

Covid-19 and football finance, by Mason Robbins

The full impact of COVID-19 may not be realised for years to come, with the associated uncertainty forcing existing and potential broadcast and commercial partners to consider the amount they are willing and able to invest in sport. (2021 DFML, Deloitte, 210127)

In March 2020, the last of the European football leagues decided to stop operations indefinitely after a series of players tested positive for COVID-19. The last top-flight match played in front of a full crowd was the UEFA Champions League tie between Atlético Madrid and Liverpool, played at Anfield, Liverpool, on the 11 March 2020. The football industry is still recovering, and questions need to be asked about its preparations, resilience, and lessons. On the 16 May 2020, the German Bundesliga announced that it would be the first of the big-five leagues to return to competition with Spain (11 June), England (17 June), Italy (20 June), France (season abandoned), and Champions League (7 August) following soon afterwards. The stoppage period in play provides the opportunity to comment briefly on these conclusions about what can be called 'Before-Covid' (BC) and the early reactions to an 'After-Covid' (AC) response to the changing nature of elite football business operations.

COVID-19 has directly impacted the end of the 2019/2020 season and the beginning of 2020/21 season across several areas, namely around the broad variables that affect fans' return to stadiums. Fan and supporter interactions with football are impacting the commercial and broadcasting partnerships due to the challenges transiting to a digital environment. This reflects the evolving nature of the football finance rankings ecosystem where all actors are partners, and success depends

on multi-directional relationships and collaborating towards a common goal. Building on this, Real Madrid's Director of Digital Strategy breaks the COVID-19 recovery plan into three stages: 1) engage with fans; 2) support partners; and, 3) remain socially responsible. COVID-19 has accelerated our digital strategy [Real Madrid Director of Digital Strategy, Web meeting, 20200514]. The current pandemic has seen the football industry struggle. The industry is moving away from brands, athletes, and individuals to a unified partnership; the industry has to learn how to integrate fan into the fan-less environments; innovation will drive sponsorship and branding in the future. 'Covid has resulted in five years of research and development physically, technologically, and methodologically condensed into three months, what we are doing today was only dreamed of by executives back in January (2020)' (Real Madrid Chief Officer, Web meeting, 20200514).

The knock-on effect, along with the changing nature of national governmental regulations means that clubs and football organisations will face another season of uncertainty, especially around matchday, commercial, and sponsorship revenue sources. Deloitte's Sports Business Group has highlighted how, whilst some clubs are better positioned to handle the pandemic's impact, the industry has to experience a transformative process of re-evaluating business models and accelerating their digital strategies. The Deloitte highlighted:

[c]lubs' now more than ever, must keep their eye on the ball' to pursue further growth. COVID-19 has emphasised that the clubs who can remain agile, transform and innovate and have a unique opportunity to stabilise and grow, whilst those that accept the status quo risk standing still or even falling behind the pack in these uncertain times. (Deloitte Manager, 20200630)

The first few months in the AC era have seen clubs,

federations and sports organisations working hard to mitigate the total shutdown's impact whilst attempting to remain connected to supporters, meet a contractual agreement with sponsors, and maintain revenue generation opportunities. According to Deloitte, the 2020/21 season will be directly impacted by COVID-19, across several areas:

- There will likely be a broad range of scenarios impacting the timing and nature of fans' return to stadiums.
- Broadcasters and commercial partners will face economic challenges due to the changes in both fans' attendance and consumers' interaction with the sport.
- Clubs should expect uncertainty in their matchday revenue forecasts until further Government guidance is offered regarding crowd capacity at sporting events.

Deloitte's data demonstrates that whilst the football business industry continues to grow; it is now even more critical to engage with digital technologies in connecting clubs, stakeholders, and supporters. It has become imperative for sports organisations to understand the supporters' base whilst adapting the matchday experience. In turn, knowing a supporter base will help to drive commercial revenue opportunities and the ability to explore new business models and revenue streams.

Whilst some clubs will be better positioned to weather the storm than others, COVID-19 will undoubtedly have implications for all. Each club faces a struggle to retain and grow revenue from commercial and sponsorship agreements, whilst also navigating the future uncertainty of matchday revenues.

The COVID-19 pandemic has provided an impetus for clubs to rethink and recalibrate their wider strategic objectives and business models to ensure a strong recovery from the current situation. In particular, the focus on both internal and external digital capabilities has necessarily accelerated as

digital interaction quickly became the dominant way in which clubs could engage with their staff and fans. (2021 DFML, Deloitte, 210127)

In conclusion, the current global climate has rapidly changed the football business industry in just a few months of 2020. The lessons mentioned above are provided to acknowledge and highlight what various football organisations are doing in light of COVID-19. Most importantly, this Covid comment draws out the lessons learned from the last thirty years of evolutions, interactions, and innovations found to play a role in the football business ranking ecosystem and its nexus of actors. It is still early in the global pandemic, and a lot will change in the coming months and years. What can be concluded is that elite clubs are beginning to evaluate their commercial and brand assets, which the football business rankings have highlighted, and utilise their global reach to provide support and improved resilience against this and future global pandemics. This remains a fertile area for future research.

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