University of Oradea, Faculty of Economic Sciences
Oradea University Publishing House, Oradea, Romania

# ANALYSIS OF CONSUMER MARKET IN CENTRAL EUROPEAN FOOTBALL

**BALOGH Renátó[1], BÁCSNÉ BÁBA Éva[2]**
*[1]Károly Ihrig Doctoral School of Management and Business, Faculty of Economics and Business, University of Debrecen, Debrecen Hungary*
*[2]Institute of Rural Development, Tourism, and Sports Management, Faculty of Economics and Business, University of Debrecen, Debrecen Hungary*
*balogh.renato@econ.unideb.hu*
*bacsne.baba.eva@econ.unideb.hu*

**Abstract:** *Spectator sports have become an integral part of entertainment industry. Football matches attract masses at the specific venue and via television broadcasts, which has given professional football significant business potential in addition to the value of sport. According to professional football's business model, the sports consumer is in focus – whether they be present at the venue or media consumer –, as they have an effect on all additional business revenues (such as those arising from sponsorship and broadcasting rights, merchandising revenues), and therefore their behavior and attitude are key elements to be studied and understood in order to create and operate successful football in business terms. The matches of major Western European leagues are followed by tens of thousands on the average, while television broadcasts are watched by millions worldwide. In contrast, in the Central European region the average attendance figures of leagues does not even approach 10,000, and also the broadcasting rights are sold within the country borders only for a much smaller amount than in the case of Western European leagues, which generates enormous gaps in the clubs' budget. A look at the revenues of Western European teams during the past decades shows dynamic growth, and the budgets of specific clubs exceed the revenues of Central European leagues in total. This study is seeking to answer what factors contribute to the fact that the average attendance figures of matches in Central European Leagues lag far behind that of Western European competitors, as well as what factors influence the habits of spectators and media consumers, if they have any expectations from the matches when watching it in the stadium or on television. Is it possible that the televised broadcasts of Western European top leagues withhold the supporters of Central European teams from visiting the venues of matches, focusing most of the attention to the Big Five Leagues, which trend will further increase in the future? In order to answer the questions of the research a secondary study was conducted that included the determination of the scale if European football market, as well as the processing of average attendance figures of leagues, revenues of clubs and previously created supporter motivation scales. Base on the results professional football has been concluded to be a strongly increasing product of European entertainment industry, however a huge gap has developed between the Western and Central European leagues in recent years. World-class players, quality performance and entertainment are concentrated in Western European leagues, which was further intensified by such major events in the 1990s as changes in the political regime of Central European states, Champions League series launched in 1992 or the Bosman ruling introduced in 1995. Nowadays – through broadcasting* *on various sports channels – Western European football matches have become part of our everyday life, and therefore these interested can encounter top football day by day, compared to which Hungarian football lags far behind in terms of quality. This is why – from among supporter motivation factors – players in this region need to focus on community building, sense of belonging to a community or team, which can generate a loyal supporter base sticking to the specific club that may serve as a foundation for business-based operation.*

**Keywords:** *sportmarketing; sport services; sport consumption; spectator sports; football.*

**JEL Classification:** *Z20; Z21.*

## 1. Introduction

European professional football has by now surpassed the limits of the classic sports to turn into one of the most dynamically developing areas within entertainment industry, and therefore has become a major business in addition to competition of teams. This finding primarily applies to West European club football, where football matches are watched in the stadium by several thousands week by week, and followed on television by millions all over the world. Due to television broadcasts matches have gone beyond the walls of stadiums, and in fact they have become available anywhere in the world causing football to globalize (Dima, 2015; Cleland, 2015; Maderer and Holtbrügge, 2019).
In the field of football Andrác (2003) identified 5 markets that allow clubs to generate business-based revenues. The 5 markets are as follows:
- Consumer market
- Sponsorship market
- Market of broadcasting rights
- Merchandising market
- Player's market

Consumer is a key player in the business model of professional football, regarding the fact that they have direct and indirect influence on all markets (Figure 1). Consumers can be divided into two groups: spectators and television consumers.
Spectator is in the focus of professional football, as they basically influence the scale of all markets. Clubs can directly earn – on the one hand – so called match-day revenues from spectators (tickets and passes, merchandising, buffet and other supplementary services), and on the other hand spectators provide the value of advertising surfaces. Spectators also serve as a basis for television broadcasting revenues (Feuillet et al. 2019) that claim increasing significance in the revenue structure of professional sports, since television companies are right to assume that sports events with high supporting base will be followed by masses via the media (András, 2004; Várhegyi 2016). If a match is broadcast on television, the advertising surfaces in the specific facility become more valuable, as – in this way – the messages of advertisements reach out not only to spectators, but to a much bigger

audience – to media consumers – resulting in sponsors being willing to pay higher fees for advertising surfaces. Additional value to television broadcasts is that it is able to reach out to new consumers who can become future spectators, purchase tickets for matches, use supplementary services and buy merchandising products. This is the logic behind the business model of professional football, which can be perceived as a circular process based on local consumers.

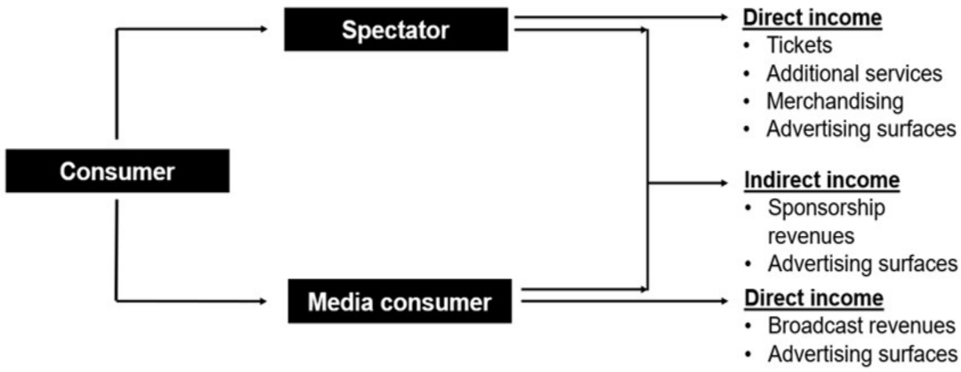


**Figure 1:** Ordinary business model of football
Source: Own editing based on András, 2003

In contrast to Western Europe's flourishing football economy, in Hungary and other Central European countries low attendance figures and rudimentary market mechanisms get usually into focus in addition to the lack of international sports success. Following the change of government in 2010, sports has been made a strategic sector in Hungary (Sárközy, 2017), which resulted in the renewal of sports infrastructure (Stocker and Szabó, 2017), attendance figures, however, keep to be extremely low.

## 2. Data and Methods

In spite of governmental efforts and direct and indirect subsidies to clubs, consumer interest in football matches has not been significantly increased in Hungary. Before the construction of the new stadiums low attendance figures were attributed to critical condition of the sports facilities and the lack of supplementary services – in addition to the poor quality of game. To date, however, the sports infrastructure has been renewed and scientific articles have questioned whether it is the quality of sports performance that is solely or primarily responsible for empty stands (Kajos et al. 2017; Kassay, 2018; Balogh and Bácsné, 2019a; Balogh and Bácsné, 2019b).
The question has arisen: if even renewed sports facilities fail to attract more spectators to matches and the quality of the game is also challenged, what such other factors are there in the background that bring about similar tendencies in Hungary and other Central European leagues, and attendance figures that lag far behind those of Western European leagues?

Our research objective is to answer this question, and examine what the driving factors there are on the consumer market in the case of spectators and media consumers.
In order to answer this question, we will conduct a secondary research, process the relevant international and domestic researches, collect the average attendance figures of the last 5 seasons in the case of the Visegrád countries and the Romanian first-class, and compare the revenues of the big Western European leagues with those of Central European leagues, and finally we explore the motivation of spectators and media consumers.

## 3. Results

The past 5 seasons (from the 2014/2015 season until 2018/2019) have seen considerably positive trends in average attendance figures neither in the Visegrád countries, nor in Romania (Figure 1). In terms of consumer interests, the worst situation can be recorded in Slovakia, where the average attendance figure in the first league reached up to 2500 persons in none of the years, whereas the Polish Ekstraklasat attracted spectators in the largest numbers, still the Polish football league could not boast of average attendance figures at or over 10,000 persons in spite of the fact that the country's population well exceeds the population of the countries used for this comparison (Figure 2). In Hungary, there seems to have been some rise in consumer interests, because in the 2018/2019 season the average attendance figure exceeded 3300 persons (Figure 2), but was still far under the 8000 spectators targeted by the Hungarian Football Federation (MLSZ) until 2020 (MLSZ, 2015).

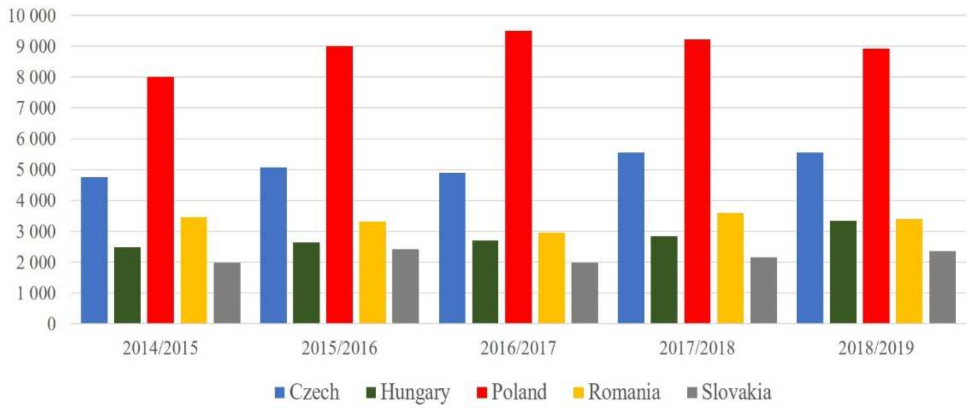


**Figure 2:** Attendances in V4 countries + Romania from 2014/2015 to 2018/2019
Source: Own editing based on worldfootball.net

The significance of football in business is clearly demonstrated by the fact that revenues in the Big 5 leagues (English, Italian, German, Spanish and French leagues) have been increasing exponentially in recent decades (Figure 3). While, for instance, revenues in the English Premier League stood at EUR 685 million in the 1996/1997 season, the 2017/2018 season saw an aggregate amount in excess of EUR 5550 million, and according the forecasts of experts the 2019/2020 season is about to approximate the EUR 6000 million watermark. Though the rates of increase tend to be less sharp in other leagues, tendencies are similar in the Italian Serie A, the German Bundesliga, the Spanish La Liga and the French Ligue 1 (Figure 3).

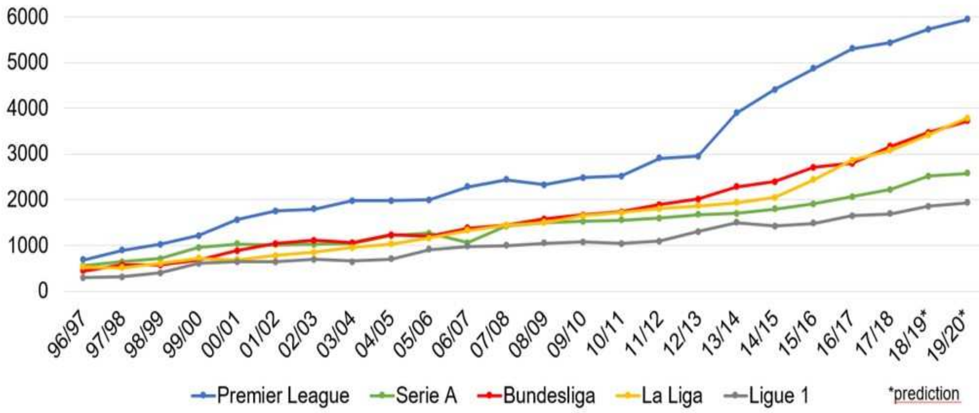


**Figure 3:** Revenues of Big Five European soccer leagues from 1996/97 to 2019/20 (million euros)
Source: Own editing based on statista.com

In the light of the huge growth of revenues in the Big 5 leagues, one could easily draw some incorrect conclusions in relation European club football. In the 2017/2018 season, the official football market in Europe could be estimated at a worth of EUR 28.4 billion, which is an enormous amount, still it seems to be useful to look behind this figure. When it is examined how the individual actors share this more than EUR 28 billion, the distribution of this amount suggests a serious problem. Nearly 2/3 of all the revenues is controlled by the first leagues and lower-level championships of English, Italian, German, Spanish and French football, while only 19% of all the revenues, approximately EUR 5.3 billion belong to the first leagues of the other 50 members of the Union of European Football Associations (UEFA) (Figure 4).

There are immense differences between the revenues of the Big 5 leagues on the one hand and the proceeds of the leagues in the Visegrád countries on the other. It can be claimed that based on the revenues of Western European leagues the budget of an average team (calculated with the use of the arithmetic average) boasts of a larger amount of revenues than the entire Hungarian first league, which – in addition to the Hungarian situation – also holds true for the Czech, Romanian and Slovakian leagues (Figure 5).

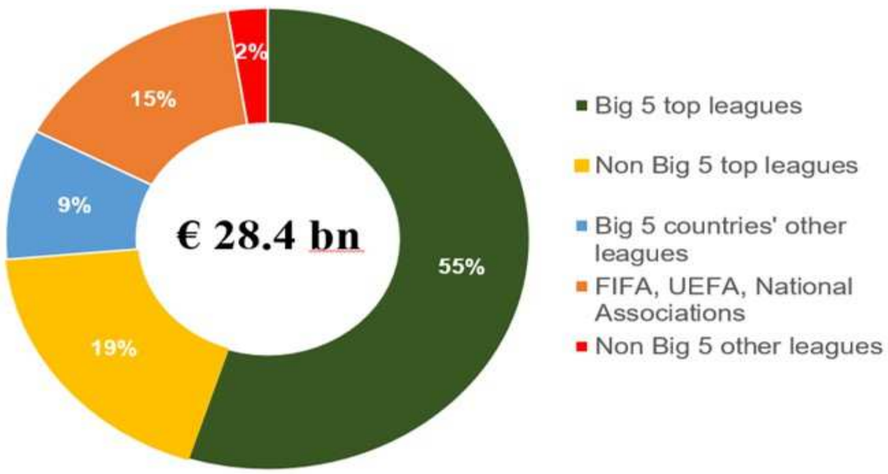


**Figure 4:** European football market size in 2017/2018 (billion euros)
Source: Own editing based on Deloitte 2019

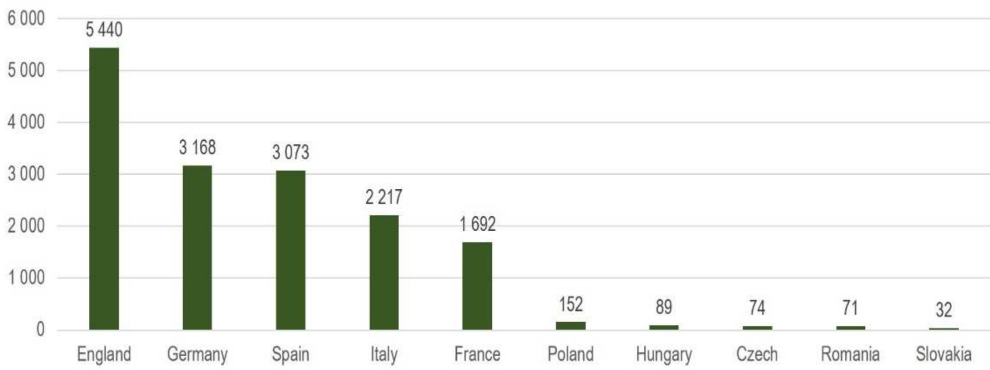


**Figure 5:** Revenues of Big 5 and V4 + Romanian Clubs' revenues in 2017/2018 (million euros)
Source: Own editing based on UEFA 2018

This huge discrepancy in revenues has its impacts on sports successes, as well as other professional aspects. For example, in the English Premier League the aggregated payroll costs of clubs is near EUR 3000 million, the corresponding amount in the German Bundesliga is EUR 1500 million, which means that the personnel expenditures at an English club, with the use of the arithmetic average, exceeds the revenues of the Hungarian league as a whole (Figure 6). Looking at the payroll costs of football leagues in Central Europe, it can be stated that with the exception of the Romanian league they follow the rule of thumb that personnel expenditures may not go beyond 70% of revenues, because this magic 70% rate needs to be observed by any football club to be able to operative on business grounds, in the long term (Figure 6). In the case of Hungarian teams, some progress has in fact been made after the previous years, as it was not infrequent that payroll costs were over 70% (Bácsné et al. 2018).

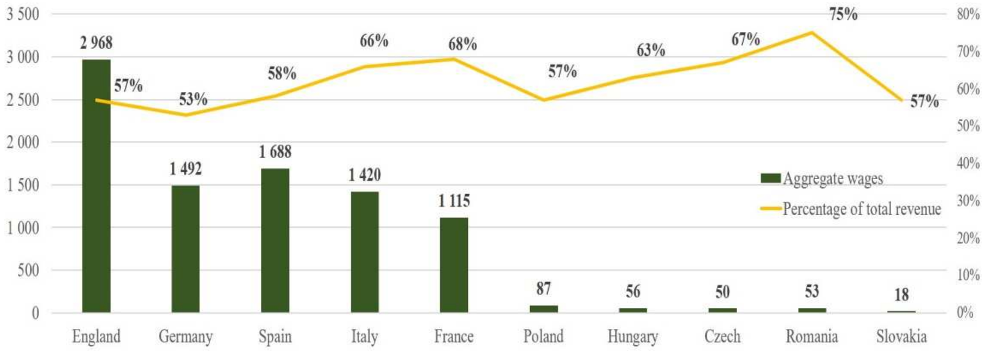


**Figure 6:** Wages of Big 5 and V4 + Romanian Clubs' in 2017/2018 (million euros)
Source: Own editing based on UEFA 2018

When the economic potentials of Western European football leagues and Central European championships alongside the revenues and payroll costs of clubs, it is to be noted that football clubs in Western Europe enjoy fully different opportunities; it may not be exaggeration to suggest that it seems that they were operating in some other sport. They are able to turn their professional accomplishments in sports into business success, which triggers enhanced consumer interests, yielding higher and higher proceeds. In the western part of the continent, football has become a part of the global entertainment industry. For teams, such as Real Madrid or Manchester United, it is totally indifferent in which corner of the world they sell their products, as they have supporters all around the globe, and these fans are willing to long hours and even thousands of miles to see the matches of the favourite squads in their own stadiums, venues. Each of these teams enjoys a consumer base literally embracing the entire world, with supporters being typically motivated by the show, the quality of sports performance and successes. It is clearly indicated by the fact that they are rather considered as consumers and not supporters in the studies examining their motivations (Trail and James, 2001; Funk et al. 2009). It was in the 1990s when European club football witnessed the emergence of the two distinct camps (Western Europe – Central and Eastern Europe), which is associated with the launch of two competition series, as well as the adoption of a rule that has had weighty influence on football as a whole. 1992 saw the kickoff of the English Premier League, already with business objectives, concurrently with Champions League, replacing the earlier European Champion Clubs' Cup. A truly far-reaching change came with the Bosman ruling adopted in 1995, stating that with their contracts expiring footballers could be

freely contracted, while the license of any player with an effective contract had to be acquired against a transfer fee (Havran, 2016). With this rule coming to effect, smaller Central European teams were no longer be able to keep their valuable players, as in the hope of higher salaries they tended to make rational decisions, and concluded contracts with teams in the Big 5 leagues, which enjoyed better opportunities; consequently, world-class talents started to flow into and concentrate in Western European leagues. At the same time, in the 1990s, commercial television channels, including sports channels, were established in addition to the centralized national television channels of the ex-Communist countries. Owing to these sports channels, alongside other sports football made way to the living rooms of households, and therefore viewers could follow football encounters at the highest standards from week to week.
Central European football began to drop behind in the 1990s in a process that was further strengthened by the economic shock caused by the political and economic change, which was also reflected in the sliding living standards of people, the underfinancing of sports and abandonment of ports funding by economic actors (Sárközy, 2015).
The general explanation for the low level of consumer interests in football matches is the poor quality of sports performance, but it is to be noted that all the above-mentioned factors contributed to the substantial shrinking of average attendance figures after the political and economic changes, for instance, in Hungary. Therefore, it is useful to examine the factors that influence interests in passive sports consumption. It is also reasonable to divide it into two groups, because the motivational factors are absolutely different for spectators at the live venues and media consumers. In the case of spectators at the live venues, influencing factors indeed include the need for real spectacles and entertainment, as well as such sociocultural factors as the sense of belonging to a community or identification with the team (Table 1). With respect to media consumers, the wish to be part of the experience is expressly accompanied by factors associated with the television broadcast, for instance the personality of the reporter, the time factor or interactivity during the broadcasting time (Table 1).

**Table 1:** Motivation of spectators and media consumers

| Spectators | Media consumers |
|---|---|
| Aesthetic | Getting experience |
| Entertainment | Well informed |
| Attraction | Commentary |
| Community affiliation | Time factor |
| | Sports betting |
| | Interactivity |

Source: Balogh and Bácsné 2019, Madarász 2018

After the examination of motivations, it can be claimed that a football match tends to be a fully different product when being at the live venues or watching it in the

television; similarly, expectations in relation to a match differ when it is seen from the grandstand or in the television. For spectators at the live venues, it is particularly important to have some attachment to the given club and the community around, whereas in the case of television viewers experience through the spectacle and sports performance has the priority.
In our opinion, spectators at the live venues can be best described as supporters, whereas followers via media channels are rather consumers.

## 4. In conclusion

Instead of the conventional approaches borrowed from economics, i.e. focus on ticket prices for the matches (Ferguson et al. 1991), the standards of sports performance (Pawlowski and Nalbantis, 2015), successfulness (Trail and James, 2001) or facilities (Yoshida et al. 2013), for football clubs in Central Europe it would be useful to lay the emphasis on such sociocultural factors as the sense of belonging to a community or identification with the team. The distribution of revenues in the European football market and the differing opportunities of Western European and Central European clubs all suggest that Central European teams should adopt a new way of thinking, philosophy and in this context, different marketing strategies. While Western European football is characterized by globalization, and success is expected to result from the global brand, in the Central European region local patriotism should be placed in the center of attention. There is no league or championship that could efficiently compete with the Big 5 leagues in the television with respect to the incredibly large differences in terms of the business and professional aspects of the sport that obviously also affect the quality of matches and the standards of entertainment, still filling the grandstands at stadiums is an issue that – even if with some difficulties – may be tackled. The actors of football in Central Europe should primarily aspire to build communities with reliance on local traditions and values, which can result in the emergence of a local supporter base with close links to the club. They are assumed to be less price-sensitive than one-time sports consumers (Madalozzo and Villar, 2009), the standards of matches are not of key importance for them, and would not abandon the team even if successes do not abound.

## 5. Acknowledgements

„Supported by the ÚNKP-19-3 New National Excellence Program of the Ministry for Innovation and Technology.”

## References

1. András K. (2003): *Üzleti elemek a sportban, a labdarúgás példáján keresztül.* Doktori (PhD) értekezés. Budapesti Közgazdaságtudományi és Államigazgatási Egyetem.

2. András K. (2004): A hivatásos labdarúgás piacai. *Vezetéstudomány.* Különszám, pp 40-57.
3. Bácsné Bába É., Bács B.A., Bács Z. (2019): Hazai professzionális labdarúgó klubok iparági elem-zése – A magyar labdarúgás Pénz Ligája 2014-2016. *International Journal of Engineering and Management Sciences.* Vol. 3, pp 284-296.
4. Balogh R. – Bácsné Bába É. (2019): Az MSSC szurkolói motivációs skála adaptálása egyetemi hallgatók körében. *Studia Mundi – Economica.* Vol. 6, pp 3-10.
5. Balogh R., Bácsné Bába É. (2019): Sportszövetségi intézkedések attitűdvizsgálata. *Acta Carolus Robertus*. Vol. 9, pp 23-33.
6. Cleland, J. (2015): *A Sociology of Football in a Global Context.* Routledge: New York.
7. Deloitte (2019): Annuel Review of Football Finance 2019. (Online) Available: https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/sports-business-group/deloitte-uk-annual-review-of-football-finance-2019.pdf
8. Dima, T. (2015): The Business Model of European Football Club Competitions. *Procidia Economics and Finance.* Vol. 23, pp 1245-1252.
9. Ferguson, D.G., Stewart, K.G., Jones, J.C.H, Le Dressay, A. (1991): The Pricing of Sports Events: Do Teams Maximize Profit? *The Journal of Industrial Economics.* Vol. 39, pp 297-310.
10. Feuillet, A., Scelles, N., Durand, C. (2019): A winner's curse in the bidding process for broadcasting rights in football? The cases of the French and UK markets. *Sport in Society.* Vol. 22, pp 1198-1224.
11. Havran Zs. (2016): A játékosvásárlás és az eredményesség kapcsolata a hivatásos labdarúgásban. *Vezetéstudomány.* Vol. 47, pp 30-40.
12. Kajos A., Prisztóka Gy, Paic R. (2017): A nézőtéri sportfogyasztás motivációit mérő, magyar nyelvű „SPEED-H" skála validációja és néhány eredménye. *Vezetéstudomány.* Vol.48, pp 19-31.
13. Kassay L. (2018): Ismerjük a helyszíni szurkolás nézői attitűdjeit a hazai hivatásos labdarúgásban? *Magyar Sporttudományi Szemle.* Vol. 19, pp 4-12.
14. Madalozzo, R., Villar, R. B. (2009): Brazilian football: What brings fans tot he game. *Journal of Sports Economics*. Vol. 10, pp 639-650.
15. Madarász T. (2018): Magyar sportsikerekben gazdag egyéni sportágak versenyképességi tényezőinek meghatározása fiatal sportfogyasztók megítélése alapjén. Doktori (PhD) értekezés. Debreceni Egyetem Gazdaságtudományi Kar, Debrecen.
16. Maderer, D., Holtbrügge, D. (2019): International activities of football clubs, fan attitudes, and brand loyalty. *Journal of Brand Management.* Vol. 26, pp 410-425.
17, MLSZ (2015): A magyar labdarúgás stratégiája. A megújulás évtizede 2010-2020. (Online). Available: https://szovetseg.mlsz.hu/adat/dokumentum/529/dokumentumok/mlsz_strategiai_kiadvany.pdf
18. Pawlowski, T., Nalbantis, G. (2015): Competition format, championship uncenrtainty and stadium attendance in European football – a small league perspective. *Applied Economics.* Vol. 47, pp 4128-3139.

19. Sárközy T. (2015): Magyar sportjog - Az új Polgári Törvénykönyv után. HVG-Orac Kiadó, Budapest.
20. Sárközy T. (2017): A sport mint nemzetstratégiai ágazat. Előnyök és hátrányok, hosszú távú kilátások. *Polgári Szemle.* Vol. 13, pp 143-159.
21. Statista (2019): Revenue of the biggest (Big Five*) European soccer leagues from 1996/97 to 2019/20 (in million euros). (Online). Available: https://www.statista.com/statistics/261218/big-five-european-soccer-leagues-revenue/
22. Stocker M. - Szabó T. (2017): A sportirányítás gazdasági kérdései. *Magyar Sporttudományi Szemle.* Különszám pp 56-78.
23. Trail, G. – James, J. (2001): The motivation scale for sport consumption: assessment of the scale's psychometric properties. *Journal of Sport Behavior.* Vol. 24, pp 108-127.
24. UEFA (2018): Club Licensing Benchmarking Report: Financial Year 2017. (Online).Available:https://ru.uefa.com/MultimediaFiles/Download/OfficialDocument/uefaorg/Clublicensing/02/58/99/65/2589965_DOWNLOAD.pdf
25. Várhegyi F. (2016): A sport és a televízió kapcsolata. *Testnevelés, Sport, Tudomány.* Vol, 1, pp 20-29.
26. Worldfootballnet (2019): (Online) Available: https://www.worldfootball.net/
27. Yoshida, M., James, J. D., Cronic, J. J. (2013): Sport Event Innovativeness: Conceptualization, Measurement, and Its Impact on Consumer Behavior. *Sport Management Review.* Vol. 6, pp 68-84.