



# EUROPEAN FOOTBALL DECISION

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**RISKY  
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Development**

**European  
Ticketing Views**

**Feeding the 5000**

**Marriage of  
Convenience**

**World Cup '98  
France**



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# Ticket Policy -

## The Price of Success?

*Despite the current popularity boom in English football, there are fears that higher ticket prices in the Premier League may alienate the casual supporter, drive families away from the game, and distance clubs from their traditional fan base. Indeed, concern is such that Sport Minister Tony Banks has called on the Football Task Force to investigate the pricing of season tickets. GREGOR LENTZE and ANDY KORMAN of Townleys Sports Lawyers look at FC Bayern Munich and the German Bundesliga as an example of an alternative approach to ticket policy.*

**T**he FA Premier League in England is frequently held up as the prime example of commercial success in the world of professional football. Television deals with BSkyB and the BBC have generated enormous revenues and a successful overseas profile. This season, Premier League attendances in the higher priced all-seater grounds broke the 11 million mark for the first time since the League was reduced to twenty clubs, and gates averaged a healthy 29,189. Turnovers increased throughout the Premier League, and the market capitalisation of the twenty-one English clubs currently listed on the stock market totals approximately £1,270 million.

The German Bundesliga has also enjoyed a great boom in interest. German clubs received more television money through deals with Free TV and Pay-TV, an average of 31,388 spectators per game in the 1997/98 season is an all-time league record, and total turnovers of the Bundesliga clubs increased. German football clubs do, however, still operate in a fundamentally different business environment from their English counterparts. Not only are all German professional football clubs required by the statutes of the German Football Federation to be organised as non-profit making membership organisations (though this regulation will almost certainly be changed at the next DFB council in autumn), but German football clubs also have a ticket policy that is notably different from the English model. Bayern Munich's policy is a good



Bayern's Lothar Matthäus

example of this.

In the 1996/97 season, Bayern Munich had a total turnover of 165.2 million DM (£ 55 million), with a merchandising and licensing programme turnover of 79.7 million DM (£ 28 million), an operating profit of 15 million DM (£ 5 million), and membership fees and donations of 6.6 million DM (£ 2.2 million).

### Club Members

Bayern Munich has an exceptionally large number of members with 74,000 individuals each paying an annual fee of 100 DM (£ 33). To put this in context, Munich 1860 has 30,000 members,

Schalke 04 has 20,000 members, and former European Champions Borussia Dortmund have 6,000 members. Bayern Munich's strong membership base is less the result of an aggressive membership policy than a tribute to the club's success over the last thirty years. There has been a significant rise in Bayern Munich's membership over the last decade, from 9,000 in 1989, 20,000 in 1992, and 45,000 in 1995. Today, about half of the members come from outside the state of Bavaria, which is the club's main catchment area.

Membership of an association should not be confused with ownership of a company, since members do not own a part of the club like a shareholder, but are merely entitled to use club facilities for the period of their membership. Members of Bayern Munich are, however, also entitled to buy season tickets, enjoy discounts and priority rights for ticket sales, and receive a free copy of the 'Bayern Magazine', usually sold at Bundesliga home games for 2,50 DM (80p).

### Fan Clubs

Bayern Munich also has a immense fan base. There are 1,600 registered national and international Bayern Munich fan clubs with a total of 80,000 members, of which only 10,000 are members of Bayern Munich itself. The majority of the fan clubs are also located outside Bavaria. As a matter of club policy, Bayern Munich makes great efforts to establish and maintain a positive and close relationship with their registered fan clubs. Their former goal-

keeper, Raimond Aumann, serves as full-time club representative for fan club matters. In conjunction with Opel, its main sponsor, the club organises an annual football tournament for all registered fan clubs, the winner of which receives its trophy before a league game. The club also obliges its players to visit fan clubs in the close season; for example, in 1996, Christian Ziege, a former star player of the club, visited the Bayern Munich fan club 'Macedonia FC Bayern Greece'.

### **Ticket Policy**

Tim Ackermann, regional merchandising director of the FC Bayern Munchen Werbe GmbH, explains Bayern Munich's ticketing policy in the following terms: "We must earn a lot of money through merchandising in order to keep our ticket prices low." The club's merchandising sales must be booming since there has not been a significant rise in ticket prices for ten years. In the 1997/1998 season, the most expensive match day ticket in the 63,000-seater Olympic Stadium (apart from the 300 hospitality seats for which there is a waiting list of 600) cost as little as 60 DM (£20), while the cheapest seat was 35 DM (£11). Season ticket prices for seats ranged from 800 DM (£270) to 350 DM (£125). Season tickets for the terraces, equipped with removable seats and, therefore, able to accommodate seated or standing spectators, depending whether a game is played under UEFA or DFB regulations, cost 130 DM (£ 45). All season tickets include three tickets for the first three home games of the Champions League and give the holder a priority right to tickets to all other club matches. Children up to the age of 14 pay 2 DM (70p) for terrace tickets, and get a 50 % discount on all other tickets. All tickets include the right to use Munich public transport on match days (a concession which Arsenal are, according to press reports, exploring). To allow occasional and new spectators the opportunity to see a game, and to persuade a wider range of fans to buy merchandising goods, Bayern Munich has set an annual limit on season ticket sales at 20,000 tickets, in spite of a much higher demand.

Bayern Munich is not an exception in the Bundesliga, and other clubs have a very similar ticket policy. Tickets are offered at moderate prices throughout the whole league. The cheapest seats at Berlin cost 10 DM (£ 3), at Dortmund 23 DM (£ 7.50), at Kaiserslautern and Leverkusen 30 DM

(£ 10), and at Schalke 40 DM (£ 13). All clubs offer discounts for children, and most of the clubs also offer very reasonably priced 'family packages' and cheaper tickets for their terrace stands. Several German clubs, such as Dortmund, Kaiserslautern and Leverkusen, also limit their season tickets sales. Despite the fact that recent, mostly moderate, increases in ticket prices for the 1998/99 season led to some harsh press reaction, ticket prices in German stadiums still offer tremendous value for money when compared to the position in England.

### **English Clubs**

English clubs appear to have a different approach to ticket policy. Last season, the cheapest seats at Chelsea cost £21, at West Ham £16, at Liverpool £16, at Everton £14, at Bolton £13, and the average cost of watching Premiership matches was £750 a year. According to a survey by the Football Task Force, the average price for a ticket has risen by 400% over the last 10 years, although it should be remembered that comfort and safety in Premier League stadiums have significantly improved due to stadium improvement in the wake of the Taylor Report. The rise in ticket prices seems to result from the fact that shareholders and investors expect a club to charge supporters as high a price as possible, which is eminently sensible from a purely business point of view. As club secretary of Middlesborough Karen Nelson said: "As far as pricing goes, we have budgets to meet, and cash flow to satisfy, so these factors figure strongly in our calculations." Seventeen of the twenty Premier League clubs have increased season ticket prices by more than 4% above the rate of inflation. Despite their club's relegation from the Premier League, Bolton Wanderers supporters face a £ 1 increase in match-day admissions to cover an expected trading loss of £ 2 million. This purely economic approach to ticket pricing and gate receipts may not, however, be the best approach as far as the long term interests of the club are concerned.

### **Gate Receipts**

In general, gate receipts are the traditional core-earnings for sports clubs and represent a recurrent and predictable revenue stream. A proportion of this may be received in advance of the season and generate substantial cash flow at a time when the transfer

marker is most active. Nevertheless, in times of increasing cash injection from television, sponsorship, and merchandising, gate receipts have become less important for the clubs. They have declined as a percentage of total revenues and, according to a recent survey of English football by Mintel, are forecast to decline further from 39% in 1996 to 32% in 2000.

Increased ticket prices may also pose a serious risk to the long term interests of a club, since traditional supporters may be priced out of the game. Although all-seater stadiums have attracted new customers and have broadened football's traditional audience to include families and corporate clients, less affluent and younger people, traditionally more loyal to their club, may be unable to get hold of tickets. Despite the fact that sports fans differ from consumers who change their brands when not satisfied with a product, ticket prices may have a negative impact on the strength of fans' support in the long term. Declining fan support, which may be termed 'fan equity' in economic terms and is a key factor in the success of football, may have serious repercussions on the income of a club. To reconcile economic success and permanent fan support, Uli Hoeneß, commercial manager of Bayern Munich, has a vision of the future where 'we are paid three or four times as much as now by television, and spectators, producing a phenomenal atmosphere in a full stadium, will get into the stadium more or less for free.'

### **Conclusion**

Market forces and the financial interests of players and shareholders influence professional football clubs to realise maximum short-term economic profits. Although maximising stadium revenues through higher ticket prices seems to be reasonable from an economic point of view and something which arises naturally from football's popularity, it may not necessarily serve the long term interests of a club. Despite the unique loyalty of football fans to their 'brand', maximum ticket prices may have a detrimental effect on a club's traditional fan base in the long term, and, in consequence, on its economic success. When facing up to the European Commission and EU laws, clubs continually argue that 'sport is not an ordinary business'. If this view is to be upheld, then perhaps it should be reflected in the club's ticket pricing policy.