

## Sportive Challenges | What football clubs are currently facing

by Jochen Ressel



Sports associations, clubs and sports facilities are confronted with numerous questions and are required to provide answers. But the Covid19 crisis has not made it easier. The challenges they are facing include:

- Security issues (sponsors and officials require reliable strategies to fight hooliganism and prevent stadium banned persons from attending sports events)
- Social responsibility and fan-DNA issues (influencing the fan community positively to develop club-compliant values and behaviour and additionally knowing who the club fans and what their preferences are, as sponsorship decisions are made dependent on this knowledge)
- Practical sponsorship ideas are required. It is not the sponsors' job to develop suggestions and inspiring, sparkling ideas, but they expect this from the clubs.
- Ecological responsibility issues as athletes often travel nationally and internationally. The environmental footprint is in the spotlight of sponsors as well as of the wider public, together with fan travel's footprint and their ecological impact in sports venues (waste issues etc.).
- And additionally, there is a financial question...

Many clubs and sports associations are on a fragile financial footing because of the lack of income due to the Covid19 situation. But a number of their problems originate in the past. In many cases, there is an urgent need to modernize or to build new sports facilities, to develop an associated modern infrastructure and a future-orientated income structure. What does this mean in particular?

Covid19 made it very clear that clubs face dramatic problems, as they haven't built their business on several concrete pillars. Some of them are:

- Entrance fees, consisting of standard tickets (various price-levels), VIP tickets and attractive hospitality packages.
- Virtual entrance fees, e.g. to let fans buy or rent VR headsets from the club and selling virtual tickets (not only relevant if public attendance is banned because of the pandemic, but also when the demand of tickets is more significant than the stadium capacity, e.g. for international matches).
- Sponsoring, consisting of traditional channels with target group-relevant offers for fans, based on the registration data, e.g. for insurance, banking products, mobility and telecom providers, etc. – and through target group-specific ads for the users of the virtual tickets in the VR headsets.
- Betting revenues, through strategic partnerships with betting providers incl. kickback payments or via the establishment of club-owned tools for fans with betting-licensed partners.
- Income from eSports divisions, with separate sponsorship opportunities, pay channels, betting revenues, etc.
- Club merchandising, incl. online sales channels.
- Revenues from talent management and player transfers, for which a professionally developed junior academy including a professional scouting structure is required.
- Bonus payments from international competitions (UEFA Champions League, European League etc.)
- TV broadcasting revenues.
- Kickback payments from club star's sponsoring contracts.
- And not least, generating not sport-related income, e.g. through ownership of Shopping centers, Office centers, Apartment properties, Hotels, Sports facilities (like Ice skating- or Inline skating facilities etc.) and much more.

Only a healthy mix of various income sources means that even if one or two positions are lost – as currently experienced because of the pandemic – the club can continue to rely on multiple complementary sources of income. But how can this be achieved?

One option is the cooperation with long-term oriented sponsors and patrons, who are willing to invest not only in some famous players for short term sportive success but who are dedicated to investing in future-orientated structures and building up income pillars. This requires the establishment of holistic, sustainable concepts that secure joint success in the long term.

Another way is to generate equity capital through measures suitable for this purpose. This means that the club management is structured in such a way to have the appropriate financial know-how and foresight to deal with future-orientated technologies and financial products that strengthen the equity base.

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As a conclusion, it can be stated that only a joint, holistic and strategic orientation of clubs, their management members, fans, sponsors and business partners lead to sustainable success. It takes courage to implement such strategies, because only common goals bring tangible results.

Let us have your thoughts and comments!  
We are looking forward to receiving them!

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*About the author*

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