THE CHANGING BUSINESS OF FOOTBALL

The Impact of the Lockdown on the English Premier League

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Abstract

This paper will study the economic impact of the COVID-19 pandemic on the English Premier League (EPL) and analyze the different strategies used by clubs to recover from the economic costs of the pandemic. This paper will argue that the COVID lockdown crisis heightened the contradictions within traditional media broadcast and new digital media producers culminating in changing strategies by EPL clubs. The first section provides a conceptual framework to make sense of the growth of the EPL through the lens of political economy and provides a novel conceptual grammar such as commodification, contradictions, and crisis to understand economic and institutional changes in the EPL. The second section of this paper will study the structure of the football club's business and analyze empirical trends in the EPL from 2013 to 2020. The last section of the paper analyses the different strategies used by EPL clubs to cope with the COVID lockdown crisis. This includes using digital and social media technologies to access new fans such as satellite fans, use of branding to compete with other sports brands, and proposing institutional changes such as 'Project Big Picture' and the 'European Super League' to change the power hierarchy in the EPL.

1 Conceptual Framework

On 13th March 2020, the English Premier League (also referred to as EPL) suspended all matches in response to the growing threat of the COVID pandemic. There were still eight league matches remaining, and at the time of suspension, no one had any idea when football would restart. Even as the COVID pandemic showed no signs of slowing down, EPL restarted its league in June 2020 and finished the matches behind closed doors: lockdown protocol. While there were far more important social issues affecting the world, there were legitimate fears within the football business about the long-term impact of the COVID lockdown. The football business is predicated on monetizing fans, and the prospect of fans being unable to attend matches in the foreseeable future depressed the outlook of the business. In September 2020, the EPL started its new season without any fans coming to watch matches and consequently, a real threat to the declining popularity of football. This article attempts to understand the impact of this crisis on the future of the EPL and the sports business.

The English Premier League is truly a global sensation and just in the 2018/19 season had "a cumulative global audience of 3.2 billion for all programming between August 2018 and May 2019, an increase of six percent on the previous season" and was shown in 188 out of the 193 countries as well (Premier League 2019). The oldest English football clubs date back to the 19th century as an association of workers in a community. These clubs were built around social and cultural identity rather than an economic rationale. English football clubs in the latter half of the twentieth century were comparable to modern businesses with owners, workers/staff, business models built around financial sustainability, local businessmen investing in the clubs, etc. However, it was really in the early 1990s with the formation of the English Premier League and the selling of media broadcast rights for a substantial sum that football entered the era of profitable businesses. The revenue that premier league clubs started earning outside of the traditional matchday revenue made football a speculative business worth investing in. Fast forward to the second decade of the 2000s and football had become embedded within the global capitalist economy. Aside from the speed at which revenues and valuation of premier league clubs have increased, a whole host of global enterprises and venture capitalists from the USA, Russia and the Middle East have invested huge sums into clubs without any guarantee of profits. Aside from the usual interest groups: club owners, staff and players, media broadcasters, and commercial sponsors; a whole host of businesses depend on football ranging from athletic and leisurewear, fitness products, gyms, and sports facilities, pubs and restaurants, and brands linked to the clubs and players.

This article provides a conceptual framework to make sense of the growth of the EPL through the lens of political economy and provides a novel conceptual grammar to understand economic and institutional changes in the EPL. In particular, it situates the trends in the business within two key events: the rise of the EPL as the biggest global football league with the massive broadcasting deal in 2013 and the economic crisis created by the COVID lockdown in March 2020. These two events occurred parallel to the rise of new business opportunities due to changing media technology: digital infrastructure, social media, and an exponential rise in people's access to the internet. This period provides an interesting case study of the developments in the football business and how they responded to external events.

1.1 What is commodification: how is football commodified

To understand how Football clubs became big businesses is to understand how football got increasingly commodified with the creation of the EPL. A commodity is a packaged form of a good or a service which can be exchanged for money, for example, water can be consumed freely from a stream, but we pay a price for bottled mineral water; one of the characteristics of a commodity is having a price. Historically, many goods and services were produced within the household or available for free, however, with urbanization and the breaking up of joint families, many of these services were bought and sold and became a commodity. For example, child and elderly care were provided within the household but as women increasingly entered the job market in the 20th century, care work was monetized through hiring nannies, nurses, tutors, etc.

Historically the viewing of football has been commodified; different forms of media translate into different modes of commodification – Initially, the only way to consume football was by coming to the stadium, over time it could be consumed through newspaper reports and radio commentary. As ownership of television increased over the 1970s and 80s, watching football on TV became popular and brought in new audiences. The English Premier League was formed to commodify the media broadcast and explore new avenues of monetizing the increased fan base watching on TV. In the premiere league era, football was packaged and presented on-screen through the pre-post-match presentations, commentary, advertising, and innovative use of tv technology such as replay to induce more fans to watch it. They were trying to attract viewers from other television content; in some ways, EPL made football more entertaining through its presentation and narrativizing. With the rise of digital and social media, new forms of commodification of football have been created. This paper contextualizes this process of commodification of football within a period of high profit and sudden losses.

1.2 What is the political economy lens?

> Political economy's structural accounts follow from two basic observations: first, that capital accumulation is fundamental to the system's perpetuation; and, second, that capitalism's inherent contradictions make it prone to accumulation-threatening crises. (Corrigan 2014 p. 45)

In order to expand the conceptual grammar required to study the business of the premier league, we take recourse to a political economy analytical framework. Microeconomics conceptualizes a business/firm as an entity that maximizes profits for its owners through increasing production and reducing cost. Grant (2007) has argued that a political economy framework situates the business of football within an economic and political context and provides concepts to understand the conflicting pressures faced by the business which includes the vantage point of the owners, media broadcasters, sponsors, and other businesses dependent on the product for revenue, employees of the club, fans who see it as a source of identity and leisure, and the government as a means of promoting social policy objectives. Within this framework, we can understand the actions of a club as constantly negotiating other interest groups in some cases even antagonistic interest groups.

We will also take recourse to the concept of contradiction and crisis within Marxian Political Economy to understand the changing landscape of football. Marx theorized that capitalist systems were embedded within contradictory relations; the tensions within these contradictions create dynamism and innovation within the accumulation process. Traditional Marxist literature has focussed on the contradiction within the distribution of surplus-value and the fundamental antagonistic relationship between the owner and the worker. However, Marx had demonstrated that contradictions exist within any capital accumulation process and manifest during a crisis period. Within this conceptual analysis of the growth of the Premier league business, we focus on the contradiction between social relations and productive capacity or as Marx referred to it 'relations in production and relations of production'. The contradiction was that as technology evolves the relations and power structure that shape a commodity change. Crucial, in this analysis is who controls the means of production, or the productive technology also controls the distribution of the accumulation process. Social relations refer to the hierarchy of businesses and relations between owners and workers. For example, with the birth of the EPL in 1992, the primary media broadcasters and the FA were the most powerful interest groups involved in the EPL, and clubs, and mediated the involvement of clubs, players, and other businesses stake in the EPL revenue pie. While Marx's analysis focussed on the role of contradiction and crisis on the scale of an overall economy, our current case study can be seen as a concretized example of Marx's abstract principles.

Marx also argued that crisis plays an important role in resolving contradiction by creating a condition that makes the current accumulation process untenable. Crisis exaggerates the contradictions within an economy; and provides opportunities for institutional changes to alleviate these contradictions

1.3 What are the contradictions in the English Premier League?

As the football industry enters the newest phase of growth it faced conflicts due to this fundamental contradiction created by new broadcasting technology which threatened to de-stabilize the industry. This translates into changing technology and new opportunities for monetizing the commodity. The COVID lockdown crisis compelled clubs and media broadcasters to change their business strategies and FA to make changes in regulatory institutions to cope with the losses to the business.

If we consider the original product of football to be the experience of watching football in the stadium, the EPL made the television broadcast of football a profitable commodity. This could be converted into broadcasting revenue for football clubs, while broadcasters could convert this into subscription and advertising revenue. Historically British Media company Sky TV had a monopoly over the broadcast rights and controlled the channels through which this could be turned into a revenue stream. The ability of clubs to directly interact with fans was mediated through Sky TV; clubs tried to create their own media channels – such as the Manchester United TV channel (MUTV), but this had limited reach especially overseas because it needed local channels to broadcast it. There was contestation between the media broadcaster, the FA, and the clubs about the control and marketing of the main commodity: the media broadcast. However, the advent of digital media, over the last decade, challenged the monopoly of broadcasters and provided opportunities for other enterprises to get a share of the revenue pie: digital and social media has allowed anyone to create football content cheaply and directly reach the consumer base without mediation from big media broadcasters.

Marx argued that contradictions were part of any accumulation process and provide the conditions for both growth and stagnation within the process. The fundamental contradiction with changing technology in the football business played out as competition over the increased revenue stream and expanding fan base generated with the advent of social media. There is a constant tension between the large media broadcasters, the club broadcasting its content, smaller media distributing content, and players distributing content. Each of these parties has a monopoly over its content and could explore independent channels to monetize it. We will discuss this in detail in the next section on the emergence of social media and how it has reshaped the economics of the business and threatened the traditional monopoly of the broadcast. We will then discuss how social media has allowed clubs and players to build their brands and become financially independent from the

Premier league brand. Branding is one particular response to the heightening of the contradiction in the accumulation process.

The second consequence of this contradiction was the tendency of the top 6 clubs to increase their financial gap in the premier league. We will discuss empirically how the big 6 tried to increase their gap in the social media era and especially in the aftermath of the COVID lockdown crisis both through individual business strategies and through a plan to restructure the PL called 'Project Big Picture'.

The third consequence was the tension between being a primarily domestic business versus a global business. Till 2010 club's main business was focused on fans who came to the stadium to watch football and local and European fans. As digital media created opportunities to monetize global or satellite fans the clubs became more focused on global audiences and sponsors even at the cost of alienating local fans. This was influenced by the increasingly expanding foreign fan base of the clubs. We will discuss how there have been attempts, since the COVID crisis, to create one global football product rather than multiple leagues competing; culminating in the proposal for an alternative football league called the European Super league - which tried to commodify the idea that large clubs had a global brand and could attract viewers outside the EPL.

These are the points that saw innovation or institutional changes during the COVID crisis. In the next section, we will focus on the football business and empirical trends in this period. The last section will focus on the business strategies after the COVID lockdown crisis and how they are manifestations of the original contradictory relations.

2 The structure of football business – Revenue and Competition

2.1 An Empirical Analysis of finances of EPL clubs

Football is a complex business to understand as only part of a club's revenue comes from a team's performance on the pitch. The premier league is a collective business where the FA is responsible for regulating the league and expanding and marketing the league's brand: maintaining a certain quality of the product, creating governance rules, and expanding the audience.

Any analysis of the financial data of EPL football clubs is tricky because many football clubs are not publicly listed and are under no obligation to share their financial data publicly. Our analysis depends on the findings of Swiss Ramble, a financial football reporter, who has compiled financial data of football clubs through accessing the club's public financial documents. He presents this data independently and free of charge to other interested parties. We start our empirical analysis in 2013, largely due to a consistent availability of data. This period marked a sharp rise in broadcast revenue demonstrating that the EPL had become the biggest football business in the world. While the broadcast rights had been sold for £1.7 billion in two cycles from 2007-10 and 2010-13. It went up significantly to £3.01 billion from 2013-16 and further to £5.13 billion (BBC Sport 2015) in 2016-19. This escalation in broadcast revenue by more than 60% in every cycle was unlike the period between 2000 and 2010. Historically, broadcasters such as Sky Sports (formerly Sky TV) have monetized the broadcast rights through subscription and selling advertisement slots during their coverage. Their ability to attract advertisers was contingent on the number of viewers and their economic background.

There are three distinct categories of revenue earned by a football club: broadcast, commercial, and matchday income. The largest component of a club's revenue comes from broadcasting revenue, and this is sold by the FA to media broadcasters for three-year cycles including rights over specific matches and regions. The largest share of total income in the EPL comes from broadcasting revenue, this is why we consider it to be the main form of commodifying football. The FA shares the broadcast money across clubs based on their performance in the previous year, however since the size of broadcast revenue has been increasing significantly, clubs that are performing poorly in the EPL are still richer than some of the biggest clubs in other countries.

The second-largest source of revenue is commercial or sponsorship revenue. Commercial deals are contingent on the club's ability to attract fans, especially fans who are coveted by commercial sponsors – high-income consumers. An important aspect of the football business is focused outside the football field, it is based on building a brand for a club. We will cover the importance of branding and social media in the development of the football business in depth later in this paper. Manchester Utd is the biggest earner of commercial revenue in the world and earned £1992 million between 2014-2020 in commercial deals, Arsenal earned around £764 million, Everton £240 million, and Westham £207 million in the same period. This highlights the importance of commercial deals and sponsorships in the football business.

Matchday revenue is determined by stadium capacity and the number of fans attending a match and purchasing food, beverage, and merchandise in the stadium. The top clubs have more money to invest and more fans to commercialize and have converted that into a significantly larger stadium and matchday revenue: Arsenal earns the highest matchday revenue around £100 million a year because they have the largest stadiums and can charge the highest for tickets, while a team like Everton even with a strong fan base earn around £17-18 million. Westham another London-based club earns between £20-30 million.

2.2 Why EPL clubs are an Oligopolistic Business?

Premier League clubs can be classified as an oligopolist market, each club has an independent fan base and brand, there is a high cost of entry and exit in the market, each club's strategies influence the others, and clubs compete for fans and commercial deals; however, the existence of one does not foreclose the market for others. Moreover, some clubs are leaders in this industry and at the forefront in terms of investment and innovation, while many clubs follow and react to the strategies of the first movers.

In the EPL since 2010, six clubs tended to dominate the top end of the league table, earning the largest revenue and transforming into globally recognizable brands. The clubs referred to as the Big 6 include Manchester City, Manchester Utd, Chelsea, Liverpool, Arsenal, and Tottenham Hotspurs. While there is intense competition between these clubs on the football field, there has been an increasing awareness that the Big 6 are dependent on each other to make the premier league brand more popular globally. With increasing revenues for all clubs, smaller clubs have also modernized the organization of the club recruiting better players and staff each year. Consequently, the football performance on the pitch has become competitive over the last few years.

The Big 6 have, however, managed to increase their revenue at a faster rate than the other clubs. It is difficult to demonstrate this statistically as the clubs in the EPL keep changing and it's not possible to generate an objective comparison. However, by way of analogy, we can compare two Big 6 Clubs – Manchester Utd (the richest club in EPL) and Arsenal (one of the oldest clubs) and two other big clubs which have been challenging the top 6 clubs for a decade: Everton and Westham. The following are their total earned revenue since 2014 – 2020 (limited by the availability of data) Manchester Utd £3650 million, Arsenal £2528 million, West ham £1067 million, Everton £1103 million. Of increasing interest is that the differences in broadcast revenue are not as significant amongst the clubs: Manchester Utd £1163 million, Arsenal £1068 million, Westham £689 million, and Everton £754 million (Swiss Ramble 2021). The huge gap in revenue between the Big 6 and other big clubs in the EPL is due to differences in matchday and commercial revenue. These two components determine the economic strength of the top 6 clubs over the others.

2.3 Empirical Impact of the COVID Crisis

The COVID imposed lockdown had an immediate financial impact on the EPL but also increased fears of its long-term impact on the business. It is difficult to formally estimate the financial impact of the COVID lockdown because of the following reasons: only three months of play were impacted in the 2019/20 season; clubs used different accounting procedures for this period including some deferring their losses to the next accounting year, and EPL clubs had to pay a £160 million rebate to broadcasters in lieu of the lockdown which was reimbursed in the following season. There some income was completely lost to the football industry while some were deferred. The following data analysis is based on Swiss Ramble's analysis (Swiss Ramble 2021).

The overall losses due to the COVID lockdown on the 2019/20 season – not including the three promoted teams - were £683 million in broadcast revenue, £95 million in matchday revenue, and £138 million in commercial revenue. Clubs that were more dependent on broadcasting and matchday revenue were hit the worst with Bournemouth and Westham losing 27% of revenue. Manchester United was the worst hit of the top 6 clubs losing 19% of revenue. EPL clubs fared much better than other football leagues in 2019-20 with 13 of the 20 EPL clubs featuring in the top 30 richest clubs in the world. This was largely due to a lucrative broadcast deal and clubs being better at attracting commercial sponsors. One important point to note was that commercial revenue was not impacted by the COVID lockdown as these are long-term contracts, consequently top 6 clubs that had a disproportionately higher percentage of commercial revenue were not adversely affected by the lockdown. The Total loss due to COVID in the 20/21 season was £1049 million of which the largest loss of £698 million was from matchday revenue due to no fans coming to the matches. All the top 6 clubs lost more than £100 million (Swiss Ramble 2021).

To account for the deferral of TV revenue we will look at revenue trends from 2019-to 2021 to estimate the overall impact of COVID lockdown. The EPL lost £1.4 billion of which £845 million was the loss in matchday revenue. All the top 6 clubs lost more than £120 million, however, the percentage loss of revenue was much higher for the other clubs in the league as they didn't earn much commercial revenue (Swiss Ramble 2021).

There are three broad empirical trends that contextualize the premier league in the last decade:

1) All clubs have gotten bigger based on revenue and spending.
2) The gap between the top 6 clubs and other clubs has been increasing.

3) The COVID economic crisis has affected all clubs, but the top 6 clubs' losses were cushioned by lucrative commercial deals.

The following section will demonstrate how clubs have reacted to the COVID crisis and negotiated the contradictions that exist in the industry.

3 How Clubs are coping with the losses caused by the COVID lockdown?

3.1 Branding and importance of social media

> Digital media are different, though. Compared to analog formats, digital media's basis in binary code means content (sic) is more easily reproduced, transferred, and manipulated. Moreover, the Internet's networked infrastructure means that text, photographs, moving images, audio, and live content can all be produced, distributed, and consumed on the same multimedia (or converged) platform and devices). (Croteau et al. 2012)

> Most traditional mass media were characterized by high production costs and low reproduction (or copy) costs. This meant, first, that media production was restricted to small numbers of wealthy individuals and well-capitalized corporations. And, second, that profitability hinged on maximizing audiences for successively cheaper copies. These economics incentivized a largely one-way, one-to-many communication model focused on the creation and distribution of escapist fare, such as sports. (Corrigan 2014 p. 48)

A change in productive media technology changes the modes of monetizing a commodity and how competition responds to it. Traditional big media is an oligopolistic industry due to high entry costs. As digital media supported through internet technology became affordable, it changed the economics of broadcasting. Overnight, anybody could produce media content through a personal computer, anybody could directly engage with fans through social media sites, and there was no additional cost to reproducing the content, so there is no cost to scaling up or reaching more fans. The size of the fanbase that could be engaged through social media would keep increasing as more and more people around the world gained access to the internet. The production of content also has become cheaper due to the cheap availability of computers and software with anybody capable of making video and audio content.

As the size of the revenue pie was increasing; digital media broke the broadcast monopoly but also created business opportunities for social media content creators to earn revenue from the EPL brand. While the main media broadcasters had a monopoly over the live broadcast, social media technology provides infrastructure for content about the EPL to be created in small consumable forms to cater to the needs of specific audiences. For example, Arsenal Fan TV a fan-run YouTube channel would get reactions from fans leaving the Emirates Stadium and has built up a following of over 100 million subscribers on their channel.

Further, digital media allowed clubs, players, and content creators to interact with fans who could not be monetized in the past, namely satellite fans.

3.1.1 The economics of satellite fans

Sky sports had a monopoly on the telecast of EPL, they controlled the production and the distribution of the content. They sold overseas rights to other broadcasters. Traditionally, clubs have attracted satellite fans through media events, off-season friendly matches, and fan clubs. But changing technologies have allowed new ways of accessing these fans and tapping into a new range of sponsors and sources of commercial revenue. A person in England knows what Manchester

United means to the city and its people, but what the clubs have very quickly learned is to make the club relatable to someone in Bangalore. Now the question arises, why is it important for a football club to do this? Especially when this person from Bangalore is improbable to visit the stadium for a match. We had argued in the empirical analysis of EPL club finances that the revenue earned from commercial and broadcast revenue is much higher than matchday revenue. Football clubs have adapted their branding strategy to specific regions and cultures with merchandise stores in all major cities, fan events across the country, and country-specific ads and ambassadors as well. For example, Arsenal has invited Bollywood star Ranveer Singh to watch matches to create interest in India or they wish their Indian fans on Indian festivals such as Holi or Id through their social media account. By creating different forms of association in India, Arsenal hopes to attract new fans to support their club.

The huge increase in popularity and profitability in this period has been due to the PL's ability to attract fans from around the globe, also referred to as satellite fans: fans who may have no connection to a region or a club and may never visit the stadium to watch a match. With the advent of satellite television football fans around the globe have started supporting EPL football clubs. Manchester United, has controversially, claimed to have over 1bn fans all over the world including 250 mn in China itself (White 2008 p. 4). However, with the rise of digital media and the entry of multinational corporations into economies of the global south, there were expanding opportunities to monetize this fan base. Firstly, international broadcast rights have become increasingly profitable – for example, Disney Hotstar, the Indian OTT platform which streams EPL matches, paid $13.6 billion (Poindexter 2022) for the current three year cycle of EPL broadcasting rights. Equally importantly international brands can use the club's recognisability to enter new markets. Sports brands such as Adidas and Puma come to mind, but increasingly non-traditional sports brands. For example, The Rwandan government has paid Arsenal £30 million to Place a 'visit Rwanda Logo' on players' jersey sleeves (Thomson 2018). There is no direct association between Arsenal and Rwanda, however, the government believes that this greater visibility will boost tourism in their country.

Social media is different in function from traditional media and has been successful in attracting more fans by creating two-sided interaction between clubs and fans.

> Peate states Facebook and Twitter give fans a direct link to the club in between match days. The site allows clubs the chance to reward fans for their loyalty with exclusive offers and competition as well as news and updates direct from the stadium and training ground. Peate states that engaged fans will pass on information and offers, and visit the club's website more regularly. When leveraged properly, social media can allow sports/football organizations to build fan participation and interaction, drive traffic to their official website and even develop sponsor programs to increase revenue" (Kuzma et al. 2014 p. 8)

Fans constantly engage with their club on social media either through viewing content, sharing their opinions, liking, or forwarding it and consuming the product being sold. From giving the club clicks on their advertisements to buying their official merchandise, an increase in fan interaction is converted by clubs into securing bigger sponsorship deals. Therefore, you see clubs posting various kinds of posts, even when there are no matches, from celebrating a goal or a victory to celebrating festivals in countries far from England. The scale of monetization explains why these clubs have started investing large amounts on social media to secure and maintain a large loyal base of supporters. "The use of social media is seen as a driver of traffic to the official site which is monetized via advertising revenue and sales of commercial products, such as online player TV, ticketing and merchandise" (McCarthy et al. 2014).

Barcelona and Real Madrid (both in the top three most followed teams) have more than 250 million social media followers, and their average commercial revenue per social media follower stands at around 1.30 Euros for both clubs. Manchester United, Manchester City, Liverpool, Chelsea, and Tottenham Hotspur get around 2.1, 3.3, 2.5, 1.9, and 4.3 Euros per social media follower (KPMG 2021). In 2018, Juventus FC, then champions of Italy, saw its social media presence grow by 320% to 110 million. This sudden jump also coincides with Cristiano Ronaldo's signing and the social media marketability that he possesses, with around 400 million followers just on Instagram. As a result, Juventus' marketing strategy, along with the signing of important players, boosted their commercial revenue by 145% as well (KPMG 2021). Social media becomes the primary tool for marketing for both the club and the sponsor. For a club like Manchester City, which has a large stadium capacity, they still make £41.7 million from matchday revenue, but this is nothing in comparison to the £190.3 million from broadcasting revenue and the £246.3 million from commercial revenue (Swiss Ramble 2021).

The demand for the club from fans is sticky, in the sense that clubs don't lose fans to other clubs easily, especially 'serious fans' – one who watches matches, consumes digital content, identifies with the club's brand, and purchases merchandise. There is a far higher chance of losing a fan to another sports product or a different form of television content. Advertisements that are currently showcased during football matches or the sponsorship deals directly relate to their fan demographic: young, male, and working class. The broadcaster promotes everything from perfumes to athletic wear to sports betting websites during the match. But an interesting transition that social media has allowed is that now clubs are being able to target non-tradition fan bases, from casual watchers, and different age groups to other genders. Social media provides the opportunity to cater content according to the audience; clubs have used this to attract new fan bases without alienating their older fans. Increasing its fan base makes the club more attractive to sponsors who want to attach their brand with the club and tap into its fan base, but also for broadcasters who convert the telecast into advertising revenue.

> Sponsors are increasingly interested in the locations, profile, demographic, and value of a clubs' fans, in addition to the size of the fan base, to ensure the sponsorship is a good strategic opportunity for their brand and to Maximize Returns on Investment (KPMG 2021).

Social Media has also allowed football players to monetize their image and appeal. This has allowed players, especially the global superstars, to become financially independent from the club and create a brand based on their popularity. Even in the early days of social media, one could build partnerships with commercial brands and monetize their pages on Facebook or Instagram. Not only can players promote their long-term deals much more efficiently, like Cristiano Ronaldo and Nike, but they can also take part in smaller, one-time deals that earn them large bonuses, like Ronaldo with Crypto companies. It is reported that he makes over $1 million per Instagram post through this type of advertisement strategy. (Sweney 2021). Players with a large social media presence can negotiate better contracts with their clubs due to expanding the club's reach and appeal.

Considering that social media is still a new way to monetize your product, clubs are still wary of how to utilize it best. One big worry they possess is how to preserve their brand image and not let it get distorted by the large fan base and their varying opinions. Of late, with the digital influencer economy rising, the club brand is also being affected by other avenues. YouTube channels such as Stretford Paddock and Arsenal Fan TV (with 630,000 and 1.3 Million followers) have started influencing fan opinions by becoming a vocal critics of the club and indirectly affecting the club's image. They produce content that analyses and criticizes the various club's footballing and non-footballing decisions. For example, during the first lockdown after the Covid-19 pandemic hit, Arsenal laid off non-playing staff due to budget cuts while at the same time spending millions on buying new players, these channels came together to criticize and build awareness amongst fans. They were able to attain so much traction that the decisions became a lot more widely known; this led to country-wide criticism, and Arsenal was forced to take back many of their mandates.

At the start of the Covid-19 pandemic, the various applications available on one's phones became the only method of communicating with others, far or close. Once people were forced to stay at home and in-person interaction with other humans came to a standstill, the use of social media rose exponentially. Digital technology and social media have both increased the size of the fan base and monetizing opportunities, but also allowed clubs, players, and digital influencers to get a larger share of then the expanding revenue pie. This changing power structure within the football business has been further heightened after the pandemic and threatens to change the football industry permanently.

3.2 Branding

> Information differs from material goods in two ways: it is not inherently scarce, and it is not consumed with use. Rather it is inexhaustibly reproducible….Indeed the value of information is in most cases enhanced by being shared: it grows and it finds new uses. Its value is social but it is inherently difficult to create economic value from it. (Frow 2002 p. 56)

> Brand and corporate identities help companies create barriers to competition. To some degree, a company or a brand can obtain a legally sanctioned monopoly over certain aspects of the identity so as to create these barriers. (2002 p. 65)

In an era where anybody could produce, distribute and monetize media content, clubs had to find ways to differentiate themselves. For the big clubs branding became a tool to demarcate itself and build barriers to competition. As quoted above branding is a form of packaging information so it is easily recognizable and monetizable. In the past, clubs had to depend on media outlets – broadcasters, newspapers, etc to build consciousness of their brand, but social media allowed clubs to directly engage with their fans. The value of a brand is largely social and its value increases as it circulates. Social media provide the infrastructure for constant and endless brand building.

3.2.1 What is the brand identity of a club?

> Brand identity – the complex of name, image, and slogan – forms a semantic matrix which is to a large degree autonomous both of the products it subsumes and corporations which owns *(sic)* and controls it. Its imaginary significance can thus be advertised independent of particular products. (2002 p. 67)

Football brands create a narrative around a club connecting its history, identity, icons, and values, but equally football clubs can erase parts of their history that don't match the brand they are projecting for example Manchester City erases the non-democratic roots and history of human rights violation of their Qatari owners. Brands are socially constructed to make the club appealing and distinct, but also in modern times, clubs project values that resonate with their fan base and sponsors. Brands have a non-rational hold over the consumer's mind; football clubs look to maximize this emotional hold. This translates into consumers willing to pay a higher price for goods with the club's name, for example, a football jersey becomes much more expensive when a famous player's name is added to it. There is an insignificant increase in the cost of producing the name on the jersey, but fans are willing to pay much more because of their emotional connection to the club. This irrational linking of a business brand to values is referred to as branding. As a brand takes irrational hold of a customer's mind it can be monetized in multiple ways.

The following is an example of the process of brand building. Manchester United since the early 1990s has been one of the biggest clubs in the world, in terms of fanfare and commercial appeal. But this was not always the case, Manchester United fans were largely local in the 1940s and 50s. On 6th Feb 1958, the aircraft carrying the Man Utd team from a European cup match crashed killing the whole team, this was referred to as the Munich disaster and brought sympathy from football around Europe. Over the years Man Utd has built its appeal by bringing iconic British attacking talent including national captains such as Bobby Charlton, George Best, David Beckham, and Wayne Rooney. Their footballing brand of playing fast, attacking, and winning football while never giving up - epitomized by the 1999 Champions League final where Man Utd came back from the clutches of defeat to win the title in the last four minutes, was one that any global fan could identify with. Their brand has been made recognizable through the color red and their mascot the red devil.

> …..brand are ideologies: they are regimes of marketing and authorization which draws in rather similar ways on an imaginary of a unique person or personality; brands have a personality because they make use of strategies of personalisation to create something like a signature effect. (2002 p. 71)

Football clubs try to make brands more relatable by giving a personality to the clubs and bringing the non-footballing side of the club to fans. This is important so fans don't think of a club as being only associated with football but can identify with them at a more personal level. The brand provides a personality or a narrative that can be displaced onto the consumer. Instead of making straightforward content such as pictures of players' training or in-match pictures, clubs have started curating high-quality 'fun' interviews that will allow fans to dive deeper into the lives of their favourite players and managers, which furthers their sense of loyalty support the club.

During the Covid Lockdown, Manchester United expanded its association to non-profit endeavours. Players like Marcus Rashford and Juan Mata were made club ambassadors for their work in local communities. During the pandemic, Rashford took on the fight against youth hunger in the UK, with schools being online, a lot of children were underfed as they were missing the meals served at school. Marcus brought together different companies to create foodbanks for undernourished school children. Moreover, through his social media campaign, he was able to make the UK government reverse its decision to reduce funding for providing vulnerable children with meals. Juan Mata started a pledge-based charity called Common Goal in 2017, which asks footballers to donate 1% of their wages which was utilized to create sporting opportunities for underprivileged children around the world. This branding of Manchester Utd with social causes made their footballers more relatable and humane, especially at a time when football seemed trivial to the COVID crisis.

Why is a brand important? The values of a brand can be transferred to another commodity, and they create barriers to competition – especially given the high cost of making a brand recognizable to consumers.

> Brands similarity of value is the only source of identity for products of a widely differing nature (2002, p. 64)
>
> Although at a certain stage in its life the brand name may function as a strict form of designation. It is only when it loses this function that it becomes a brand "in the full sense of the term" Starting as a descriptor or a nonsense word, the brand acquires a semantic autonomy and a force of memory which transforms it into a self-signifying proper name (2002, p. 64).

This is the holy grail of a brand, to be autonomous or recognizable even when not put on recognizable products. Traditionally, a football club would sell merchandise and product connected to football or match viewing such as athletic wear, shoes, sports good, scarfs, and bottles: stuff to carry to the match. However, as football brands become increasingly recognizable, they can displace their product onto more and more diverse commodities. Today one can find the Man Utd brand or red devil tag on products as divergent as Yanmar the Japanese Tractor company, Milly their Chinese mattress and pillow partner, and Casillero del Diablo their Chilean Wine partner; none of these products have any direct association with football. As a brand becomes more recognizable outside of its immediate fan base, it becomes an indicator of status. Its effect is similar to Veblen goods where the more recognizable the good, the higher its demand. Sponsors will want the brand logo even if there is no direct connection to the good, as consumers will buy the good not just because they are a supporter of the club, but because the brand indicates higher status.

3.3 Project Big Picture

The pandemic lockdown affected all football clubs in England, however, the consequences of the financial losses were felt more harshly by clubs in the lower football leagues – EFL leagues. These Clubs earned most of their revenue, unlike EPL clubs, from matchday income. Their business model was highly dependent on fans coming to watch matches in the stadium. Moreover, the broadcast revenue earned by these clubs is disproportionately lower than their EPL counterpart, therefore even though football was restarted in July 2020 these clubs continued to struggle financially as fans were not allowed in the stadium. Most clubs in the EFL league did not have the financial resources or wealthy owners willing to fund the club through these losses; many clubs were on the verge of insolvency and some owners were actively considering selling or even shutting down. Amid this crisis, on 11th October 2020, Liverpool and Manchester United executives came up with a plan for restructuring the finances of the English football pyramid. The initial proposal was to give £250 million to the entire pyramid below the Premier League (EFL leagues) as a bailout payment to save clubs from going under due to the financial issues caused by Covid-19 along with 25% of revenue from any future TV deal which could amount to £100 million (Brand & Grounds 2020). For context in the past, only 4% of broadcast revenue from the EPL was given to the EFL clubs. They also offered to pay £100 million to the FA for their losses. These generous offers to support clubs in a time of crisis came with a catch. In exchange for this financial proposal, the big clubs wanted to re-structure the voting dynamics within the EPL. Currently, for any rule change in the PL 14 out of the 20 clubs must agree. Project Big Picture proposed that the power of changing rules should be restricted to 9 clubs within the EPL, and a rule change would require only 6 of these clubs to agree. The big 6 were part of these 9 clubs. It's quite clear why the big 6 made such a generous offer because other clubs in the EPL would not agree to this change and they needed the support of the larger football ecosystem.

In addition, to changing voting patterns, the project big picture made some substantial proposals that would provide more autonomy to clubs to monetize their brand; such a move would benefit larger clubs that were a globally recognizable brand. Some significant proposals were cutting down the number of teams in the EPL to 18 and abolishing the EFL Cup and Community Shield, which would allow clubs to organize more profitable exhibition matches around the world. There was a wide array of proposals alongside this: the most interesting of which was giving rights to all football clubs to stream 8 matches live from their streaming platform. This was a clear indication of the intent of the big 6 EPL clubs to break up the monopoly over the broadcast rights held by Sky Sports.

Project Big Picture is symptomatic of the contradictions within the productive capacity and social relations in the EPL emanating during the crisis. As the EPL grew richer there was increasing financial equalization amongst all clubs. While the pandemic threatened the entire football industry, its financial impact was greatest for the big 6 clubs. This proposal was an attempt by the big six to increase their monopolistic position in the league through voting power. A Sky Sports reporter astutely commented,

> Big clubs have long wanted to be able to exploit the value of their international TV rights and this would give them the power to do that. All Premier League clubs would have the exclusive rights to sell eight live games directly to fans outside the UK on their own *(sic)* digital platforms (Brand & Grounds 2020).

Revenue from the sale of international broadcast rights is shared by all EPL clubs, however, this proposal would allow clubs to monetize their matches. Given that the top 6 clubs have a bigger fan following and brand presence abroad they would make much more money than the other clubs.

Due to the adverse reaction from the fans, other clubs, and the general football audience, the Premier League rejected the Big Picture project and made a different proposal that will help all clubs without giving more power to the richer clubs. However, this demonstrates both the intent of the big six clubs to find opportunities to increase their power and is dependent on the FA resolving the financial difficulties of smaller clubs.

3.4 European Super League

One of the consequences of the contradiction between changing media broadcast technology and the traditional hierarchy controlling business in the EPL was that the product did not have to be limited to the EPL. We discussed in the previous section how the football business attracted and monetized satellite fans. However, as the pandemic threatened the biggest clubs financially; a concrete version of an idea floating around returned: The European Super League:

On 18th April 2021, the footballing world was shocked by the news of the European Super League. 12 of the biggest football teams in Europe (Real Madrid, Manchester United, Liverpool, Juventus, Barcelona, Atletico Madrid, Inter Milan, A.C. Milan, Manchester City, Chelsea, Tottenham, and Arsenal) went public with their intentions to form a breakaway league of its own with the possibility of adding three more permanent members and some temporary members. Real Madrid, Manchester United, Liverpool, and Juventus were the driving force behind the project that would disrupt the way club football is played in Europe. The announcement of the super league came after more than a year of financial hardship faced by the football clubs due to extended lockdown protocols. This was articulated in not so many words by the founders

> The formation of the Super League comes at a time when the global pandemic has accelerated the instability in the existing European football economic model. … The pandemic has shown that a strategic vision and a sustainable commercial approach are required to enhance value and support for the benefit of the entire European football pyramid. (The Super League 2021)

Even before the pandemic the big 6 in the EPL have been demanding a bigger share of the pie and more power in decision making. Reports suggest that each founding member of the ESL would have gained around $400 million, plus the broadcasting and commercial income would have earned all these clubs more than $1 billion (Panja & Smith 2021). This would dwarf the current revenue opportunities for the clubs and contribute to repaying their long-term debts.

Let's take a step back to understand what the product was in this case. By forming an independent European league with the biggest clubs – both in terms of revenue, branding, and fan following- a new commodity was being created with a guaranteed market. Moreover, new media technology would allow these clubs to both expand beyond their domestic boundaries to other European countries but also monopolize the global fan base – which largely supported these historically successful clubs. Further, the broadcast of the product and its governance would be controlled by the clubs themselves. The EPL is regulated by the FA which works under the ordinances of the UEFA and FIFA (world football governing bodies). The FA is a public body whose main mandate is to preserve and expand the popularity of football in Britain, it isn't primarily a profit-making body and it is accountable to the public and the government. The Super League would be controlled by the clubs themselves and would be oriented towards maximizing their business and financial interests. While the legalities were never cleared the ESL could in theory bypass the European and global football governance bodies which create guidelines and policies, make sanctions, and sustain the global brand. A privately owned sports league is not a new thing and globally successful private leagues like the NFL and NBA have thrived in America.

The clubs at the head of ESL can explore ways of monetizing the broadcast and global brand, change rules and regulations to serve the interest of the league, and explore new forms of the football business. For example, the EPL requires teams to have at least 8 homegrown players in the interest of developing talent in England, but the ESL can bypass this rule. Similarly, UEFA mandates certain financial requirements such as clubs having to maintain a wage to turnover ratio. The clubs could re-configure the ESL to meet the needs of maximizing the monetary benefit from the commodity. While two clubs controlled the league, all the big 6 EPL clubs were guaranteed permanent members with no possibility to drop out of it; moreover, the ESL would be scheduled to not affect the club's participation in the domestic league. The ESL also tried to create financial rules to equalize competition amongst clubs with different financial abilities. However, it was clear that ESL would be detrimental to the interest of other football clubs. For starters, members of the ESL would not participate in the prestigious and revenue-generating European club competitions – Champions League, etc. Secondly, the clubs might not take their leagues as seriously diluting the brand of the EPL. Further, The FA and UEFA ensure that revenue generated from football will be shared with lesser clubs and the development of the game. Reducing the overall revenue pile would affect clubs and players throughout the football pyramid.

> The ESL founders tried to compensate by promising “uncapped solidarity payments” of more than €10 billion to the football pyramid and each founding club would get “€3.5 billion solely to support their infrastructure investment plans and to offset the impact of the COVID pandemic. (The Super League 2021).

But at the same time, the clubs joining a new league will reduce the value of existing leagues, so the solidarity payments would never be enough to stop from the disparity increasing.

> Other than detailing that there would still be solidarity payments to those outside the Super League, it was never explained how it would benefit the rest of football (Marcotti 2022).

THE ESL faced a huge public backlash, which was focused on the public spectacle of fans – especially of these clubs- protesting. It was fairly evident that multiple interest groups such as other clubs, FA, media, sponsors of EPL, and business interests supported and fuelled this fan backlash. UEFA threatened sanctions on these clubs, though what was legally possible wasn’t clear. Due to major backlash from sport’s governing bodies, fans, and even governments, all six English clubs withdrew from the league on the 20^{th} & 21^{st} of April. This was perceived as a victory by sports fans, but UEFA has decided to introduce a new format for the UEFA Champions League, which is eerily similar to the ESL.

With changing technology and the globally inter-connected business of football the threat remains for a new football commodity to be formed by the most powerful – in this case the biggest European club. This threat became a reality due to the financial loss and uncertainty wrecked by the pandemic crisis. The ESL which never seemed serious in hindsight has made the infrastructure of the business more conscious of the economic monopoly at the top of the hierarchy and points towards a future of football very different from the present.

4 Conclusion

The business of football is at the forefront of interaction between consumerism, digital technology, and speculative finance. The growth of the EPL in the last decade has made it a case study for understanding the future of the sports-entertainment business. Therefore, understanding how the business is evolving provides a lens to understand other businesses based around media technologies: OTT streaming sites, online retail, the gaming industry, cryptocurrency, etc. The evolution of the English Premier League is a story of the increasing commodification of football and discovering new avenues of monetizing this commodity. In this paper, we argue that as digital media became more affordable and social media became more popular, the traditional hierarchy controlling the oligopolistic football industry – large media broadcasters, football authorities, big clubs, and traditional sponsors such as athletic wear were threatened; it provided opportunities for new economic interest groups to expand football’s revenue pie and get a larger share of it. In this paper, we empirically demonstrate that EPL clubs become economically dominant in the last decade, the gap between the EPL top 6 and the rest of the clubs increased due to their ability to monetize their brands, and the COVID lockdown crisis affected all EPL clubs but hurt the bigger clubs more.

The COVID lockdown-induced crisis provided a case study to analyze both the consequences of changing media technology at the heart of the football business, and coping strategies used by different economic interest groups – clubs, players, social media businesses, and sponsors who are not associated with football. Financial losses and bleak business prospects during the lockdown accelerated changes in business strategies and led to concomitant power struggles in the football industry. Social media provided opportunities to capture new fan bases: women, young adults, and fans from countries of the global south. Branding allowed clubs to capture and monetize the attention of new fans. Project Big Picture and the European Super League were alternate institutional mechanisms to replace the current EPL, while both were unsuccessful, they did threaten the traditional institutional structure and point towards changes that will make the traditional big clubs more powerful in the football eco-system.

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