

Press Release

Real Madrid is the football club with the highest brand value in Europe

BBD0 Consulting publishes a list of the 25 most valuable football clubs in Europe / Real Madrid scores highest, FC Barcelona and Manchester United take second and third place respectively / The most successful German club is Bayern Munich at number six / The results are clear: professional brand management is an important value driver even for football clubs

Düsseldorf, 19 September 2007 – Valued at €1,063 million Real Madrid, the world's most successful football club, is the only club with a brand value of over €1 billion. FC Barcelona, with a brand value of €948 million, takes second place, with British club Manchester United in third. Bayern Munich is the best German club among the top ten at number six. These results are based on a study carried out by top management consultancy BBD0 Consulting which determines a brand's value on the basis of current and future revenue streams as well as expert estimations. The table enables advertisers to make informed decisions when assessing a club's mid to long-term marketing potential.

Although a number of studies in this area already exist, any evaluations made to date are often reduced to purely qualitative or quantitative factors. The BEVA method (Brand Equity Evaluation for Accounting) developed by BBD0 Consulting combines both sets of factors in a way that makes sense. The study carried out here shows that the method can be applied with equal success to brands whose value is more difficult to determine, e.g. football clubs. The approach thus combines two perspectives and reaches far beyond the mere financial status of a brand: as well as financial data, behavioural-scientific values such as brand awareness, brand image, brand likeability and brand loyalty were taken into account in establishing the ranking. Evaluations were based on comprehensive research (using public resources) which allowed a pattern of the club's income to be recreated. Revenue was divided into two categories: income from the club's marketing activities and income from stadium-based business activities. All revenue was calculated in detail, including everything from sponsorship contracts and merchandising to income generated from season tickets. The behavioural-scientific perspective of the BEVA model was drawn from a questionnaire carried out with approx. 400 international experts.

A club's brand value is thus determined on the one hand by means of an empirical assessment of the brand's status and on the other via comprehensively researched information on historical and future revenue streams. The factors combine to produce the monetary evaluation of each club respectively.

The top 25 most valuable football clubs in Europe

Position	Football club	Brand value in Euros (millions)
1	Real Madrid CF	1.063
2	FC Barcelona	948
3	Manchester United	922
4	FC Chelsea	828
5	AC Milan	824
6	FC Bayern Munich	727
7	Inter Milan	715
8	FC Arsenal	712
9	Juventus Turin	709
10	FC Liverpool	645
11	Olympique Lyon	453
12	AS Rom	441
13	FC Schalke 04	436
14	Ajax Amsterdam	368
15	Glasgow Rangers	332
16	FC Valencia	319
17	Benfica Lissabon	318
18	Celtic Glasgow	315
19	VfB Stuttgart	288
20	Werder Bremen	275
21	FC Porto	255
22	PSV Eindhoven	242
23	FC Seville	235
24	Villarreal CF	234
25	OSC Lille	206

The results in detail

Real Madrid comes top of the list of football clubs with the highest brand value. Having won numerous national and international trophies, Madrid's "royalty" is the most successful football team in the world. The club is considered to be a crowd-puller and has a brand value of over €1 billion. Real Madrid generates above-average income from stadium revenue as well as numerous lucrative advertising contracts. The "International Summer Tours" in core markets such as China, Japan, South America, USA, India and Russia also represent an important financial factor, intended to secure long-term partnerships with clubs, sponsors and organisations. The team's current shirt sponsor is the online gaming and betting company bwin who have negotiated a three-year contract worth over €60 million with Real Madrid. The club owes a large part of its most recent financial success to Florentino Perez – as president of the club between 2000 and 2006 he helped it to achieve significant international success during that time. Fielding legendary football icons such as Figo, Zinedine Zidane, Ronaldo and David Beckham prompted the international sports press to bestow the name "the Galacticos" upon the club. Once again, much is currently being written about Real Madrid in both the trade and mainstream press concerning the high expectations for continued sporting and financial success placed upon new trainer Bernd Schuster.

"More than a club" is the well-known slogan of club number two on the list, FC Barcelona, whose world-class players have included Johann Neeskens and Diego Maradona. Although the club traditionally eschews the need for a shirt sponsor they negotiated a five-year partnership contract with the UN's children's charity UNICEF in 2006. The club's charitable trust donates €1.5 million to UNICEF on an annual basis in return for a licence to use the charity's name, logo and branding on its shirts and club merchandise. Nevertheless, Barcelona generates above-average income from its marketing activities. Sportswear brand Nike, for example, has a long-term contract worth approx. €17 million p.a. as the club's supplier.

The "marketing machine" that is Manchester United is a role model for many other clubs and comes in at number three in the ranking. "Man U" is the most successful British club of the last 20 years with over 50 million fans worldwide. In 1999 the club won the triple consisting of the English Premiership, the FA Cup and the UEFA Champions League. In 1991 Manchester United was the first club to float on the stock market, leading to the introduction of appropriately professional management structures. The club also leads the way in terms of promotional tours to desirable growth markets. In the mid-90s the club began its by now traditional tour of Asia in order to increase its presence and popularity in the Asian market and encourage strategic partnerships with Asian sponsors and clubs. A strategy that has paid off: in Asia alone, Man U earns up to €40 million a year from the marketing of TV rights, catering and merchandising.

Four German clubs made it onto the list of top international clubs: Bayern Munich, Schalke 04, VfB Stuttgart and Werder Bremen. FC Bayern Munich is the most suc-

successful German club and Germany's record-holding champions. The club has won 19 championships since 1963 and is one of only three teams to have won every European cup as well as the World cup. With approx. 135,000 members, Bayern Munich is one of the world's biggest sports clubs. With merchandising alone the club generated an income of €30 million for the fiscal year 2005/2006. Bayern boasts the most professional management within the German Bundesliga: its leadership by Franz Beckenbauer, Uli Hoeness and Karl-Heinz Rummenigge attracts significant attention and, much like the club itself, is strongly polarising. FC Bayern Munich may be the most well-known German club but thanks to the occasional perceived superiority of its fans it is also one of the least popular ones. People either love them or hate them.

Four-time German champion Werder Bremen has been one of the Bundesliga's most successful teams in recent years, both nationally and internationally. The club also enjoys significantly more popularity than the rest of the German clubs but doesn't take enough advantage of this position, coming in at a low number 20 on the list. After weeks of wrangling over national player Miroslav Klose's move to Bayern Munich, Werder was struck by injuries and suffered their worst start to the season in years. Even the integration of Brazilian player Carlos Alberto, who moved from Fluminense Rio De Janeiro to Werder for €8.5 million, has not run smoothly. To make matters worse, indiscretions from certain players in the tabloid press have led to suggestions that the team lacks unity and leadership. More practical problems include the size of their stadium and catchment area as well as their lack of economic power and international appeal.

Conclusions for sponsors and investors

- **Focus on football clubs with relevant brand fit and professional brand management.** The positioning of brand and club must be the same or at least very similar.
- **Marketing partnerships should have strategic and long-term viability (and not just be about “deal-making”).** Only in this way can all relevant parties carry out their respective marketing activities in a strategically sensible and sustainable manner.
- **The company's desired “image transfer” from club to brand has to be credibly represented by the club.** Italian football clubs are currently scarcely qualified to represent the brand attribute “trust”, for example.
- **A partnership in the sporting industry must appeal to a brand's target audience,** i.e. does sponsorship of a football club even make sense?

- **Risks and dangers must be anticipated and managed proactively.** Scandals in football could influence the positive effects of a partner's promotional activity and could even reverse the desired effect of the partnership.

Quotes

"These days football clubs must be managed as professionally as companies and clubs must increasingly position themselves as successful brands. Marketing know-how is as important as football expertise when it comes to exploiting their full brand value potential and appealing to partners and investors", says Udo Klein-Bölting, CEO of BBDO Consulting.

"This ranking allows us for the first time to determine the brand value of the top European clubs based on scientific evaluation. This in turn allows companies to make an informed decision on the suitability of a club for their brand", says Markus Pfründer, Marketing expert for BBDO Consulting, about the results of the study.

Design of the study

For this study BBDO Consulting adapted its own method for the evaluation of a brand's value based on the "relief from royalty" approach, commonly used to determine the value of immaterial belongings. With this approach, BEVA evaluates the discounted present value of the royalty payments a company would have to pay in order to use a brand name as valuable as its own. BEVA combines both brand management and economic perspectives to create a "best of both worlds" approach to brand evaluation.

The 25 relevant football clubs were chosen on the basis of clear criteria: all the quarter finalists of the Champions League 2005, 2006 and 2007 as well as last season's champions and runners-up in the German Bundesliga were included in the study. The behavioural-scientific perspective of the BEVA model was drawn from a questionnaire carried out with approx. 400 international experts. An individual business model was recreated for each club based on their actual means of income. Alongside their core business (stadium income) many clubs generate much of their revenue from marketing activities. With the help of statistical projections, the future revenue streams for each club are determined on the basis of their respective revenue-generating processes. This prognosis is calculated using five criteria: industry growth, expert opinion, image of the league, World and European Cup cycle and economic trends.

BBDO Consulting

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