‘Determinants of Cross-Border Mergers and Acquisitions’, *Journal of Finance*, 67(3), pp. 1045–1082. doi: 10.1111/j.1540-6261.2012.01741.x.

ESPN (2017) *Atlético Madrid ends link up with Atlético Kolkata over youth differences*. Available at: <https://www.espn.com/soccer/atletico-madrid/story/3169392/atletico-madrid-end-link-up-with-atletico-kolkata-over-youth-differences>.

Ficery, K., Herd, T. and Pursche, B. (2007) 'Where has all the synergy gone? the M&A puzzle', *Journal of Business Strategy*, 28(5), pp. 29–35. doi: 10.1108/02756660710820802.

FIFA (2014) 'regulations on the status and transfer of players', *Training*.

FIFA (2018) 'FIFA Governance Report 2018'.

FIFA (2019a) 'Global Transfer Market Report 2019. Men Professional Football', *Www.Fifa.Com*, pp. 1–44. Available at: <https://resources.fifa.com/image/upload/global-transfer-market-report-2019-men.pdf?cloudid=x2wrqjstwjoiailnncnod>.

FIFA (2019b) 'Intermediaries in International Transfers'. Available at: <https://resources.fifa.com/image/upload/intermediaries-report-2017.pdf?cloudid=mhk5i83x56dcclsx4hba>.

FIFA (2020) 'Manual on "TPI" and "TPO" in football agreements', p. 198. Available at: <https://img.fifa.com/image/upload/jhre73qeqmjin6hzi81rn.pdf>.

Financial Times (2020a) *CVC and Advent win backing from Italian clubs in battle for Serie A*. Available at: <https://www.ft.com/content/85191ee1-7b0c-4329-bc7a-b1c3338241e9>.

Financial Times (2020b) *If you can't beat them, join them: football and F1 team up with esports*. Available at: <https://www.ft.com/content/e7cd1092-aec6-484f-a2f7-114b52c9ff9c>.

Financial Times (2020c) *Why a private league is a 'dangerous game' for Europe's football elites*. Available at: <https://www.ft.com/content/c986a6ff-d653-4e01-aae2-b02d1d9715a9>.

Forbes (2020) *U.S. Investor Plans Premier League Club Takeover To 'Recreate City Football Group'*. Available at: <https://www.forbes.com/sites/robertkidd/2020/04/30/us-investor-plans-premier-league-club-takeover-to-recreate-city-football-group/?sh=1ef76b057b1a>.

Forsgren, M. (2017) 'Theories of the multinational firm: A multidimensional creature in the global economy', *Edward Elgar Publishing*.

Franck, E. (2010) 'Private firm, public corporation or member's association governance structures in European football', *International Journal of Sport Finance*, 5(2), pp. 108–127. doi: 10.5167/uzh-35150.

Goldman Sachs (2019) 'FAQs on Europe's Corporate Streamlining', (January).

Granger, C. W. J. (2014) *Forecasting in business and economics*. Academic Press.

Hamil and Chadwick (2010) *Managing Football: An International Perspective*.

Holzmayr, F. and Schmidt, S. L. (2020) 'Financial performance and corporate diversification strategies in professional football – evidence from the English Premier League', *Sport, Business and Management: An International Journal*, 10(3), pp. 291–315. doi: 10.1108/SBM-03-2019-0019.

Kano, L. and Verbeke, A. (2019) 'Theories of the multinational firm: A microfoundational perspective', *Global Strategy Journal*, 9(1), pp. 117–147. doi: 10.1002/gsj.1332.

KPMG Sports Advisory (2020) *Multi-club ownerships – Is it the future of football?* Available at:

https://footballbenchmark.com/library/multi_club_ownerships_is_it_the_future_of_football.

Levitt, T. (1983) 'The globalization of markets.' Readings in international business: a decision approach'.

Lewis, M. (2004) 'Moneyball: The art of winning an unfair game', *WW Norton & Company*.

Lichtenthaler, U. (2020) 'Mixing data analytics with intuition: Liverpool Football Club scores with integrated intelligence', *Journal of Business Strategy*. doi: 10.1108/JBS-06-2020-0144.

Magretta (2012) 'What Is Strategy?', *EBSCO Publishing - Understanding Michael Porter : The Essential Guide to Competition and Strategy*. doi: 10.1057/9781137264091.0003.

Markides, C. (2006) 'Disruptive innovation: In need of better theory', *Journal of Product Innovation Management*, 23(1), pp. 19–25. doi: 10.1111/j.1540-5885.2005.00177.x.

Mayring, P. (2000) 'FORUM: QUALITATIVE SOCIAL RESEARCH SOZIALFORSCHUNG 2 . History of Content Analysis', (December).

New York Times (2017) *Belgian Clubs and Foreign Money - a modern soccer mix*. Available at: <https://www.nytimes.com/2017/09/09/sports/soccer/belgian-clubs-and-foreign-money-a-modern-soccer-mix.html>.

North, M. J., & Macal, C. M. (2007) *Managing business complexity: discovering strategic solutions with agent-based modeling and simulation*. Oxford University Press.

Olson, Duray, C. (2016) 'Are football clubs limited in their business strategy choice?: Large organizations in the English Premier League', *Strategic Direction*, 32(7), pp. 4–7. doi: 10.1108/SD-04-2016-0056.

- Pastore, L. (2018) 'Third Party Ownership and Multi-Club Ownership: Where Football Is Heading for', *Rivista Di Diritto Ed Economia Dello Sport*, XIV, pp. 24–58.
- Porter, M. E. (1989) 'From Competitive Advantage to Corporate Strategy', *Readings in Strategic Management*, pp. 234–255. doi: 10.1007/978-1-349-20317-8_17.
- Porter, M. E. (1996) '30. HBR 's Must-Reads on Strategy', *Harvard Business Review*, 1, pp. 1–143.
- PUMA (2019) *PUMA SIGNS LONG-TERM DEAL WITH CITY FOOTBALL GROUP*. Available at: <https://www.puma-catchup.com/puma-signs-long-term-deal-with-city-football-group/>.
- Ramchandani, G. *et al.* (2018) 'A longitudinal and comparative analysis of competitive balance in five European football leagues', *Team Performance Management*, 24(5–6), pp. 265–282. doi: 10.1108/TPM-09-2017-0055.
- Reuters (2017) *Leipzig, Salzburg both cleared to compete in the Champions League*. Available at: <https://fr.reuters.com/article/uk-soccer-uefa-redbull/leipzig-salzburg-both-cleared-to-compete-in-the-champions-league-idUKKBN19B2I0>.
- Robert M. Grant (2019) 'Cases to Accompany Contemporary Strategy Analysis - Manchester City: Building a Multinational Soccer Enterprise', pp. 554–565.
- Rohde, M. and Breuer, C. (2017) 'The market for football club investors: a review of theory and empirical evidence from professional European football', *European Sport Management Quarterly*, 17(3), pp. 265–289. doi: 10.1080/16184742.2017.1279203.
- Rohde, M. and Breuer, C. (2018) 'Competing by investments or efficiency? Exploring financial and sporting efficiency of club ownership structures in European football', *Sport Management Review*, 21(5), pp. 563–581. doi: 10.1016/j.smr.2018.01.001.
- Rosa, M. La, Dumas, M. and Dijkman, R. (2012) 'Business Process Model Merging: An Approach to Business Process Consolidation', (September 2014). doi: 10.1145/2430545.2430547.
- Salazar, M. K. (1990) 'Interviewer bias: How it affects survey research', *AAOHN Journal*, 38(12), pp. 567–572. doi: 10.1177/216507999003801203.
- Saunders, M., Lewis, P. and Thornhill, A. (2007) 'Research Methods for Business Students',

Pearson education.

Schoemaker (1995) 'Scenario Planning: A Tool for Strategic Thinking', *Sloan management review*, 36, pp. 25–40.

Şener, İ. and Karapolatgil, A. A. (2015) 'Rules of the Game: Strategy in Football Industry', *Procedia - Social and Behavioral Sciences*, 207, pp. 10–19. doi: 10.1016/j.sbspro.2015.10.143.

Soccerex (2018) 'Football Finance', in.

Soriano, F. (2009) *Goal: The Ball Doesn't Go in by Chance: Management Ideas from the World of Football*. Palgrave Macmillan.

Szymanski, S. and Smith, R. (1997) 'The English football industry: Profit, performance and industrial structure', *International Review of Applied Economics*, 11(1), pp. 135–153. doi: 10.1080/02692179700000008.

The Times (2020) *Leeds United owner Andrea Radrizzani sets sights on Valencia in plan for European empire*. Available at: <https://www.thetimes.co.uk/article/leeds-united-owner-andrea-radrizzani-sets-sights-on-valencia-in-plan-for-european-empire-lhj05609l>.

UEFA (2016) 'The European Club Footballing Landscape BENCHMARKING REPORT', *Europe*, p. 66.

UEFA (2017) 'The European Club Footballing Landscape BENCHMARKING REPORT', *Europe*, p. 66.

UEFA (2018) 'The European Club Footballing Landscape. Benchmarking Report: Financial Year 2018', *Www.Uefa.Com*, p. 131.

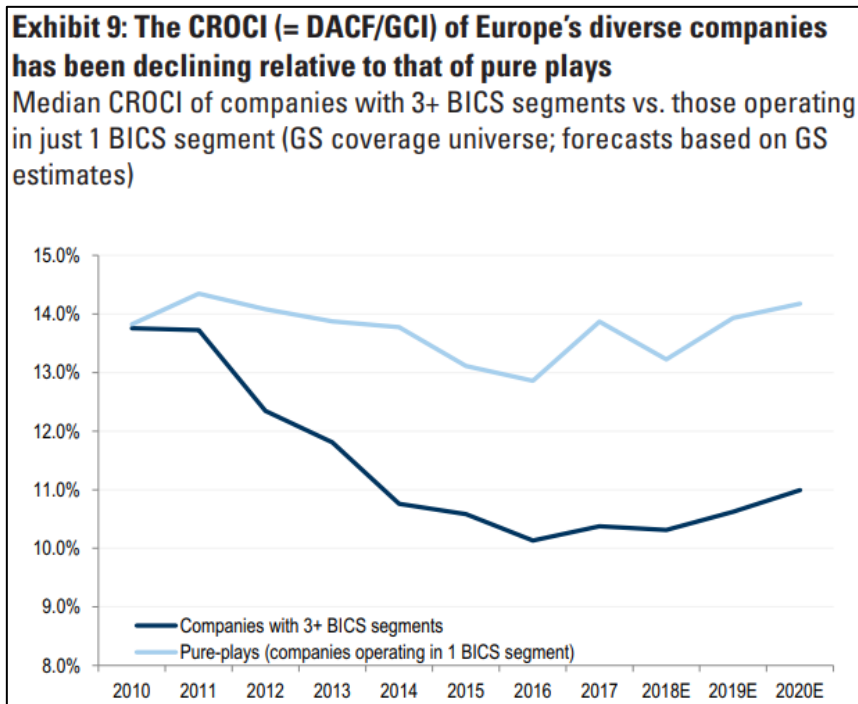
UEFA (2020a) *Club Coefficients*. Available at: <https://www.uefa.com/memberassociations/uefarankings/club/#/yr/2021>.

UEFA (2020b) 'Uefa Champions League Technical Report 2019/2020'.

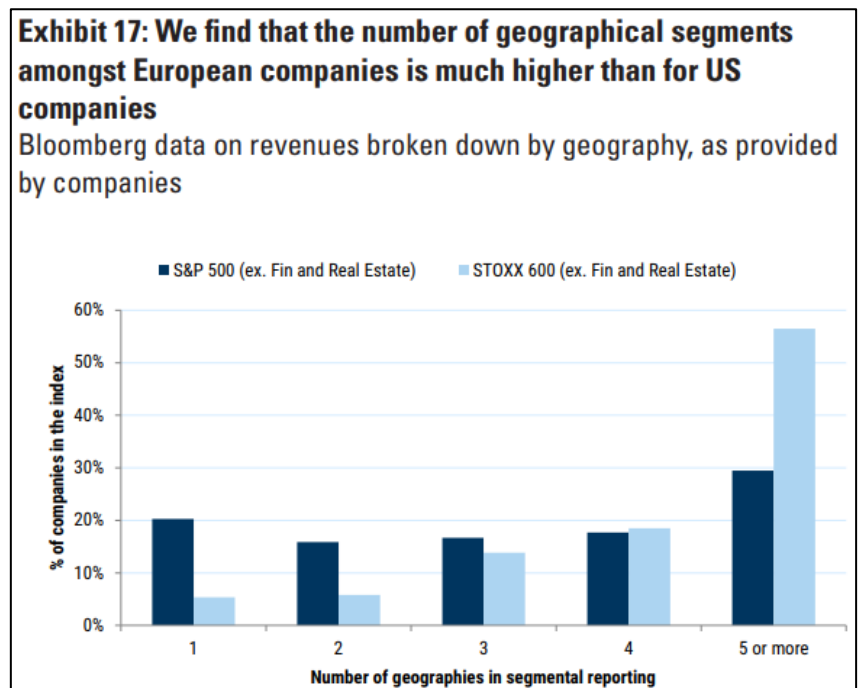
Zhang, J. J. *et al.* (2018) 'The sport industry in growing economies: critical issues and challenges', *International Journal of Sports Marketing and Sponsorship*, 19(2), pp. 110–126. doi: 10.1108/IJSMS-03-2018-0023.

Zülch, H., Palme, M. and Jost, S. P. (2020) 'Management quality of professional football clubs: the Football Management (FoMa) Q-Score 2018', *Sport, Business and Management: An International Journal*, 10(5), pp. 567–598. doi: 10.1108/SBM-10-2019-0092.

7. Appendix

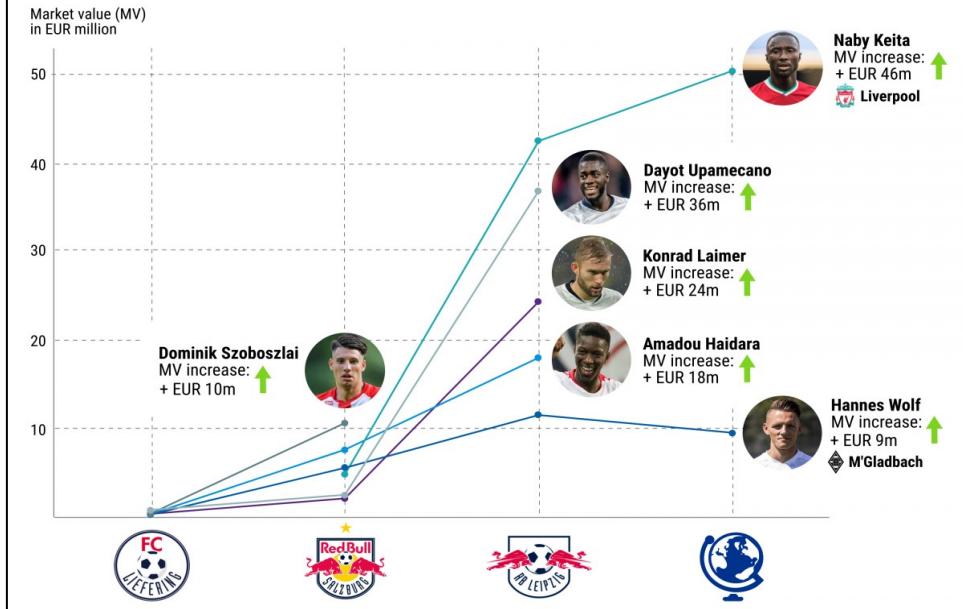


Appendix 1: Diversified Companies CROCI (Goldman Sachs, 2019)

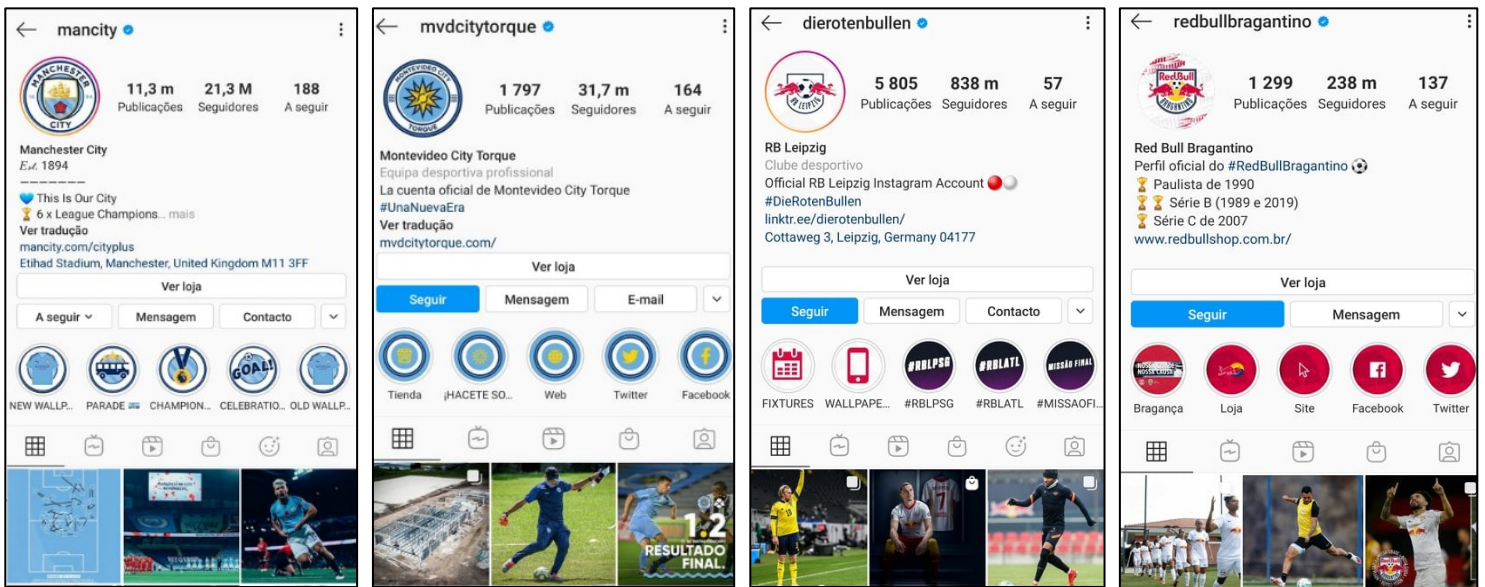


Appendix 2: Geographical Segments (Goldman Sachs, 2019)

Red Bull does give you wings: Notable examples within group clubs



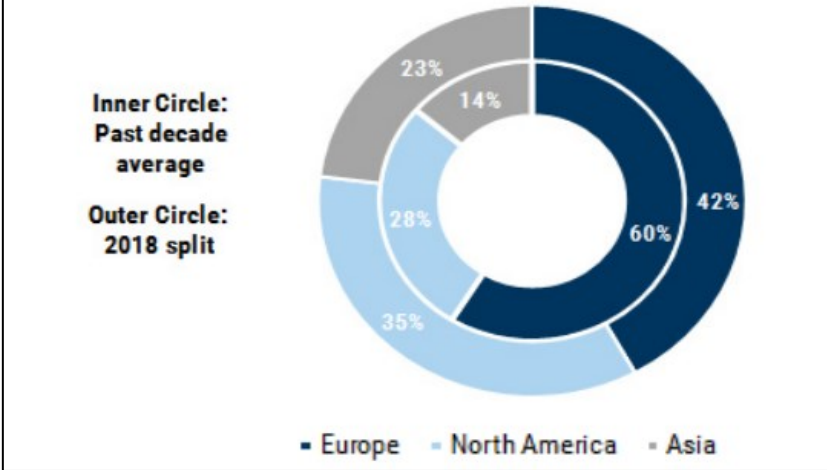
Appendix 3: Red Bull Group Player Development (KPMG Sports Advisory, 2020)



Appendix 4: MCO Groups Social Media Standardization (Own Development)

Exhibit 29: Acquirers of European companies in 2018 have been increasingly non-European

Acquirers of European companies by region, pending and completed deals

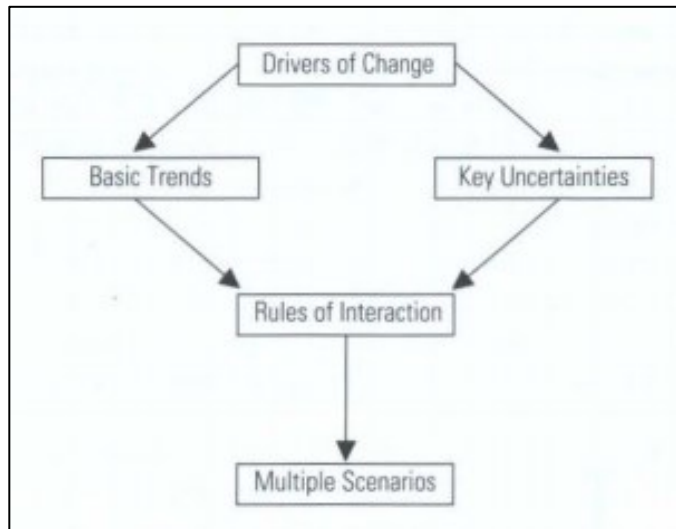


Appendix 5: Investors Origin in Europe (Goldman Sachs, 2019)

Owner	Clubs									
City Football Group	Manchester City	New York City	Melbourne City	Yokohama F. Marinos	Montevideo City	Girona FC	Mumbai City	Sichuan Jiuniu	Lommel SK	ESTAC Troyes
Red Bull	RB Leipzig	RB Salzburg	RB Brazil	New York RB						
Atletico de Madrid	Atlético de Madrid	Atlético San Luis	Atlético Ottawa							
United World	Sheffield United FC	K Beerschot VA	Al-hilal	Kerala United						
King Power Group	Leicester City FC	OH-Leuven								
Dmitry Rybolovlev	AS Monaco	Cercle Brugge								
Pozzo Family	Udinese Calcio	Watford FC								
Gerard Lopez	LOSC Lille	Boavista FC	Royal Mouscron							
Core Sports Capital	Clermont Foot 63	SC Lustenau	Vendsyssel FF							
Tony Bloom	Brighton FC	RU Saint-Gilloise								
Pacific MG	Barnsley FC	Oostende	FC Thun							
Matthew Benham	Brentford FC	FC Midtjylland								
INEOS	NICE	Lausanne								
Evangelos Marinakis	Olympiakos	Nottingham Forest								
David Blitzer	Crystal Palace FC	Waasland-Beveren	Alcorcón	Estoril Praia FC						
Vincent Tan	Cardiff City FC	FK Sarajevo	KV Kortrijk							
Suning SG	Inter Milan FC	Jiangsu Suning FC								
Aspire Academy	K.A.S. Eupen	Cultural Leonesa								
Kroenke SE	Arsenal FC	Colorado R								

Appendix 6: Clubs in MCO (Own Development)

Note: high integration MCO's are marked in vivid green, medium integration MCO's in light green and low integration MCO's are uncoloured.



Appendix 7: Scenario Planning (Schoemaker, 1995)

$$80\% \times 14.3\% + 20\% \times 10\% = 13\%$$

$$80\% \times 71.4\% + 20\% \times 48\% = 67\%$$

$$80\% \times 14.3\% + 20\% \times 42\% = 20\%$$

Appendix 8: Scenario Probabilities

Research Questions for Reference Purposes

- What impact does MCO have in the European football industry? Can it be a source of competitive advantage for clubs?
- How will the industry evolve assuming MCO becomes the prevalent business model?

Questions:

- In your view, what are the **reasons for growth** of Multi-Club Ownership (MCO) over the past decade?
- Does MCO deliver **competitive advantages**, compared to SCO, regarding **revenue sources** (Broadcasting rights, Commercial Revenues, Matchday Revenues)?
- Does MCO create competitive advantages in terms of **performance** (winning matches and championships)?
- Does MCO have any effect on **brand internationalization**?
- Does MCO bring **operational efficiencies**? Are there any **operational inefficiencies**?
- Do you think MCO will become the **business model of the future** in the football industry?
- What are **threats/impediments** to the future development of MCO? (Anti-trust issues?)
- What are the **main disadvantages** of operating as an MCO?

Appendix 9: Interview Script

Expert n°1

Reasons for MCO Growth?	-Increase of foreign ownership in the football industry. -Football business evolution: bipolarization between leagues/countries/clubs with huge financial resources and smaller clubs. -Covid-19 will be a catalyst: pandemic will bring financial difficulties to smaller clubs which can be acquired at discount by foreign investors and MCO groups. -Player recruitment and development: big clubs want to develop players, sending them to competitive leagues (example: Belgium), increase their value and then come back to “mother club” or be sold for an increased price. -Synergies created between clubs: operational, cost efficiencies, sponsorship, commercial and structure.
Competitive Advantage (CA) in Revenue Sources?	Media/Broadcasting: Some claims that broadcasting rights may have reached their pinnacle and MCO will not change that. Commercial: There are unexplored opportunities in emerging markets which MCO can exploit. (example: CFG is doing more than its competitors who are just trying to target emerging markets with commercial strategies, by having a direct presence in those countries with its other clubs). Matchday: Not more to do and MCO does not pose any advantage.
CA in Internationalization?	- Good to have concrete presence in emerging markets: - May increase fan engagement in emerging markets. - Generate additional revenue sources by finding new opportunities in big markets (India, China, among others). - Exploit advantages of other cities (ex: CFG bought a team in Mumbai also because of the technological hub in Mumbai).
CA in operational efficiencies?	- Operational synergies such as resource sharing, sponsorship mutualization. - Cost efficiencies.
Future of MCO?	- Currently there is a big acceleration in the number of MCO groups. If there are no regulatory boundaries, it will continue to grow exponentially. If regulatory ownership restrictions are implemented there will be a fall in the number of MCO groups. - The future is very dependent on the transfer market regulations. If it continues equal to today it will continue its growth. - Covid-19 will be a catalyst: pandemic will bring financial difficulties to smaller clubs which can be acquired at discount by foreign investors and MCO groups.
Threats/Impediments to MCO	- Implementation of regulatory ownership restrictions by governing bodies (UEFA/FIFA). - Most immediate challenge for governing bodies is to ensure the integrity of the competitions. If MCO keeps growing, there will start to arise integrity issues, when 2 clubs from the same owner need to face each other. - Belief that governing bodies do not have the power to directly limit the MCO, but that indirectly (competition/transfer rules) can become stricter.

Appendix 10: Interview Expert n°1 (Own Development)

Expert n°2

Reasons for MCO Growth?	<ul style="list-style-type: none"> - Player transfer market growth and size (6€ billion and average commission of 10%). - Player recruitment and development (you can save the 10% commission). - Alternative to TPO when it was forbidden. - Financial benefits: By owning 2 or 3 clubs the chances of promotion increase and this attracts investors – “pure financial portfolio strategy”.
Competitive Advantage (CA) in Revenue Sources?	<p>Media/Broadcasting: Sold by territory, so that does not change with MCO. But there is an opportunity to create a cross-country media platform where you would engage fans.</p> <p>Commercial: Intuition that by owning clubs in multiple locations you can increase sponsorship fees and sponsor retention. Creation of a flag for multiple clubs can lead to merchandising sales increase for “mother” club, from fans of the subsidiary clubs.</p>
CA in Performance?	<ul style="list-style-type: none"> - No guarantees that it will improve club performance, but no belief that it will harm performance. - Dependent on the finality of MCO in each group. If club is used for player development only, competitive level is limited. - Independent clubs’ strategy is to sell players to balance the accounts. The drawback of being an MCO is not solved by being independent.
CA in operational efficiencies?	<ul style="list-style-type: none"> - Very clear that it does bring operational efficiencies: joint CRM (customer relationship management) systems; best coaching practices, best business models practices; marketing centralization. - Opportunity to take best practices of each club and adapt it to the rest of the clubs.
Future of MCO?	<ul style="list-style-type: none"> - Not all the industry landscape will turn to MCO, but there may be a split between very deep pocketed owners who can apply the MCO business model and the ones that cannot. -It can continue to grow, but it is a finite ware. There are only a predetermined number of clubs and because of conflicts of interest, the ceiling to MCO can be reached fast.
Threats/Impediments to MCO	<ul style="list-style-type: none"> - Conflict of interests: It is an obvious problem for FIFA/UEFA. There may be a backlash where governing bodies do not like that few people that are owning a big share of the market and they put a stop to it.
Other Notes	<ul style="list-style-type: none"> - Low entry-cost: by using the advantages in player recruitment/development and selling a good player, the investment can be already paid.

Appendix 11: Interview Expert n°2 (Own Development)

Expert n°3

Reasons for MCO Growth?	-Emergence of ownership groups with different ideas and strategies. -Wide range of economies of scale (performance analysis, scouting, data analytics, technology), players sharing, different levels across the pyramid, buy undervalued clubs and develop them. -Give value to the holding company (“mother” club). -Legacy issue that ownership groups want to provide the best for communities. -Ownership groups feel they can add value (commercial, branding).
Competitive Advantage (CA) in Revenue Sources?	Media/Broadcasting: Collective selling, but some groups may target some particular teams for the broadcasting rights value that they can gain. Commercial: Economies of scale in the commercial side: if there is a strong brands relationship there are opportunities to explore different commercial opportunities (sponsorship) and to sell inventory (shirts/brands/partnerships) in different countries/markets. Matchday: It depends on the infrastructure of the club. Earnings have decreased with Covid-19 and may put some clubs in financial stress.
CA in Performance?	- Important to have good oversight team across each club to run operations smoothly. - Very dependent on the group’s ability to share resources efficiently.
CA in Internationalization?	- Having different intellectual property points mixed with brand opportunities means that an internal commercial team has more to offer as one. - If you can sell different property rights for different teams at the same time, it can be of significant value to MCO, because groups can offer different value propositions.
CA in operational efficiencies?	- Performance analysis. - Scouting advantageous. - Data analytics and technology. - Players sharing between the different levels across the pyramid. - Buy undervalued clubs and develop them. - Give value to the holding company (“mother” club).
Future of MCO?	- Not convinced that everybody is keen on owning multiple clubs because UEFA rules may become very restrictive. - Due to its resource intensity, and capital requirements, it is hard to replicate. - Covid-19 may be a catalyst, because with the pandemic there are opportunities to purchase clubs at lower valuations, but it is very uncertain.
Threats/Impediments to MCO	- Integrity of competitions: It is important to establish that teams owned/controlled by the same organization should not be competing in the same competition. - If MCO continues to grow, there is a greater regulatory risk, because clubs might start to challenge the status quo of integrity rules.
Disadvantages of MCO	-Organization and planning are hard to obtain, because it is required scale and capital. It is easy for economies of scale to disappear quickly, due to the big organizational structure.

Appendix 12: Interview Expert n°3 (Own Development)

Expert n°4

Reasons for MCO Growth?	<p>-Polarisation: powerful clubs look for additional business operations. -Professionalisation: know-how of big clubs can be used in smaller teams, building synergies. -Commercialisation: football has become a big business, attracting external investment. -Nature of business: in other industries M&As are common. -“Greenwashing” image of countries through sports. -Increased inequalities in football industry: as the gap between the wealthiest and less privileged increases, certain groups/individuals can get hold of even more properties. -Other sports influence: owners of teams in other sports (especially American). -Channelling talents from foreign markets to parent clubs. -Cost efficiencies: centralising certain activities can reduce costs. -Player Development (bigger talent pool within the network; establishing academies worldwide).</p>
Competitive Advantage (CA) in Revenue Sources?	<p>Media/Broadcasting: With rights centralization in most leagues, there are not significant advantages. Commercial: Bargaining power increases as the group management represents various clubs. Campaigns can focus on several markets, brands, clubs. Best practices sharing. Synergies between clubs (shared campaigns across borders). Cost synergies/efficiencies. Matchday: Share ticketing know-how. Might increase the popularity of the “flagship” club in markets of the other members of the portfolio (halo effect).</p>
CA in Performance?	<p>- Player development (bigger talent pool within the network; establishing academies). - Move players within the group (attract young players with a career path rather than a simple role within a club; players can move within clubs strengthening weaker clubs or increase power of the holding). - Using the same system (all clubs have the same playing style; players get used to the system from an early age; lower-level clubs use system from holding; knowledge sharing).</p>
CA in Internationalization?	<p>-Global integrated marketing strategies can be more effective with a portfolio of clubs. -Used synergies to target various markets. -Use similar brand characteristics to increase global visibility. -Cost efficiencies: it is cost effective to build one brand rather than multiple brands (CFG example). -Possibility for multi-level partnerships in several clubs, brands, and regions. -In emerging markets, owning a local club may increase bargaining power. -Many teams aim for global audiences, but locality is an important element of fan loyalty.</p>
CA in Oper. Eff.?	<p>- Synergies creation (shared knowledge; talent sharing; increased bargaining power; networking effects (power of knowing the right people, scouting network).</p>
Future of MCO?	<p>- It will be more present in the future, but it will not become the only business model due to legal issues. - Sports fans are very conservative in their way of thinking.</p>
Threats/Impediments	<p>- Legal/regulatory: ENIC Group and the CAS ruling set a threshold for MCO development. - Covid-19 may be an inhibitor to MCO: Is having a devastating impact across global sports, including football.</p>
Other notes	<p>-Unsuccessful partnerships can harm holding club value, making MCO implementation riskier (example: Atletico de Madrid and Atletico de Kolkata).</p>

Appendix 13: Interview Expert n°4 (Own Development)

Expert n°5

Reasons for MCO Growth?	<ul style="list-style-type: none"> - Does a differentiation between MCO and Sportif Conglomerate (see “other notes” in the end of this appendix). - Very natural due to the globalization of society. Football is part of an economic and social sector which is becoming more globalized and professionalized. MCO has even come late because of the football complexity level since the 1990’s.
Competitive Advantage (CA) in Revenue Sources?	<p>Media/Broadcasting: Believes that MCO does not yet lead to higher revenues, because there has not been a strong move from a big MCO group to sell the broadcasting rights of all its clubs. In the future, CFG or Red Bull can sell the broadcasting rights of all its clubs as a bundle.</p> <p>Commercial: No doubt that the integration of MCO’s leads to higher commercial revenues. Manchester City enjoys the fact that the subsidiaries promote its brand internationally, while having a much larger exposure. Therefore, commercial revenues are boosted.</p> <p>Matchday: MCO may bring benefits (example: “cityzens” platform where you adhere to a global program and buy tickets to the different team’s games).</p>
CA in Performance?	<p>Differentiation between MCO and Sportif Conglomerate:</p> <ul style="list-style-type: none"> - MCO: it depends on the group’s organization level. - Sportif Conglomerate: the result of the examples is incredibly positive (Red Bull Bragantino (Brazil) and New York Red Bulls). Therefore, there is a positive element of having a portfolio of clubs which are integrated, both for the holding, and for the subsidiaries.
CA in Internationalization?	<p>Differentiation between MCO and Sportif Conglomerate:</p> <ul style="list-style-type: none"> - MCO: it depends on the owner’s objective. - Sportif Conglomerate: no doubt that it does bring internationalization benefits. Clubs that were irrelevant before, have gained a much wider projection just by being part of a sportif conglomerate. (example: CFG clubs would not have such an exposure if they were not linked to each other).
CA in Oper. Eff.?	<ul style="list-style-type: none"> - Transformation of club to a business format or to an MCO is not directly linked with success. - MCO brings a path which can lead to prosperity if there is an integrated organization.
Future of MCO?	<ul style="list-style-type: none"> - There shall be a normalization of MCO, but it will not become preponderant. - It is also dependent on how governing bodies will deal with MCO. - Assuming that there are no legal bindings: MCO will not be preponderant, but it will become a consolidated business model.
Threats/Impediments to MCO	<ul style="list-style-type: none"> - MCO groups are enjoying the inertia of football governing bodies (example of RB Leipzig and RB Salzburg allowed to compete in the Champions League). - Unilateral decision truly prohibiting MCO teams to compete in the same competition. Believes that governing bodies and clubs are trying their maximum to avoid this topic since it can be harmful for both.
Other Notes	<p>-Sportif Conglomerate vs MCO: It does not make sense that some MCO’s (Red Bull/ CFG) who have a strong concept of unity and are consolidated business units to be compared with less integrated MCO’s. CFG and Red Bull are considered Sportif Conglomerate. All sportif conglomerates are types of MCO’s, but not all MCO’s are sportif conglomerates. “Sportif conglomerates are a much more developed and integrated species of MCO.”</p>

Appendix 14: Interview Expert n°5 (Own Development)

Expert n°6

Reasons for MCO Growth?	<p>-In the last 10 years, non-sporting sectors (financial industries, holding companies) saw massive potential in football for revenue generation. -Economies of scale, because MCO is rarely horizontal and it requires vertical integration (player development, financial benefits). -Influence of agents in football: people who are not owners but have a lot of influence and who are interested in the transfer market. -Great pressure to professionalize clubs' structure, making them more corporations rather than associations. -Some MCO's are gambling that football will become transnational. -The same as TPO, because it is owning players economic rights, but through a club structure.</p> <p>- 3 main geographic thematical reasons:</p> <ul style="list-style-type: none"> • Middle East – more geopolitical and associate diplomatic objectives with football (example: CFG). • Oriental/Eastern (China) – similar motivations on geopolitical reasons. • Western (USA) – financially motivated, through economies of scale.
Competitive Advantage (CA) in Revenue Sources?	<p>Media/Broadcasting: No competitive advantage because broadcasting rights are negotiated collectively.</p> <p>Commercial: Sponsorship, because you can have economies of scale in different markets, but that presumes that sponsors have the same interest in the different countries.</p> <p>Matchday: Potential for matchday advantages in geographically close MCO's (Lille and Mouscron), due to economies of scale (using same staff, defining game schedule foe different days).</p> <p>Transfer Revenues: It is not supposed to be a revenue source, but unfortunately is an important revenue source for clubs. -There is for sure a competitive advantage for MCO, because it gives access to national markets for player pooling.</p>
CA in Internationalization?	<p>- It is a two-edge sword. There are some advantages (brand awareness), but there are some examples of people who tried (despite not being exactly MCO's but which have the same characteristics, such as international soccer league in the 1960's, or international champions cup currently) and made local supporters angry.</p>
Threats/Impediments to MCO	<p>- Future position of regulatory bodies. Currently, there seems to be a relaxation regarding MCO.</p> <p>- In ENIC case, governing bodies feared MCO but now that seems to have changed in some way.</p> <p>- Problem is more on influence rather than ownership, because ownership can be regulated much more easily than influence.</p>
Other Notes	<p>- It is important not to consider MCO independent from the issue of influence in clubs (case of TPO).</p> <p>- Purpose of investment in European Football Clubs is not merely financial, it is diplomatic. Opposite to this, in the USA, owners are more interested in the financial side of football and not so much on the reputational side.</p>

Appendix 15: Interview Expert n°6 (Own Development)

Expert n°7

Reasons for MCO Growth?	<ul style="list-style-type: none"> - Shift from local driven fanbase logic of pure entertainment to a business perspective. - Path to achieve higher return on investment (ROI). - Having access to a broader pool of talents/players which you can allocate in an optimal way in the different clubs of the portfolio.
Competitive Advantage (CA) in Revenue Sources?	<p>Media/Broadcasting: Centralized sale. Therefore, there is no direct influence by becoming an MCO.</p> <p>Commercial: Firstly, global brands who can reach a global audience on a consolidated basis can have advantages through MCO, but it is highly unlikely for them to implement an MCO. -There is a competitive advantage in the field of media solutions due to resource mutualization (design of digital solutions can be customised to the needs of the brands if an MCO is applied).</p> <p>Matchday: Operating as an MCO does not give a competitive advantage, by itself. Nevertheless, if MCO's mutualize resources to offer better fan experiences, they can attract more people to the stadium in each of the clubs, achieving an advantage.</p>
CA in Performance?	<ul style="list-style-type: none"> - Yes, because there is a broader talent pool, which can be allocated in an optimal way, depending on club's local challenges. - The bigger the structure, the more available clubs, allowing MCO's to attract younger talent and to provide a career path.
CA in Internationalization?	<ul style="list-style-type: none"> - It is more theoretical than real. Does not believe it makes any difference for global brands because they are already global. - For fans, it can be badly perceived because they are totally devoted to one club. It does not make a difference for fans if the owner has another club elsewhere. - When league rights are sold abroad, emerging countries fans do not care if the investors own a local club. - There may be a slight opportunity to exert power over leagues and governing bodies, by being a global group (but it is marginal and maybe non existing).
CA in Oper. Eff.?	<ul style="list-style-type: none"> - Key advantage, because the bigger the group, the more financial resources available. - Resource sharing benefits not only on-field but also in back office. The broader the group, the better business consolidation serve all the platform. Therefore, there are achieved back office cost efficiencies, by being an MCO.
Future of MCO?	<ul style="list-style-type: none"> - It will further develop but does not believe that it will become the predominant business model due to the lack of focus it brings. - The traditional clubs (ex: Bayern München) will continue to operate as they are operating currently.
Threats/Impediments to MCO	<ul style="list-style-type: none"> - From an institutional perspective, leagues/governing bodies can start to prohibit MCO. - If MCO is the business model of the future (if football becomes even more about money), there is a moment when governing bodies or fans will want to put some brake to this dynamic. If football becomes only about money, maybe fans will start to decline their consumption.
Disadvantages	<ul style="list-style-type: none"> - The lack of focus is a big risk because when managing several clubs, there are more complex business operations. This may pose a threat to any MCO.
Other Notes	<ul style="list-style-type: none"> - There is the belief that media (broadcasting) rights value are around their maximum.

Appendix 16: Interview Expert n°7 (Own Development)

Expert n°8

<p>CA in Internationalization?</p>	<ul style="list-style-type: none"> - Non MCO's with international commercial activities are merely expanding and not internationalizing. To truly internationalize, clubs need to play in the country where they are internationalizing, in order to create roots and be part of the community. Therefore, MCO delivers clear internationalization benefits, while non MCO's with international campaigns are just expanding in commercial terms and not internationalizing. - Nevertheless, this is dependent on the club's background and history: if it is an historical club with deep roots in a community it will not work (either for the holding or the subsidiary). On the other hand, it definitively improves internationalization for clubs with weak local identity. - Some clubs, without being MCO's act as "rental bellies", only for player development and legal suspicious purposes.
------------------------------------	--

Appendix 17: Interview Expert n°8 (Own Development)

Expert n°9

<p>Reasons for MCO Growth?</p>	<ul style="list-style-type: none"> - Consequence of football industry development. An open market leads to new opportunities which may lead to a better surrounding of the football industry. - It is a good strategy but may pose integrity issues, which need to be addressed by governing bodies.
<p>Future of MCO?</p>	<p>- It will continue to grow and become important, but its future depends on the governing bodies actions. Governing bodies will not want to make the most important stakeholders angry and will support the ones that convey them the most, and which exerts the greatest pressure. Therefore, if it is in the interest of people behind governing bodies to end MCO, it will decrease. If it is in their interest to continue its growth, it will continue to grow.</p>
<p>Threats/Impediments to MCO</p>	<ul style="list-style-type: none"> - Challenge is for governing bodies to ensure how this issue will develop: do they back MCO clubs or other interests? - In 10 to 20 years there may be some cases where governing bodies will have to act and take a stance.

Appendix 18: Interview Expert n°9 (Own Development)

Expert n°10

Reasons for MCO Growth?	<ul style="list-style-type: none"> - Player development is the essence. - In this MCO group, head of football constantly discusses with coaches and sporting directors to understand in which club will a player develop the best. - This group uses holding club knowledge to apply in the feeder clubs. - Some groups apply MCO due to TPO prohibition.
Competitive Advantage (CA) in Revenue Sources?	<p>Media/Broadcasting: No advantage. Broadcasting (Media) rights are increasing, but MCO does not pose any advantage.</p> <p>Commercial: It deliver advantages. However, it has not yet materialised to this group.</p> <p>Matchday: No advantage.</p> <p>Transfer Revenues: It is becoming particularly important and MCO certainly delivers a competitive advantage.</p>
CA in Performance?	<ul style="list-style-type: none"> - Advantages, since it enables the possibility of forming X squads, knowing exactly where players can develop and give the best contribution to the teams. - It is crucial to have a good head of football, to coordinate player exchanges between clubs. - It reinforces both the holding and subsidiary clubs, making them more competitive.
CA in Internationalization?	<ul style="list-style-type: none"> - Not any advantage for this group currently. - It may be an advantage for MCO groups with a famous global holding club, because emerging countries fans will connect holding to subsidiary.
CA in Operational Efficiencies?	<ul style="list-style-type: none"> - Definitely yes, given that it enables the creation of a common platform to attract and approach sponsors. - Nevertheless, this requires discipline and organization, facing the possibility of becoming inefficient. - Requires a constant communication with local clubs.
Future of MCO?	<ul style="list-style-type: none"> - It should grow, but football is still very unprofessional in the way it is managed. Therefore, it will have a cap to its growth. Nevertheless, with a professionalization growth, MCO should grow as well. - If 50+1 rule is abandoned, leagues with very professionalized management (example: Germany) will see a big growth of MCO.
Threats/Impediments to MCO	<ul style="list-style-type: none"> - Managerial threats: as a portfolio gets bigger, the connection to fans may decrease, becoming trickier. - Football management teams are required to be close to fans. MCO's should not lose this, otherwise they are threatening themselves. - Covid-19 is a threat to all the industry of football and to MCO groups, as well.

Appendix 19: Interview Expert n°10 (Own Development)