

Analysing the value of football to Greater Manchester

Short report
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1 Introduction

Football has played a major role in the development of Greater Manchester. The conurbation has two of the world's largest clubs on the edge of its urban centre (Manchester United and Manchester City) alongside other established Premier League and Championship clubs (Wigan Athletic and Bolton Wanderers) contributing to economic and social programmes in their specific locales and across Greater Manchester more widely.

Sport can play a major role in the development and publicity given to a conurbation. Cities compete to host major sporting events because of the economic and reputational benefits that they bring. The 2012 Olympics and Paralympics brought considerable international attention to London, while significant urban regeneration was a hallmark of the successful hosting of the Commonwealth Games for Manchester in 2002.

The presence of four Premier League clubs during the 2011/12 season (to whom can be added the remaining three Football League clubs and five Conference clubs) resulted in a large number of visitors to the conurbation: Greater Manchester effectively hosts a large sporting event at least once a week during the football season, the equivalent of an

Olympic and Paralympic Games every 4 seasons¹. This not only results in significant visitor spend in the conurbation but also provides significant national and international media coverage and recognition the conurbation would not otherwise get. Alongside this, the clubs play a major role in supporting and running social and community projects and educational initiatives such as Kickz. Greater Manchester's high levels of volunteering and provision of football facilities are clear indicators that football, at all levels, provides a common ground for communities.

In addition, football has also supported notable regeneration projects in Greater Manchester. For example, Manchester City's involvement in the regeneration of Eastlands, the area in which the Etihad Stadium is situated, has been hugely beneficial, while the Middlebrook development around which Bolton Wanderers' Reebok stadium is located is another example of a successful collaboration between the club, businesses and the local council.



¹ Total ticket sales for the 2012 London Olympic & Paralympic Games were 10.99m, while total Premier League ticket sales for the four Greater Manchester Premier League clubs in 2011/12 were 3.13m.

2 Creating jobs and adding value... and more

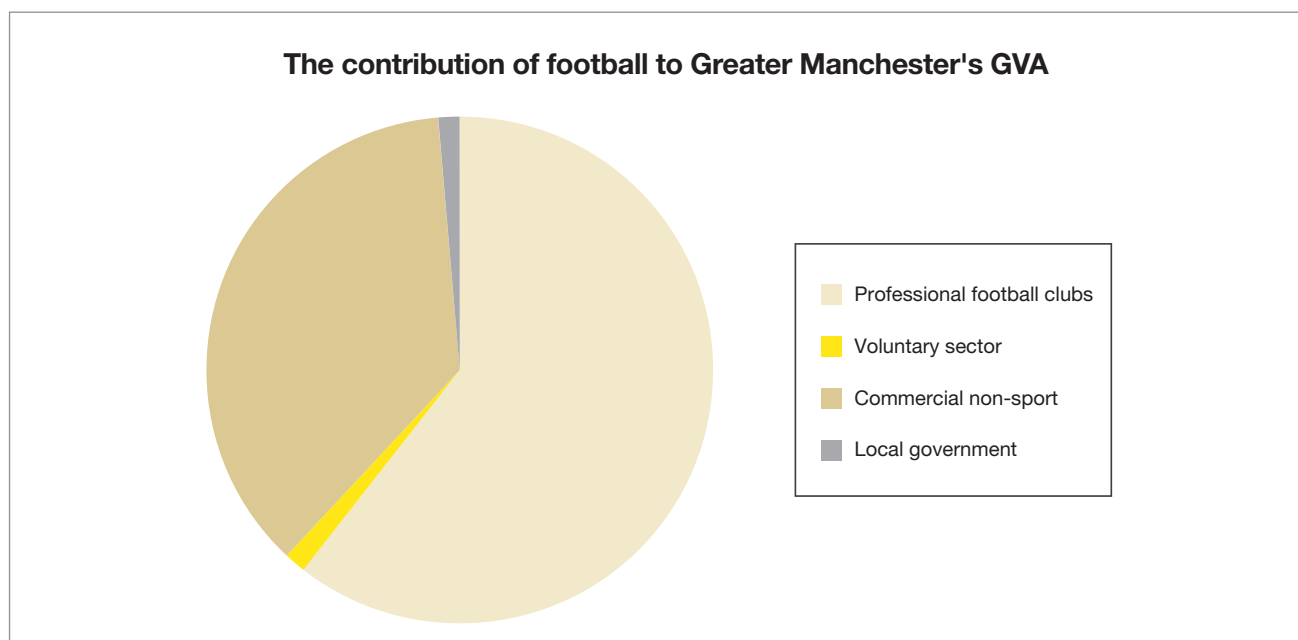


Figure 2.1: The contribution of football to Greater Manchester's GVA

Football-related activities, including football clubs and businesses whose market depends on football, contributed around £330 million in gross value added (GVA) to the conurbation's economy in 2010/11 (see Figure 2.1). The share of Greater Manchester's total GVA² resulting from football is considerably more than in other cities where comparable estimates have been made; in absolute terms it is approximately 8 times more than estimated in Glasgow and almost 6 times more than the economic impact of Swansea City that was estimated in January 2013³.

The football ecosystem (see Figure 2.2) starts with the professional clubs and the range of associated commercial activities that are related to sport, including the manufacture and retailing of sporting equipment, the provision of hotel facilities for visiting fans, media services and other commercial services which serve the football sector as part of their operations (commercial non-sport), local government activities such as the provision of sports facilities and other support from the local public sector organisations (local government), and the activities of the 700 amateur clubs in Greater Manchester (voluntary sector). Alongside economic output, football supports 8,500 jobs in the urban conurbation, and while a significant proportion are only part time this is estimated to be equivalent to around 5,000 full-time jobs.

² Gross Value Added: the standard measure of economic activity.

³ See Allen et al, 2007 for an input-output approach estimating the economic value of football to Glasgow and Johnstone et al, and www.bbc.co.uk/news/uk-wales-south-west-wales-20895147 for information on the economic impact of Swansea City.

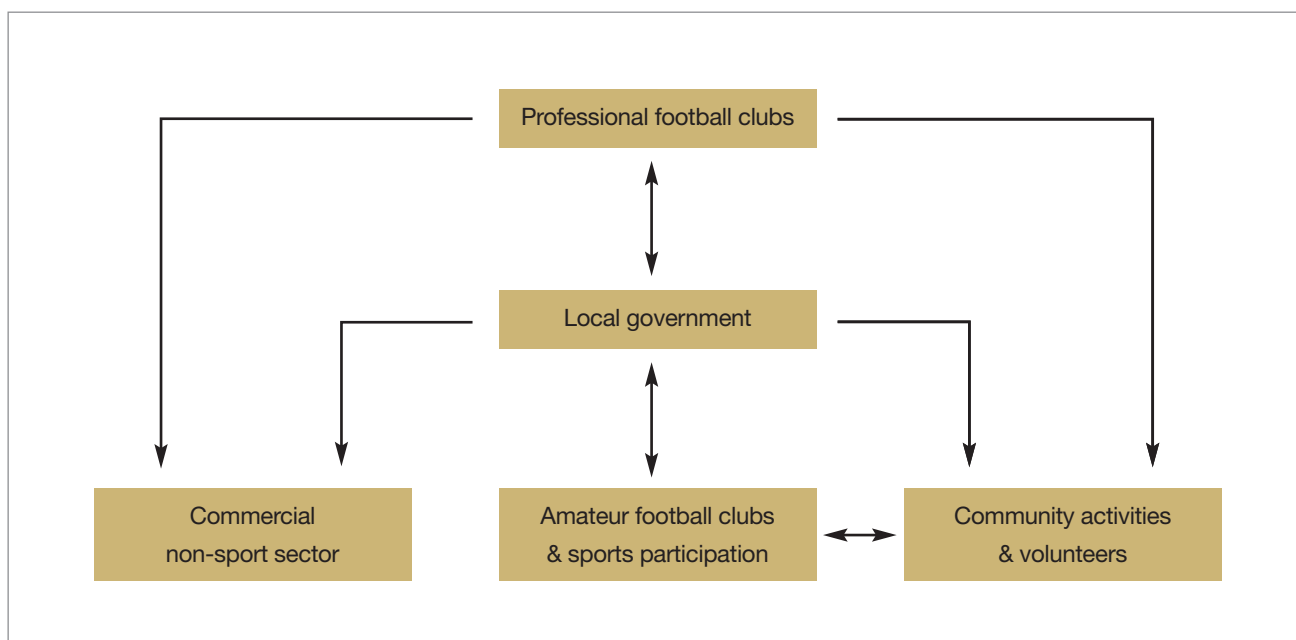


Figure 2.2 The football ecosystem

But football's contribution to Greater Manchester goes wider than this:

- getting Brand Manchester out to a global audience;
- strengthening the conurbation's appeal as a tourist destination;
- promoting economic development within the conurbation;
- engaging people in an active lifestyle (with associate health & wellbeing benefits), building community, and helping young people to acquire life skills.

3 A global brand

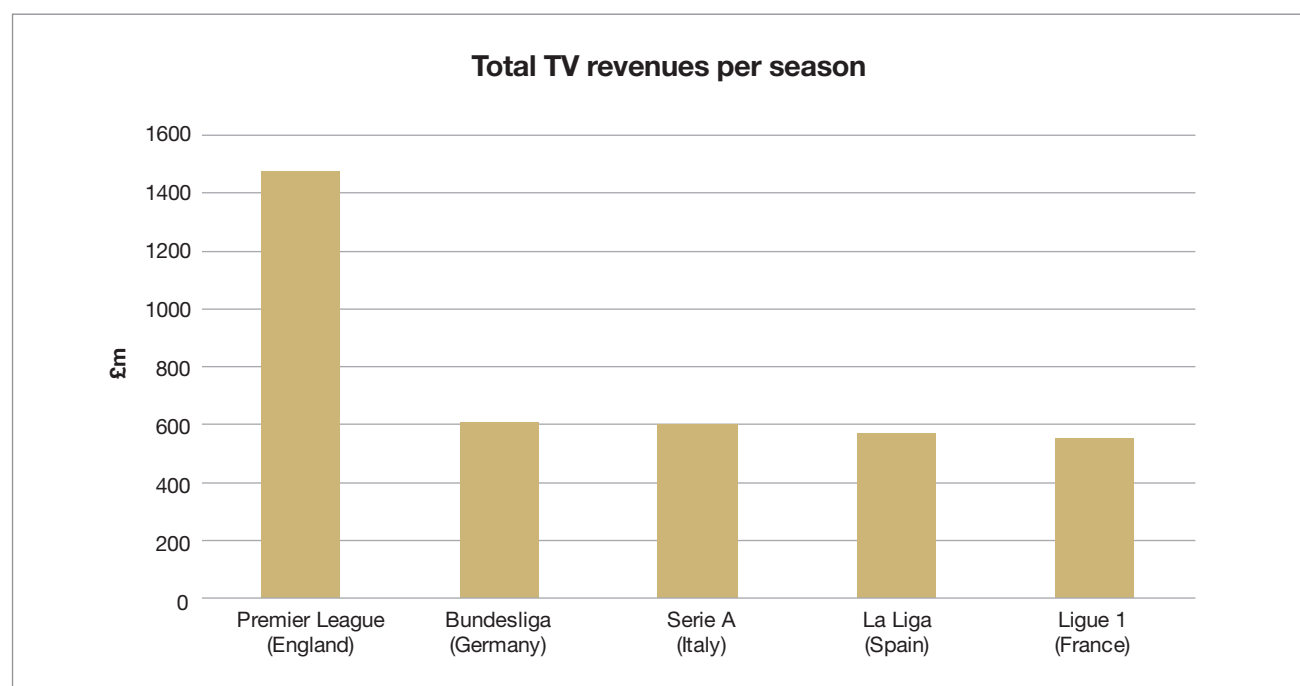


Figure 3.1 Total TV revenues in European leagues, £m per annum

The audience for Premier League football is the largest of any football competition in the world; the total TV audience for the Premier League in 2010/11 was 4.7 billion, compared to 3.2 billion for the 2010 World Cup; and this is reflected in the scale of the revenue secured by the Premier League for the television broadcasting rights (see Figure 3.1). Should the next set of overseas broadcasting deals be as lucrative as expected, this figure will increase to almost £1.7 billion per season. It is estimated that just over 50% of these viewers watch Manchester United games, and while comparable figures are not available for Manchester City, the club's recent success has clearly raised its profile in both domestic and overseas markets and further reinforced the strong association that Brand Manchester has with elite football. The May 2012 Manchester derby was the most-watched Premier League game ever in the UK; the same game also had 1 million viewers in the US, beating the previous record for a single game by almost 400,000. The total global audience for this game was estimated at 600 million people. A more recent Premier League fixture between Manchester United and Liverpool in January 2103 was estimated to have attracted a similar global viewing audience.

Brand Manchester therefore benefits from global name recognition which is consistently reinforced. How much is this worth? For comparison, Chevrolet is reported to be paying £50 million per year to Manchester United for the name recognition associated with shirt sponsorship. The forms in which Brand Manchester is advertised probably have lower 'efficacy' (the name gains less recognition per exposure): but the number of exposures is far greater (mentioned by commentators, in football scores, league tables etc). Taking these together, the value of the advertising that Manchester receives from having two major Premiership clubs bear its name could be worth over £100m a year on an advertising-equivalency basis. The historical dominance of Manchester United (in particular) over the Premier League since its inception in 1992 has placed Brand Manchester at the centre of the expanding media profile of the league, and the legacy effects of this advertising are likely to have been worth in excess of £1 billion over the 21 years of the Premier League. Given the rapidly expanding profile and media exposure of both the Premier League and both Manchester United and Manchester City (and the prospect of their continued success in both domestic and continental football), it is likely that the advertising value of the clubs to Brand Manchester will increase further in the future; over the next 20 years this could be worth in excess of £2.5bn.

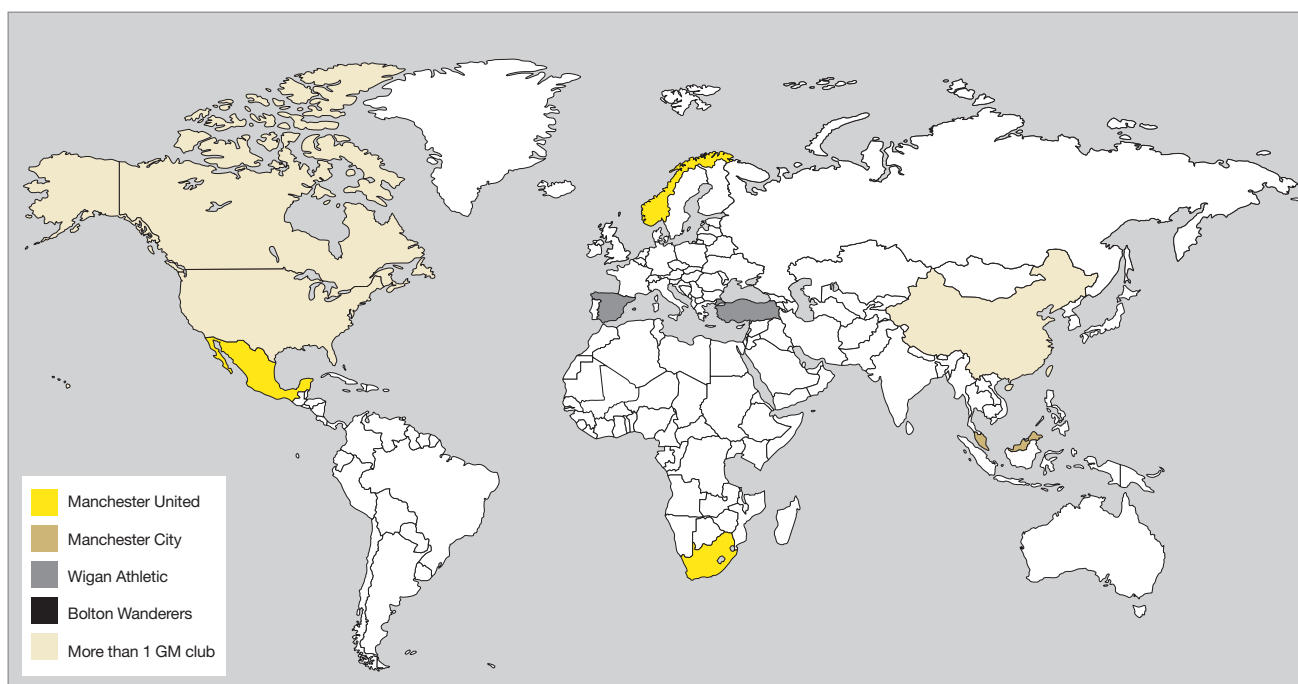


Figure 3.2 Pre-season tour destinations of Greater Manchester's Premier League Clubs, 2010/11-2012/13

The pre-season tours of the elite clubs have typically been used as a way of encouraging interest in the Premier League and often also coincide with major developing markets for Greater Manchester's businesses. In 2010 and 2011, Manchester United FC, Manchester City FC and Bolton Wanderers FC all took part in pre-season tours to the United States (see Figure 3.2), which has in recent years been host to an increasing number of Premier League teams as the

clubs seek to increase the popularity of football in the country and extend their own brand. In 2012, both Manchester United FC and Manchester City FC played pre-season games in China. The clubs also played games in other markets where they have already established their brand (Malaysia in the case of Manchester City FC, and South Africa and Scandinavia in the case of Manchester United FC).

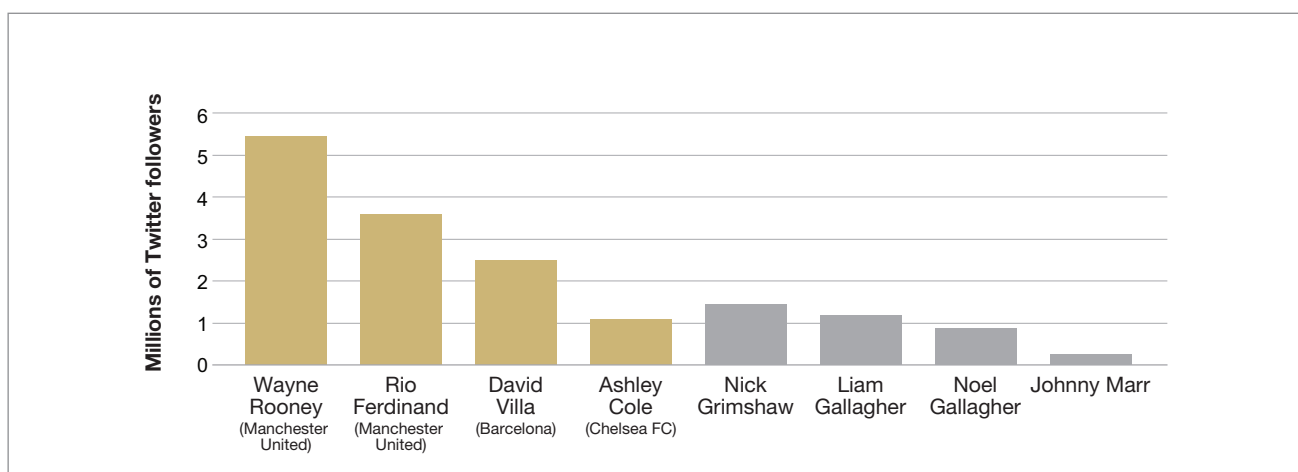


Figure 3.3 Number of Twitter followers of well-known footballers and Mancunians

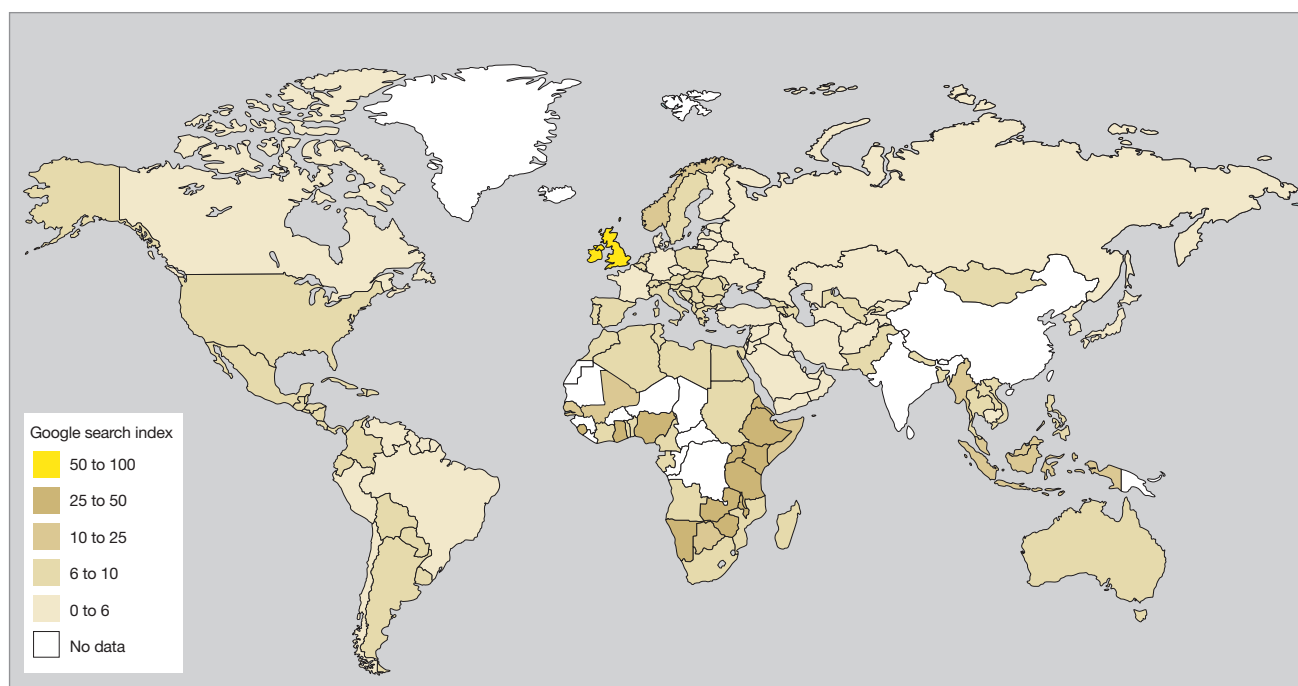


Figure 3.4 Origins of Google searches for 'Manchester'

Social networks provide further insight into the manner in which the elite football clubs present Brand Manchester to the world (see Figure 3.3). Wayne Rooney and Rio Ferdinand are amongst the most-followed Manchester-based footballers, with 5.4 million and 3.5million followers respectively, more than their counterparts at many other large football clubs such as Barcelona FC (David Villa, 2.4 million followers) and Chelsea FC (Ashley Cole, 0.5 million followers), and significantly more than other famous Mancunians. Their social network profiles are not limited to English-speaking dominated sites either: Rio Ferdinand's account on Chinese-language network Weibo has over 1.6 million followers.

Google search data also highlights the role that football plays in the wider perceptions of Greater Manchester. Internet searches for 'Manchester' correlate very strongly with major football events involving one of the two Manchester clubs (e.g. Manchester United FC playing in the Champions League Final or Manchester City FC winning the Premier

League title); conversely, significant economic or social events have very little impact on search traffic. The origins of these searches demonstrate the global nature of Greater Manchester's football appeal (see Figure 3.4). While searches for Spanish clubs are dominated by Spanish-speaking countries, and searches for Italian clubs are dominated by countries geographically close to the clubs concerned, searches for Manchester come from a wide range of destinations, including a number of African countries, and Asian states such as Burma, Malaysia and Indonesia.

The experiences of those charged with encouraging investment in Greater Manchester corroborate this evidence. UKTI and MIDAS have both recently taken part in trade missions in China at the same time that Manchester United FC and Manchester City FC played pre-season friendlies in the country, while the presence of the football clubs is often used as an icebreaker at business meetings and events designed to encourage investment and promote the city.

4 Attracting tourists

Football plays a significant role in attracting tourism to Greater Manchester; the average occupancy rates of hotels on matchdays is 85% compared to 70% on non-matchdays. The role of football in attracting tourism to Greater Manchester is also larger than in the rest of the UK – 114,000 international visitors to Manchester attended a game at Old Trafford in 2010, accounting for one in every eight international visitors to the city. This is in stark contrast to the national picture, where only one in every forty international visitors to the UK attends a football match. Old Trafford was the most visited stadium in the UK in 2010, attracting 15% of the international visitors who attended a football match and substantially more than the likes of Liverpool and Arsenal (90,000 international visitors each) and Chelsea and Tottenham (90,000 international visitors between them).

Football tourism not only impacts positively on the conurbation by attracting visitors who would not otherwise have come, but also by attracting higher-spending visitors – visitors who watched a game of football spent an average of around £800 compared to the average international visitor to the UK who spent only £600, a boost in expenditure of a third.

The visitors who attend football games in the UK come primarily from countries within Europe and North America. The Republic of Ireland represents the largest single source of visitors, with some 164,000 watching a game whilst in the UK. Norway, the USA, the Netherlands, and Germany follow in terms of football-watching visitor numbers. Foreign fans, visiting Greater Manchester in order to watch their team play one of the local clubs, come from a diverse range of locations, including over the last few years cities such as Amsterdam, Bilbao, Barcelona, Dortmund, Istanbul, Lisbon, Madrid, Milan, Munich, Naples, and Valencia.

The football-related attractions in Greater Manchester stretch beyond attendance at a football match. The National Football Museum is on track to receive 0.5 million visitors in its first year, while the Manchester United Museum receives around 0.3 million visitors per annum. These anticipated visitor numbers comfortably place both museums in the top 10 most attended attractions in Greater Manchester, and as the 24th and 46th most visited museums in the UK⁴. The presence of world-class football-related attractions in

Greater Manchester is an encouragement to some football visitors to extend their visit. The increasing popularity of non-matchday football locations is likely to be a key driver in expanding the engagement of football fans with the conurbation. This greater engagement can lead to further economic benefits from greater tourist spending and improving the image of Greater Manchester around the world.

The ability of football to attract visitors reaches further than purely leisure-based tourism. The business tourism industry in Greater Manchester has also seen some significant advantages from the presence of football clubs in the area, with the high-quality conference facilities available at the football stadiums in Greater Manchester a USP for hosting events and attracting individuals to conferences.

The fact that Greater Manchester is recognised throughout the world as a centre of football excellence has also proved useful in attracting football-specific conferences to the city. There are now a number of these that regularly occur in the city, including Soccerex's European Forum which has been held in the city since 2010, with the Global Convention to follow in 2014. Next year Manchester will also host the Stadium Business Summit, the largest dedicated conference relating to stadiums and sporting venues.

Business tourism is particularly significant because these visitors tend to contribute more to the host economy, spending three times the amount that the average leisure tourist spends, and encouraging collaboration and new business ideas and partnerships with the host.

The possibility of including a football event in a business trip can also make a visit to the conurbation more likely, and can be used by Greater Manchester companies and agencies to set a firm date for when a current or potential client is going to visit.

⁴ Based upon data from Visit England, Annual Survey of Visits to Visitor Attractions 2011.

5 A partner to promote economic development

The global recognition derived from the presence of the Greater Manchester clubs (particularly Manchester United and Manchester City) has provided an important opportunity to promote economic development in the conurbation. The awareness of these football clubs (and the success that they have had) around the world has proved important in getting Greater Manchester recognition as a potential location for investment, as well as giving a certain aura of success to the worldwide image of the region. This link between the conurbation and the football clubs is exploited by MIDAS and UKTI, who have accompanied both Manchester United and Manchester City on pre-season tours to China. The link is used to good effect in other ways by these bodies: club memorabilia and merchandise are often included in their stands and at meet-and-greets. Clearly while eventual success in attracting investment and trade depends upon the strength of the offer of the conurbation and its firms, recognition of Brand Manchester helps to get Greater Manchester and its companies onto the list of potential business partners.

The clubs' sponsors also offer benefits to economic development. This can be through direct investment in the conurbation, such as Etihad Airways' investment in a European headquarters in Manchester, creating jobs and value added in the conurbation and deepening links with the club and the local community. The involvement of sponsors can also be through a charitable route – Manchester United has encouraged its sponsors to make positive contributions to deprived areas of the city (reinforcing their perceived connection to the club and their own corporate social responsibility efforts).

Some clubs have participated in notable regeneration projects around their stadiums. In particular, Manchester City's involvement in the regeneration of Eastlands, the area in which the Etihad Stadium is situated, has been hugely beneficial. One of the greatest success factors of the 2002 Commonwealth Games was the decision to secure Manchester City Football Club as the anchor tenant for the City of Manchester Stadium. Under the terms of this agreement Manchester City Council retain the ownership of the stadium and the Club rent the ground with the income utilised to fund the development of sport in East Manchester and the operational costs of the Commonwealth Games facilities.

This arrangement has enabled Manchester to lead the way in the delivery of major sports events since 2002, with the hosting of 216 major sports events which have delivered an economic value of £92m to the City (£23m in 2008 alone) and brought inward investment of £37m through organisations such as UK Sport, North West Regional Development Agency (NWDA) and other commercial partners. Over 1.6m visitors attended these events and in addition to these commercial impacts, more than 14,000 volunteers successfully worked on these events. Manchester's strategy has delivered major global recognition at the SportBusiness 2008 Awards, in categories for Event Look, Legacy, Marketing Campaigns and an overall award for Sports City. These accolades have been followed with 'Ultimate Sportcity Gold Awards' in 2010 and 2012 and further SportBusiness event awards for the Track Cycling World Cup 2011 and at the Sport Industry Awards 2012, for the Great Day of Sport.

The investment from the stadium and from MCFC has triggered the broader development of sport in East Manchester. In 2011 the council approved the establishment of an 'Eastlands Development Partnership' with MCFC, aiming to support the continuous regeneration of the area.

The Middlebrook development around which Bolton Wanderers' Reebok stadium is located is another example of a successful collaboration between the club, businesses and the local council. It has produced significant results in terms of anchoring a successful new employment centre for the borough.

While the clubs undoubtedly provide significant inputs into promoting economic development within Greater Manchester, the role played by local government in facilitating and promoting the clubs must also be recognised. Without the assistance provided by these

organisations (such as the opportunity to purchase land at Eastlands), the football clubs would face additional challenges to their ongoing operations. The provision of good infrastructure, in the form of road, light and heavy rail, and air links within Greater Manchester and to other parts of the country and the wider world, greatly facilitates access to the stadia, and allows the football clubs to attract visitors from further afield and participate in an increasingly global sporting market. Policing around the stadium is also provided by the public sector, without which the clubs would face severe additional costs and difficulties in staging matches. The public sector clearly recognises the significant positive impact of football clubs on local economies; continued efforts from local service providers in Greater Manchester and closer interaction between the clubs and the public sector can be expected to be a key driver of economic and sporting success in the future.



6 Building community

A number of Greater Manchester clubs have very active community engagement programmes, covering a diverse range of activities. Some are educational, such as the Bolton Institute of Sport, a scheme that aims to get young people with behavioural problems into higher education or employment. The success of this scheme has to a large extent been attributable to the brand of the club, and the respect that it generates among young people not in education or training (NEET) in the area. Other schemes have focused on sport, providing youth football coaching and encouraging participation in sport among older members of the community in order to improve their health. A number of clubs have also encouraged the development of disability teams, improving the quality of life for those involved.

The amount of participation in volunteering related to football is higher in Greater Manchester than the UK average, as well as comparable conurbations such as Merseyside and Bristol (see Figure 6.1). The high rate of community involvement (equivalent to just under 15,000 people in the urban conurbation) in a range of footballing projects is indicative of the degree to which football is a common ground for communities in Greater Manchester, and further moves to develop the footballing culture will enhance these positive spillovers.

Some of the professional clubs in Greater Manchester have also become involved with the Kickz programme, which aims to provide young people with something to do in the evening in order to discourage crime and antisocial behaviour. Manchester City has reported a 23% fall in crime rates in areas in which its City in the Community Foundation is active and the Kickz projects are a key part of this. Kickz projects also provide a useful method by which to approach socioeconomic groups that are usually difficult for the authorities to reach. By interacting in a non-confrontational environment, members of the police force can change how they are perceived by these groups and reduce crime rates simultaneously in a cost-effective way.

According to the Football Association, Greater Manchester has a high number of clubs at all levels, varied demographics, and a high “intensity of offer” (a strong presence of the football clubs in the heart of their communities). These factors contribute to making Greater Manchester one of the areas of the UK in which the Football Association believes it can generate the highest return on its investment in community projects.

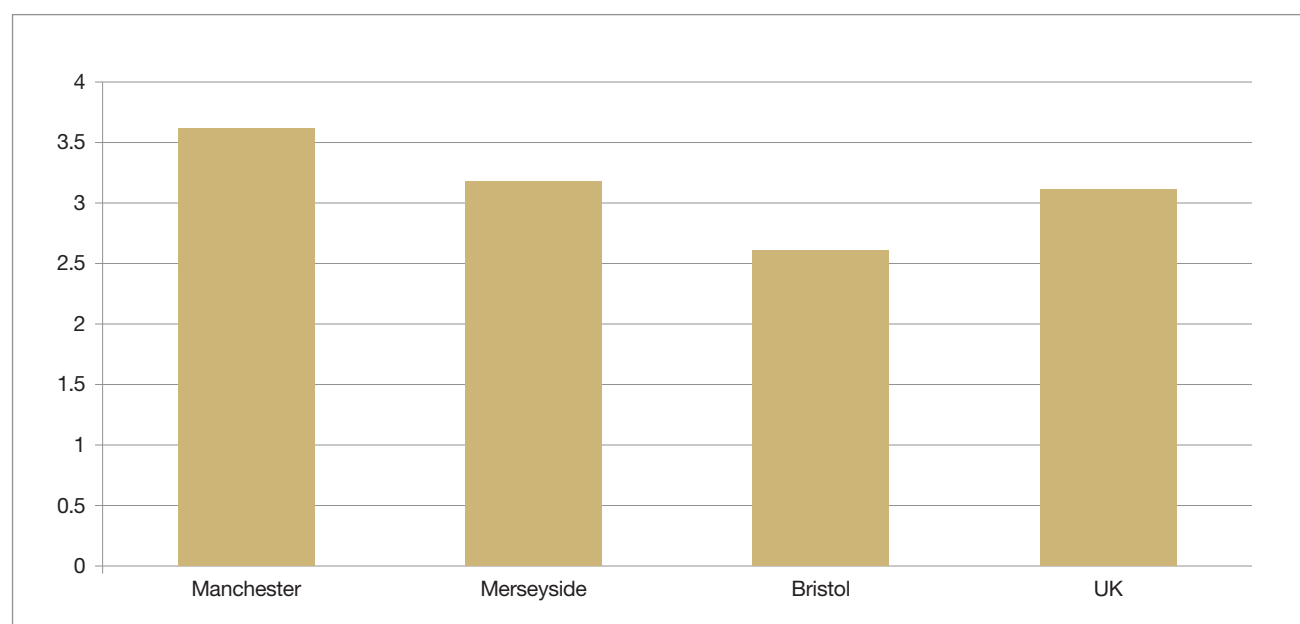


Figure 6.1 Percentage of the population volunteered in football in the previous 4 weeks

7 Areas of opportunity

Football is woven into the cultural fabric of Greater Manchester, and has played a significant role in the development of the conurbation. The success of Manchester United and Manchester City has given massive global exposure to Brand Manchester and associated it with success. This exposure is continuing to grow in the world's fastest-growing economies, and is promoted hugely through social media. While many conurbations are struggling for attention across a growing number of advertising channels, Greater Manchester is getting name-checked globally on a frequent basis, and at no direct cost.

The analysis has highlighted some areas of opportunity for further work, to raise the economic impact of football in Greater Manchester, each of which is summarised below.

Marketing & Promotional Opportunities

Greater Manchester has already begun to look at opportunities to further develop the off-field tourist opportunities of the clubs, including the prospect of packaging the stadium and museum tours with the National Football museum, and of promoting the conurbation's football credentials to new markets (for example in Japan, where the 'Kagawa effect' is already having an impact since his signing for Manchester United). However, there are certainly opportunities for Marketing Manchester and MIDAS to work more closely with the clubs on a strategic approach to international promotion where priority markets overlap. Many individual initiatives take place, such as coordinated events around the club summer tours, but there may well be an opportunity to learn from the way that other European cities work in partnership with their clubs on the wider promotion of their destination.

In particular there may be potential for Greater Manchester and the clubs to work together to access match funding for promotional activity from national agencies such as Visit England and Visit Britain. Often these funding programmes need to identify significant levels of marketing resource in order to supplement them with match, however, if there was a way to establish a collective marketing pot, there could well be the potential to immediately double it.

Football Supporting Community Initiatives

There has been much success in using the football clubs to run and support community initiatives. The presence of the clubs represents a hugely valuable resource for these kinds of initiatives. Schemes such as the Manchester United Foundation and the Bolton Wanderers' Institute of Sport highlight the success that the clubs can have in engaging with and motivating people, Manchester City's community engagement is considerable, and covers a variety of target groups. Other initiatives such as the Street Soccer Academy work with some of the most deprived sections of society, and through football, training and mentoring give people the confidence to turn their lives around and become productive members of society.

This sort of approach aligns well with the Greater Manchester Public Service Reform programme, which is developing better and more integrated ways of working across public, private and third sector organisations. The aim is to provide more targeted preventative interventions in order to save money in the medium and long term, e.g. through reduced police, social care or health costs.

Programmes such as supporting troubled families, reducing reoffending, and improving skills for the workplace can all be assisted by sports, particularly football, programmes which can have particular engagement with marginalised groups that other initiatives do not, whilst also providing greater health, confidence and discipline for the participants and their families.

Additional support for these types of initiative, especially if supported by the large clubs offers the prospect of making a real difference to the life chances of young people in Greater Manchester, with knock-on benefits to deprivation, the broader quality of life of residents, and the productivity of the workforce. It would also strengthen public support and appreciation for the clubs, promoting further a climate in which football and Greater Manchester can flourish together.

Developing a Media Cluster

Football-related media activities have already clustered in Greater Manchester, and there may be opportunities to develop critical mass further in some of these areas. For example, Greater Manchester as a football and wider sports city made it obvious to relocate BBC Sport with the wider move of the BBC to MediaCityUK, even at a time when the Olympics were due to be hosted by London. As well as the BBC, MediaCityUK is home to companies such as ITV and Satellite Information Services (SIS) Limited, the latter operating the largest fleet of satellite uplink and outside broadcast units in Europe. This has helped the conurbation to develop one of the largest sports media clusters in the UK and there may be scope to develop this further over the coming years.

There is the potential for key partners, particularly MIDAS, but also MediaCityUK and The Sharp Project, to include a specific football and sports-related pitch to their inward investment attraction activities. Greater Manchester is already a major media cluster with significant sports expertise, and the presence of the big football clubs can be used as a hook to try to attract other UK and international sports media organisations into the conurbation. As football and sport as a business globalises, Greater Manchester can be an ideal entry point into the European market for media companies.

