



Study on the Economic Development of Premier League Under SWOT Analysis-Taking Manchester City Football Club as an Example

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Abstract. In recent years, Premier League has become more and more popular and has become one of the most influential football leagues in the world. This study will use the SWOT analytical method to analyze the economic development of the Premier League from both internal and external aspects. Manchester City Club, as the representative of the Premier League giants, will be used as the analysis object many times in this article. In the central part of the research, this study first analyzes the operation mode and advantages of club funds in Manchester City and then focuses on the analysis of the economic benefits of the Premier League based on the SWOT model, including the economic strengths and weaknesses of the internal development of the Premier League, the opportunities and threats of external development. The results show that the success of the Premier League is caused by many reasons, and the support of a large number of fans, the significant investment of investors, and the stability of the brand and sponsorship are all indispensable factors. Although this study only analyzes the Premier League, many advantages of the development of the Premier League can be used for reference by many other sports events, and it is of great learning value for China, where the development of the sports industry is not up to expectations.

Keywords: Premier League · Manchester City Football Club · SWOT Analysis · Commercial Sponsorship · Organizational Management

1 Introduction

English Football Super League, referred to as the Premier League, is regarded as the highest level of all professional football leagues under the English Football Association, which is developed from the English first-class football league. According to the official annual report of the Premier League in season 2021–22, the average attendance rate of 20 Premier League teams' courts is over 95%. Three billion people in the world pay attention to the League, and all the 20 clubs in the League have each earned more than

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100 million pounds in the season. Those data show that the influence of the Premier League has reached the top level in the world. As the league champion in the 21–22 season and a top team that has won the Premier League title six times in the past decade, Manchester City Football Club (MCI), the world's top team, is one of the representatives of many giants in the Premier League. However, unlike Manchester United, Liverpool, and other top clubs, Manchester City didn't win the top league championship of English football for the first time until 2012. Before that, the team was in the middle or bottom of the League for many years. So, why could the MCI rise rapidly become an exciting topic. This passage will then analyze how MCI operates to maximize economic benefits. First of all, the considerable financial contribution of the Mansour Consortium will be starting point of this study, which purchased MCI in 2008. While Mansour Consortium invested a lot of financial resources, what kind of capital operation mode did Manchester City Club use to maximize the effectiveness of a large number of funds and realize the club's profitability, thus improving the team's record, is also worth discussing. In addition to the boss's investment, the huge profit of the club in commercial advertising fees is also an element that cannot be ignored. Next will be the significant section of this research, which will analyze the economic benefits of Manchester City and the Premier League based on the SWOT analytical method. With the help of this model analysis, the internal development pattern of the Premier League and its economic advantages and disadvantages, the external development pattern of the Premier League and its economic opportunities and threats will all be involved, among which there are many hot topics such as COVID-19 epidemic and FIFA World Cup Qatar 2022. Moreover, the analysis of the successful operation of MCI is not only confined to the situation of Manchester City Club itself but also has immeasurable reference value for the development of many footballs and other sports clubs worldwide. For those China Sports Clubs, which have poorly developed in recent years, the experience of Manchester City may be worth learning from so as to help them to get rid of the predicament.

2 Analysis of MCI from the Perspective of Its Financial Status

2.1 Investment and Asset Injection

Saudi Arabia, a country famous for its great store of petroleum, natural gas, and other natural resources, plays a significant role in performing investment of football clubs in the Premier League [1]. Recently, Saudi Arabia's sovereign wealth fund, which is effectively controlled by the crown prince, prince of Saudi Arabia, together with institutions in the UK, bought the UK for about £300m Super Newcastle Football Club. Once the news was spread out, the entire world got to know how powerful and wealthy the wealth fund in Saudi Arabia is.

As for the financial investment of MCI, in 2008, the club was financially precarious as its boss Thaksin Shinawatra from Thailand got involved in a political issue, with his own asset frozen. Then, in August 2008, the club was purchased by Abu Dhabi United Group, the Abu Dhabi United Group for Development and Investment, a United Arab Emirates-based private equity company, the owner of which is one of the members of the royal family in UAE. It is reported that more than 200 million Euros were spent on this takeover, which became an essential injection for Manchester City's future development.

This takeover marked a drastic change and a new start for Manchester City, and as of then, the club introduced many world-class players in the later ten years, becoming the strongest and wealthiest club in Premier League and starting to challenge and dominate the European Champion League.

2.2 Revenue from Advertisement and Sponsorship

Helped by the takeover discussed in the above section, MCI became much more famous and attractive to investors and potential advertisements [2]. So far, MCI has established 47 partner relationships with brands, which are manifested officially on its website [3]. Manchester City, in recent years, has had a contract with PUMA, a renowned sports cloth company. In 2019, having replaced the prior sponsorship and partnership with Nike Inc., MCI reached an agreement with Puma and decided to establish a new collaboration, with a brand new contract signed. It contained the condition for which MCI could have a fund of 65 million euros per year. Meanwhile, Etihad airline company became the firmest partner with MCI. Etihad Airlines is an airline company in UAE, and it began to sponsor the MCI in 2009. Etihad attained the exclusive qualification for naming the stadium, and since then, MCI's official stadium has been named Etihad Stadium. Etihad Airlines provided financial sponsorship of 80 million Euros for MCI, assisting City in purchasing more skilled players in the football labor market. The contract has been extended now. Generally, as of 2008, numerous international corporations and their brands incessantly made partnership and sponsorship relationships with City on account of its high international reputation and high commercial competitiveness, providing a pathway for City to succeed in the 2010s as well as the later years.

3 SWOT Analysis of the Economy and Development of the Premier League

The development of the Premier League could be divided into internal development and external development. The SWOT analytical method is based on the situation analysis of internal and external competitive environments and competitive conditions. With the idea of system analysis, various factors are matched and analyzed, from which a series of corresponding conclusions are drawn, and the decisions are usually decision-making. The word SWOT means strengths, weaknesses, opportunities, and threats. Among these four fields, the first two are used to analyze the advantages and disadvantages within the enterprise, and the latter two are used to analyze the chances and crises outside the enterprise. In this part, the economic development of the Premier League will be systematically analyzed by using the SWOT model.

3.1 Internal Strengths and Development

For the internal strength of the development of the Premier League, the support of a large number of fans for their respective favorite teams is the most prominent and direct source of economic contribution. Here, the vast and growing number of fans is one of the strengths of the development of the Premier League. The definition of a fan is not

very strict. Anyone with hobbies and participation in a particular sport can be defined as a fan. From the perspective of stakeholders, fans are the source of value for professional sports. The value of fans to a sports club could be divided into direct economic value and indirect economic value. The immediate economic value includes the economic consumption of fans' direct purchase of club products, on-the-spot watching, and ticket purchase, while the indirect economic value is the income of fans after ensuring sponsors and broadcasters invest in professional sports through consumption behavior. To the annual report in season 2021–22, after ending the restrictions on the audience going to the stadiums to watch the matches because of the epidemic, the stadiums in the Premier League became packed again, and more than 300,000 fans went to the scene to cheer for their home team in the first round of the League. According to the data of NetEase Sports News from China [4], the price range of single-game tickets in the Premier League in the 21–22 season is 10 to 50 lb, and the price of season packages is 300 to 900 lb. Each stadium will hold 19 games in a season. Based on the average ticket price of 30 lb per game and 30,000 spectators per stadium, a club can earn about 17 million pounds per Premier League season in terms of tickets alone. At the same time, it must be pointed out that the indirect economic value contribution of fans is actually far more outstanding than the direct economic value contribution. The fans who watch the game on the spot are actually only a tiny part of the fans who support a team. Those who have no condition to go to the scene and those fans from other countries all over the world are also of great value to the economic development of the club. With the popularity of TV and the Internet, sports fans all over the world can pay attention to their favorite teams and athletes from all over the world. The growth of sports fans has led to a substantial increase in advertising, sponsorship, and sporting goods sales. The fan community formed among fans has attracted more and more people's attention to these sports competitions. Those fans who are directly concerned about the advertising content will further tell their friends about the advertised products and form further publicity. In the case of rising advertising costs during the NFL Super Bowl [5], in 1967, the advertising cost of the first Super Bowl for 30 s was only 42,000 dollars. This amount broke the 1 million dollar mark in 1995, and in 2019, it reached a record high of 5.3 million dollars in commercial advertisements on CBS, equivalent to 176,667 dollars per second (Calfas, 2019). Then contact the British football community. According to an article in "Sport in Society" [6], even those non-professional league teams will have a group of loyal spectators to watch the game, and this tradition has been popular since the 1960s. As for the top Premier League, the number of fans has surged yearly. According to the statistics of 2019, the number of fans of Manchester United, Chelsea, and other giants has exceeded 300 million. Such a large and growing number of fans can provide more economic income strengths for the development of the Premier League.

Another commendable success in the internal development of the Premier League is that many clubs have ensured the stability of their brand value, thus ensuring the strength of their business behavior. Brand value is the core part of brand management elements, and it is also an important symbol that distinguishes brands from similar competitive brands. According to the latest statistics in 2023 [7], the brand value of the Premier League has reached 17.3 billion dollars, which ranks fourth in the brand value of global sports leagues, second only to the world cup, the European Cup, and

the Champions League, which attracts worldwide attention every four years. Compared with other leagues in the five major leagues, the brand value of La Liga ranks fifth in the world with 11.8 billion dollars, while that of the Bundesliga and Serie A is only about 4 billion dollars, and that of Ligue 1 is only 1.74 billion dollars. Why does the Premier League brand value have such an apparent leading edge? This is inseparable from the large-scale fan base of the Premier League mentioned above. According to the brand marketing strategy of MCI in China market [8], in the process of the rise of MCI in recent ten years, the goal is not only to build its own dynasty in the competitive field but also to spread the brand influence in the business empire, and China is one of the important markets that Manchester City has been paying attention to. As one of the most populous countries in the world, China has a total of 330 million sports fans, half of whom are fans of the Premier League. So many fans have really opened a big market for MCI and even the Premier League. The high popularity of the Premier League in China has laid a tremendous commercial marketing value for the Premier League. According to the data from LeTV Sports, by the 17th round of the Premier League in 2016–2017 [9], the total flow of LeTV Sports with about 230 free games and 380 live broadcasts of Premier League events in LeTV super TV was as high as 28.7 million, with 18 million UVs, of which 65% were mobile, 22% were PC, and 13% were TV.

At the same time, the Premier League has been invested by many wealthy investors since its birth. Since 2003, Russian boss Abramovich has started a “burning money” business strategy after taking over Chelsea. The super-high price has successfully attracted the attention of football all over the world. When the Abu Dhabi consortium settled in MCI, the Premier League officially opened the “Rich” era. The introduction of large sums of money makes the Premier League games particularly fierce and beautiful, and this “eyeball effect” also drives corporate sponsorship. For example, companies such as Sharp have sponsored a single team for decades, and the most striking thing is the advertisement on the chest of Premier League jerseys. The fate of the sponsors behind it is closely related to the development and changes in the world economy. At present, the sponsorship fee for chest advertising in the Premier League has reached hundreds of millions of pounds. Although the economic contribution of these investors to the Premier League belongs to the external development of the Premier League, which will be discussed in the following articles, their investment will promote the development of sponsors’ sponsorship, thus indirectly enhancing the value of the Premier League brand, which is precisely to enhance the competitive advantage of the Premier League. The above content is also one of the strengths of Manchester City and even the Premier League.

3.2 Internal Weaknesses and Problems

For the weaknesses and problems of the internal development of the Premier League, the most important is the emergence and domination of super teams or monopolistic teams. Monopoly power refers to the power a firm possesses to alter the price and dominate the market that could be initially competitive. For clubs of the sheer scale and high financial accumulation in the League. Some clubs of the sheer scale and high dominance. In particular, clubs like Manchester City, Manchester United, Liverpool, Arsenal, and Chelsea would correspond with such properties of the monopolist. First,

they tend to have high financial accumulation to purchase better football players and make themselves more robust and more invincible. The Peculiar Economics of Professional Sports considered professional sports leagues would suffer welfare loss as multi-plant monopolists [10].

According to economic theory, having strong market power, such clubs might not operate with maximum productive efficiency. In this case, those clubs in the League will have outstanding strength and be undefeated, so for some matches that smaller and weaker clubs play, fans will lose interest in them, therefore ceasing buying the tickets. Such a phenomenon is called competitive disequilibrium [11]. Competitive disequilibrium refers to the situation in that fans gradually lose interest.

The uncertainty of the match's outcome is based on the assumption that the result of the competition is not certain of the game, and the resulting sense of tension and excitement is what the audience has for team sports. The more balanced the competitive strength between the teams, the stronger the uncertainty of the outcome of the game. Therefore, more people will watch the game, making the match more appealing. On the contrary, if most games are not competitive, the interest of the audience and spectator interest will decline, and the brand image of the club and the League and its commercial value will be shrunk. Thus, if competitive equilibrium could be enhanced further by weakening the power of the top clubs or by strengthening the ability of the smaller clubs, providing them with more aid and support, welfare for fans, clubs, and the whole Premier League could be increased to a greater extent.

4 External Analysis

Accordingly, using the SWOT model to analyze, now external development and external threats are investigated, which include: the after-COVID development, international investment, the critical period during COVID-19, and the potential conflicts between investors and fans after investment comes.

4.1 External Opportunities and Advantages

The next thing to talk about is the external development of the Premier League and its possible economic opportunities. The most important influence of this external development part is that the investment from the wealthiest people in other countries has promoted the development of Premier League clubs and even the Premier League. Thus more countries have also increased their capital investment in sports competitions. More specifically, most of these wealthy investors come from the Middle East. Since Mansour became the owner of Manchester City in 2008, the Saudi investment fund invested in Newcastle Club in 2021-it is reported that the wealth value owned by this consortium is terrible at 320 billion pounds! This amount is more than ten times that of the Mansour consortium. Newcastle Club also rose rapidly in the past two years, from a weak team to the top of the League. The investment of these rich people in the Middle East has made more plutocrats have the idea of investing in sports clubs. Coupled with the hosting of the 2022 World Cup in Qatar, the popularity of football and sports has increased significantly in the Middle East, and investment in the sports industry in the Middle East

has also increased considerably. Another factor that can't be ignored is that the retreat of the COVID-19 epidemic has made the global sports market get a rapid recovery. According to an analysis in "Sport in Society" [12], The loss caused by the COVID-19 epidemic to sports clubs is not only that fans can't go to the scene but also that the development of industries owned by the owners of each club is seriously hindered by the epidemic. Considering these factors comprehensively, the COVID-19 epidemic will cause at least 50% economic losses to a sports clubs in the first half of 2020. However, after the epidemic ended, fans returned to the stadium one after another, and the bosses' capital income began to flow into their pockets, and people around the world's desire for sports events was unprecedented. In this case, the popularity of global sports events will continue to rise, and a larger sports market means more cash will flow, not only in the sports industry but also in other industries. For the sports industry, the COVID-19 epidemic, an infectious disease sweeping the world, is a disastrous blow and a significant threat. When the epidemic is over, it will be an opportunity for the clubs to continue to grow and develop, with the spectators returning to the stadium and the owners of various sports clubs regaining a large amount of income. Of course, such opportunities include those wealthy investors' crazy investments.

4.2 External Threats and Challenges

Financial Obstacles

As of the 2020–2021 season, it was generally known that all clubs in Premier League experienced a hard-lasting period on account of the global pandemic, COVID-19, which made an outstandingly massive impact on the Premier League, with all clubs and the League encountering thoroughly severe economic and financial issues [13]. After March 2020, as the pandemic continued to spread around the world, it has seen a rapid rise in the number of confirmed cases of COVID-19, many of whom include players in the Premier League and employees in the clubs. When they were diagnosed with COVID-19 and when the number of cases increased, the League, following the government's instructions, had to consider lockdown as public gathering activities are regulated to reduce crowd gathering, during which Premier League started lockdown on 13th March 2020, and restarted in 17th June 2020, with nine rounds of games remaining and with no fans being able to return to watch as prohibited. In contrast, in 2019, the average number of audiences entering the stadium in the Premier League was 38,168, and the aggregate number of audiences watching the Premier League was 14,503,954. The number of entries after the lockdown was nevertheless 0, obviously marking a considerable loss for clubs that previously set prices at 100 Euros on average. In addition, TV revenue declined dramatically. For instance, a previous contract that Premier League assigned with PPTV, a Chinese sports company, was worth 180 million pounds, but due to COVID-19, League

signed a new contract with Tencent Sports, another Chinese company, contract of which, however, was only worth 10 million dollar.

Conflict Between Fans and Foreign Investors

Gradual, consecutive injection of assets and international collaboration does make Premier League much more successful and invaluable. Nevertheless, some arguments contend that excessive injection of investment from other countries might bring some undesirable outcomes.

In fact, foreign ownership of the Premier League began with Abramovich. When he bought Chelsea in 2003, it was just the Premier League. The second non-English owner in the League's history, when the vast majority of Premier League clubs were owned by English families. Since then, the United States. Ben has made inroads into the Premier League: The Glazers taking over Manchester United, Fenway Sports Group buying Liverpool, and American sports and property tycoon Karen. Mr. Croatia's purchase of Arsenal leaves three of the most successful clubs in English football history under American control [14]. Between the English fans and the American financial organizations, tensions were high: when the Glazer family took over Manchester United in a massive leveraged buyout in 2005, fans were greeted with death threats, still protesting every season so far; Fenway Sports Group has brought Liverpool back to the top.

It can be said that the influx of foreign capital has made the current "Prosperous Premier League." However, if foreign capital and local traditional concepts want to be perfectly integrated, leading to the discontent of local fans and communities, there is still a long way to go.

5 Conclusion

Overall, the article initially focuses on the case of Manchester City, analyzing its experience with the discussion of its takeover, development, and accomplishments. Then, internal and external reasons for Premier League development are discussed further. Finally, obstacles and issues that Premier League confronts are introduced. The article could offer aid for further studies on Premier League development, rendering a more concise and critical perspective. This article focuses on a SWOT analysis of Premier League economic development. For investors and relevant stakeholders, the study could offer assistance and guidance in terms of economic analysis. Albeit a highly selective process in literature review and a well-rounded examination of the main body parts, this article would inevitably have some limitations, with some points requiring further evaluation. The study lacks real-life reviews on relevant individuals in Premier League, and all data comes from other articles, which could not be 100% precise. Besides, the article's analysis is based on subjective interpretations of the authors, some of which could be different in terms of different perspectives. For future researchers, this study suggests a comprehensive comparison between the relevant data of the Premier League and that of other organizations in the five major leagues. While exploring the development potential of the Premier League itself, it can also learn from each other and refer to the excellent development content of different leagues and clubs.

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