
Social Media Usage In European Clubs Football Industry. Is Digital Reach Better Correlated With Sports Or Financial Performane?

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Social media is likely the marketing and communication channel which grew fastest from "unique and modern" to "mandatory". Presented as a solution for the future, usage of media channels has already become a key part of any brand promoting campaign or business expansion effort. And football clubs line up with this trend. Development of the new media elements solves two fundamental needs for business units specialized in sports: the need for faster and more efficient communication with fans - a true two-way relationship - and the need to expand the base of supporters using marketing tools.

This paper presents the usage of social media networks in European club football industry, the mix of channels used and the increase of digital supporters for the top teams. This academic approach also examines the correlation between the digital reach of the richest clubs in the world and their sports and financial results. This study shows the growing importance that social media plays in the sports industry, initiating a debate on the relationship between the digital expansion of a football club and its sports and financials indicators.

Keywords: social media, digital reach, correlation coefficient, football club.

JEL Classifications: L83, M31, A13.

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INTRODUCTION

If scientific approaches of sports marketing and management are considered by the academic world to be recent and innovative, the use of social media marketing tools in the sports industry is certainly one of the most novel scientific endeavors, taking into account the association to a relatively “new” domain, as well as the emergence and development of “new media” type networks.

However, so far there are several scientific initiatives on this subject. They take into account various segments and approaches: methods used by sports organizations to increase the involvement of fans (Ioakimidis, 2010), the sports companies content on social media sites (Waters et al., 2010), social media policies for athletes (Sanderson, 2011), usage of social media as a marketing communication tool by employees of sports government bodies (Eagleman, 2013), analysis of social media strategy to develop a national sport organization with a case study in tennis in New Zealand (Thompson et al., 2014).

Academic approaches that analyze the usage of social media in the football industry take into account different perspectives: assessment of official and unofficial social networking sites accounts for football clubs in the UK (McCarthy et al., 2011), a study of football clubs presence in social media and the effectiveness of this tool (Kuzma, Bell and Logue, 2014), a quantitative analysis of the level of interactivity on major social networks for fans of the strongest clubs (Araújo, Carlos and Fraiz, 2014).

This paper continues the already addressed topic of the use of social media opportunities by football clubs in Europe, the major novelty consisting in analyzing the correlation between digital reach and indicators of the club’s financial performance and sporting results.

1. Social media usage in European clubs football industry

According to a survey conducted in February 2014, worldwide there are over 1.85 billion active users on various social networks, which means a penetration rate of 26% of the world population and over 70% of internet users. (Kemp, 2014)

The German publication Digital Sports Media (DSM) regularly publishes data on the use of social networks by sports clubs. Football is by far the sport that attracts most fans in Europe. And this is confirmed not only by polls, TV viewing figures, budgets derived from broadcasting and commercial rights, but also, recently, by the digital reach of football clubs, compared to other sports.

Table 1

Digital reach ranking of football clubs (top 24)

	Team	Digital Reach	Facebook	Twitter	Google+	YouTube	Instagram
1	FC Barcelona	119.999.613	79677153	26140154	7410971	1582747	5188588
2	Real Madrid	111.544.170	78338151	20746487	5660574	1604337	5194621
3	Manchester United	72.314.748	62072985	3928354	4102442	0	2210967
4	Chelsea FC	51.768.316	38745553	5465937	5696524	387152	1473150
5	Arsenal FC	40.643.251	30873045	4917820	3249947	165046	1437393
6	Liverpool FC	33.120.380	24186807	3938228	3657648	310114	1027583
7	AC Milan	31.350.330	23592080	2300488	4519133	254820	683809
8	Bayern Munchen	30.477.212	24699366	2023456	2070162	253666	1430562
9	Manchester City	24.351.293	16933085	3075669	3452473	320119	569947
10	Galatasaray Istanbul	19.037.333	13036957	4534694	636375	147959	681348
11	Juventus Torino	18.986.150	15096544	1746078	1178667	309477	655384
12	Paris Saint-Germain	18.696.380	14880313	1868389	979643	147148	820887
13	Fenerbahce	14.678.997	10166605	3708919	299583	112066	391824
14	Borussia Dortmund	14.101.004	11451210	1372011	865392	88138	324253
15	Atletico Madrid	11.692.201	9088449	1318000	847539	67445	370768
16	Tottenham Hotspur	7.189.952	5758146	964152	204466	89533	173655
17	Besiktas	7.040.608	5633257	943469	419453	44429	0
18	Olympique de Marseille	5.679.171	3871983	1197781	541024	35322	33061
19	Internazionale Milano	5.590.791	4436489	722091	105105	140020	187086
20	AS Roma	5.147.663	4152283	573504	187772	98294	135810
21	SSC Napoli	3.828.913	3209166	461731	100502	41676	15838
22	Benfica Lisboa	3.550.705	3028330	329941	93432	51075	47927
23	Schalke 04	3.116.899	2408440	343152	203668	46226	115413
24	Valencia CF	2.997.766	2156796	487207	284911	17443	51409

Source of data: Result Sports - Digital Sports Media (2014)

A ranking of the digital reach of football clubs with the highest exposure in social media developed by DSM on December 1, 2014 is shown in Table 1. Digital Reach is calculated as the sum of digital supporters of each club on the major

social networks: Facebook (like), Twitter (follower), Google+ (follower), YouTube (subscriber) and Instagram (follower). (Result Sports, 2014)

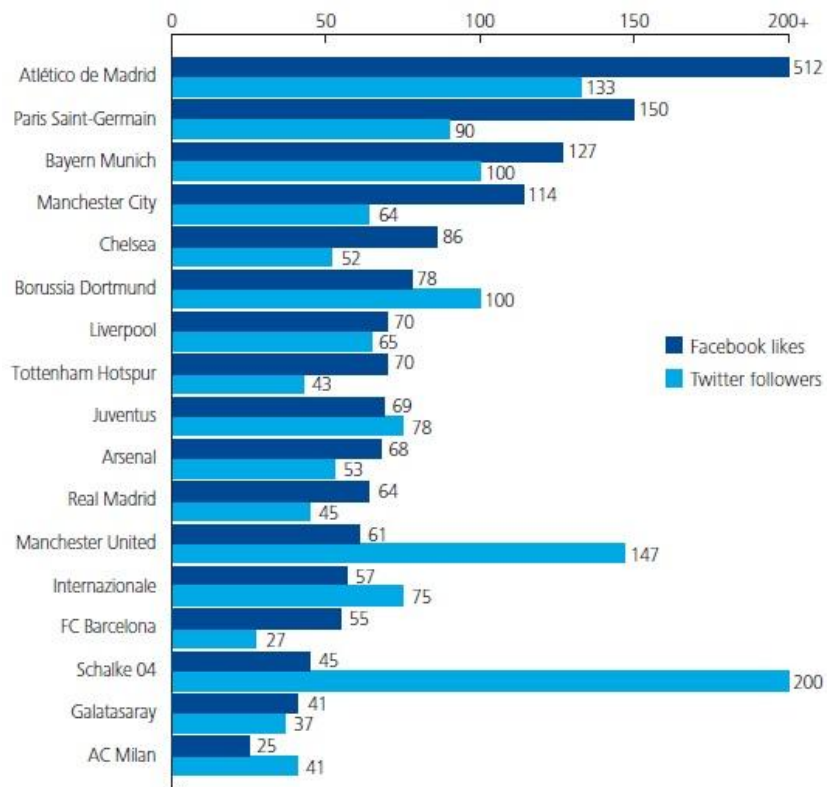
We can observe a high degree of concentration, the top 3 clubs (FC Barcelona, Real Madrid and Manchester United) having a cumulated digital reach of more than 40% of the total for the top 24 European clubs. The strongest European championships, known as "big five", occupy 20 of the top 24 places, the only 2 other leagues entering this exclusive top being Turkey (3 representatives) and Portugal (1 representative).

Most teams come from Premier League - England (6), followed by Serie A - Italy (5) and La Liga - Spain (4). Spain shows, also through this ranking, the polarization of the championship between Real Madrid, Barcelona and the rest of the teams, proved by clubs income, audience figures, budget allocated for transfers, distribution of money from television rights.

A structural analysis of digital reach highlights the supremacy of Facebook (74%), followed by Twitter (14%), Google+ (7%), Instagram (3.5%) and YouTube (1%).

An analysis of the dynamics of Facebook and Twitter accounts during the 2013/14 season, for the most powerful clubs in Europe, was conducted by Deloitte and is shown in Figure 1.

Figure 1
Football clubs social media activity percentage growth during 2013/14 season (%)



Source: Deloitte - Football Money League (2015)

The largest increases of their Facebook accounts can be observed at the clubs Atlético Madrid (512%), Paris Saint-Germain (150%), Bayern Munchen (127%) and Manchester City (114%). The four clubs have in common excellent sporting results in the 2013/14 season, all of them being national champions. On the other hand, the largest increases of their Twitter accounts can be seen at the clubs Schalke 04 (200%), Manchester United (147%) and Atlético Madrid (133%). The digital reach increase for Schalke 04 is due to a multi-language approach of the social media channels (4 languages for Facebook and 2 for twitter: German and

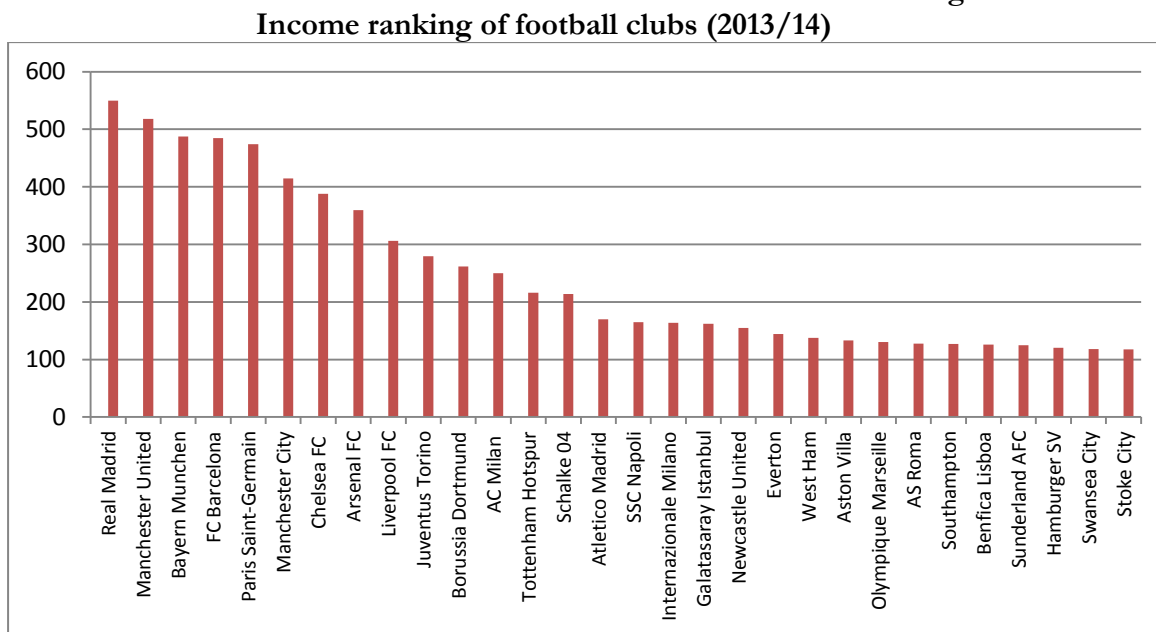
Japanese). As for Manchester United, the club continues an aggressive strategy of regional development, 2013/14 season bringing new partnerships with companies in China, South Korea and Nigeria. Therefore, there is a relationship between the increase in digital reach of clubs and their sports results and development strategies respectively. In the second part of the study we scientifically quantify these correlations.

2. Correlation with sports and financial performance

The study aims to determine the correlation between the digital reach obtained by a football club and its sports or its financial results. The clubs selected for analysis are the richest 30 clubs worldwide, according to the latest edition of Football Money League (FML) for the season 2013-2014, study done by Deloitte and published in January 2015. According to the methodology used by FML for over 15 years, the study takes into account income from ordinary activities of the sports society, classified into three broad categories: broadcasting, commercial and matchday, without considering the proceeds from the transfer of players which are considered exceptional income.

The FML Rankings for 2015 (Figure 2) highlights the economic supremacy of English football, with 14 clubs in the top 30. This is due to the commencement of the new contract for broadcasting rights to the Premier League, which led to an increase in revenue of about 30% for this sector. The top positions are still occupied by the heavy weight clubs in Europe, the only new entries in top 10 being Paris Saint-Germain and Manchester City, the „new rich” who maintained their position from last year. (Deloitte, 2015)

Figure 2



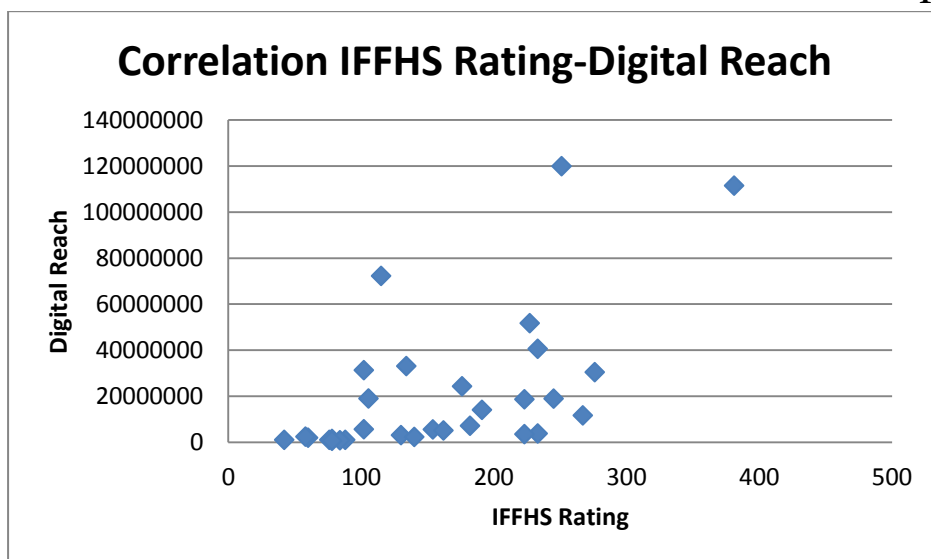
Source of data: Deloitte - Football Money League (2015)

We determined a club's financial results using as reference Deloitte survey data, while for measuring sports results we used the club's 2014 score, calculated according to the algorithm developed by the International Federation of Football History & Statistics (IFFHS). IFFHS calculates and publishes a global ranking of clubs since 1991. Calculations are based on the performance recorded in the last 12 months in official competitions at national, continental and intercontinental level, as well as the most important national cup (above phases 1/16). All countries are divided into four levels, based on the value of the national championship. Clubs from the strongest leagues receive 4 points for each match won, 2 for a draw and 0 for a loss. Those in level 2 are given 3 points (win), 1.5 (draw) and 0 (loss) and so on for the following lower levels. (IFFHS, 2015)

By calculating the correlation coefficient between athletic performance and digital reach for the richest 30 clubs in 2014 we obtain a R of 0.5769. This reflects a moderate positive correlation, which means there is a tendency for high IFFHS Rating variable scores to correspond to high Digital Reach variable scores (and vice versa). The P-Value is 0.000846. The result is statistically highly significant as $p < 0.01$. We note that two values are farther from the trend showed by the

correlation (Figure 3). It's FC Barcelona (1st in digital reach, but with a sports season without a major trophy) and Manchester United (3rd in digital reach, but having the worst sports season in the last decade, which resulted in the loss of the right to participate in the European Cups in 2014-2015 season).

Figure 3



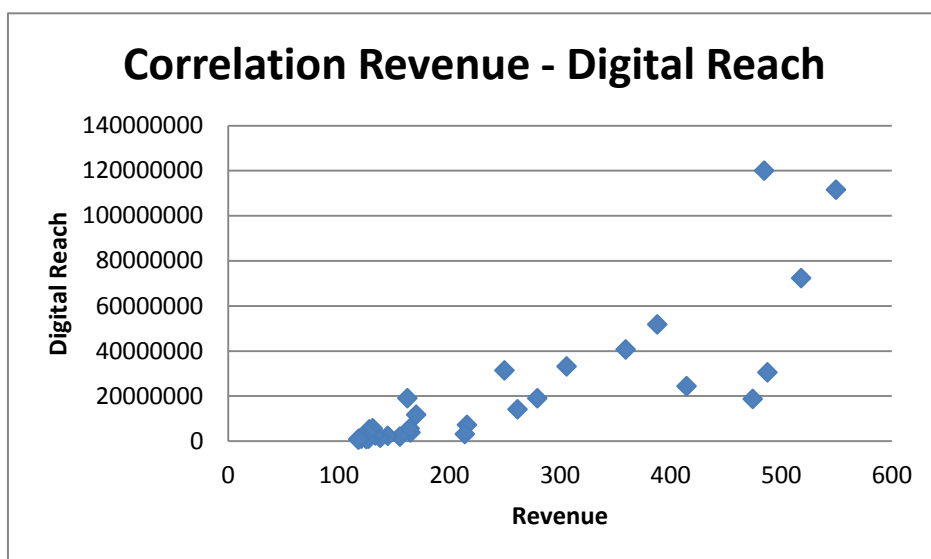
Source of data: Result Sports (2014), IFFHS (2015), author's calculations

By calculating the correlation coefficient between economic performance and digital reach for the richest 30 clubs in 2014 we obtain a R of 0.8216. This reflects a strong positive correlation, which means that high Income variable scores correspond with high Digital Reach variable scores (and vice versa). The P-Value is < 0.00001 . The result is statistically highly significant as $p < 0.01$.

It is noted that, for certain clubs, very good economic results are not accompanied by a similar "development" on the digital side (Figure 4). It is the case of Bayern Munich (3rd in revenues), Paris-Saint Germain (5th) and Manchester City (6th). A possible explanation for the German champion is that it does not use all available marketing and communication tools in order to maintain existing supporters and to expand its international supporters base to match the exceptional financial and sports results from recent years. For the "new rich" of European football, it's obvious that it takes time to reach a good balance between money invested and supporters gained, that the dynamics of growth of the

number of fans lags behind the influx of capital from owners; but significant investments, consistency of sports results and improvements in marketing techniques can achieve a substantial increase in digital reach.

Figure 4



Source of data: Result Sports (2014), IFFHS (2015), author's calculations

Therefore, the value of digital reach of a club is positively correlated with both economic and sports results. The correlation is much stronger for the economic side than the sport side, which is somewhat understandable because a club's notoriety level tends to bring in additional revenue rather than sports achievements. However, things are quite inter-dependent in the sense that lack of sports achievements prompts a loss in revenue. Looking at the composition of income for a club (broadcasting, commercial and matchday), I think digital reach is highly correlated with revenues from commercial activities, because the proceeds of merchandising and marketing directly dependent on the number of customers to be addressed.

CONCLUSIONS

Usage of social media has enabled football teams to develop a two-way relationship with its fans around the globe. Moreover, the clubs are able to use this marketing tool to regionally and globally develop and expand their brand. Digital reach's high values at the end of 2014 and their dynamics in the last season show that sporting companies understand the advantages of social media and capitalize on them.

Strong positive correlation between a club's digital reach and its revenues indicates that a significant increase in supporter base will bring a strong increase in revenues, which emphasizes the importance of our scientific endeavor. The connection between digital reach and sports results is also positive but moderate in value and indicates that a successful season will bring an increase in social media accounts (as happened with the national champions in season 2013/14).

Of course, the scientific debate initiated by this paper is only a starting point. It can be continued at a deeper level by analyzing the geographical dispersion of clubs digital reach, the segmentation of the team revenues according to the three established income sources and the separation of sports results at national and European level.

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