

Hyperinflation in European football - Outrageous spending is unsustainable

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Abstracts

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SUMMARY

The recent transfer spending spree in European football has provoked discussions about the sustainability of this trend and the forces behind it. This case study analyzes the modus operandi of European football clubs, especially those of the wealthiest, which are the biggest spenders, in order to identify the causes and the implications of hyperinflation in European football.

Key Questions Answered

Why has the transfer expenditure in European football soared in recent years?

What are the major revenue streams for football clubs?

Is this hyperinflation in transfer fees and salaries sustainable?

Who finally pays the cost of these inflated values in European football?

SCOPE

Examines the forces behind hyperinflation in European football.

Analyzes the income streams of top European football leagues and clubs.

Examines the sustainability of the hyperinflation trend in European football.

REASONS TO BUY

Hyperinflation in European football stems from increasing broadcasting revenues in top leagues, whilst huge commercial income inflates the revenues of the wealthiest clubs.

The hyperinflation in European football is not sustainable as the financial health of smaller clubs is impaired in an effort to catch up with the wealthiest clubs. In fact, it is not only the wealthiest football clubs that have spent too much on inflating transfer fees and salaries, but also smaller football clubs in top European leagues that have engaged in expenditure beyond their means.

Broadcasters and sponsors have ended up paying enormous amount of money to football clubs at the expense of their profitability, with that cost eventually passed to consumers.

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Immense broadcasting and commercial revenue fuel, but also fueled by, expenditure

Broadcasting revenues the most significant

Matchday revenue losing significance

Commercial revenues on the rise as clubs monetize marquee signings

Different leagues, different dynamics

Wealthiest clubs spend too much driven by commercial revenues, but not more than their less affluent counterparts

Wealthy clubs exploit transfers and on-field success to secure lucrative commercial deals

Not only have the wealthiest clubs spent

Sustainability is a combination of financial health and demand

Financial health of smaller football clubs is impaired in effort to catch up with wealthier clubs

Wage costs dangerously high in relation to revenues

Demand cannot be further stretched, consumers can only take so much

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