

Comparative Study on The Business Models of the Chinese and British Football Super League

Ziming Yin

Beijing Haidian Kaiwen Academy, Beijing, China

Abstract: As one of the top football leagues in the world, the Premier League's business model is established according to the operation and management of modern enterprises. China's professional football league was officially launched in 1993, and its business model is still relatively low. Through a comparative study of the business models of the Chinese and British Premier League, it is found that the maturity of the Premier League's business model is inseparable from its nearly 100-year football professionalization process. The British Premier League has much autonomy in the management of the league. It is a monopoly organization with clear property rights over the league and strong independence in operation and management. At the same time, the league's profits mainly come from high TV broadcast income and considerable advertising and sponsorship income. The entire business model of the Premier League has a side worthy of our country's learning and reference. The Chinese Football Association should minimize its intervention in the Chinese Super League, especially in commercial operations, and give full play to the market's regulatory role. At the same time, the Chinese Football Association should also imitate the management mechanism of the English Football Association, reduce administrative intervention in the Chinese Super League in terms of functions, and shift the focus of work from the overall management of the Chinese Super League to the construction of Chinese national teams and football echelons at all levels. Gradually fade out of the overall control of the Chinese Super League.

Keywords: Chinese Super League, British Super League, business model.

1. Foreword

1.1. Research Background

Professional sports are competitive sports for commercial purposes. In developed countries in Europe and the United States, professional sports development has entered a significantly developed stage, especially in ball games such as football and basketball. These projects have been perfectly integrated with professional sports, creating huge economic effects. Football has a vital competitive, economic, and social significance in today's world. Football and business have created a series of wealth myths and many legendary clubs.

According to the statistics in the "2017-2022 China Football Market In-depth Evaluation and Future Development Trend Report", the number of fans in the world has exceeded 1.6 billion, of which Chinese fans account for about 1/5, making it the country with largest number of fans in the world. This series of data shows that China can become the world's largest football market, but it is still in the initial stage of development, and there is still huge room for improvement in commercial potential. According to a survey by McKinsey & Company, the successful hosting of the 2018 World Cup in Russia will bring comprehensive benefits to the Russian economy of US\$ 15 billion and create a non-investment income of US\$ 1.75 billion within five years, accompanied by the economic growth of US\$ 2.86 billion in quantity.

As one of the top football leagues in the world, the Premier League's business model is established in accordance with the operation and management of modern enterprises, in line with the laws of the market economy. China's professional football league was officially launched in 1993. Its business model has remained relatively low and has not yet broken away from the traditional sports development model under the planned economy.

This paper conducts a comparative study on the business models of professional football leagues in the two countries, analyzes the difference between the business models of the Premier League and the Chinese Super League, explores the underlying reasons for the backwardness of my country's professional football business model, and provides reasonable suggestions for the management of my country's professional football business model.

1.2. Literature review at home and abroad

Ford and Cooke define professional sports leagues simply as "a quintessential corporate federation." They believe that professional sports leagues are a group of sports team owners, and they reach a consensus on the league's operating procedures to maximize profits. These procedures include restricting the entry of new leagues, assigning exclusive regional franchise sports teams, revenue sharing, and agreement on player allocation schemes [1].

In the article "Research on the Development of the English Premier League," Wu Jianxi believes that England has a highly developed economy, a sound social security system, advanced modern media technology, a good investment environment, a multi-level capital market, attractive sports betting, and a long history. Social culture is an essential social background for it to dominate world football [2].

Liang Bin made a detailed analysis of the changes in club income structure in the commercial operation of British football in the past century in the article "Research on the Development of the Income Structure of British Football Clubs - From "Public Benefit Maximization" to "Capital Profit Maximization." and comparison [3].

Liu Hongbing listed several advantages of the Premier League in his article "Research on the Operational Status and Characteristics of the Premier League." The author believes that the Premier League's management advantages can be reflected in the very advanced club system; the club's

management methods are becoming increasingly mature; the Premier League system can fully mobilize the enthusiasm of the club's participation [4].

Ling Ziyong and Wang Zhangning argued in the article "Rational Thinking about the Chinese Football Super League" that the main reason for the lag in the development of Chinese football is that the management system of the Chinese Football Association is not sound; the management purposes and means of each club are different; the quality of the coaches is not the same. High, low referee level, etc. In the development of professional football in our country, there is a certain conflict between the administrative functions of the Football Association and the autonomy of professional clubs [5].

Based on the above results, the research on the business and management model of professional football in China and the UK is relatively sufficient, and many scholars have also put forward practical suggestions. The Premier League football clubs have achieved great success in terms of business model and operating efficiency. In comparison, the Chinese Super League in my country has always been accompanied by the problem of poor management. Proceeding from my country's actual national conditions, rationally learning and applying the successful experience of Premier League management will help the Chinese Super League develop into a high-level professional football league worldwide.

2. Research Results and Analysis

2.1. Overview of Chinese Super League and Premier League

On April 17, 1994, the National Football League A opened in Chengdu, which marked that Chinese football has since had its own professional league. During the nearly ten years of football professionalization from 1994 to 2003, Chinese football has been exploring professionalism and achieved initial results. In 2004, the Chinese Super League (CSL for short) was officially established. The league is named after the English Premier League, referred to as the Chinese Super League. In April 2006, to further standardize and improve the business model of Chinese professional football, the Chinese Football Association and the clubs participating in the Chinese Super League jointly funded the establishment of the Chinese Super League Co., Ltd. Due to the lack of business experience of the Football Association and various clubs, the management and operation of the league have not been improved, and the level of competition in the league has not been greatly improved. The social influence of the Chinese Super League is less than expected.

The English Football Premier League (FA Premier League) was established on February 20, 1992; its predecessor was the English Premier League. The Premier League is the highest in the English league system. After more than 20 years of development, the current Premier League has become one of the world's most popular professional sports events. The Premier League is a private football company with 20 member clubs, which suggests it is a for-profit economic organization. The Premier League is the highest-paid league among the top 5 professional football leagues in Europe. Taking the 2017/18 season to the 2018/19 season as an example, the total revenue of the Premier League during this period was 5.44 billion euros and 5.851 billion euros, which was more than 1.7 times the revenue of the second-ranked league, always ranked among the top five football leagues in

Europe.

2.2. Comparative analysis of the business models of the Chinese and British Premier League

2.2.1. Comparative analysis of the management mechanism of the two leagues

The Premier League has commercial development rights independent of the FA, and the league has the right to independently conduct commercial negotiations on broadcast and sponsorship contracts. From a commercial point of view, the Premier League is a limited liability company, and 20 Premier League clubs are shareholders of the company. Each club holds an equal amount of company shares in the Premier League. Therefore, from the equity structure perspective, the Premier League ownership belongs to all Premier League clubs. Ordinary proposals require more than half of the clubs to agree to pass. If it involves changes to Premier League rules or important business cooperation matters, at least two-thirds of the clubs agree to take effect. It can be seen that the Premier League has much autonomy in the management of the Premier League.

The Chinese Football Association plays the most crucial role in the entire Chinese Super League operation. In terms of institutional nature, the Chinese Football Association is a nonprofit social organization legal person and accepts the business guidance, supervision, and management of the State Sports General Administration and the Ministry of Civil Affairs. The Chinese Football Association currently has seven functional departments responsible for the various work of the Football Association. Among these departments, the Ministry of Professional Football Development and Supervision is the management department of my country's professional football leagues. Only a department under the Chinese Football Association participates in and manages all aspects of professional football operations in my country throughout the process. It has greater administrative power and also has relatively centralized administrative power. In addition to the Chinese Football Association, the Chinese Super League Co., Ltd., referred to as the Chinese Super League, is also involved in the management of the Chinese Super League.

The Chinese Football Association accounts for 36% of the company's shares, making it the largest shareholder. The remaining 16 Chinese Super League clubs hold only 64% of the shares, and each has only 4% of the company's shares on average. In comparison, the 20 clubs of the Premier League each hold 5% of the shares of the Premier League, and the FA does not hold any equity. From the shareholding ratio, it is easy to see that the Chinese Football Association has absolute control and actual right to speak in the Chinese Super League.

Although the Chinese Super League and the Premier League have similar names, there are fundamental differences: First, the business model of the Premier League integrates the organization of the Premier League and the operation of the Premier League. At the same time, the Chinese Super League only owns part of the management rights of the Chinese Super League and is not responsible for the Chinese Super League. The Chinese Football Association exercises this part of the authority; secondly, the FA does not participate in the dividend distribution of the Premier League, but the Chinese Football Association participates in the distribution of the interests of the Chinese Super League, and the distribution ratio is larger than that of each club.

Table 1. Comparison of management mechanisms between Chinese Super League and Premier League

Content	Ownership structure	Company	Benefit distribution	Functional power
British Super League	Owned by all Premier League clubs, with a 5% stake each	company with limited liability	The FA does not participate in dividends	Commercial development rights, broadcast rights, commercial negotiation rights, and other vast rights
Chinese Super League	The Chinese Football Association accounts for 36%, and the average remaining per club accounts for 4%	Non-profit social organization and legal entity	The Chinese Football Association participates in the distribution, and the distribution proportion is greater than that of each club.	The Football Association exercises most of its powers, while the CSL has only a small number of its operating rights.

2.2.2. Comparative analysis of the organizational structure of the two leagues

The organizational structure refers to the relatively stable operating structure formed between various elements within the organization to promote the development of the organization. The organizational structure can not only reflect the static characteristics of the organization but also show the dynamic operation process. The organizational structure is the core element that keeps the organization running properly. The organizational structure of a professional football league is also an important factor in the normal development of the league. From the perspective of the development of the Premier League, the organizational structure of the Premier League has two notable features.

First, the Premier League is a monopoly. The Premier League's event organization is the Premier League, a monopoly that operates professional sports events. The internal organizational structure of the alliance is relatively loose, and each club has independent management rights, which can fully exercise its own rights, safeguard its own interests and actively pursue the maximization of interests. For example, the Premier League is extremely strict in selecting sponsors, not only setting up barriers to economies of scale but also reflecting the brand differences of sponsors and preventing competition for similar products.

Second, the Premier League has clear competition rights. There are two main parts of the Premier League property rights: one is the corporate legal representative property rights owned by the Premier League club investors, which include various property rights of each club, League naming rights, television rights, etc.). The clear division of the property rights of Premier League matches can enhance the enthusiasm and independence of clubs' business operations. At the same time, it can also clarify their respective responsibilities based on clear property rights, internalize the externalities of the Super League, and achieve Pareto optimal resource allocation

[6]].

In essence, Chinese Super League companies in my country have a different operational and management independence than the Premier League. First of all, although the shareholders of the Chinese Super League also include various clubs participating in the Chinese Super League, the largest shareholder of the Chinese Super League is the Chinese Football Association, and the voice of each Chinese Super League club is greatly reduced. Secondly, the Premier League is solely responsible for the operation of the Premier League. Still, the operation of the Chinese Super League is in charge of the Chinese Football Association, and the Chinese Football Association appoints even the chairman of the Chinese Super League. In order to ensure that its own goals and interests are not affected, the Chinese Football Association sacrificed the relevant interests of Chinese football clubs, resulting in unfair distribution of benefits between the Football Association and the clubs.

2.2.3. Comparative analysis of the profitability of the two leagues

The Premier League's profits mainly come from high TV revenue and staggering advertising and sponsorship revenue.

Since TV broadcasting and professional sports have been closely linked to each other, the development of the Premier League has entered a fast track, especially the rapid development of pay TV in recent years, which has promoted the TV broadcasting revenue of the entire Premier League. The Premier League not only has excellent game resources that are rare in the whole world but also has fans and consumer groups all over the world. Therefore, the TV broadcast cost of the Premier League is increasing year by year, and various TV stations are willing to pay for the TV broadcast rights of the Premier League. "It is reported that Sky TV and British Telecom have acquired the Premier League broadcast rights for three seasons starting from the 2013-2014 season. 2 times the selling price of the rights" [7].

Table 2. 1992-2013 Premier League TV broadcast domestic and international revenue list (unit: million pounds)

	1992-1997	1997-2001	2001-2004	2004-2007	2007-2010	2010-2013
Domestic	214	743	1,383	1,129	1,878	1,953
Overseas	40	98	178	325	625	1,437
Total amount	254	841	1,561	1,454	2,503	3,490
Contract time	5	4	3	3	3	3
Domestic(average)	43	186	461	376	626	651
Overseas(average)	8	25	59	108	208	479
Yearly average	51	210	520	485	834	1,130

On the other hand, in China, Ford Bao Company, which is responsible for the business operation of the Chinese Super League, sold the Chinese Super League TV broadcast rights for nearly three years to the Shanghai Media Group at a price of 180 million yuan, but the Shanghai Media Group paid more than 50% of the cost. It is paid as advertising time slots during the intermission between games. Even so, the Chinese Super League cannot freely dispose of advertisements in these time slots. Instead, the Chinese Football Association allocates advertising resources to the sponsors of the Super League. It can be seen from this that the TV broadcast revenue of the entire Chinese Super League has been greatly reduced, and the club's self-care has been seriously affected. After careful calculation, the total annual TV broadcast revenue that can be provided to all Chinese Super League clubs is only a mere 30 million yuan, and each team's average is less than 3 million yuan. This is a huge gap from the TV broadcast revenue of Premier League clubs that can easily reach tens of millions of yuan.

Sponsorship. In 2006, Barclays and the Premier League renewed their contract for £ 68.5 million for three years. In October 2009, Barclays renewed the contract with the Premier League again, and the naming fee rose to 82.25 million pounds for three years, an increase of nearly 24%. The new contract includes the naming rights of the Premier League, the use of the official Premier League logo, the exclusive sales rights of the Premier League in the world, the recognition rights of British and international TV broadcasters, the rights to operate advertising, the rights to sell tickets and the rights to host community events. The year-on-year increase in the naming fee has brought huge benefits

to the Premier League, and Barclays has also gained both fame and fortune"[8]. It can be seen that the business cooperation between the Premier League and TV broadcasts and sponsors is very successful. Business case. The excellent brand image of the Premier League has prompted its commercial value to rise again and again. The Premier League has a strong profitability, which is very worthy of consideration by the Chinese Super League operators. The Chinese Super League has also developed for nearly ten years, but the TV broadcast rights management is bleak, the league sponsors change frequently, and no one even cares.

There are also huge differences in the profitability of the respective clubs. The ticket revenue of Premier League clubs accounts for almost one-third of the club's total annual revenue, showing a trend of increasing yearly. On the other hand, the ticket revenue of Chinese football clubs throughout the season is minimal, accounting for only about 10% of the club's annual revenue. The difference is noticeable. Judging from the attendance rate, the home courts of the Premier League clubs can accommodate at least nearly 30,000 spectators, and many stadiums even reach 60,000 to 80,000. Take Manchester United as an example. The capacity of Manchester United's home stadium, Old Trafford, is 78,000, and each home is almost complete. The lowest ticket price per ticket last season was 28 pounds, and the average ticket price was around 50 pounds. It is straightforward to calculate that the ticket revenue of each home game of Manchester United can reach nearly 4 million pounds, and Manchester United's various home games in a season can add up to at least 30 games. It can be seen that ticket revenue is significant to the operation of Premier League clubs meaning.

Table 3. Changes in ticket prices for 3 Premier League clubs from 1889 to 2011 (unit: GBP)

Club	The lowest fare in 189	The lowest fare in 2011	Rate of increase(%)
Arsenal	5	51	920
Aston Villa	5	25	400
Manchester United	3.5	28	700

Data sources: compiled and calculated according to their own data

Table 4. 2004-2009 Chinese Super League audience statistics

Year	Number of teams	Number of Matches	Home Attendance	Total audience number	Audience(average)
2004	12	22	11	1,450,600	10,989
2005	14	26	13	1,871,700	10,300
2006	15	28	14	2,228,300	10,611
2007	15	28	14	3,173,500	15,112
2008	16	30	15	3,065,280	13,444
2009	16	30	15	3,854,115	16,059

Data Source: from the official website of the Chinese Football Association

China has a lot of stadium capacity, but the occupancy rate is worrying. Only the home games of Guangzhou Evergrande, Beijing Guoan, and Jiangsu Sainy can reach 70%, and about 30,000 spectators are present for each game. The spectators of many teams' home games are consistently maintained at around 20,000 people; even individual games are less than people. As can be seen from Table 6, although the number of spectators in the Chinese Super League shows a trend of increasing year by year, the average number of spectators per game is still not comparable to that of excellent professional sports leagues, which significantly affects the ticket revenue of the Chinese Super League.

Sponsorship and advertising revenue. Premier League

football clubs can fetch considerable prices by advertising on their chests, and there are other sponsorships, such as naming rights for their home stadiums. Every club has at least a few companies sponsoring it in different forms, and even giant clubs have more than a dozen sponsorships. My country's Chinese Super League club sponsorship is in a single type and a tiny amount. The main reason for this embarrassing situation is that the Chinese Super League club needs more commercial awareness and recognizes the club's own brand building.

2.3. Analysis and discussion of the drawbacks of the Chinese Super League business model

2.3.1. Profitability is extremely weak

From the perspective of the profitability of the Chinese Super League, the Chinese Super League needs a sustainable and stable way to make profits, both in terms of the commercial development of the overall event and the revenue generation of various professional football clubs. Professional football profits mainly depend on the income from selling TV rights and the investment income from advertising and sponsors. The profitability of the Chinese Super League could be stronger. First of all, due to the low overall level of professional football competition in my country, the price of TV broadcasting rights of the Chinese Super League is relatively low, and less TV broadcast revenue is allocated to each club; secondly, the overall packaging of the Chinese Super League is still poor, and the brand image needs to be increased, which has led to a significant discount in advertising revenue. Thirdly, the amount of commercial sponsorship of the Chinese Super League and various clubs is relatively small.

Many reasons cause the lack of professional football profitability in our country. First, the overall business operation of the Chinese Super League is still extremely irregular, lacking overall awareness, focusing on short-term interests, and ignoring long-term market development plans; second, the Chinese Super League has not obtained full market development rights, so in the process of market development Obey the administrative orders of the Chinese Football Association.

2.3.2. The investment environment needs to be improved

From the perspective of the investment environment of the Chinese Super League, the overall investment environment of the Chinese Super League is relatively poor. All kinds of negative news flooded the media, and the attention of Chinese football is gradually moving away from the Chinese Super League. In recent years, the "fake," "gambling," "black," and other chaos faced by Chinese professional football have not been able to be investigated in a timely and effective manner. These phenomena that seriously affected football development was brought under control by an opinion to be dealt with as soon as possible with strong appeals from all walks of life and judicial intervention. These persistent illnesses in Chinese football have seriously damaged the interests of all parties investing in Chinese football, and the investment environment of the Chinese Super League has been hit hard.

3. Conclusion and Suggestion

The comparative study and analysis of the Chinese and British Premier League football show that the maturity of the

Premier League's business model is inseparable from its nearly 100-year football professionalization process. The Premier League has much autonomy in the management of the Premier League. The Premier League is a monopoly organization with clear property rights over the Premier League and strong independence in operation and management. At the same time, the profits of the Premier League mainly come from high TV broadcast income and considerable advertising and sponsorship income. The operation of the entire Premier League has both positive aspects worthy of our country's learning and reference. At the same time, the Premier League's heavy cost burden is also something the Chinese Super League should try to avoid in future development.

It is suggested that the Chinese Football Association reduce its intervention in the Chinese Super League, especially in commercial operations, and give full play to the regulating role of the market. Reduce the shareholding ratio of the Chinese Football Association in the Chinese Super League and truly delegate the management rights to each club. At the same time, the Chinese Football Association should imitate the management mechanism of the FA, reduce administrative intervention in the Chinese Super League in terms of functions, and shift the focus of work from the overall management of the Chinese Super League to the construction of Chinese national teams and football echelons at all levels. Fade out the overall control of the Chinese Super League.

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