

Effects of the UEFA European Football Championship 2012 on Transfers and Evaluation of Professional Football Players

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The aim of this paper is to examine the effect of the UEFA European Championship to the professional football players' market. Football players are their clubs' assets, limited resources of sport companies. I describe the literature of human resources management in sport and operations of football players' transfers. The paper summarizes the specialties of football players' market.

The research examines the transfers and the changes of values of all football players who participate in the 2012 UEFA European Football Championship in Ukraine and Poland. My hypothesis was the following: on one hand professional football clubs suffer losses because of injured players, but on the other hand they also gain some profit as the value of their successful football players increases. The research analysed the realized transfers on the market of players with compare the value of football players before and after the tournament. The research used data of the reliable statistical transfermarkt.de and I followed realized transfers on uefa.com. I show main statistics and correlations about the realized transfers after the tournament.

Research questions

The study investigates how a large international tournament (as a global sporting event) affects the value and transfer fee of football players. I show empirical evidences based on the 2012 UEFA European Football Championship. Research questions of the paper are the followings:

1. Which variables effected on players' value during the Europe Championship?
2. What can we say about the number and the estimated amount of transfers after the tournament?

Theoretical background

The paper focuses on professional football players and professional football clubs. Professional football as a spectacle sports is a global industry as the part of the entertaining business (András, 2003). The main business revenues of the football companies are the following: ticket and season-ticket revenues (consumers market), revenues on player transfers (players market), revenues generated from broadcasting rights (broadcasting rights market), and revenues from commercial rights: sponsorship revenues (sponsorship market) and merchandising revenues (merchandising market). This paper mainly concentrates on players market, but naturally the changes in players market has an impact on any other markets. For

example number of stars in a team can increase the interesting of media companies. On one hand, stars enhance the consumer's identification and strengthen fan loyalty, and on the other hand, stars are the product of the media and play an important role in its businesses (more media consumer, more sponsor and related revenues). (András, 2003).

Some research (for example Kearney, 2010) shows positive relationship between net transfer balance and team performances (see Annex 1.). In leagues when clubs spent more money for new players can reach better on-field performance. Number of players with outstanding abilities (who can influence outcome of match) is limited and players are limited resources of football clubs.

The players market is a special labour market, where basically a personal right with special value of property is the subject of the agreement: the disposition about the playing licence for a given period (maximum 5 years in EU) (András, 2003). After the conclusion of the contract, the right of the disposition falls back to the athlete. During the term of a contract, the football company can transfer the right of disposition to another football company in exchange for compensation (called transfer fee).

Summary of the main characteristics of the players market (András, 2003). can be seen in Annex 2. The transfer of a player is a double transaction from the point of view of the buying club: it means labor force recruitment and also an investment in a value of property (intangible assets). Further specifics of Players' market (Kozma & Kynsburg, 2000):

- Time-limited market (open two times a year)
- The longevity of a professional football career is limited (15-20 years without injury)
- Stars are hardly substitutable, exceptional labour forces
- During the span of a running contract, there is a fee to be paid in the case the player wants to leave (Bosman-case)
- Special working times (weekends)
- Fixed-term contracts (maximum 5 years in EU).

The main value drivers (factors which can influence the value of a sportsman) are the pre-determined characters of the player (physical, mental, social), the current contract (buy-out clause, length of contract), the added characteristics (learnt) and the results of player, club and national team (this paper mainly investigates these latest value drivers).

Carmichael et al. (1999:142) found that goal scoring record, league appearances, international appearances and age has a significantly and positively relation with transfer fee. „Independent variables included to reflect selling club characteristics have been selected to reflect team performance (for example, in terms of goal difference, league position and divisional status) and market size (average attendance, profits). Selling club's league position in particular has been shown to have a consistently positive effect on the fee. Gerrard and Dobson (2000) additionally find that buying club attendances are significantly positively related to the transfer fee” (Carmicheal, 2006). The players' market is growing at phenomenal pace, we are going to see dramatic changes in the financial investments in football, both in Europe and worldwide. Tanuru and Clark (2005) examined the option pricings with help of Opta Index (the official player performance statisticians to the Premier League). Other researchers found significant the sponsoring revenues and attendance of buying club, FIFA-coefficient of country, remaining contract years etc

(Berg, 2011). In this paper I concentrated only the effect of this tournament and I collected data just before and after the tournament (transfers and estimated prices) to exclude other influence variables (for example estimated value of a player in June of 2012 probably contain the effects of the football season 2011/2012 but could not contain the effect of the European Championship which was organised in June of 2012).

Clubs are often against UEFA, or FIFA (organizers of international matches) because of the possibility of injuries in big tournaments. A major risk for clubs arises from players being unavailable for selection through injury, with the possible effect that this may have on the clubs' playing and financial performances (Drawer & Fuller, 2002). This paper investigates the effect of national team' results on value and transfers of players.

Methodology, research design and data analysis

The research examines the changes of values of all football players who participate in the 2012 UEFA European Football Championship in Ukraine and Poland. My hypothesis was the following: on one hand professional football clubs suffer losses because of injured players, but on the other hand they also gain some profit as the value of their successful football players increases. The research analysed the realized transfers on the market in players and the not realized appreciation in players' value with compare the value of football players before and after the tournament (conclusions of research about not realized value-changing is topic of other paper). The research used data of the reliable statistical transfermarkt.de and I followed realized transfers on uefa.com. I show general informations and correlations (with SPSS software) about players in Euro Championship and information about realised transfer (number of transfers, estimated amounts).

Data characteristics. Activity of data-collection was a primary research with the help of some student of Corvinus University of Budapest and Széchenyi István Special College for Advanced Studies¹.

Data source mianly was the international recognized www.transfermarkt.de, the webpage of UEFA (www.uefa.com), and the well-know sport journal, goal.com. Periods of data-collection were the interval before the tournament (from May, 2012 to 5th June, 2012) and the interval after the value-changings on transfermakrt (from June, 2012 to September, 2012). During the tournament we collected datas about performance of players and national teams (based on literature review). Before of the tournament we collected the following datas:

- age of players
- remaining contract years (0-5)
- actual market price (transfermakrt.de)
- position of player's club on UEFA-ranking May/2012
- position of players's national team on UEFA-ranking May/2012

¹ By name: Luca Durucskó, Dóra Kacs Kovics, Mihály Mike sy, Csongor Szabó, Attila Farkas, Dávid Popper, Ferenc Pataki.

During the European Championship we collected the following statistics. Performance of teams: difference of estimated (by betting agencies) and realised position on tournament.

Performance of players: 1. number of match played, 2. number of goals, 3. average valuation of goal.com.

After the tournament we collected the following statistics: 1. market price after tournament (transfermarkt.de), 2. difference of value-changing (absolute and %).

In total we collected more than 10 values of 386 players (23 players in 16 teams).

Results

The research reveals the positive effect of big tournaments for football players' value which means an added value for professional sport clubs. First of all paper shows some similar statistics about players of European Championship (Q1), after introduce the experiences of transfers after tournament (Q2). On second half of this part of paper I show some correlations (Q3).

Similar statistics (total, average, changes):

We collected data for all players who were nominated to EC (N=386) and players who played in the tournament (N=256).

Following figure shows the average age, contracted years and estimated value of players. We can see that average age of players is about 27 years, a little bit higher than European average which is 25,9 years (Besson et.al, 2013). More than 2 years the average contracted years and more than 10 M EUR the average value of players. Average value of all nominated players was increased by 465.957 EUR. The restricted (N=256) players' average amount was higher (12 M EUR) and average value-increasing of them was also higher (521.875 EUR). The cause of it may be that coach preferred higher-rated players by clubs and market. Value of players who played in tournament increased higher than players who were nominated but not played.

1. table: Average statistics of player in tournament

| | Average age | Years of contract | Average amount before tournament (EUR) | Average amount after tournament (EUR) | Average value-increasing (EUR) |
|-------|-------------|-------------------|--|---------------------------------------|--------------------------------|
| N=386 | 26,95 | 2,15 | 10.145.109 | 10.607.065 | 465.957 |
| N=256 | 27,13 | 2,3 | 12.032.031 | 12.553.906 | 521.875 |

Elaborated by the author

2. table: Total amounts of player in tournament

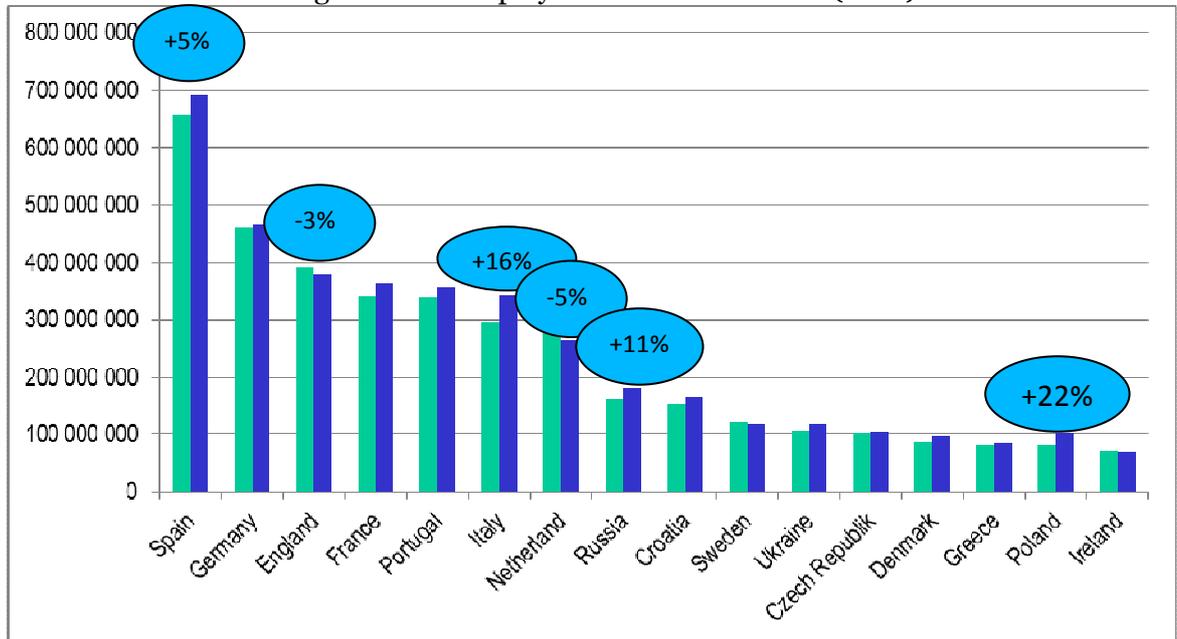
| | Total amount before (EUR) | Total amount after (EUR) | Total value-changes (EUR) |
|--------------------|---------------------------|--------------------------|---------------------------|
| N=386 | 3.733.400.000 | 3.903.400.000 | + 170.000.000 |
| N=256 | 3.080.200.000 | 3.213.800.000 | + 133.600.000 |
| Not played (N=130) | 653.200.000 | 689.600.000 | + 36.400.000 |

Elaborated by the author

Next chart describes changes of players' value by *national teams*. We can see that mostly in the most successful national teams increased the value of players (winner

Spain, second Italy, third Germany and Portugal). The biggest loser is Netherland in this view who has the worst final result compared to the expectations (of bookmakers).

2. figure: value of players in national teams (EUR)



Elaborated by the author

If we see the changes of players' value by *leagues* we can determine that in almost all of the teams has increased the total value of players. The value of players in Spanish, German and Italian leagues has increased with greatest extent. Values of players in Portugal and Netherland leagues increased with the biggest rate (14% and 15%)

If we examine the not-realised value-changings by clubs in tournament, we can see that the biggest winners are Juventus, Dortmund and Real Madrid (with more than 15 M EUR increase), the highest losers are Chelsea and Liverpool (more than 10 M EUR decrease).

Transfers

Figure 3 and Table 3 shows that biggest leagues purchase most players in highest amount. 3. figure describes general result in 2012, 3. table shows typical ways of players after EC 2012.

3. Figure: "International ways" of soccer players

| | Negative balance | Positive balance |
|-------------|--|--|
| High volume | "Purchasers" England, Spain, Germany Italy Russia | "Traders" Portugal, Netherland France |
| Low volume | "Small customers" Turkey, Ukraine, Greece | "Suppliers" Scandinavians, post-socialist countries |

Source: www.transfermarkt.de

In Figure 3 we can see the international trends: the Big Four leagues (Italian, English, Spanish, German) were the biggest purchasers and now the France and Russian leagues are getting be also purchasers with negative balance of transfers. Italian clubs has positive balance previoulsty but nowadays they don't have.

3. table: typical ways of EC players after the tournament:

| From (all transfers from the league of countries)) | To | Number of transfer |
|--|---|--------------------|
| England (16) | England | 10 |
| France (7) | Big Four (England, Germany, Spain, Italy) | 6 |
| Czech (4) | Germany | 3 |
| Greece (5) | Big Four | 4 |
| Denmark (4) | Big Five (England, Germany, Spain, Italy, France) | 3 |

Elaborated by the author

In table 3. we can see that after the European Championship the big four (and five) leagues were the biggest purchaser. Furthermore teams of France and Russian league bought 5-5 players after EC in very high average prices (11,5 M and 5,3 M EUR). We also can see that Dutch and Portugal clubs are really traders, because after EC 15 players changed clubs from this two leagues. Estimated transfer prices of these players were lower than Big5 average, so these two leagues and big tournaments can be a good opportunity for young talents.

56 players of total 88 (it means 63%) transferred to Big4 Leagues and estimated value of theirs transfers was 499.700.000 EUR. All 88 transfers has 683.250.000 EUR estimated value which means 7.764.205 EUR average price. Total value changing is 29,5 M EUR (4,32% increasing), the average value-increasing is 335.227 EUR.

In case of 35 transfers the value of players increased (with 77,9 M EUR), and 33 players were sold on lower price (-48,4 M EUR). Value of 20 players has not changed.

Basically not from the strongest national teams was the most transfer (Annex 3) except The Netherlands (11 player of 23 changed his club after the tournament). The European Championship gave a new option for many players.

Figure 4 shows the number and figure 5 shows the estimated amount of transfers from several leagues after EC. We calculated only players who played in EC and estimated values are from transfermarkt.de because many of transfer price were undisclosed. Many players (with high value) in EC was from strong leagues (English, Spain, Italian, German) and Netherlands gave high number of players to the tournament.

1. Figure: number of transfers from several leagues² (players of EC):



Elaborated by the author

From Dutch League 10 players went to another leagues (7. figure) but in a lower price (8. figure). Average price of players who left the Netherland League was about 5 million EUR against bigger leagues where the average estimated transfer price was more than 10 million EUR. Netherland League is a good opportunity young players to enter a big league. In Annex 4 we can see that Italian clubs could sell players in most higher price (good result in EC and good players go forward from Italy).

2. Figure: amount (EUR) of transfers from several leagues³ (players of EC):



Elaborated by the author

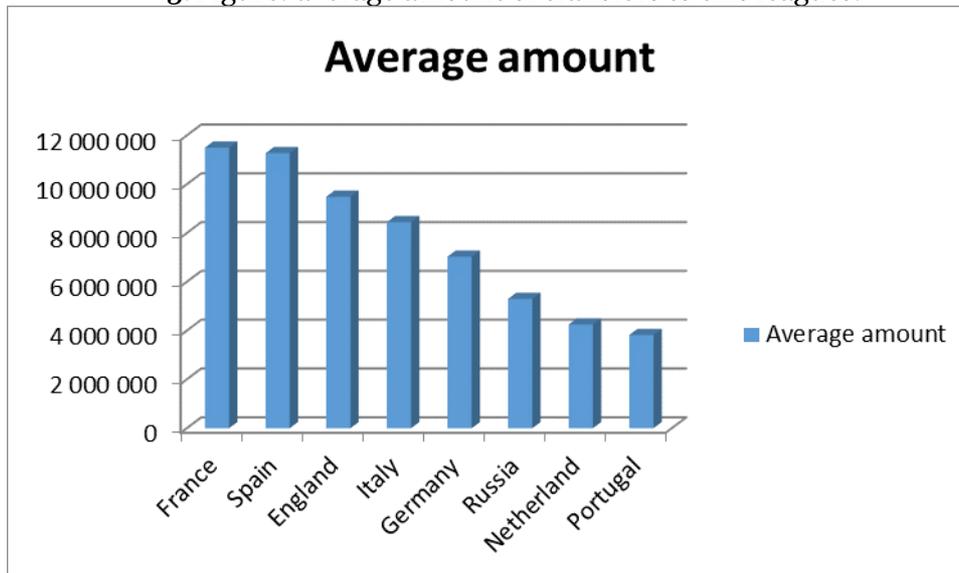
In Annex 5 and Annex 6 we can see the number and the estimated values of transfers to several leagues after the tournament. Most players went to England and Germany, the clubs of the Big4 leagues league spent the most money for new players.

² Data of England contains Premiere Leagues and Championship

³ Data of England contains Premiere Leagues and Championship (Championship only has 3,500.000 EUR value)

In Figure 6. we can see that clubs of France League paid almost 12 million EUR average price for a player. In Annex 4 we can see that French clubs sold players about 8 million EUR average price so France League is getting be a purchaser. In Spain it was equalized, because clubs spent and got also 11 Million EUR for a player. English, German and Italian clubs could sell players in higher price than they could buy another one (England: 9 M EUR and 11 M EUR, Germany: 7 M EUR and 8 M EUR, Italy: 8 M EUR and 13 M EUR).

3. Figure: average amount of transfers to this leagues:



Elaborated by the author

Correlations

About correlations of main characteristics (sample: players who played at least one match on EC, N=256) we can see the followings (Annex 7):

- moderated negative relation (-0,349) between age of player and contracted years (older players often get shorter contract from clubs because the chance of injury is more higher)
- moderated positive relation between rank of club and rank of national team (players of better national teams are from better club)
- negative correlation between contracted years and club rank (better clubs offer longer contract to players, they have better financial position and longer-term planning)
- positive correlation between value of players and rank of national teams, rank of club and contracted years.

About correlations of main characteristics (transferred players, N=88) we can see the followings:

- strong connection between age, remaining contract years, UEFA-rankings of club and national team
- strong positive correlation between played match number, average performance on EC and goal scored
- negative correlation between age and value (and value-changing) of players
- performance of national team on EC and value of players has a moderate positive correlation.

Summary

After literature review I described several statistics and analysis about of player characteristics, transfers and correlations in European Championship.

I found that that the way and amount of transfers after EC fits to international trends and EC has some effect on value of players. To explore accurate effect of the EC, I plan further investigation: regression analyse (N=368), cluster analyse (N=368), making interview with sport management agencies (N=3). With more data collection it can be interesting to compare results with data of players who couldn't qualified to EC 2012 (for example players of Norway, Turkey, Austrian etc) national teams and examine value-changings and transfers in the World Cup 2014.

There are some limits of the research. First of all the Transfermarkt.de has estimations about value of players, but in many case there are no any information about transfer price because the exact amount of realised transfers mostly not published (Eastern-Europe is very impenetrable). Second, value-changing in the examined period can be influencing some other facts which I could not test, for example effect of media, characteristics of buyer and seller clubs, other matches (for example Olympic Games in august, 2012) of players etc.

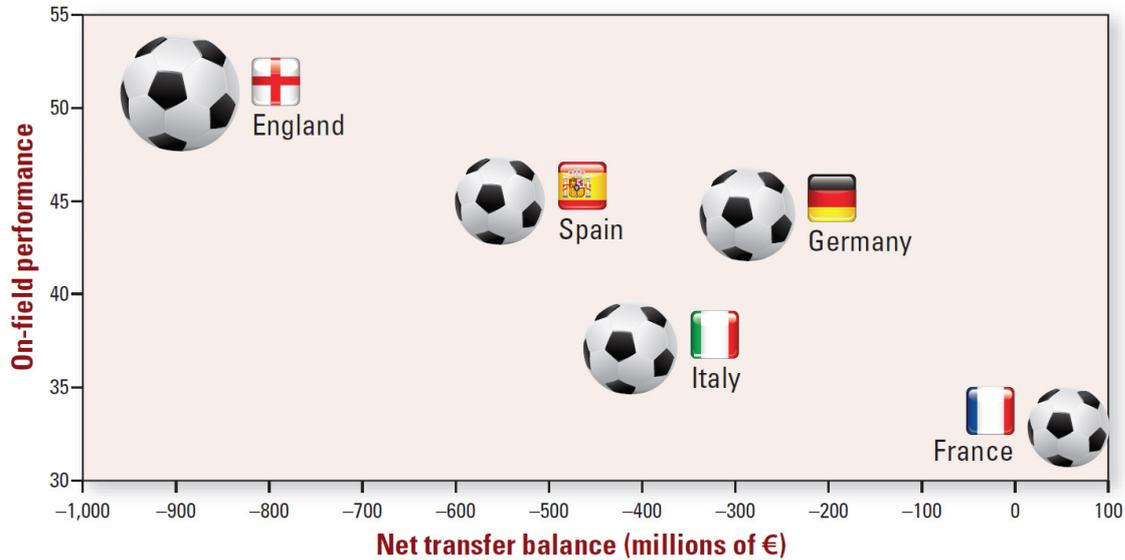
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Internet: www.transfermarkt.de; www.uefa.com; www.goal.com

Annexes

Annex 1: Correlation between on-field performance and net transfer balance



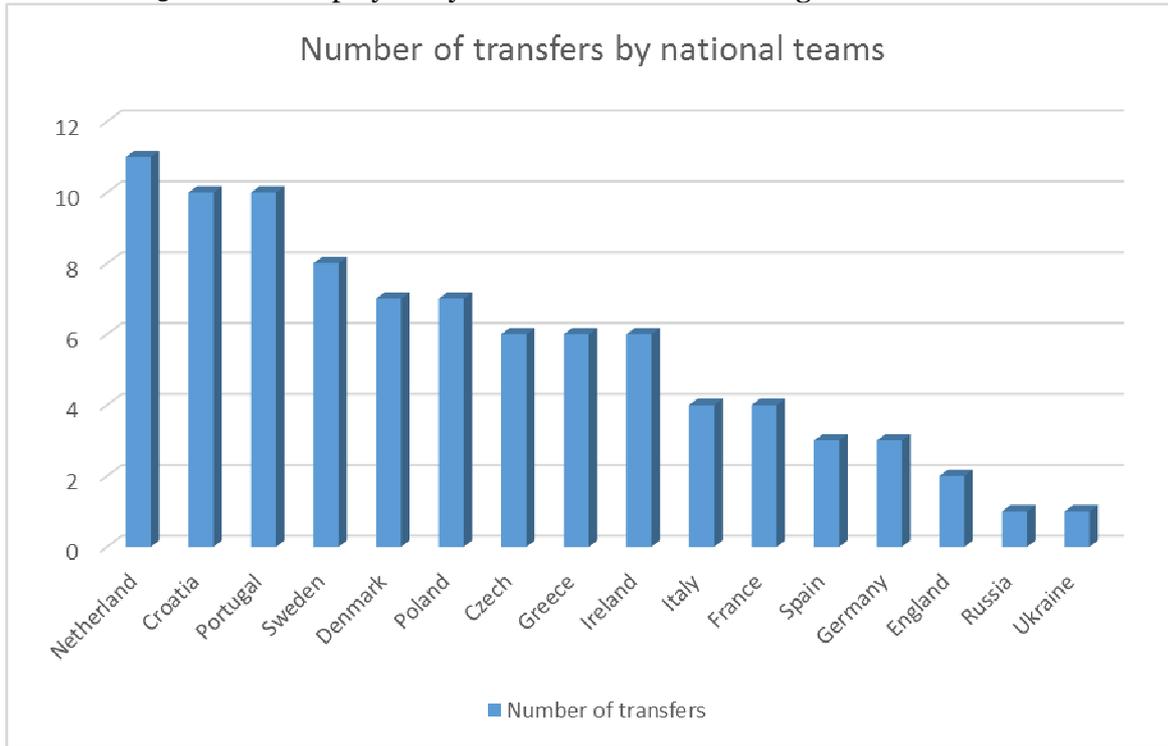
A.T. Kearney EU Football Sustainability Study (2010)

Annex 2: main characteristics of the players market

| | |
|---|--|
| Product (subject of trade) | the transfer of the disposal about players playing licence |
| Main characteristic of the subject of trade | double deal: labour recruiting and acquisition of a value of property |
| Value drivers | <ul style="list-style-type: none"> - pre-determined characters of the player (physical, mental, social), - current contract (buy-out clause, length of contract) - added characteristics |
| Market-players: | <ul style="list-style-type: none"> - 1) If contract expired: the professional player as an athlete, a person; 2) If contract is running: releasing football company. - Signing football company. - Player agents, managers, scouts. |
| - Seller | |
| - Buyer | |
| - Mediator | |
| Influencing factors of the behaviour on the market | <ul style="list-style-type: none"> - transfer fee |

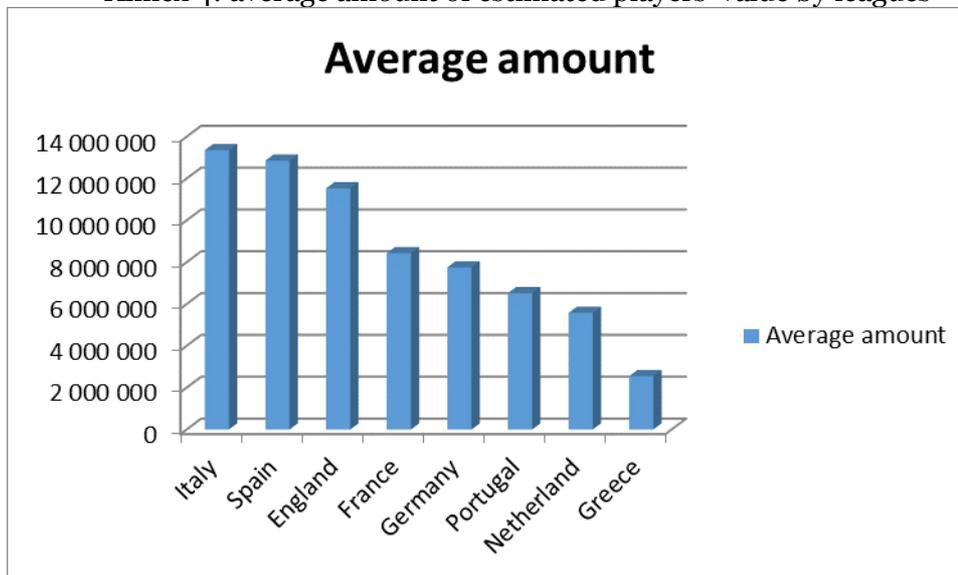
Source: András, based on Chikán (1995)

Annex 3: number of players by national teams who change club after tournament



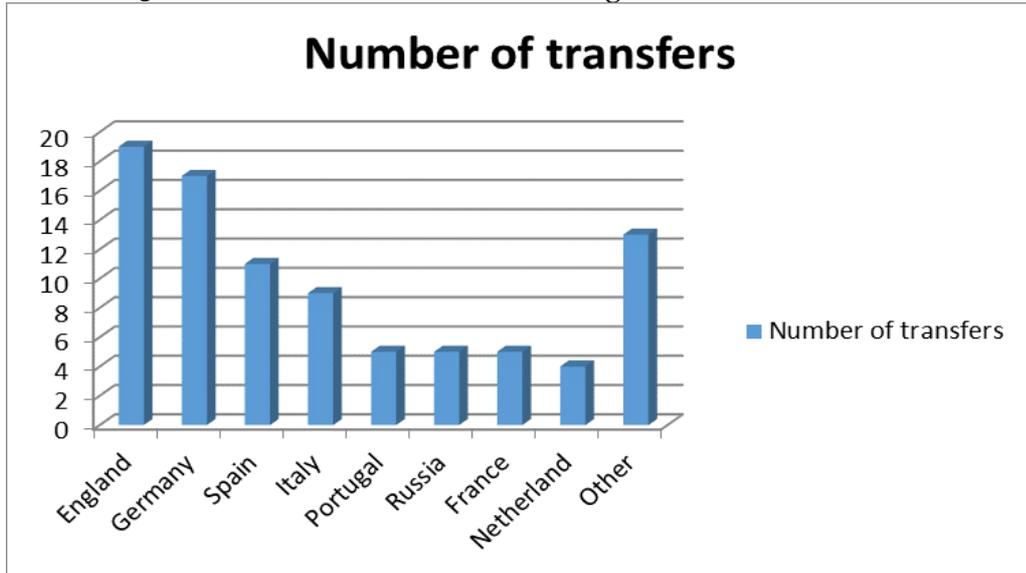
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Annex 4: average amount of estimated players' value by leagues



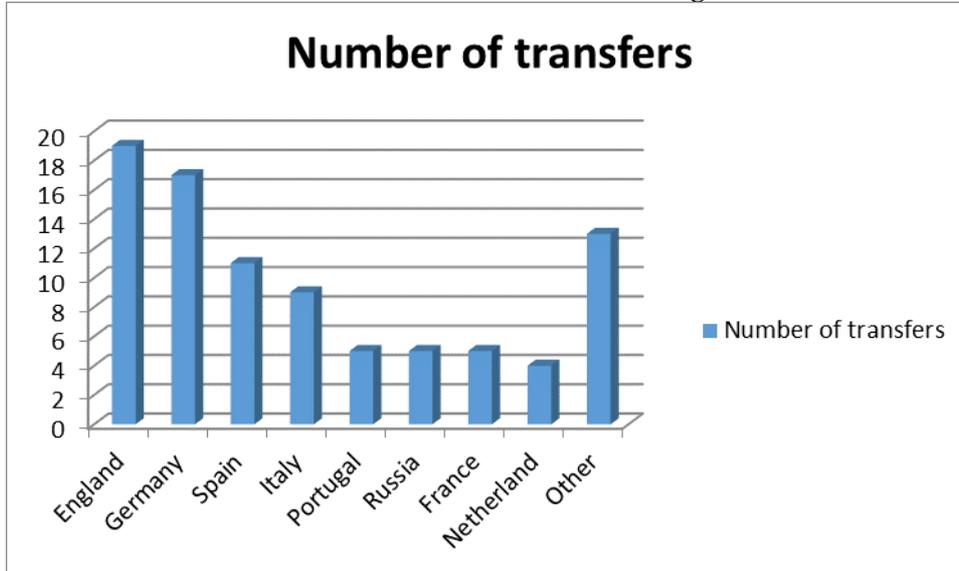
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Annex 5: number of transfers to several leagues after tournament



Elaborated by the author

Annex 6: estimated amount of transfers to several leagues after tournament



Elaborated by the author

Annex 7: pearson correlations (N=256)

| | Age of player | Ranking of national team | Ranking of club | Contracted years | Value before tournament |
|--------------------------|---------------|--------------------------|-----------------|------------------|-------------------------|
| Age of player | 1 | -0,003 | 0,077 | -0,349 | -0,153 |
| Ranking of national team | 0,003 | 1 | 0,253 | -0,243 | -0,375 |
| Ranking of club | 0,077 | 0,253 | 1 | -0,210 | -0,470 |
| Contracted years | -0,349 | -0,243 | -0,210 | 1 | 0,377 |
| Value before tournament | -0,153 | -0,375 | -0,470 | 0,377 | 1 |

Elaborated by the author