

Analysing the value of football to Greater Manchester

**A draft final report submitted to
New Economy**

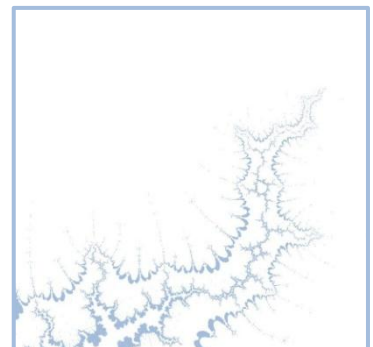
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Executive Summary

Football represents a key element of the culture of Greater Manchester. In the period covered by this study (2011/12 season) Greater Manchester had four Premier League clubs (Bolton Wanderers FC, Manchester City FC, Manchester United FC and Wigan Athletic FC), three Football League clubs (Bury FC, Rochdale AFC and Stockport County FC), a number of semi-professional clubs and a large number of amateur clubs.

Using SIRC's economic impact assessment model, we have been able to estimate the direct economic impact of football upon Greater Manchester. The headline figures are;

- Football is responsible for 6,100 full-time equivalent jobs in Greater Manchester, around 0.7% of total employment in the city region.
- The gross value added (GVA) associated with footballing activities was £370.4m in 2011, 0.8% of total GVA for the city region.

These figures dwarf those from comparative studies done in Merseyside and Glasgow amongst others, both in absolute and relative terms, highlighting the significant direct impact of football upon the city region economy.

The employment is dominated by people working for the professional clubs (2,100 fte) and those working in head offices of other organisations that are related to football such as sports clothing manufacturers Umbro, JJB Sports and Kitbag. In GVA terms the contribution of commercial sport (i.e. the clubs) significantly outweighs all other contributions, at £224.2m. This figure is entirely attributable to the wages paid by the clubs; as many clubs make a loss (in 2011/12, only Manchester United FC made a profit amongst the professional clubs, and that was outweighed by the losses incurred by the others, chief amongst them Manchester City FC). Other commercial activities contribute £135.8m to overall GVA.

The tourism generated by the presence of the professional football clubs in the region (particularly Manchester City FC and Manchester United FC) is significant. Hotel occupancy rates in the Greater Manchester area are considerably higher than normal when the teams play, while national studies suggest that substantial numbers of football tourists come to visit Old Trafford. The same study also highlights that the average spend of football tourists is considerably higher (and over a shorter period) than the average tourist. The National Football Museum has reported increased visitor numbers since its move to Urbis in mid-2012, and is well on course to beat its visitor target, highlighting the scale of football tourism in the city-region.

Despite the expertise required for the day-to-day running of professional football clubs, there is little evidence of spillovers or the development of clusters in the local economy around the football clubs. Many of the activities carried out by or for the clubs are not place-dependent, particularly among the



elite clubs (for example, legal advice to support a takeover bid would be sourced from London).

The name 'Manchester' gains substantial media exposure through the elite football clubs. Three and a half billion people watched a Premier League football match during the 2011/12 season, and it is estimated that around half of these spectators watched a Manchester United game, giving the Manchester name exceptional global exposure. This is highlighted by the use of football in trade missions, some of which are run on the back of tours operated by the clubs themselves, but all of which use football (and typically an interest in Manchester United, the most widely-recognised club from Greater Manchester and possibly the globe) as an ice-breaker in conversation and negotiation across a range of platforms.

The community activities undertaken by clubs perform a key role in the city-region. Schemes are targeted at particular socio-demographic groups, most typically those that are difficult to target through government-run schemes. These schemes cover a range of purposes, from Kickz, which aims to keep young disaffected youths in activities in the evenings, to Bolton Wanderers' FC Institute of Sport, which provides a formal education for those that have difficulty in more mainstream educational institutions.

Football participation is above the UK average in Greater Manchester; participation rates are above those for other comparable urban areas, as is the provision of facilities such as pitches. Football community schemes run in Manchester are among the most successful in the country in engaging the population and attaining positive results.

This analysis has highlighted four potential areas for further policy development;

- Maximising the benefits of the brand exposure of Manchester by facilitating (where possible) the continued development and success of the city-regions football teams.
- Improving funding and supporting the expansion of those community schemes which are of most benefit to the wider population (including those which are not operated so successfully by the public sector without the football club brand).
- Encouraging the development of local clusters of activities around the professional football clubs, by working in close consultation with the clubs to identify location-dependent facilities and services that could be of most benefit.
- Expanding the existing tourism policies (which concentrate on extending the stay of existing visitors) to attract more football tourism, utilising Manchester City FC's Premier League success, the presence of the National Football Museum and the forthcoming Soccerex conferences.



1 Introduction

This is the draft final report for the project 'Analysing the value of football to Greater Manchester'. This project has been commissioned by New Economy to identify the main benefits that football brings to the conurbation of Greater Manchester, and to give insight into what actions could deliver additional benefits.

Following a brief review of relevant literature, the report breaks down this impact into four distinct areas:

- the economic costs and benefits of football to Greater Manchester
- the tourism benefits that football brings
- the wider benefits attributable to football
- the social & community benefits of football

The report then concludes with a number of policy recommendations that build upon the economic analysis and desk research that has been undertaken and suggest possible methods for maximising these benefits.



2 Literature review

2.1 Introduction

There are a very small number of research studies that have examined the economic importance of *football*. These studies are reviewed in Section 2.6 below. We begin by reviewing broader studies of the economic importance of sport and the economic importance of sports events.

2.2 Economic importance of sport

European studies were first carried out in the 1980s

Many European countries first tried to estimate the economic importance of sport in the 1980s as part of a coordinated Council of Europe project (Jones 1989). Belgium, Denmark, Finland, France, Germany, the Netherlands, and the UK all carried out economic importance of sport studies as part of this project in the 1980s with some of these countries repeating the exercise in the 1990s (Andreff, 1994). Within these countries for the first time sport was shown to be an important part of the national economy accounting for between 1% and 2% of both GDP and employment. Given this finding, some governments continued subsequently to update their economic importance of sport studies. The UK, for example, carried out studies in 1985 and 1990 as part of the Council of Europe project. The Sport Industry Research Centre (SIRC) devised a model to estimate the economic importance of sport and this was used to produce estimates for England, Scotland, Wales and Northern Ireland, as well as for the UK using data for 1995. These have all been updated at regular intervals to provide a time series from 1995 to the present. In addition, since 2005 SIRC has been set up by Sport England as a Collaborating Centre for Sport and the Economy. As part of this arrangement SIRC produced estimates of the economic importance of sport for England as a whole and for each of its nine regions. These showed that the share of GDP and employment accounted for by sport rose steadily from 1985 to 2004.

In the early Council of Europe studies the overall definition of sport and the methodology used to estimate its importance varied from country to country which meant that it was not possible to make meaningful international comparisons. The studies proved an important first step in establishing the importance of sport economically in an individual country but were not useful in comparing results across countries.

Since 2006 a European initiative has sought to use a common methodology...

None of these early studies had formally used the so-called 'satellite account' methodology to estimate the economic importance of sport. However, this methodology became the centre of a new European initiative in the economics of sport which began in 2006.

On 11 July 2007, the European Commission adopted the White Paper on Sport, in which it announced that:

'The Commission, in close cooperation with the Member States, will seek to develop a European statistical method for measuring the economic impact of



sport as a basis for national statistical accounts for sport, which could lead in time to a European satellite account for sport.'

Prior to this his announcement there was an initiative of the Austrian EU Presidency in 2006 to develop a framework for sport satellite accounts and to establish an EU Working Group on Sport and Economics (WG).

The decision to set up the WG was taken by EU Sport Directors at their meeting in Vienna in March 2006, as an initiative of the Austrian Presidency. The first meeting of the group took place in Vienna on 27 and 28 September 2006 at the invitation of the Austrian authorities.

There was consensus in Vienna that the activities of the WG would have three main purposes:

- To measure the sport sector as a percentage of GDP and the effects of sport on employment, value added, and purchasing power in the Member States as well as at EU level;
- To measure the dynamics of the sport sector over time;
- To have reliable data as a basis for future decision-making with a bearing on the sport sector.

In most EU member states, the contribution of sport to the economy is still greatly underestimated. Basic statistical publications of many Member States contain no information on the sport sector at all, yet studies indicate that sport makes a considerable and growing contribution to European economies. Since national statistics focus on a small fraction of what is generally understood as sport, the contribution of sectors other than those covered are generally left unaccounted for. For instance, sport-related value added plays an important role in retail trade and tourism. This implies a discrepancy of country-specific magnitude between the statistically covered economic sport sector and the common understanding of sport activities. For this reason, the WG set out to encourage both Member States and the EU as a whole to have better economic and statistical data on sport at their disposal. To achieve this aim, it was decided that it would be useful to set up a sport satellite account in each of the Member States and, at a later stage, at EU level.

... and this has borne fruit in 'sport satellite accounts' in five countries

Further meetings of the WG took place and as a result of these meetings a common methodology for creating a sport satellite account was developed, and seven countries (Austria, Cyprus, Germany, the Netherlands, Hungary, Poland and the UK) agreed to fund research to produce a sport satellite account. Five countries have completed the process: Austria, Cyprus, the Netherlands, Poland and the UK. Since 2004 the estimates from the UK's sport satellite account have been the official UK measure of the economic importance of sport. For the home countries though the old methodology is still used to provide a continuous time series from 1995. The latest estimates were produced for 2010 for Scotland and Wales. The latest estimate for England and Northern Ireland is for 2008.

The figures for the countries that have completed their sports satellite account illustrate that Austria has the highest percentage of their economy dedicated to sport, with 4.9% of GVA and 6.4% of employment generated in the sports sector. However, the UK has the largest sports sector in absolute terms,



although this accounted for a much lower proportion of GVA and employment - 2.3% and 2.5% respectively.

In establishing a common definition of sport and common methodology for producing a sport satellite account that allows comparisons across countries the European project on the economic importance of sport has set a global standard that is likely to generate further development of sport satellite accounts outside of the EU. New Zealand which produced its study of the economic importance of sport in 2011 (Dalziel, 2011) is considering following the European approach given that the methodology used in its own study produced estimates that could not be compared to other countries. Only the European approach gives this international comparability.

2.3 Literature on the Economic Benefits of Hosting Major Sports Events

Cities compete to host major sporting events, motivating analysis of the benefits

The study of hallmark events or mega-events became an important part of tourism literature in the 1980s. Since then the economics of sports tourism at major sports events has become an increasing part of this event tourism literature. Many governments around the world have adopted national sports policies that specify that hosting major sports event is a major objective. A broad range of benefits has been suggested for both the country and the host city from staging major sports events including: urban regeneration legacy benefits, sporting legacy benefits, tourism and image benefits, social and cultural benefits (DCMS/SU (2002)), as well as the economic benefits which will be the main focus of this section. It is well known that cities and countries compete fiercely to host the Olympic Games or the soccer World Cup. However, over recent years there has been increasing competition to host less globally recognised sports events in a wide range of other sports where spectator interest is less assured and where the economic benefits are not so clear cut. In this section we analyse the benefits generated across a wide range of sports events from large spectator events staged as part of domestic professional team sports to World and European Championships. In this review, we will concentrate on the economic benefits generated but will also consider the economic and tourism implications of the broader benefits outlined above.

Early studies examined the benefits and costs to the host city

The literature on the economics of major sports events is relatively recent. One of the first major studies in this area was the study of the impact of the 1985 Adelaide Formula 1 Grand Prix (Burns, Hatch and Mules, 1986). This was followed by Brent Richie's in-depth study of the 1988 Calgary Winter Olympics (Richie, 1984; Richie and Aitken, 1984, 1985; Richie and Lyons 1987, 1990; Richie and Smith, 1991). In fact, immediately prior to these studies it was generally thought that hosting major sports events was a financial liability to host cities following the large debts faced by Montreal after hosting the 1976 Olympics. There was a general change in attitude following the 1984 Los Angeles Olympics which made a clear profit.

Mules and Faulkner (1996) point out that even with such mega-events as Formula 1 Grand Prix races and the Olympics, it is not always an unequivocal economic benefit to the cities that host the event. They emphasise that, in general, staging major sports events often results in the city authorities losing



money even though the city itself benefits greatly in terms of additional spending in the city. Thus the 1994 Brisbane World Masters Games cost the city A\$2.8 million to organise but generated a massive A\$50.6 million of additional economic activity in the State economy. Mules and Faulkner's basic point is that it normally requires the public sector to finance the staging of the event and incurring these losses in order to generate the benefits to the local economy. They argue that governments host such events and lose taxpayers' money in the process in order to generate spillover effects or externalities.

It is not a straightforward job, however, to establish a profit and loss account for a specific event. Major sports events require investment in new sports facilities and often this is paid for in part by central government or even international sports bodies. Thus some of this investment expenditure represents a net addition to the local economy since the money comes in from outside. Also such facilities remain after the event has finished acting as a platform for future activities that can generate additional tourist expenditure. (Mules and Faulkner, 1996).

Sport as part of a tourism strategy

Sports events are increasingly seen as part of a broader tourism strategy aimed at raising the profile of a city and therefore success cannot be judged on simply profit and loss basics. Often the attraction of events is linked to a re-imaging process, and in the case of many cities, is invariably linked to strategies of urban regeneration and tourism development (Bianchini 1991, Bramwell 1995, Collins 1996, Loftman & Spirou 1996, Roche 1992a). Major events if successful have the ability to project a new image and identity for a city. The hosting of major sports events is often justified by the host city in terms of long-term economic and social consequences, directly or indirectly resulting from the staging of the event (Mules & Faulkner 1996). These effects are primarily justified in economic terms, by estimating the additional expenditure generated in the local economy as the result of the event, in terms of the benefits injected from tourism related activity and the subsequent re-imaging of the city following the success of the event (Roche 1992b).

Cities staging major sports events have a unique opportunity to market themselves to the world. Increasing competition between broadcasters to secure broadcasting rights to major sports events has led to a massive escalation in fees for such rights, which in turn means broadcasters give blanket coverage at peak times for such events, enhancing the marketing benefits to the cities that stage them.

In the US, sport-orientated economic regeneration strategies have been developed ...

In the US, Indianapolis, Cleveland, Philadelphia, Kansas City, Baltimore and Denver are examples of cities that have adopted sports-orientated economic regeneration strategies. Most of these strategies have been based on attracting sports events associated with the main professional team sports, in particular, American football, baseball, ice-hockey, and basketball. Unlike the situation in most of the rest of the world, professional teams in the USA frequently move from city to city so cities often compete to attract a team.

Over the last decade cities have offered greater and greater incentives for these professional teams to move by offering to build new stadia to house them costing hundreds of millions of dollars. The teams just sit back and let



cities bid up the price. They either move to the city offering the best deal or they accept the counter offer invariably put to them by their existing hosts. This normally involves the host city building them a brand new stadium to replace their existing one which may only be ten or fifteen years old.

This use of taxpayers' money to subsidise profit-making professional sports teams seems out of place in the context of the USA economy. The justification for such public expenditure is an economic one: the investment of public money is a worthwhile investment since it is clearly outweighed by the stream of economic activity that is generated by having a major professional sports team resident in the city.

The amount of stadium construction in the United States in the 1996-2000 period exceeded the level of any five-year period in US history. It is estimated that the total cost of stadium construction in the US in the 1990s alone could exceed \$9 billion. At the end of the 1990s, there were thirty major stadium construction projects in progress, around one-third of the total professional sports infrastructure, but around a half of all professional teams in the US expressed dissatisfaction with their current facilities (Baade, 1999). Stadium construction costs increased substantially during the 1990s. Escalating construction costs have also generate an increase in the size of public subsidies to stadia.

**... prompting
debate over
whether public
subsidy is
justified**

As cities compete to use public money to satisfy the demands of these professional teams in terms of more state-of-the-art facilities, there has been much controversy in recent years over whether the economic benefits generated justify such high levels of public subsidy to professional sport (Baade, 1999). Crompton's (2001) criticism of the misapplication of multiplier analysis in the estimation of the economic impact of sports events related to the situation in professional team sports in the USA. He argued that in many cases external consultants carrying out economic impact studies to demonstrate the economic benefits on investing in a new stadium to hold major professional team sports events considerably overestimate such benefits. These overestimations may be the result of a genuine misunderstanding of the procedure for calculating economic impact but Crompton suggests that on many occasions it is a deliberate attempt to mislead by generating very high values for economic impact in order to provide advocacy for those arguing for the need to invest in a new stadium. It is certainly the case that most sports economists in the United States have taken the view that the economic benefits associated with staging major professional team sports events do not justify the level of investment in new stadia to host such events that has taken place over the recent past.

Outside of the United States research has concentrated on estimating the benefits associated with major sports events such as World or European Championships that move from country to country and city to city. Cities compete to host such events again mainly driven by the argument that they will generate sufficient economic benefits to justify government funding of the hosting of the event. Although it is generally accepted that for two events, the summer Olympic Games and soccer's World Cup, the benefits do exceed the costs, it is not clear that this will be true of other major sports events, even at World Championship level.



2.4 Major Sporting Events in Greater Manchester

The Commonwealth Games

The organisation of the 2002 Commonwealth Games was a major undertaking for Manchester City Council which provided the basis for Sportcity and generated a considerable community involvement through volunteering programmes, which the Council has tried to sustain.

The main physical legacy for Greater Manchester from the Commonwealth Games lies in the world class sports facilities that were built. These include major facilities at Sportcity and the Manchester Swimming Pool Complex. Manchester City Council endeavoured to produce a strategy for long-term benefits at local, regional and national level. Objectives at the core of the strategy included enhancing employment opportunities, education and skills of local people, addressing social exclusion and promoting economic growth in the local economy.

According to the Legacy analysis of the 2002 Manchester Games, the estimated benefits of the Games within Greater Manchester include the following:

- 4,494 total direct permanent jobs;
- 988 net additional permanent jobs;
- 40 hectares of land reclaimed;
- 51,223 sq m of floor-space developed;
- £36.7m of discounted development and related private sector investment; and
- On a cumulative basis, accounted for a £110m increase in Gross Value Added between 1998 and 2009.

Other research by Cambridge Policy Consultants estimates the number of full time equivalent jobs generated through the Commonwealth Games to be 6,300 (the equivalent of 10 jobs for each £1m of public investment). This includes both direct and indirect to the Games employment. According to this research, Manchester benefited by 300,000 new visitors per year, spending £18m within the local economy.

The Games created further opportunities for inward investment. MIDAS, Manchester's inward investment agency, led efforts to maximise investment opportunities linked to the Games. The Games attracted £150m of lottery funding and was largely successful in regenerating East Manchester and in developing Sportcity at Eastlands and the Ashton Canal Corridor. At the centre of this effort are the City of Manchester Stadium, the £24m National Cycling Centre, and the North West Regional UK Sports Institute. Sportcity contains the largest concentration of sports facilities in the UK.

In cultural terms, the Manchester City Council, together with the North West Arts Board and Marketing Manchester have identified three areas of long term benefits:

- education - programmes within schools to raise awareness and understanding of the various Commonwealth cultures. .



- environment - street dressing during the period of the Games, and on a long-term basis, through public art commissions;
- social and community - the development of cultural activities within Commonwealth communities, increased mutual understanding of cultural diversity.

The development of Eastlands

Overall, research has shown (e.g. research at Portsmouth University) that starting from a high level of deprivation (and highly polluted Eastlands), Manchester developed into a entrepreneurial city, a prosperous location for living and investing. The immediate local area of Eastlands showed much transformation after the Commonwealth Games, but very little in the period preceding the event, suggesting that the investment associated with the Games underpinned a long-term transformation of the area.

Two important aspects in the legacy policy must be emphasised:

- To ensure that there were no white elephants after the Games, the facilities were promoted actively to the local community and became the base of several local sport clubs. In its turn, this policy encouraged volunteering.
- The legacy was fully exploited in the commercial and sporting sense by attracting major sport events to Sportcity.

According to New East Manchester's 'New Evaluated Manchester' report, this policy had tangible economic results for the region. For example, during the period 1999-2004, employment in Manchester increased by 11%, compared to a level of 4.4% for England as a whole. East Manchester benefited in areas other than sport (but related to the sport-induced regeneration) through the creation of a regional retail centre, a four star hotel, new offices and house developments.

The operation of Manchester City Football Club (MCFC) in the area has further enhanced its potential. In 2011 the Council approved the establishment of an 'Eastlands Development Partnership' with MCFC aiming the continuous regeneration of the area. Some suggestions for implementation include:

- Openshaw West football facilities
- a proposed new sixth form institute meeting the needs of 550 members of the public and 50 MCFC scholars
- a proposed Institute of Sports Science and Sports Medicine
- a proposed Sports National Governing Body Office Base – "TheRegional Sports Hub"
- A swimming pool and leisure hub on Grey Mare Lane, Beswick
- the Manchester Veloparka Belle Vue Sports Village, including facilities for basketball and Taekwondo

A football academy will be built in the area by MCFC. These facilities, if built, will integrate with existing community assets already present, such as the East



Manchester Academy, the Beswick Library and St Brigid's Primary school, enhancing their value.

2.5 Longer term benefits of hosting major sport events

Many studies concentrate on the economic benefits generated by major sports events *at the time the events are staged*. It is often argued, however, that such events generate a longer term legacy of economic benefits. One example that is often quoted to support this argument is the case of the Barcelona Olympics in 1992.

Sanahuja, R (2002) provided evidence on the longer term economic benefits of hosting the Olympics in Barcelona in 1992. The paper analysed the benefits to Barcelona in 2002, ten years after hosting the games. Table 2.1 below shows almost a 100% increase in hotel capacity, number of tourists, and number of overnight stays in 2001 compared to the pre-Games position in 1990. Average room occupancy had also increased from 71% to 84%. In addition the average length of stay had increased from 2.84 days to 3.17 days. In 1990, the majority (51%) of tourists to Barcelona were from the rest of Spain, with 32% from the rest of Europe, and the remainder (17%) from outside Europe. By 2001, the absolute number of Spanish tourists had actually risen by 150,000 but given the near doubling in the number of tourists overall this higher total only accounted for 31% of the total number of tourists. The proportion of tourists from the rest of Europe went up from 32% to 40%

Table 2.1 Legacy tourism benefits of Barcelona Olympics

LEGACY TOURISM BENEFITS FROM THE BARCELONA OLYMPICS		
	1990	2001
Hotel Capacity (beds)	18,567	34,303
Number of Tourists	1,732,902	3,378,636
Number Overnights	3,795,522	7,969,496
Average Room Occupancy	71%	84%
Average Stay	2.84	3.17
Tourist by Origin		
Spain	51.2%	31.3%
Europe	32%	39.5%
Others (USA, Japan, Latin America)	16.8%	29.2%

Source: Turisme de Barcelona (Barcelona's Tourist Board) and Sanahuia (2002)

(representing an absolute increase of around 800,000) and from the rest of the world from 17% to 29% (representing an absolute increase of around 600,000).

Overall infrastructure investment prior to the Games was \$7.5bn compared to a budget of around \$1.5bn for the Olympic Committee to stage the games. The Olympics in Barcelona were the most expensive ever staged. However, Barcelona's use of the Games as a city marketing factor is generally regarded as a huge success.



Table 2.2 The Best Cities to Locate a Business

THE BEST CITIES TO LOCATE A BUSINESS			
City	Rank		
	1990	2001	2002
London	1	1	1
Paris	2	2	2
Frankfurt	3	3	3
Brussels	4	4	4
Amsterdam	5	5	5
Barcelona	11	6	6
Madrid	17	8	7
Milan	9	11	8
Berlin	15	9	9
Zurich	7	7	10
Munich	12	10	11
Dublin	-	13	12

Source: Sanahuja (2002)

This is evidenced by Barcelona's rise in Cushman and Wakefield Healey Bakers European Cities Monitor of the best European cities in which to locate a business, Barcelona was 11th in 1990 and 6th in 2002 (see Table 2.2).

The evidence presented above indicates that major sports events can generate substantial economic impact in the local economy of host cities. Although the events contribute to economic activity in the local area, local, regional and national governments are often called upon to cover the costs of staging the events since many of the economic benefits flow to leisure, tourism and hospitality industries rather than as direct income streams to the city authorities that host the events. However, city authorities do benefit from the media coverage given to the event and the place marketing benefits to the venues and the city itself. The longer term benefits of hosting major sports events such as the Olympics can be huge as the data from Barcelona illustrate.

2.6 The economic importance of football

There are only four published research projects into the economic importance of football: two in the UK (one in Liverpool and one in Glasgow), one in Spain and one in Germany.

The first study of the economic importance of football was Johnstone et al (2000). The approach taken in this study of the economic importance of both Liverpool and Everton on the Merseyside economy was unusual. The study focussed on club suppliers and the businesses around the stadia. It was an unusual methodology but the results suggested that about 3,000 full-time jobs in the Merseyside economy were dependent on the football industry with a further 1,400 part-time jobs generated by those working for Everton and Liverpool on match days.

The second study was Allan et al (2007). This paper used the Scottish input-output tables to assess the direct, indirect, and induced effects of the



expenditure of supporters of Celtic and Rangers on the economy of Glasgow. The study estimates the effect in Glasgow of the two clubs as an increase in GDP by £45.68m and an increase in employment of 2,423 jobs. The percentages of the total Glasgow GDP and employment are not given in the paper, but based on our estimates the two clubs account for less than half a percent of the city's employment and under 0.3% of the city's GDP.

The third study Banos-Pino et al (2007) attempted to estimate the impact of Real Oviedo and Real Sporting de Gijon on the Spanish regional economy of Asturias. The overall analysis showed that the activity of the clubs was small relative to the overall economy of the region accounting for 0.12% of regional employment and 0.3% of regional gross value added.

The final study by Preuss et al (2010) attempted to measure the economic impact of a German sports club, on its home region. The results were relatively modest with only €25.8m euros generated in a full season by the club FC Kaiserslautern on the local economy.



3 The economic costs and benefits football brings to Greater Manchester

3.1 Methodology

The SIRC model of economic impact assessment uses economic variables from official statistics as its basic input. Hence, there is generally no need for collection of primary data, although such data if available can be used to improve the estimates. National income accounting provides the framework for this model, which is consistent with the UK National Accounts. It allows for a division of the sports economy into the seven sectors below:

- Consumers, including the personal or household sector. Shows mainly sport- related expenditure, e.g. spending on sports clothing and footwear. Consumer income is presented net of income tax and National Insurance contributions.
- Commercial Sport including spectator sport clubs, sports good manufacturers and retailers. In this sector, we classify companies such as Nike, JJB and professional football clubs. We also include a section of the media where a sport product/ service is produced such as sport TV, sport publications etc. Spending from the Consumer sector to the Commercial sector, is recorded net of VAT (directed to Central Government).
- Commercial Non-Sport, including suppliers for the production of sport-related goods and services. This sector includes all companies of the commercial sector that do not provide a sport product, but they assist through supply of inputs or revenue in its production. The sponsorship revenue received by the club often represents a flow from the commercial non-sport to the commercial sport sector and vice versa. Examples include the MU shirt sponsorship from the insurance company AON (£20m) and MU paying £0.3m to North West law firm Brabners Chaffe Street.
- Voluntary including non-profit making sport organisations such as amateur clubs run by their participants.
- Local Government including income from local government sport facilities, sport- related grants from the Central Government and rates from the commercial and voluntary sector. The sector has expenses such as wages for labour (a flow towards consumers) and grants to the voluntary sector.
- Central Government including taxes, grants and wages on sport-related activities. For example, a person buying a ticket for a football match records two flows: one towards the Government sector as VAT, and another towards the commercial sport sector for the remainder of the price.
- Outside the Area Sector: this includes all transactions with economies outside Greater Manchester.

We record income and expenditure flows between the seven sectors above. As a result we can draw up a set of income and expenditure accounts for each



sector. The 'double entry' accounting principle is applied, so every expenditure flow from sector A to sector B is also an income flow in the sector B accounts. The income and expenditure accounts are then used to derive estimates for the following economic impact indicators of the sport economy:

- sport-related consumer expenditure
- sport-related employment
- sport-related value added

Sport-related value added is the most comprehensive statistic of economic value as it is a contributor to the gross value added (GVA) in the economy as a whole. We measure it as the sum of wages and profits/surplus in the sector, adjusted for the inclusion of value contributed from National Lottery projects. We use profit in the sense of factor surplus, ignoring transfer income and expenditure.

Inflation adjustment has been used for comparisons of the year 2010 with past data. When used together with average wages per sector and profit margins, the estimate of GVA contributes towards determining estimates for sport-related employment. Following the abolition of the New Earnings Survey, which used to be the basis of calculating average wages, historical employment figures have been re-estimated to be consistent with the Annual Survey of Hours and Earnings. Some assumptions and estimates used to connect the football economy to the sport economy are discussed in the result section below.

For the present study, the SIRC model has been tailored to focus on the flows of income, spending, value added and employment associated with football in Greater Manchester.



3.2 Results for Greater Manchester

Consumer spending on football

In the year 2010/11, total spending on football in Greater Manchester was some £279m. By far the most important item was match day spending (£109.1m), representing 39% of total football consumer spending. It also represents 70% of football clubs' total match day income; 30% of which is assumed to be spent by non- GM residents, treated as export. Table 3.1 illustrates the pattern of football related consumer spending in GM. Outside match day spending, the largest elements are: TV cable and satellite subscriptions (£77.1m), gambling (£35.4m) and participation subscription and fees (£16.1m).

Table 3.1 Consumer Spending on Football in Greater Manchester

CONSUMER SPENDING ON FOOTBAL IN GREATER MANCHESTER	
	£m
Match day	109.0
Sports goods	3.1
Participants sports subscriptions & fees	16.1
Clothing sales	12.7
Footwear sales	5.7
Travel	10.6
Newspapers	6.0
TV and video rental, cable & satellite subscriptions	77.1
Gambling: football pools	3.8
On/off course betting	31.6
Other	3.2
Total consumer spending	278.9

Match day spending is derived from the annual accounts of the football clubs for the year 2010/11. In the case of the League one and two clubs we assumed that match day revenues equalled half of total revenues, as expressed in the average case of the Deloitte Annual Review of Football Finance. In the case of on/off course betting we used the latest distribution estimates by MINTEL assuming that 28% of sport betting is associated with football. Finally we assumed that the percentages of football related spending on equipment, footwear and clothing out of sport related spending are 5%, 7.5% and 9% correspondingly. These shares are close to the ones found in recent KEYNOTE reports.

Football employment

Table 3.2 shows that the number of football-related full-time equivalent jobs in Greater Manchester is some 6,100.

The professional football clubs have total employment (full time equivalent) of 2,100. This is divided into 1,500 full time employees and 3,800 part time employees that are employed on match days only, a total of 5,300 jobs (on a headcount basis).

Within Greater Manchester, there are 2,100 people working in head offices of sport companies. Assuming a 5% football contribution, the football related



element in employment is around 105 people. For this reason the head offices of the football related firms have been considered explicitly. This includes: Adidas, Umbro, JD, the online retailer Kitbag and JJB (which was still active in the year under consideration). The numbers were verified via telephone interviews.

Table 3.2 Employment in Football in Greater Manchester in 2010/11

EMPLOYMENT IN FOOTBALL IN GREATER MANCHESTER IN 2010/11	
	Employment, 000s fte
Commercial Sport	
Spectator clubs	2.1
Participation clubs	0.1
Retailers	0.2
Company headquarters	0.1
TV and Radio	1.2
Other non sport	2.1
Subtotal	5.7
Voluntary sport	0.1
Local Government	
Sports facilities	0.2
Education	0.1
Transport/police	0.04
Subtotal	0.3
Total	6.1
Total Greater Manchester full time equivalent employment	826.5
Percentage of total employment in football	0.7%

In two cases we departed from the national and regional methodologies, obtaining the full-time equivalent (FTE) wages by known statistics of annual wages, employee numbers and sales of major companies. This happened in the case of spectator clubs on the basis of their annual reports, and in the case of participation clubs, using Powerleague's (the main operator of 5-a-side football in Manchester) financial statistics. In the second case, the result for average wages was significantly lower than the ones reported in the Annual Business Survey under Sports services, which boosted the estimate for employment. By comparison note that the football employment in Liverpool was estimated by the Football Industry Group to be 3,000 full time jobs and 1,400 jobs working for the clubs on match days.

In Manchester the commercial sector was partly boosted by the complex commercial structure of Manchester United, generating more jobs than what is on average the case. Figure 1 illustrates the corporate structure of Manchester United. In 2010/11, in terms of turnover, the most general case we may consider is Red Football Shareholder Ltd (UK) or Manchester United Ltd (£331.4m). Figure 3.2 shows how this is distributed among the subsidiaries.



The football club itself, in terms of operations, is represented by Manchester United FC Ltd, generating revenue £213.1m that corresponds to 64% of the total turnover. Within it, its commercial part (£2.9m), corresponds to 3% of total commercial revenue (£103.4m). Manchester United Interactive Ltd, a company focusing on exploiting media rights through the internet, generates turnover of £1.3m. Manchester United Merchandising Ltd focuses on retailing of MU branded and Nike co-branded merchandise through owned retail outlets, licensing manufacture and 'soccer schools'. It generates a turnover of £19.5m (6% of total) which is divided into retail, licensing and soccer schools. MUTV Ltd is centred on TV broadcasting, generating £8.6m of revenue. Finally Alderley Urban Investment Ltd generates £1m of revenue from property investments. We did our analysis using Red Football Shareholder Ltd (UK) and Manchester United Ltd Accounts. The overall contribution of football to the total of Greater Manchester employment (in FTE terms) is 0.7%.



Figure 3.1 Manchester United Corporate Structure

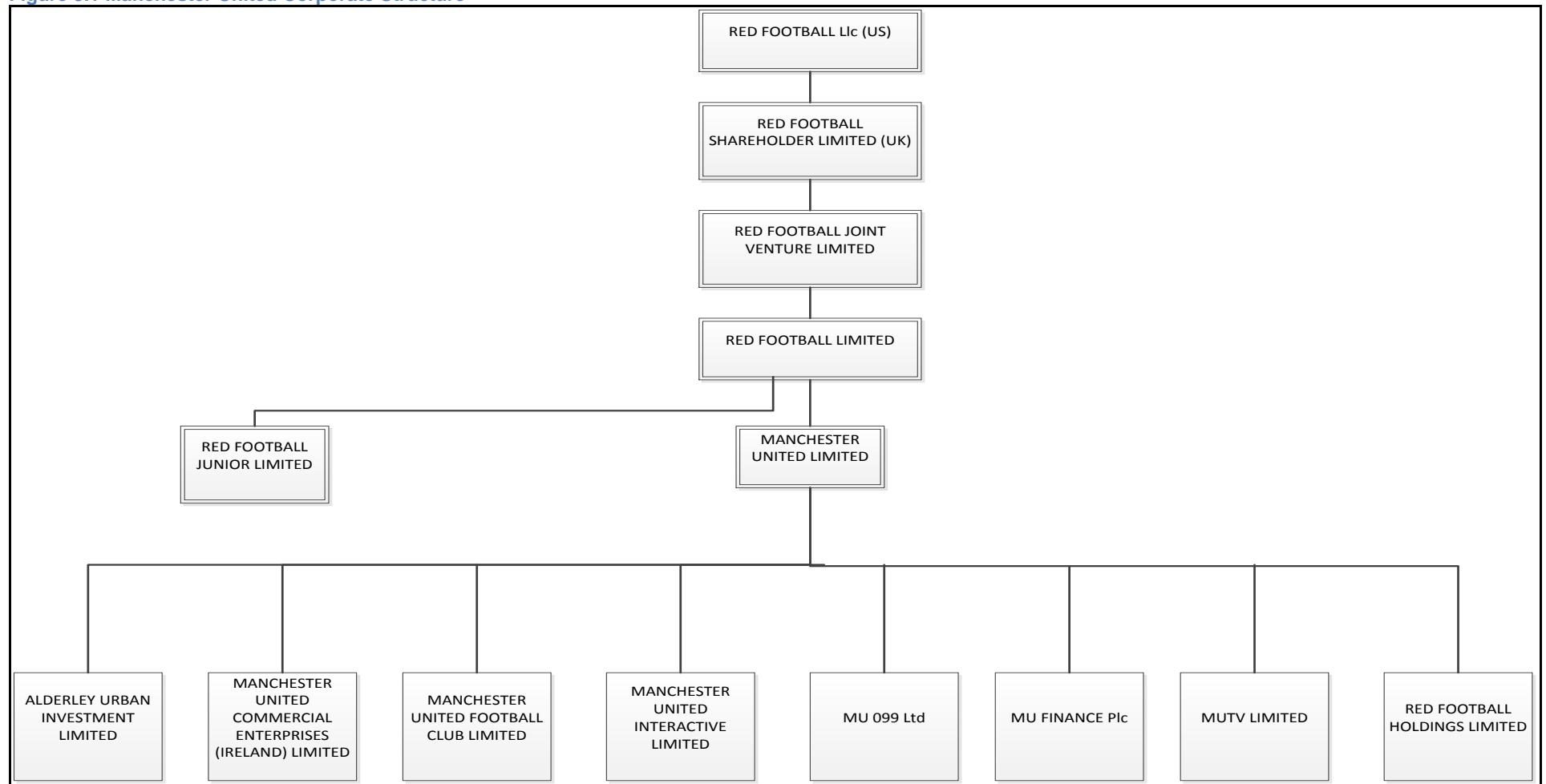
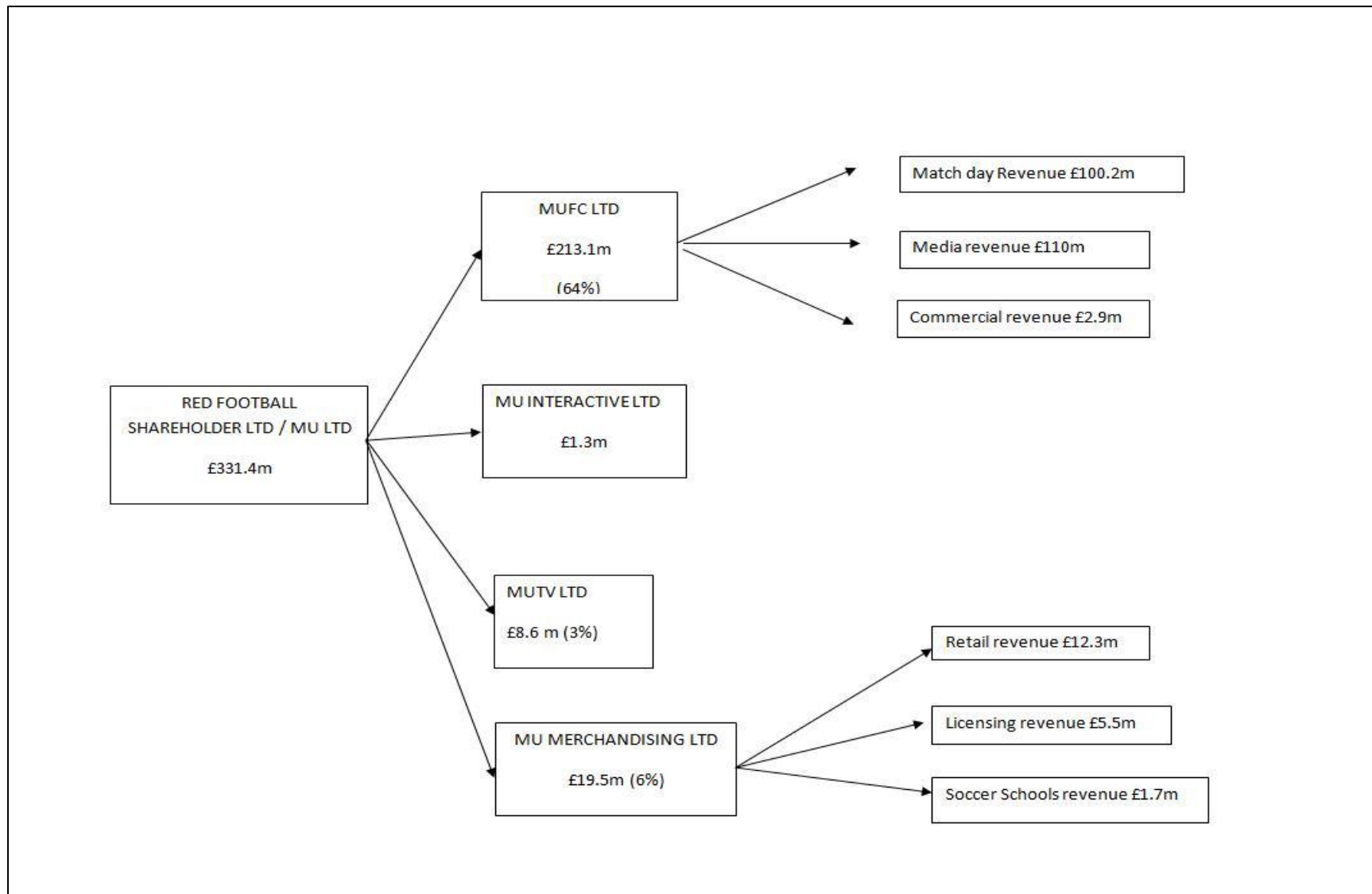


Figure 3.2 Manchester United Turnover



Football value added Table 3.3 shows that in the year 2010/11 total value added associated with football in GM is estimated to be £370.4m. This is equivalent to 0.8% of Greater Manchester GVA.

Table 3.3 Gross Value Added in Football in Greater Manchester in 2010/11

GROSS VALUE ADDED IN FOOTBALL IN GREATER MANCHESTER IN 2010/11	
	£m
Commercial sport	
Wages	443.6
Surplus	-219.5
Lottery projects	0.1
Total	224.2
Voluntary sector	
Wages	3.4
Surplus	1.7
Lottery projects	0.3
Total	5.3
Commercial non-sport	
Wages	87.4
Surplus	48.3
Total	135.8
Local Government	
Wages	4.3
Lottery projects	0.8
Total	5.1
Total	370.4
GVA in Greater Manchester	47293.0
Football GVA as percentage of total	0.8%

As before the biggest contribution comes from the Commercial sport with Wages £444m. However the professional clubs have a negative 'surplus': only Manchester United reported a pre-tax profit for the year 2010/11.

In the estimation of GVA we made two critical assumptions: Firstly that only 8% of broadcasting income is related to the internal Greater Manchester economy. This was derived according to the number of BSkyB employees in its offices in the region. Secondly that 80% of the professional clubs' commercial income is associated with activities located outside the Greater Manchester economy.

A part of the Commercial non sport GVA is generated by foreign visitors of the international football matches. Other than the football tickets, their contribution includes accommodation for overnight stays and other spending such as food and drink. Similarly the spending of domestic fans contributes to



GVA in their international travel through spending on transport. Here we assumed similar patterns of spending by Manchester-based and visiting fans.

In a survey of visiting German fans –travelling for the match Manchester City – Borussia Dortmund- we found that, on average, each visitor stayed one night in Manchester spending £40 on accommodation £90 on travelling (this is not spent in the UK) and £100 in other items. Assuming a similar pattern of spending for domestic fans (spending the air fare in the UK), we have a significant boost of the economy through the Commercial non-sport sector. Spending by international visiting fans (other than admission) is estimated at £4.02m (treated as export income, since the fans are foreign tourists).

Finally the voluntary sector was estimated by using the football geography in Greater Manchester (through GIS software) and the Survey of Sports Clubs 2011. According to the geographical analysis (Table 3.5) Greater Manchester has a total of 1,586 pitches divided into synthetic (116), grass pitches for seniors (1,018), and grass pitches for juniors (452).

Within Greater Manchester there are 700 football clubs classified within the Voluntary Sector. The income and expenditure per club is derived from the Survey of Sports Clubs 2011 as follows:

Table 3.4 Non-Professional Football Clubs' Financial Statistics, 2011

NON-PROFESSIONAL FOOTBALL CLUBS' FINANCIAL STATISTICS, 2011		
per club	Income, £	
Total income		18539
Fees		13915
Bar		1410
Tickets		1085
Grants, lottery		465
Donations, lottery		407
Couching		252
Hire of facilities		595
Sponsorship		205
Other		205
per club	Expenditure, £	
Total expenditure		17774
Staff costs		4799
Hiring costs		3377
Equipment, kit		2488
Bar		2133
Utilities		1777
Match fees		1422
other		1777



Table 3.5 Number of Football Pitches in Greater Manchester, by type

Operational	STPs																		Grass Football-Senior																		Grass Football-Junior																	
	3G	2G	Water	Commercial	Sports Club	Local Authority	Community Organisation	Academies	Community school	Community Special School	Foundation School	Voluntary Aided School	Voluntary Controlled School	Other Independent School	Further Education	Higher Education Institutions	Industry (for employees)	Other	Total	Commercial	Sports Club	Local Authority	Community Organisation	Academies	Community school	Community Special School	Foundation School	Voluntary Aided School	Voluntary Controlled School	Other Independent School	Further Education	Higher Education Institutions	Industry (for employees)	Other	Senior	Commercial	Sports Club	Local Authority	Community Organisation	Academies	Community school	Community Special School	Foundation School	Voluntary Aided School	Voluntary Controlled School	Other Independent School	Further Education	Higher Education Institutions	Industry (for employees)	Other	Junior			
Bolton District	1	6	0	0	0	1	1	0	3	0	0	2	0	0	0	0	0	0	7	1	7	56	0	4	19	0	0	13	1	4	2	0	0	1	108	0	4	20	0	0	16	1	0	10	0	2	1	0	0	0	54			
Bury District	0	5	0	0	0	1	0	0	4	0	0	0	0	0	0	0	0	0	5	0	4	43	2	0	20	0	0	3	0	6	2	0	0	1	81	5	1	19	2	0	7	0	0	3	0	0	0	0	0	37				
Manchester District	10	11	2	1	0	3	0	3	5	0	0	4	0	3	1	2	0	1	23	2	10	80	1	9	17	0	0	3	0	5	4	32	0	1	165	2	0	21	0	6	1	0	0	6	0	3	0	0	0	39				
Oldham District	4	5	0	0	0	3	0	1	5	0	0	0	0	0	0	0	0	0	9	0	6	35	0	3	13	0	0	4	0	2	0	0	0	63	0	0	8	0	0	1	0	0	2	0	0	0	0	0	11					
Rochdale District	6	2	0	0	0	1	0	1	2	0	1	2	0	0	1	0	0	0	8	2	2	53	0	4	17	0	3	7	0	0	6	0	0	94	0	0	7	0	2	20	0	4	4	4	1	0	0	0	42					
Salford District	4	6	0	0	0	5	0	0	3	0	0	0	0	0	1	1	0	0	10	0	2	70	0	4	8	0	0	2	0	1	1	6	0	3	97	0	0	14	0	0	6	0	0	1	1	1	0	3	0	0	26			
Stockport District	2	13	0	1	0	2	0	1	6	0	0	2	0	2	1	0	0	0	15	1	4	67	0	0	15	1	0	1	0	11	3	0	0	103	0	0	24	0	0	36	2	0	6	3	4	2	0	0	0	79				
Tameside District	4	4	0	0	0	1	0	1	3	0	1	1	0	0	1	0	0	0	8	0	3	61	0	5	12	2	1	6	0	0	3	0	0	93	0	0	11	0	5	13	2	0	5	2	0	0	0	0	38					
Trafford District	2	10	1	0	4	1	0	0	1	0	5	1	0	0	1	0	0	0	13	1	2	59	0	0	7	1	15	1	0	4	0	0	1	91	0	2	28	0	0	15	0	5	7	0	0	0	0	0	57					
Wigan District	7	11	0	0	3	1	0	0	8	0	0	5	0	0	1	0	0	0	18	0	4	73	0	0	22	2	0	13	1	0	5	0	0	123	0	0	28	0	0	17	0	0	21	2	0	0	0	0	1	69				
Greater Manchester	40	73	3	2	7	19	1	7	40	0	7	17	0	5	7	3	0	1	116	7	44	597	3	29	150	6	19	53	2	33	26	38	1	9	1,018	7	7	180	2	13	132	5	9	65	12	11	3	3	0	1	452			

4 The tourism benefits that football brings to Greater Manchester

Due to the proliferation of high-profile clubs in the area, one of the main drivers of tourism in Greater Manchester is football. Clubs from the area have an increasingly global fan-base, and as such are vital in attracting visitors from overseas to the city.

4.1 Volume of tourists

The strongest evidence for the impact football has on visitor numbers can be gained from the occupancy rates of hotels on matchdays relative to other days. In 2009 occupancy on matchdays reached 85% (or 89% if the night before Sunday afternoon games is included) compared to an average occupancy rate of 70%. This is an impressive rise, and illustrates the pull that football has in the city. This figure is highly influenced by Manchester United games – once the effect of these games is excluded, the occupancy rate on matchdays declines to 68% (below the average).

However, football-related visits to Manchester are not solely related to matches. The National Football Museum moved to the city's Urbis centre in 2012 from its original home in Preston, and is on track to receive half a million visitors this year (exceeding its original target of 350,000 by some margin). While many of these visitors will not have based their decision to visit Greater Manchester on the presence of the museum, there is a conscious effort to make visitors to the area extend their stay in order to visit it. This has seen joint advertising campaigns run with Manchester United's museum, as well as billboard campaigns in the city and advertising in the programmes at matches. The museum believes that these measures have been successful in extending the stay of some visitors, and as such are continuing to pursue this line of marketing.

A study released by Visit Britain of attendance by visitors from outside the United Kingdom in 2010 indicated that of the three quarters of a million people who went to a football match, 114,000 (over 15%) did so at Old Trafford. International visitors to Manchester in this year totalled a little over 800,000, the fact that one in eight visitors visited Old Trafford is striking. It also contrasts with the national experience, which saw one in forty international visitors to the UK go to a football match. While Manchester City Football Club's support is more centred on the Greater Manchester area than Manchester United's, the club's involvement in the Champions League is likely to attract greater numbers of visitors from other countries.

4.2 Length of stay

While there are no specific figures on the length of stays in Manchester which are related to football, information is available at a national level. This data shows that the average length of a stay that incorporates a visit to a football match was 10.6 days for 2010. However, once the underlying reason for the



visit is considered, this figure changes considerably. When the primary reason for the visit is specified as going to watch sport, the average length of stay is two nights. However, holiday visitors who also watched a football match stayed an average of 9 nights, and those visiting friends or relatives who also went to a football match stayed an average of 15 nights.

4.3 Average spend

On average, visitors to the UK in 2010 who specified they went to a football match spent £776. This is significantly higher than the overall average for all visitors to the UK in the same year, at £563.

4.4 Origins

Of the total 776,000 visitors to the UK that attended a football match in 2010, 164,000 came from the Republic of Ireland. This is likely due to the proximity and quality of transport links, as well as the wide level of support for English clubs in Ireland. Second in absolute terms is Norway, with 77,000 visits that incorporated a football match. Norway has the highest percentage of both holiday (around 7½%) and business (over 4%) visits involving attendance at a football match. Overall 12% of visitors to the UK from Norway in 2010 attended a football match while they were here. The Scandinavian Manchester United Supporter's club has over 40,000 members, indicating that a significant proportion of these visitors will have come to Manchester. A high proportion of visitors from the UAE also attended football matches while they were here, but these figures are somewhat skewed by the fact that many of these visits will be ex-patriots rather than native Emiratis. Almost 5% of Chinese visitors visiting friends and family also attended a football match, one of the highest percentages. This figure is likely to include a significant number of trips to Greater Manchester, and specifically Old Trafford, given Manchester United's popularity in China.

4.5 Tourism policy

Efforts have been made to encourage visits to Manchester to either be extended, or to provide interesting and engaging attractions to encourage repeat visits. The National Football Museum has attempted, through advertising in matchday programmes, joint campaigns with the Manchester United Museum, and advertising in local hotels to attract visitors who are also attending either a match or a stadium tour in Greater Manchester. There have been efforts by Marketing Manchester to encourage visitors on Saturday to stay an additional night, which will hopefully impact upon visitors attending Saturday matches.

4.6 Non-matchday tourism

The National Football Museum has encouraged attendees at matches to visit the National Football Museum while they are in Manchester, and has had some success. The charity had the target of attracting 350,000 visitors in its first year of operating in its new location in the Urbis centre, and looks set to surpass this target by a considerable margin. Manchester United's museum



saw over 315,000 visitors in 2011, a figure that has risen considerably over the past 5 years (in 2006 the number of visitors stood at under 220,000).



5 The wider benefits football brings to Greater Manchester

In this chapter the wider benefits of football are considered. The primary area of investigation is the exposure of Manchester as a city and a destination for investment as a result of the activities of the football teams. Amongst the professional clubs, our interest is most keenly concentrated on Manchester United and Manchester City, both due to the amount of media that these clubs receive and that they are the clubs most immediately associated with Greater Manchester.

5.1 Economic spillovers

Medical sector Despite the presence of a world-class football clubs in Greater Manchester, the feedback we received from talking to those involved in the provision of sports-based medical services suggested that the level of specialisation in sports-related medicine is not greater than the average. The four large private hospitals in the city offer services for footballing medicine, but these services are primarily aimed at amateur sports injuries. Manchester United is planning on developing its own health centre on the same site as its training ground in Carrington, but whether this results in knowledge spillovers into the local economy or is merely isolated small-scale concentration of expertise remains to be seen.

Legal expertise As is the case with medicine, the presence of football clubs has not had a major effect in developing specialist sport-related legal knowledge. This is because the vast majority of the legal needs of clubs are identical to the needs of other businesses. Performing legal work for sporting institutions on a day-to-day basis, while occasionally high profile, is not very lucrative. The few large deals have tended to be takeovers of clubs, and the majority of legal work in these cases has been done by London-based firms.

Conferences There are a great number of football-related conferences that come to Greater Manchester each year, of which the Soccerex convention is the pinnacle. However, looking at non-football related business tourism the brand recognition of the two major clubs in Greater Manchester highlights Manchester as a potential destination. This effect is further compounded by the fact that both Manchester United and Manchester City have very strong corporate hospitality offerings (both on match days and non-match days), and prove a very attractive proposition for attendees at conferences and other networking events. This is a growing industry for the city – the economic impact on the city from conferences for international associations has doubled in the past two years, although still only accounts for 3% of the £822m generated from conferences and business events in Greater Manchester . If Manchester United and City continue to cement their position as the top two teams in the Premier League, and their reputation in markets around the world continues to grow, then this can only help Manchester further develop its position in the international market for business tourism.



The majority of the conferences in Greater Manchester are focussed around the biomedical and healthcare industries, two areas in which Greater Manchester has considerable strengths due to local businesses and academic departments. It is also the case that not all of the advantages to hosting conferences are immediately obvious - they can encourage collaboration and investment in a host city, which can have knock-on effects for innovation, economic growth and employment.

5.2 The exposure of the Manchester 'brand'

Social networks

Numbers of Twitter followers can be used to provide an insight into the popularity of clubs and individuals (although caveats, discussed in more detail below, must be taken into account). While Manchester United has no official Twitter account, its players have large followings on Twitter: for example Nani and Rio Ferdinand have over 1.4m and 3.3m followers respectively. This demonstrates the level of global exposure of Manchester (the term if not specifically the city) that arises through the social networking associated with the Manchester United.

A similar pattern can be seen at other clubs in comparable cities across Europe. For example, Barcelona players Dani Alves and David Villa have over 1.4m and 2m followers respectively whilst Real Madrid player Sergio Ramos has over 2.8m followers. These players are well known as a result of their ties to globally famous football clubs. Implicitly, their association with a football club brings exposure to the name of the cities in which they ply their trade.

It is worth noting that not all parts of the world have equally high exposure to Twitter. The country with the most Twitter users is the US, while the UK ranks fourth. The list of countries in which it is most popular suggests that it is most prevalent in the English-speaking world, with India sixth and Canada eighth. This may explain why Bolton Wanderers player Stuart Holden, a relatively little-known American-Scottish player, has four times more Twitter followers than Bayern Munich's established German international Jerome Boateng who is well known across Germany and continental Europe due to a number of expensive transfers. Germany ranks nineteenth highest in the total number of Twitter accounts.

Nevertheless, evidence suggests that despite the English language barrier and the barriers associated with accessing certain websites in some countries, Manchester United players attract significant levels of attention beyond the English-speaking world. Weibo is a service similar to Twitter which is very popular in China. As Twitter cannot be accessed in China, Weibo is the dominant equivalent in the Far Eastern markets. Footballers have become increasingly aware of this and Manchester United's Rio Ferdinand and Real Madrid's Cristiano Ronaldo have set up accounts on the Chinese microblogging website. To date, Rio Ferdinand has over 1.6m followers and Cristiano Ronaldo has over 9m followers. This level of exposure in China is strong evidence that the Manchester name has exposure well beyond Europe and the English-speaking world.



Search engine data

We also undertook analysis of the term 'Manchester' in Google Trends data. These data provide indices for the level of interest in a search term over time, as well as which regions of the world the term is being searched for and related search terms. Almost all peaks in popularity of the term 'Manchester' in recent years have been at points when Manchester United or Manchester City have been successful or played in a game with a large exposure e.g. the Champions League Final or winning the Premier League title. Searches for the term 'Manchester' hit their peak in May 2011 when the Champions League Final between Manchester United and Barcelona took place – this game was the most-watched annual sporting event in the world with 178.7m television viewers, overtaking the US Superbowl.

Suprisingly, outside of the UK the majority of searches were conducted in African countries, for example Eritrea and Sierra Leone.

The top two search terms related (meaning that individual users who searched for the term also searched for these "related" terms) to Manchester are the football clubs Manchester United and Manchester City and the sixth and ninth most popular related search terms are Liverpool and Chelsea. This demonstrates how the presence of the football clubs has given the name 'Manchester' a level of exposure that would be unattainable (or at least very expensive) without them.

Similar trends are found in searches for "Liverpool" where the peak in search occurred when Liverpool FC won the Champions League in 2005; again outside of the UK the majority of searches for Liverpool occur in Africa. Clearly having a Premier League football club in your town or city gives it greater exposure globally; as a counter-example, Bristol is a major UK city but does not have a Premier League football club within it. Google Trends shows it is seldom searched for outside of the UK and the related search terms do not bring up either of the two football clubs. The results for "Blackpool" (even allowing for the smaller size of the urban conurbation when compared to Manchester or Bristol) show that searches for the town spiked significantly in 2010 when Blackpool FC were promoted to the Premier League and were thus exposed to a global audience for the first time. Since 2011, when Blackpool were relegated from the Premier League, the number of searches has declined significantly.

The related searches (listed in the Google Trends results) highlight one further key determinant in the impact of professional football clubs on perceptions of urban conurbations – their relative level of success. In the case of Manchester, both "Manchester United" and "Manchester City" are highly-ranked related search items. However in the case of "Liverpool", "Everton" did not appear as a related search term. This demonstrates that while having a Premier League football club in your city can increase media and internet coverage, the success of the team (historically or more recently) is a key determinant of the overall level of impact.

The results also suggest that the success of a league's ability to market itself determines how well exposed a city and its constituent football clubs are globally. Manchester not only attracts interest from Africa, but also from a range of Asian countries such as Burma, Malaysia and Indonesia. This



suggests that the English Premier League and the constituent clubs have marketed themselves well across the world, particularly when compared to other top European leagues. When one looks at the search trends for Barcelona, outside of Spain six of the top ten countries which show the strongest interest in Barcelona are Spanish speaking countries in South America. This suggests that the Spanish league is struggling to market itself outside of a core Hispanic market. The same is true of Serie A in Italy; outside of Italy, Milan is mostly searched for in eastern European countries which are in close geographical proximity to Italy. However, like Manchester, the top two related search terms were indeed the city's two major football clubs.

Overall, the evidence suggests that the name 'Manchester' gains a global exposure that is simply unattainable to many UK cities, purely on the basis of its association with Manchester United and Manchester City. What is more, Manchester is gaining exposure in growth markets, for example in Africa and Asia, that are key markets for wider Manchester and UK business interests.

Of course, the key question is the extent to which the Greater Manchester economy benefits from the global interest in the name 'Manchester' when this is driven by interest in the football clubs. By its nature, this is very difficult to quantify, but the importance of familiarity with a name, even when this is unconscious, in contributing to a more favourable assessment in comparisons has been recognised by behavioural economists¹. Whether this can be turned into material benefit, for example, in attracting inward investment or trade relationships, depends on the success of marketing activity (we review the case of trade missions below).

Media exposure

The fact that three and a half billion people watched a game of Premiership football last season shows the width of exposure that the Premier league brings. The huge success that Manchester United in particular, but also Manchester City, have had since the founding of the Premiership have meant that they are world-recognised brands.

Equally, the loss of the global coverage (and television revenues) of the Premiership once relegation occurs can prove very significant to a club. Bolton Wanderers estimate that the level of television revenue they would have received in the Premiership this season at £60m, while they earn £1.7m from these revenues in the Championship. Even with parachute payments (which these year amounted to £16m for the club, this is a significant impact upon revenues.

A number of studies² have been carried out that illustrate the percentage Manchester United has captured of the global audience for Premiership football. Most estimates place this at around half of total game views, suggesting that the club is the most internationally followed in the United Kingdom. This is supported by the fact that Old Trafford is the most visited stadium by international visitors to the UK³.

¹ See, for example, Kahneman D (2011) *Thinking Fast and Slow*, Penguin: London.

² See, for example, <http://www.sportingintelligence.com/2011/10/28/exclusive-manchester-united-attract-half-of-premier-leagues-entire-global-tv-audience-281001/> (accessed at 9:28 on the 25th of October 2012)

³ VisitBritain (August 2011, Issue 94) *FORESIGHT*



[BBC input]

5.3 Trade missions

Missions looking to attract trade and investment to the Greater Manchester area use football in a number of ways. The most direct method is travelling with Manchester United and Manchester City on their summer tours to major overseas markets. During these missions the participants can invite potential or existing clients to the matches played and to networking events organised by the clubs. These are often a significant draw, either because of the presence of current or former players, or (when relevant) due to the presence of the Premiership trophy. Some missions from the North West have also raffled off Manchester United football shirts, which have seen considerable interest from the attendees at events.

Interviews with individuals at both UKTI and MIDAS have shown that football is a very useful way of attracting attention to trade and investment in Greater Manchester. Anecdotal evidence suggests that people in markets around the world (particularly in India, the Middle East and South East Asia) have a strong level of brand recognition in relation to the Manchester clubs (particularly United). This benefits Greater Manchester both in terms of recognition of Manchester in general and also because it results in some of the aura of success surrounding the clubs to transfer to Manchester.

It should be stressed however that in terms of trade relationships, the recognition of Manchester only acts as a way to break the ice and engage a potential client – whenever it comes down to the actual completion of a deal it will be far more to do with the competitiveness of the offering rather than any brand of the city they are based in. Greater Manchester's football clubs are brands, and these brands generate positive externalities for other businesses in Manchester in terms of their marketing capabilities abroad, however they do not necessarily generate additional orders or investment. However there is little evidence that other regions of the UK use football as a marketing tool to the extent that Greater Manchester does.

5.4 Direct inward investment

One key area in which football does play a clear role in attracting investment to Greater Manchester is through the involvement of corporate sponsors in the city. These sponsors have two major incentives to invest in the city – firstly, they can attract a higher calibre of worker due to the brand recognition generated by their sponsorship deal. Secondly, real investment in the area can transform an otherwise artificial relationship involving the purchase of the right to put their brand onto a shirt into a much more real relationship with the club, the area in which it is based, and its fans. An obvious example of this in Greater Manchester is Etihad's investment in Greater Manchester – the company plans to make the city the base for its European headquarters, and already employ over 160 people in a call centre in the city. AIG, a past sponsor of Manchester United, also planned to open a large office in the city, before the financial crisis meant that these plans had to be abandoned.



6 The social and community benefits that football brings

6.1 Community activities of the clubs

Community contributions vary depending on the size of the club...

It is important to distinguish between the community involvement of the larger clubs (i.e., in Manchester, Manchester United and Manchester City) and the involvement of the smaller clubs. The larger clubs have the resources to engage in a wide range of initiatives and can use their public recognition and brand appeal to attract participants. Due to this, they see their community involvement as a means of protecting and enlarging their brand appeal. The smaller clubs engage mainly in local initiatives related primarily to football. However, some, e.g. Stockport County and Bury City, are involved in a wider range of initiatives related to health, active life styles and assistance to young people, the disabled and the over-60s.

Manchester outstrips other major cities in terms of the community involvement of its football clubs, large and small. One main reason for this is that there is a large number of football clubs across the whole range of sizes, from top-flight professionals to small amateur clubs, and drawing on the demographic, economic and social diversity of Manchester. As a result there is a broad base for social and community involvement. This involvement is encouraged by the local councils, who provide facilities for many football clubs to play and train on throughout the area.

...which allows a hierarchy of community activities relating to football to be provided

The advantage of having Premier League clubs in the city from the point of view of community activities is key. Premier League clubs get access to a larger pool of money from which to fund community activities (the Premier League Charitable Fund rather than the Football League Trust) and, while the services could be provided through an organisation other than the football club, utilising the brand of the football club, who are well known and popular in the local community, has significant benefits in securing engagement with the community. This was supported by our discussions the FA, who maintained that Manchester was (due to the extent to which football, and football clubs, were ingrained in the culture) a location where funding (and the resultant community schemes) was particularly effective.

The professional clubs offer a broad range of community engagement

The professional clubs provide community engagement in the forms of sporting opportunities (provided through schools, and to encourage participation amongst older people, women and the disabled); raising awareness about leading healthy lifestyles; encouraging employment opportunities and personal skills (particularly for NEETs, PRUs and at-risk young people); and encouraging inclusive and safer communities. The precise nature of these programmes differ across different clubs and leagues, with (as mentioned above) smaller clubs tending to focus on activities more directly related to football.

All of the major clubs run their community engagement through a financially independent charity. The independence of the charity in this arrangement is stressed in order to help prevent variations in cash flow to the community



programmes depending on the financial condition of the club. However, this independence is not advertised at the point of interaction with the community - as far as this goes, the charity and the football club are one and the same. This helps with the marketing of community activities, as it enables the strong club brand to be applied to them.

Manchester City's community engagement is considerable, and covers a variety of target groups. The club also pays Manchester Council £4m a year in order to use the Etihad stadium, which is then put back into other sports projects in the city. This solid income stream has allowed the city to develop its sport offerings in the city, and help develop its goal of becoming a "Sport City". The wider investment by the club in the Eastlands project helped regenerate a deprived area of Manchester, and also helped the city manage to cope with the loss of the North West Regional Development Agency, which had invested almost £200m in East Manchester over a period of 12 years.

Amongst the larger clubs (such as Manchester United, Manchester City, Wigan Athletic and Bolton Wanderers) schemes such as Kickz, which aims to reduce crime and disorder rates through giving young people engaging activities to do in the evening, enable the clubs to use their reputation in the local community to access social groups that would be difficult to reach through standard government schemes.

Bolton Wanderers runs an Institute of Sport which sees young people come into the club for a combined programme of football and professional coaching. This has seen very high success rates (almost 95% of the first class of young people went from the scheme into further education or employment), despite working with some of the most troubled young people in Bolton. Indeed, the success of the scheme has raised the possibility of this scheme being extended to locations as far afield as Ghana and Thailand.

**Clubs, and fans,
see community
engagement as a
key responsibility**

Both Bolton Wanderers and Manchester City highlighted in our interactions with them that running successful community programmes was key part not only of their social responsibilities to their area, but also their business plan. This is because these clubs are reliant on a predominantly local fan base, and successful community engagement will lead to stronger support for the clubs, which obviously provides considerable benefits for the clubs themselves.

Greater Manchester benefits from the enthusiasm with which its clubs approach community activities. In a poll run by the Premier League of the fans of Premiership clubs, Manchester City was voted the club in which community played the biggest role in the club's culture, and also the club in which the fans were most proud of the community efforts of the club. Bolton Wanderers have led a committed effort towards working with the young people of Bolton to encourage employment and reduce crime. Manchester United have also played a role, in encouraging their sponsors to become involved in community activities around Manchester in an effort to build a more substantial relationship with the club.

6.2 Football participation in Greater Manchester

Football participation rates in Greater Manchester are higher than the average for the rest of the country. While a number of our sources have maintained



that they do not believe that having world-class football clubs in the area greatly affect participation rates (at least for those above the age of 16), we are more likely to attribute this to a cultural affinity within Manchester for football. However, this affinity does seem to be changing, with football (while still the dominant sport in Greater Manchester) increasingly having to compete with a number of other sports. Even within football, the previous dominance of 11-a-side has been eroded, with five-a-side now being the most popular way to play football in Greater Manchester. Women and girl's football is also the fastest growing sport in Greater Manchester, with more people now playing it than netball.

Break-downs of the participation in football paint an interesting picture. While the overall rates for volunteering, casual participation and more serious participation are all higher than the UK average, there are some discrepancies over different age and income bands. For instance, volunteering in football is below the UK average for the 16-19, 20-24 and 65+ age brackets. This may suggest that the declining dominance of football as a sport in Greater Manchester may be driving down rates among younger people. Policy initiatives aimed at diversifying the range of sports available to people in Greater Manchester may therefore be finding the greatest level of traction with younger people. Obviously this would require more study regarding the participation rates in other sports before any true conclusions can be made.

In terms of the provision of pitches in Greater Manchester, the area has almost 400 full-size grass pitches within 10 miles of Manchester itself. This is more than double the same radius around Liverpool and Bristol, and considerably ahead of the figure for 10 miles around Newcastle. While (as mentioned above) the influence of 11-a-side football in Greater Manchester is falling, these figures still indicate that the provision of football-related facilities in Greater Manchester is very strong.



7 Potential further policy actions

It is clear from the previous chapters that football plays a significant role in the economy of Greater Manchester, in terms of both direct revenues and economic impacts and indirect effects linked to attracting investment, encouraging sports participation and engendering community influences. Our findings across these themes has highlighted some areas where public policy can be used to maintain, increase or create further benefits from these activities, and these are outlined below, organised according to the themes of the preceding chapters.

7.1 The wider benefits

Given the qualitative evidence that shows Manchester United and Manchester City bring global exposure to the city of Manchester, what can local authorities (or indeed the national government) do to ensure Manchester retains this?

What is most noticeable from the evidence is that there appears to be a correlation between the success of a city's football club(s) and the level of exposure the city gains online. The most striking evidence of this comes when one compares the Google search trends associated with Manchester and Liverpool. Whilst the top two related terms associated with Manchester were the two football clubs, United and City, Everton did not appear in the top ten related search terms. This is despite the fact that Everton is a well-established Premier League club. The same also occurs when one types Barcelona into Google trends. Although the city is heavily associated with Barcelona FC, city rivals Espanyol do not appear in the related searches. The question that public policy needs to address, therefore, is how to maintain or improve the successes of their local teams?

7.2 Community activities of clubs

The community projects undertaken by clubs in Greater Manchester have had considerable success in working with some of region's population that are hardest to reach through normal government-run schemes by trading on the name of the football clubs and the interest of participants (primarily young people) in football. These projects have had positive impacts upon the lives of those participating, and there seems scope to improve and extend these activities to cover larger parts of the population that are most in need. Bolton Wanderer's Institute of Sport is a good example of a project that has had significant take-up, proven to be largely successful in improving the prospects of participants and which could be expanded both within Bolton and across the rest of Greater Manchester.

7.3 Cluster policy

There is little evidence of clusters developing to serve the professional football clubs within Greater Manchester; as many of the requirements of the elite clubs are not place-dependent (such as medical and legal services). The football-related clusters that have developed (such as in sports clothing) have done so largely independently of the clubs. There is the potential to improve



the offering to the clubs and visitors alike, by working closely with the clubs to identify place-dependent services that are lacking and foster the development of local clusters to address these needs. The potential issue in doing this is competition with the activities of the clubs themselves; the recent opposition of Manchester United to the hotel development proposed by former player Gary Neville shows the potential problems in addressing these issues without sufficiently engaging the clubs first.

7.4 Tourism

Greater Manchester already benefits from a substantial number of football tourists, who spend more than the average tourist and typically over a shorter period of time. Policy efforts (from both local government agencies and other stakeholders such as the National Football Museum) have centred on encouraging visitors to extend their stay in order to visit more of Manchester's attractions; however there is also the potential to increase the absolute number of tourist visits to Manchester, particularly from within the UK. Manchester City Football Club's recent Premier League success may well attract more visitors to the city (as their popularity both domestically and overseas increases), and efforts could be made to encourage these visitors (through the offer of package deals and other reduced prices) to stay in Greater Manchester and increase their spend in the region.



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The project team are very grateful to all of the stakeholders who contributed data, information and opinions to this work. All omissions and errors are the responsibility of the project team.

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