

CHAPTER 4

METHODS

This essay primarily relies on the secondary data which comes from professional books, academic articles, and other professional research materials from think tank companies and so on. This is because the Premier League is a very mature and sophisticated Football League that any kind of individual primary data such as questionnaire is very unprofessional, given scale of the global market of the Premier League.

4.1 Research Design

In season 2015 to 2016, the revenue of the Premier League increased a high record of 3.6 billion pounds .Compared with the whole revenue provided by the exclusive 22 British clubs in the season 1991 to 1992, the average revenue of the British football club in this season produced more revenue than that. And the revenue from the commercial deals received more than 1 billion pounds . This was also a record in the Premier League. Although the championship, Leicester City, achieved an impressive revenue, with a rise of 25 million pounds in this season, it was only the amount of 40% of the average level from the top six British clubs. After the Championship of Leicester City, this top six clubs acted fiercely and swiftly to spend huge amounts of money for the summer transfer window in 2016. Consequently, they were again the exclusive six places in the Premier League in season 2016 to 2017.

Although the Premier League continued to be the leader among other European leagues from the angle of revenue, they have their own ways on how to spend this increased profit. British football clubs continued to be the biggest gambler on buying in the transfers market across the world. In the meanwhile, French and the German football clubs were famous of providing good football players in season 2015 to 2016. What's worth noticing about is that in January 2017 the net transfer receipts of the Premier League was the history high. This owes much to the exports of Premier League players to the Chinese football clubs.

Premier League clubs recorded a third consecutive season of operating profits in excess of £500m, and although they returned to cumulative pre-tax losses following

two consecutive seasons of profit this was due to exceptional items. Over the three year broadcast rights cycle from 2013/14 to 2015/16, Premier League clubs generated combined operating profits of over £1.6 billion; more than they managed in total over the previous 16 seasons combined, and we expect a return to record-breaking pre-tax profits in 2016/17.

4.2 Research Tools

The premium league's expenditure on wages has also increased by 12% in season 2015 to 2016, reaching the figure of 2.3 billion pounds. In the last two years' time, the increasing speed of the expenditure of wage doubled. This is because the British clubs have additional money derived from the rising of the broadcasting rights revenue in the season 2016 to 2017. Moreover, before the season 2012 to 2013, nearly all the rising of the revenue was spent to the expenditure of wages. This started to change after that season. with the proportion consumed by wages decreasing to only 44%. This indicates that the Premium League did a better job of balancing the increase of revenue and the expenditure of wage.

There is actually more than one reason behind British league's excellent achievement. Huge amount of wage expenditure is one of the reasons. But there are other reasons that can surpass the strength of wage expenditure. The unexpected title-winning of Leicester City was a good example. This is because although Leicester City was the champion in the season 2015 to 2016, in the Premier League their wage expenditure was only in the 15th place. On the other hand, while Chelsea's wage expenditure was placed the second in the Premier League, their performance was only the 8th, despite the fact that they were champion in the last season. Aston Villa's wage expenditure was in the 8th place, however, their title place was 12th. This situation changed in the season 2016 to 2017, in this season, expenditure of wage is more related to the place in the league. In fact, the league's six clubs who spend the most on wage expenditure hold the top six places towards title-winning.

In the last three seasons, the operating profits of the Premier League have all surpassed 500 million pounds . However, in the last two seasons, the league suffered from deficit before the tax was taken. From the broadcasting rights deal in the last two seasons, the operating profits of the Premier League was more than 1.6 billion pounds .This figure was more than the whole operating profits figure in the last 16 seasons.

4.3 Data Collection Methods

The number of operating profits was 28 million pounds in season 2016 to 2017 from the three new clubs which has recently been promoted to the Premier League. This three new clubs had lost the operating fees of 67 million pounds one year ago when they were still in the Football League champion. This reflects the differentiation between two different levels of football leagues in the UK. Compared with the Premier League, the Football League Championship clubs has spent more than they earned from their revenue. There were three teams of the Football League Championship that were promoted to the Premier League in the season 2016 to 2017. They were Brighton and Hove Albion and Huddersfield Town. They will surely receive at least 170 million pounds for their revenue as a result of the promotion to the Premier League for the following three seasons. This revenue will increase to over 290 million pounds when they are likely to still exist in the Premier League for over one season. The situation of this revenue is promising if the broadcasting deal of the Premier League continues to perform well in season 2019 to 2020.

The Premier League is a corporation in which the member clubs act as shareholders. Seasons run from August to May with each team playing 38 matches. Most games are played on Saturday and Sunday afternoons. It is often known outside England as the English Premier League (EPL).

The competition was formed as the FA Premier League on 20 February 1992 following the decision of clubs in the Football League First Division to break away from the Football League, founded in 1888, and take advantage of a lucrative television rights deal. The deal was worth £1 billion a year domestically as of 2013–14, with BSkyB and BT Group securing the domestic rights to broadcast 116 and 38 games respectively. The league generates €2.2 billion per year in domestic and international television rights. In 2014–15, teams were apportioned revenues of £1.6 billion, rising sharply to £2.4 billion in 2016–17.

Until season 2015 to 2016, it cost more for the clubs of the English Football League Championship on the expenditure of wages than on the revenue that they gained. This phenomenon appeared three times in the last four seasons. Furthermore, the condition of its operating also faces a situation of loss, with 261 million pounds of deficit. All the clubs of this league eagers to be promoted to the Premier League.

This is because promotion will guarantee to save their financial deficit and bring more honour to their clubs. In season 2015 to 2016, the net debt of the championship clubs have accumulated to 1.3 billion pounds . This figure is more than twice the revenue of the English Football Championship League. From the season 2016 to 2017 onwards, this league adopts a new policy in order to achieve a better financial performance. It studies from the experiences from the Premier League, which has always been doing a better job.

4.4 Data Analysis Methods

There are a total of 17 teams that existed in season 2014 to 2016. In season 2015 to 2016, Manchester United was the club that had the biggest earning and increased the most in this season. The revenue of this club has increased by 30%, reaching 120 million pounds in which 75 million pounds came from the commercial deal with Adidas. Another source of the growth of this revenue came from the participation of UEFA championship league in this season, which contributed 30 million pounds for the Manchester United.

The second largest increase of the revenue belonged to the team of Manchester City, with the growth of 40 million pounds in the Premier League clubs. They have participated in the championship league and reached the semi-final in this season. It has made them 63 million pounds by taking up in this game and this number was the highest earnings in this season by individual club. Another club, Leicester City had earned 25 million pounds of rise in its revenue. The majority of this increase of revenue came from the 22 million pounds of the additional Premier League distribution. There were also five teams that had decrease in the revenue in the Premier League in this season. Another important news for the Premier League is that in 2018, Wenger said farewell to its successful career (BBC Sport, 2018).

4.5 Research Flow

From season 2016 to 2017 onwards, broadcasting deal of the Spanish football league will be sold as a whole. In comparison with the last season's earning, each club in in Spain will receive more than 250 million euro dollars in terms of earning. It is predicted that the whole earning of Spanish football clubs will reach over 2.8 billion euro dollars.

From 2016 to 2018, it is not very possible for the earnings of the Italian football

division to rise very dramatically. Through cooperation with Infront Sports & Media, the football league will receive 990 million euro dollars every year. The time period of this cooperation will last for six season's long. In season 2016 to 2017, Juventus has successfully entered the UEFA final game. This has gained the football league much more revenue than before. It is estimated that commercial activities and people going to see the match will become another factor that drive the growth of the revenue of Italian football league.