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TRABAJO FIN DE GRADO GRADO EN COMERCIO Y MARKETING

**INTERNATIONAL GROWTH OF MAJOR SPORTS LEAGUES:
COMPARATIVE ANALYSIS**

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SUMMARY

This Final Degree Project aims to analyze the importance of internationalization within the business models of the currently leading sports leagues and how they develop their strategies within an economic context in which internationalization has simultaneously become an opportunity and a necessity for any company if it wants to maximize the financial profitability.

Within it, an analysis of three dominant leagues in economic terms will be made and it will try to identify those similarities and differences in their strategies and what are the common points that make them the references in their respective sectors. Those conclusions will be later extrapolated to the business model of the Spanish Professional Football League.

1. INTRODUCTION

The sports sector has not stopped growing in recent decades, both in terms of audiences and economically. As such, the vision of sports organizations as mere clubs must be set aside and must be seen as authentic service providers. Moreover, in the international context in which the world economy currently finds itself, these organizations can no longer be confined to a specific territory but must open to the world if they want to survive. This paper will try to analyze the international sports landscape from a business perspective and how organizations that economically exploit sporting events act.

In the first section, a general review will be made of the current outlook of the global economy, as well as the growing weight that sport has in national economies and the influences it is able to move with it. Particular emphasis will be placed on the opportunities opening up in the world of sport in the form of new interconnected markets thanks to the globalization of the economy and the relaxation of national borders.

Afterwards, a detailed analysis will be made of two sports organizations that have found overwhelming success in the world of sports through a consistent strategy of internationalization from the origins that has led them to an unusual business success in the sector, the NBA, and the English Premier League. Of both, a chronological review of how they have arrived at what they are today will be made as well as a detailed analysis of the threats and opportunities that they have been finding during their internationalization process. In addition, the strategies they have used to bring their product to practically all countries in the world will be presented.

Subsequently, an alternative to the previous strategy of pretending to be an international league from the beginning will be presented with the case of the NFL, an American football league that forged an overwhelming success within the borders of the United States but that did not attract international consumers until recently, where the powerful North American league has promoted some initiatives to become attractive internationally and avoid stagnation within the domestic market.

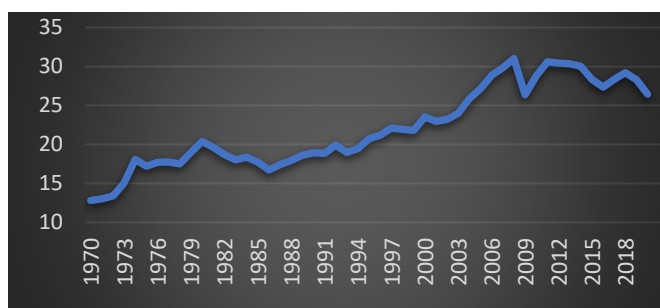
Finally, by way of conclusion, a review will be made of the factors that make the analyzed leagues have been successful, both at the level of audiences and sports quality and at the level of financial and commercial profitability and will try to extrapolate the conclusions to the most developed Spanish league and with the greatest potential for internationalization, the Spanish professional football league.

2. SPORTS INDUSTRY AND GLOBALIZATION

2.1. A FIRST APPROACH TO GLOBALIZATION.

Although globalization is something very palpable nowadays, it is a process that started way before. Historians, sociologists, and economists have discussed this issue ad infinitum, but they cannot seem to find a consistent solution. There are a number of hypotheses over when globalization started; some say that it started around 15th century with the conquest of the Americas and the start of the transoceanic empires, while other argue that it started with the Industrial Revolution and the improvements in technology and communications. However, what we can surely claim is that the most extreme and evident effects of globalization appeared in the second half of the 20th century and exacerbated in the 1990s with the development of capitalism in the bigger economies in the world (Table 2.1.), the popularization of the ICTs and the massive movement of goods and productive factors across borders (Martin-Cabello, 2013).

Stocks of Foreign Direct Investment Issued. 1990-2009		
Country	% Of GDP	
	1990	2009
China	1.1	4.9
Japan	6.7	14.6
Argentina	4.3	9.5
Chile	0.5	25.2
Mexico	1	6.1
Egypt	0.4	2.2
South Africa	13.4	22.6
Spain	3	44.2
United States	12.6	30.2
France	9	64.9
Germany	8.8	41.2
Italy	5.3	27.4
United Kingdom	23.1	76.0



Graph 2.1. Exports of goods and services (% of GDP) 1970-2020. Source: World Bank (2020)

Table 2.1. Stocks of Foreign Direct Investment issued. Source: Suarez-Valdés (2011)

Globalization can be defined as “the increasing integration of economies around the world through the movement of goods, services and capitals across borders” (International Monetary Fund, 2022). From this short definition, we can extract some of the key elements of globalization as a phenomenon that has changed, is currently changing, and will continue to change our society.

First and foremost, it is important to note that it is an ongoing process, which means that globalization has not stopped nor will ever do it. This means that it is not something predetermined whose effects could be easily forecasted. In fact, there would be an

everlasting process of adapting globalization and its effects to the social reality of each historic situation.

Another aspect to consider is the absolute interdependence among countries. In this globalized situation, the immensurable flows of capitals, people and information have made it extremely difficult for a country to act unilaterally and not expect reactions from other countries concerning their economic, geopolitical, or military interests. We can take as an example the Covid-19 scenario, where globalization was the catalyst to the brutal worldwide spread of the virus and the increase in fatality rate if we compare it to other respiratory viruses that had appeared in the past but remained local as there was not such interconnection among population from different countries (Farzanegan, Feizi, & Gholipour, 2021). Also, from the point of view of most industries and companies, we have reached a point in which operating in just one country is inconceivable, to the extent in which multinationals rely on multiple countries to set up their production chains, so that the manufacturing of its products is either outsourced or dispersed between a bunch of different countries (Celo, Nebus, & Wang, 2018). This is perfectly illustrated with the Boeing’s case (see Figure 2).

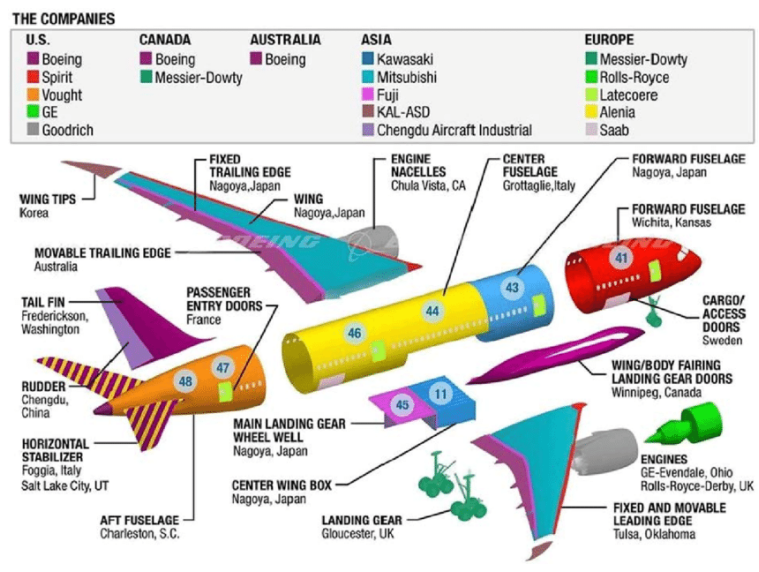


Figure 2.1. Boeing’s Global Supply Chain. Source: The Boeing Company (2022)

Besides, there is a unification element, at least culturally speaking which is closely linked to the previous. When we mention “unification”, it is not referred

to a global “model of life” with common beliefs, styles, and values (Smith, 1990), at least not yet. In fact, it is more like a process of hybridization of regional cultures, which means that there are some aspects of culture such as symbols and interests that are shared by a vast portion of the population and are deeply related to the topic of this work in the sense that the consuming habits of people all around the globe are becoming similar in a wide portfolio of industries. This could explain why more than 3.2 billion people (more than half of the world population at the moment) watched at least one minute of the last

FIFA World Cup celebrated in Russia in 2018 (FIFA, 2018) or why does the icons of the so called “pop culture” have so much influence and repercussion in global society.

All in all, we can conclude that globalization is an agglutinative phenomenon with a wide range of repercussions that reach almost every aspect of our development as a society. Although it has lots of branches that are being overlooked in this analysis like the geopolitical interdependence among countries, this work will be focused more on the cultural and economic part of it and how globalization has created global trends and new ways of consuming entertainment never seen before.

2.2. SPORTS INDUSTRY AND ITS IMPORTANCE IN WORLD ECONOMY.

Sports as a multitude phenomenon is something that has significant repercussions in many areas of society. In addition to the unquestionable cultural and emotional importance that it has in the communities where it is settled, it also has very important geopolitical and strategic implications. However, in this section, we will focus on the economic importance that sports have in society nowadays.

According to PwC (2020) sports contribute to Spanish economy with 3.3% of total GDP and with more than 400,000 employments (Direct, indirect and induced), which sums up to the 2.1% of total employment in Spain. However, if we look to global figures, the importance is way bigger. According to the Business Research Company (2021), the sport industry¹ reached a value of \$458.8 billion in 2019 and it is expected to reach \$826 billion in 2030.

In fact, we can see the business importance of sports when looking at the impact of big star players when they do certain things, either inside or outside the pitch. This big significance is identified in the “Analysis of 2021 sports survey “ carried out by Altman Solon (2021) when consequences of the two biggest football stars in the planet; Leo Messi and Cristiano Ronaldo, changing their team are mentioned: *“Ronaldo transfer to Juventus in 2018 triggered a significant increase in share value and fan engagement for the Italian club [...] the stock price of Juventus rose 150% in the first year after Ronaldo was transferred and sponsorship deals rose from €143M to €175M during his three years with the club. After PSG recently signed Messi after 16 seasons at Barcelona, Google searches for PSG went up 15-fold and an initial run of 150,000 Messi PSG jerseys sold out within 10 minutes after he was signed.”*

¹ Defining sport market as “sales of sports services and related goods by organizations, sole traders and partnerships”. It is not included here indirect economic activities like sports betting.

2.3. DRIVERS THAT FOSTER GLOBALIZATION IN THE SPORT INDUSTRY

We have already seen the importance of the sports and entertainment industry in society and in world economy. Therefore, sports organizations and clubs cannot be unconnected to the global reality and should adapt to the new paradigm where, despite commercialising a “national” product, there should be always an aim to internationalize and get that product overseas. In this section, we will examine the drivers at an industry level that may foster sports organizations to go abroad and look for new markets:

Global products and services. Homogeneous customer needs. In many industries, presuming the existence of a global profile of consumers is a rather simplistic vision that may ignore the fact that consumer mindset still varies a lot from a national market to another even among the same age groups (Boston Consulting Group, 2022). However, the sports and entertainment industry seems to escape this perception as audiences tend to be more and more international, being this growth especially remarkable in developing countries and among women (SportsProMedia, 2021). We can see a paradigmatic example of this in the 2021 data audience of Formula 1 (Motorsport, 2021) where it is shown that, although total audiences spiked from previous years, European fans (traditional fans of the sports) remained the same, which means that the growth of audience from the rest of the world was extraordinarily high. Also, the number of women watching the sport was 83% higher in 2021 than in 2017 and 117% higher if we compare it with 2015 data.

Another crucial factor in the formation of global audiences is the development of worldwide stars that exceed frontiers and become idols and role models for people all around the globe with its sporting excellence and its charisma. Apart from drawing millions in sponsorships and tickets, these stars also draw interest and have a major role in the formation of consuming preferences. This has a special importance in the case of emerging countries, where sporting stars are absolutely idolized. In a survey carried on the importance of athletes on business value (Altman Solon, 2021), it was analysed which were the sporting stars that aroused most interest among the population in each country. It is shocking and at the same time remarkable to see how in China, the most populated country in the world and with a long-lasting rise of the GDP per capita, there are only three Chinese athletes among the top 10. The same with India, the second most populated country in the world.

This growth of influence of sports over the globe causes that sporting organizations can find in these countries a huge number of people willing to consume their product and engage in emotional links with teams and players while supporting them.

Improvements in technology, communications, social media, and internet. New habits of consuming entertainment. With the developments in digital technologies, the way of providing entertainment to households has changed radically. As in cinema and tv, owning a streaming platform have turned into interesting options to rely on for organizations that commercialise entertainment (film production companies, sporting organizations, media groups, etc) as it offers the opportunity to supply the same product through a vertical integration of the commercialising process. In that way, companies can take control over all the variables that surround their product like the broadcasting, naming, rights, and licenses, etc without the traditional dependence on national tv companies.

Using the traditional method, sporting organizations and leagues, owners of the exploitation rights sold the aforementioned rights to television networks in exchange of the exclusivity to broadcast and economically exploit those rights for a determined period of time.

With this new method, sporting organizations can avoid depending on individual agreements with television networks from all around the world, and they can unify management and distribution of the service in an integrated platform that can be exported to all the countries.

Although organizations tend to progressively use this new method more and more, what we are seen nowadays is that a mixed model is preferred. In this mixed model, organizations tend to combine the traditional model of television licenses for the national market with the alternative model of owning a subscription service for the rest of the world. A representative example of this mixed model is the NFL, who offers its games through cable television for the USA and Mexico market, while offering the same games through a subscription service, NFL Game Pass, for the rest of the world.

Liberalization of international labour market. As we have already seen, the sports industry is not unconnected to the trends in world economy and as such, international movement of workers inside professional sports has grown considerably in the past few decades, transitioning from leagues packed with local players to global leagues where international players and coaches are fully integrated in the functioning of the league. As an example, we can see how in the first three inaugural seasons (1992/1993, 1993/1994 and 1994/1995) of the English Premier League, there was only one non-British or Irish coach. On the contrary, over the last three seasons; 2019/2020,

2020/2021 and 2021/2022 there were 16, 11 and 17 foreign coaches respectively². Along the same lines, the NBA suffered a similar process by which, in 1996 only 5% of its players were non-USA born whereas nowadays, the percentage of foreign players has rose up to, approximately, 25%. (Business Insider, 2018)

This tendency causes that more and more countries are being represented in the elite leagues, which leads to the growth of interest from these countries to the league where their national stars are shining. Consequently, this opens new opportunities and markets for the leagues to commercialise their product.

Increasing competition in domestic markets and rise of demand in emergent markets. Even though entertainment consumption is increasing worldwide (The World Financial Review, 2021), the “platformisation” of television (Evens & Donders, 2019) and the rise in popularity of the streaming services or other ways of entertainment has caused that sport broadcasts are facing an increasing competition in their national markets.

Given that the daily time that every person can spend consuming entertainment is limited, choosing between several options is something increasingly common. Especially in western countries, where people have less available time due to long working hours and entertainment alternatives are almost immeasurable. This makes that a growing number of companies are competing in a market whose supply is inevitably limited. That, combined with the increasing interest that people from developing countries have on sports, makes it more appealing for leagues to attract consumers and attention from countries like India or China. As we can see in graph 2.2., the developing countries are the ones that tend to have more interest in sports.

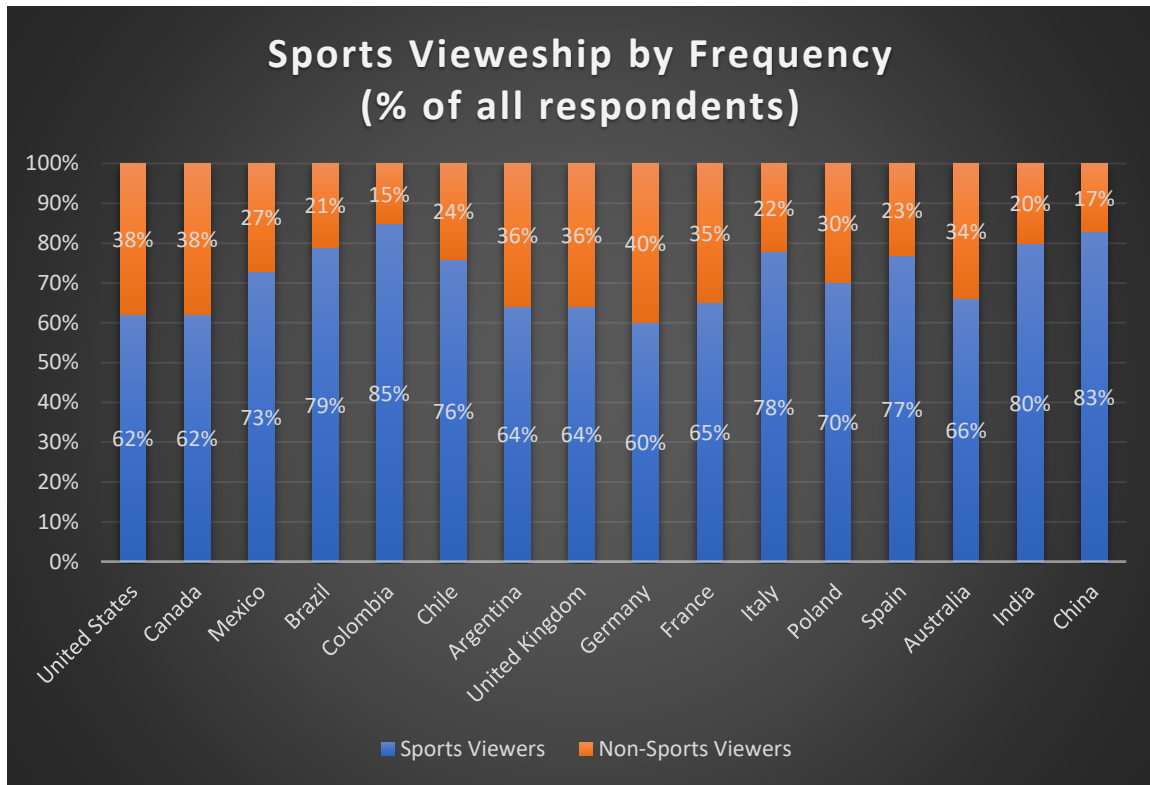
These countries offer a gigantic market whose population is reaching a reasonably good economic situation and a better quality of life as a result of economic development. This improvement in life standards creates a perfect scenario for a unique business opportunity as sports and entertainment consumption is likely to rise. On this matter, it is remarkable to mention the introduction of the NBA in the Chinese market as one of the most successful internationalization projects to ever be carried by a sporting organization (Zhou, Wang, Chen, & Lei, 2017).

In fact, this interest of some European and American leagues converge with geopolitical interests of some of these countries, that identify sports as an opportunity to improve the

² Out of 20 teams

image of the country³ in western societies, so partnering with these countries seems like a win-win situation for both parties.

Graph 2.2. Sport viewership by frequency



Source: Altman Solon (2021)

³ Recently, we saw the purchase of some big European clubs by estate-owned funds like Manchester City (Abu Dhabi) or Newcastle United (Saudi Arabia).

<https://www.oxfordstudent.com/2021/10/27/sportswashing-and-the-newcastle-takeover/>

3. BUSINESS SUCCESS THROUGH INTERNATIONALIZATION.

CASE STUDIES

In this section, a detailed analysis of two leading leagues in terms of international growth will be made: the Premier League and the NBA. Both are leaders in their respective sports and have an international fan base that allows them not to be totally dependent on their domestic market.

Of each league, there will be a brief historical review of how it has arrived at the current moment, as well as an exposition of the fundamental pillars of its business model. Finally, an analysis of its growth project will be made, analyzing the reasons that led to it and how international growth developed until today.

3.1. NBA

The “National Basketball Association” commonly known as NBA is a professional basketball league formed by 30 teams: 29 from the United States and 1 from Canada. Teams are subdivided in conferences and divisions following a geographic criterion. Each season, more than 1,200 games are played from mid-October to June as every team plays 82 regular season games in order to classify to the final eliminating tournament, the Playoffs, which is played by the top-8 teams in each conference and eventually crowns an NBA Champion. In these days, the NBA is one of the most popular sport leagues in the entire planet and is by far, the world’s most recognisable and glamorous basketball league. Financially, it also stands out as it is among the most profitable sports organisations globally. In fact, according to Forbes (2021), the NBA currently has 9 franchises inside the top 50 most valuable sports teams in 2021.

However, NBA did not always enjoy this success. During its 75 years of history, the league has had many obscure and troublesome moments that jeopardized its viability.

3.1.1. Evolution of the NBA. 1946-today

The NBA as we know it nowadays was born in 1946 under the name of BAA (Basketball Association of America). At that time, there were only 11 teams in the league and competition with other basketball organisations was ferocious. The best players and coaches were spread out, so the overall quality of the game was very poor and basketball as a whole drew little attention from TV broadcasters. It was not until 1949 when NBA was born as a consequence of a merger between the BAA and the NBL (National Basketball League). Despite the union, things did not go well at all during the first decades of the league as it had severe financial problems, mainly linked to the awful reputation that the NBA had towards public, sponsors and TV operators. At that time, the

NBA was seen as a drug-driven league, formed by problematic, violent players, most of whom were commonly spotted in fights and legal disputes (NBA Hoops Online, 2022).

However, in the early 1980's, the league started to change towards the worldwide phenomenon that it is nowadays thanks to the arrival of a person whose vision and innovative mindset changed the NBA drastically, David Stern (TIME, 2020). Stern served as the NBA Commissioner from 1984 to 2014 and he introduced some measures and policies that are still used nowadays and have been the key to transform the league into an appealing product for the entire world. In 1985, he introduced a salary cap system by which teams had an expense restriction on how much they can spend on players' salary that was linked to the league's average income. In that way, teams are financially healthy and equal competition between big and small markets is guaranteed. This salary cap system is still used nowadays, and it is one of the main attractions to the league.

Stern also played a key role in changing the league's reputation and image towards consumers. In 1986, he introduced an anti-drug policy in a moment where cocaine and crack use was widespread among players. He also was able to see the potential to internationalise the NBA to the world through the promotion of stars like Michael Jordan, Magic Johnson, or Kobe Bryant, as well as foreseeing technology advances and global trends before they actually took place. Stern remained at the helm of NBA operations until 2014, when he passed the baton to his protégé, Adam Silver, who has followed a continuing line of David Stern's ideas and has the support and trust of teams and fans.

Nowadays, NBA programming is available in almost every country in the world⁴ and has one of the strongest and well-established brand images in the entire world (Sun, 2015)

3.1.2. Current Business Model

3.1.2.2. Internal structure

In administrative and legal terms, NBA has a rather odd organisation that makes it difficult to compare it with a usual company in terms of transparency and external relations. The NBA is an "*association organized to operate a league consisting of professional basketball teams, each of which shall be operated by a member of the Association*"⁵. Therefore, the NBA is a private organisation that articulates its functioning through private agreements among its members. These agreements are the NBA

⁴ As for the moment of writing this work, NBA League Pass is available in every country in the world except from Belarus, Cuba, Iran, Iraq, Libya, North Korea, Russia, South Sudan, Sudan, and Syria. (NBA, 2022)

⁵ Article 2 of the NBA Constitution (2012)

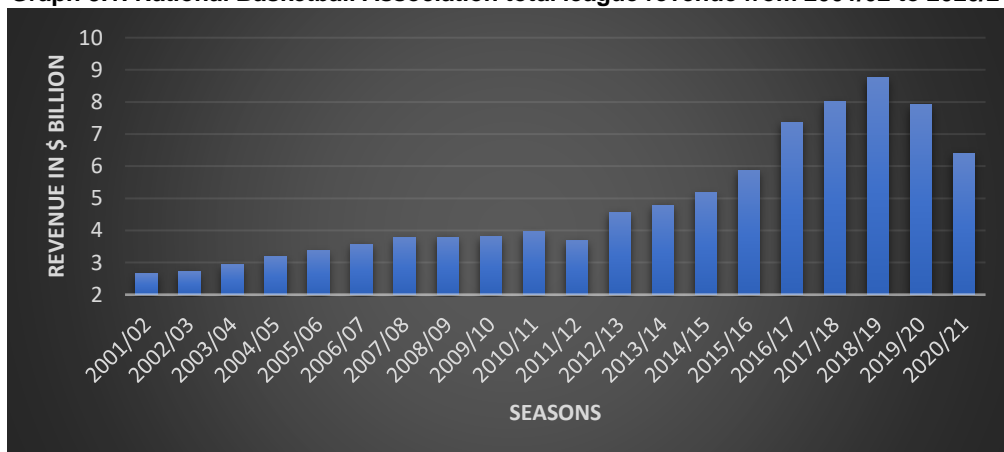
Constitution and Bylaws (Grossman, 2014). As a result of this organisation, the NBA is ruled by two major administrative bodies: the commissioner and the Board of Governors.

According to the NBA Constitution (2012), the Commissioner “*shall serve as the Chief Executive Officer of the League and shall be charged with protecting the integrity of the game of professional basketball and preserving public confidence in the League*”. Apart from this general representation duty, the Commissioner also has several key functions like “*general supervision and direction of all the business affairs*”, conflict resolution between members, negotiating on behalf of the members, general operational responsibilities like set the schedule for matches, arenas availability and much more. The office of the Commissioner is divided into several departments that are in charge of the day to day of the league. Currently, it consists of ten departments: administration, internal and external liaison, major events, finance, human resources, legal affairs, basketball operations, player training, security, and team services (Jin, 2021). As for the Board of Governors, it has the ultimate decision-making power, and it is formed by one representative of each one of the members. It has the power to remove the commissioner, change game rules, accept, or deny new members, vote for relocation of franchises, business strategic affairs and much more (Article 18 NBA Constitution).

3.1.2.3. Business areas. Sources of income

As it can be seen in graph 3.1., NBA revenue has been growing consistently for the last two decades⁶. Obviously, the pandemic ruined some of the financial health of the league but the year prior to the pandemic, the NBA set a revenue record, earning \$8.8billion.

Graph 3.1. National Basketball Association total league revenue from 2001/02 to 2020/21

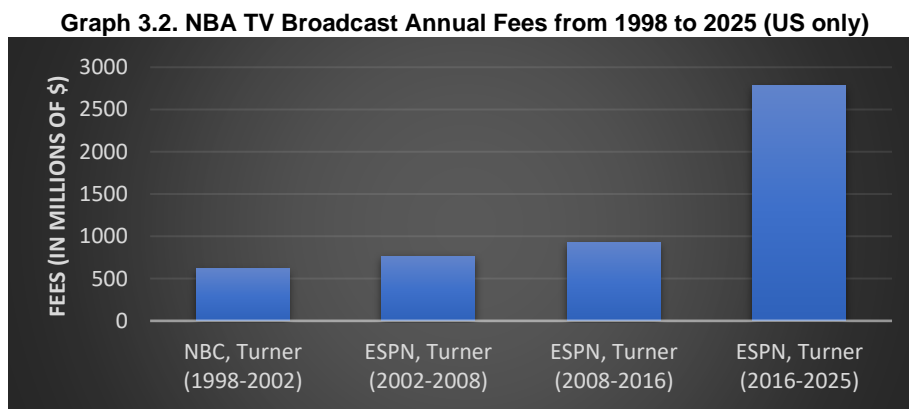


Source: Statista, (2022)

This NBA revenue comes from a diverse array of sources:

⁶ As we have already noted, the NBA is not a usual public company that has the obligation of sharing financial information. Therefore, all information shown here are estimates

Broadcast rights. TV rights is the main source of revenue for the NBA (Jin, 2021). In 2016, the NBA agreed a 9-year deal with ESPN and Turner Sports worth a total of 24 billion, which is \$2.6 million annually for the broadcast rights in USA, which was already a huge increase with respect to the previous contract (Graph 3.2.). However, the upcoming extension is said to be targeting \$75 billion (CBS Sports, 2021). The NBA complements this TV deals with the distribution of the games through its own streaming platform, the NBA League Pass. Despite how lucrative the US contracts are, it is remarkable to mention the growing influence of international revenue inside NBA business strategy. It stands out the agreement with the Chinese Tencent, by which the company acquires the exclusivity to broadcast the NBA in China until 2025 in exchange of around \$1.5 billion.



Source: (Paulsen, 2015)

Admissions. On average, an NBA game is attended by 17000 fans (ESPN, 2022). Therefore, all the money collected by teams by ticket sales in an important item inside the business model of the NBA.

Merchandise Deals. It includes the sale of jerseys, caps, game balls or any other kind of apparel that fans can purchase in physical or online stores. Since 2015, the NBA has an apparel deal with Nike, estimated to be worth up to \$1 billion (ESPN, 2015).

Sponsorships. The NBA is well focused on exploiting the huge exposure of the games commercially. Therefore, the league has built a solid sponsor structure that allows to generate an important revenue. Adidas, Microsoft, PepsiCo, or American Express are some of the most important partners of the NBA (Sports Business Journal, 2021). Furthermore, from the 2017 season, the NBA has allowed teams to wear a jersey patch with a sponsor, which allowed teams to bump their revenue considerably (Businessing, 2019)

Complementary partnerships: The NBA has also put a great deal of effort in generating content for its fanbase that can go beyond the basketball games themselves through alliances with other entertainment companies in order to offer complementary products. Some of the most prolific alliances are with the videogame company “2K sports” to create the NBA2K saga or with Panini to launch yearly collections of NBA trading cards.

3.1.2.4. Brand image. Marketing

US dominance over world basketball is undoubtable for any fan of the sport. The NBA, as the supreme standard of US basketball, has also dominated by far the rest of basketball leagues in terms of talent of players, profitability, global appealing, and overall quality. If that were not enough, players from all over the world compete among them to play in the NBA along with the elite of the elite. However, we already know that quality does not guarantee business success if there is not a reliable, well-designed marketing strategy that can back up the product and make customers to be willing to spend their time and money on the product. The NBA has not only reached sports excellence but also was able to develop a marketing strategy that took the league to the commercial excellence that it is nowadays. These are some of the key points of their strategy:

Social media presence. Nowadays, not everyone has the free time to watch a 2-hour game, but the NBA has ensured a way for fans to still enjoy the league without actually watching the games. Every day, tens of videos and images are uploaded by the NBA in its social media account where fans can enjoy outstanding feats of athleticism with highlights and game summaries. In that way, fans are connected and interacting with the league in an easy and appealing way (LinkedIn, 2017).

Global approach. The NBA also adopts a global approach when it comes to commercialise its product. It always tries to adapt it to the reality of the target country so that it is appealing for the local consumers. A very effective way that the NBA uses is to welcome and intensely publicise international players. In that way, people from those countries can feel more identified with the product. This is especially interesting in countries like India in China as the market is huge and people are really interested in the NBA (Sun, 2015). Besides, NBA has also organised regular season games outside United States within the “NBA Global Games” program.

Promotion of stars. Stars have been since the 1980’s the corner stone for the NBA’s marketing strategy. From the moment that David Stern arrived at the league, he saw the necessity of creating worship figures that could reach beyond basketball and be symbols of pop culture. In that way, the consumer can create an emotional and nostalgic link with the player and the league that is very difficult to break. Michael Jordan and the “Air

Jordan” sneakers or the Barcelona ‘92 “Dream Team” are perfect examples of memorabilia that reach global culture and are stuck in the collective mindset.

Strong league values. In the aim of reaching younger generations, the NBA has given great importance to social justice, racial issues, and development aid (LinkedIn, 2021). In this context, the NBA has created several subsidiaries that deal with these issues like the NBA Foundation⁷, NBA Cares⁸, or the National Basketball Social Justice Coalition⁹.

3.1.3. Internationalization Process

3.1.3.1. Strategic analysis

We have already mentioned that the NBA has been projecting its internationalization strategy since the 80s. In this section, we will try to project the path that the NBA has encountered over the years by trying to identify the strengths, weaknesses, opportunities and threats.

Strengths:

Solid administrative structure. Led by David Stern, the NBA has always had a management that stood out for its vision for the future of the business and the opportunities that the international market offered to the league. In addition, it should also be noted that the league has achieved an unusual stability in the world of sports. Despite introducing very disruptive changes, there was always patience to adapt to changes, which has given the NBA a stability and security that few organizations have.

Undisputed dominance in basketball performance. There are few people in the world, basketball fans or not, who do not identify the characteristic features of the NBA and do not see it as the best basketball league in the world. In the popular imagination sits the image of the NBA as a spectacular league, full of memorable moments and exceptional athletic ability. The fact that the NBA is the absolute dominator in the world of basketball guarantees that, although there could be periods where the casual fan is not interested, the league will always have a loyal base of basketball fans who follow the league regularly.

Innovative approach. Since David Stern came to the league, the NBA has always been characterized by an innovative approach to the problems that were arising, whether they were sports, or business related. This has made both fans and managers have become accustomed to it, have patience, and embrace the changes much better.

⁷ <https://nbafoundation.nba.com/>

⁸ <https://cares.nba.com/>

⁹ <https://coalition.nba.com/>

Legends. It has already been mentioned that a very important part of the NBA's marketing and commercialization strategy is based on developing superstars with great charisma and a high power of media attraction. This creates an emotional bond with the fan that is stronger than with a normal organization or company. That is why the league uses these figures as a claim through programs such as the "NBA Ambassadors" or the "NBA legends".

Opportunities:

Unexploited markets with huge potential. A direct consequence of the concentration of talent in NBA teams is that they monopolize players from a multitude of countries, whose leagues are depleted as they see how their young stars leave for the United States as soon as they stand out. Inevitably, this generates markets with a great deal of basketball supporters but whose demand is not covered by the national leagues, leading to a market opportunity for the NBA.

International players. One of the pillars of the NBA strategy has been the ability of the league to attract the best players from each of the countries and know how to integrate them into American culture. This international presence begins to be notable from the beginning of the century with the arrival of players such as Pau Gasol (Spain), Dirk Nowitzki (Germany), Manu Ginobili (Argentina) or Tony Parker (France). All of these became stars of the league, which significantly increased the interest that the NBA generated abroad. This trend has continued to this day to the point that the last 4 MVPs¹⁰ have been European. Up to this point, only 2 non-American players had achieved it in the league's 75-year history.

American culture and sports. Despite having been forced through difficult times, the NBA, and American sports in general always have an accentuated support from American society. Sport is an indispensable part of the country's culture, having very important political, economic, and cultural implications within the communities (Macri, 2012), therefore, sports organizations will always have a greater margin of maneuver when carrying out their strategies

Weaknesses:

Bad reputation. Although in recent years, the NBA stands out for a very powerful brand equity and one of the best reputations in the world of sports, it has not always been like this throughout its history. During the 80s and 90s, the league in general was seen as a problematic league, often relating basketball to the street culture of gangs, drug use, etc.

¹⁰ The MVP (Most Valuable Player) is an annual award given to the best player of the season.

This bad reputation meant that, for some years, the NBA had a very difficult time making its product attractive to televisions and advertisers.

Even nowadays there are, occasionally, cases of players suspended for consumption of prohibited substances or for problems with firearms, etc. Although it is rather uncommon today, it is a problem that the NBA has had to deal with during its 75-year history.

High bargaining power of players. The counterpart of relying on superstars as a league attraction is that they acquire a bargaining power and influence that can often be even superior to the league itself. Currently, the players are organized through the NBPA (National Basketball Players Association), a union whose goal is *"to protect and support the rights and talents of current NBA players, magnify their collective will, and amplify their voices as leaders on and off the court"* (NBPA, 2022).

Players having more and more power within the internal structure of the league makes decision-making and negotiations of the CBA (Collective Bargaining Agreement) more complicated to close. These disagreements in negotiations have led to up to 4 lockouts in the NBA, during which the league was completely paralyzed, no franchise could negotiate contracts or communicate with players. The most recent lockouts were in 1998 and 2011, resulting in new CBAs more beneficial to the interests of the players.

Threats:

League values Vs Commercial interests. It is worth noting the problems that the NBA has faced when it has wanted to expand to countries with authoritarian forms of government. As we have already mentioned, one of the pillars of the NBA's brand image is the solid human values that it wants to transmit. The promotion of universal values and equality clash head-on with the commercial interests of the league itself in these countries. As we saw in the year 2019, when China vetoed the NBA because the then GM of the Houston Rockets Daryl Morey made some statements in favor of Taiwan and against the alleged violations of Human Rights by China (Business Insider, 2019).

High competition. Although the NBA has only grown in popularity, both in the United States and abroad, the league has had and must face very high competition in all the markets in which it operates. Apart from on-demand streaming services, digital entertainment, in the field of sports, competition is also high. In the United States, the NBA has to compete with very powerful leagues and organizations related to a wide range of different sports (e.g., American football, baseball, ice hockey, etc.)

Table 3.1. NBA SWOT Analysis

<p style="text-align: center;"><u>Strengths</u></p> <ul style="list-style-type: none"> ✓ Undisputed dominance in basketball ✓ Solid administrative structure. ✓ Innovative approach ✓ Legends 	<p style="text-align: center;"><u>Weaknesses</u></p> <ul style="list-style-type: none"> ✓ Bad reputation. ✓ High bargaining power of players
<p style="text-align: center;"><u>Opportunities</u></p> <ul style="list-style-type: none"> ✓ Unexploited markets with huge potential ✓ International players ✓ American culture. Love for sports 	<p style="text-align: center;"><u>Threats</u></p> <ul style="list-style-type: none"> ✓ Collision of league values Vs Commercial interests. ✓ High competition.

Source: Own elaboration

3.1.3.3. Entry modes

The NBA, as a global league has the ambition to reach as many countries as it can. However, in each of the countries, the league will find itself in very different circumstances due to the fan base it has and the different knowledge of the market. That is why the NBA cannot opt for a global strategy of entry into the markets, but must make an analysis of each of them individually.

Following Kasper, Helsdingen, & Gabbott (2006), "*entry modes can be categorized along two dimensions. One dimension reflects the cost or risk of running the foreign business; the other dimension reflects the amount of control the internationalizing service firm can exercise on the strategy and operations*".

Based on these two dimensions, we can obtain two different classes of entry modes (Kasper, Helsdingen, & Gabbott, 2006):

- Integrated entry modes. These are strategies that allow a closer contact with the host country and its customers as the commitment is greater. Some examples are the opening of fully-own subsidiaries, abroad offices, or production plants in the host country itself. Through these strategies, a potentiation of the benefits is sought by the closeness with the consumer and the greater degree of control that can be exercised. On the other hand, the costs and the degree of commitment are higher, so it will reduce flexibility and operating margin. This group of strategies will be useful for markets where the NBA has a consolidated consumer base and extensive market knowledge.
- Non-integrated entry modes. They are the opposite to the previous ones. Through these systems, companies enter foreign markets with the lowest possible degree of commitment using intermediaries, agents or distributors who are responsible for all distribution and promotion operations. Although they are strategies that require less investment, they do not offer the same potential

profits, that is why they should be used in those markets where the NBA has lower experience and knowledge and the customer base is relatively small.

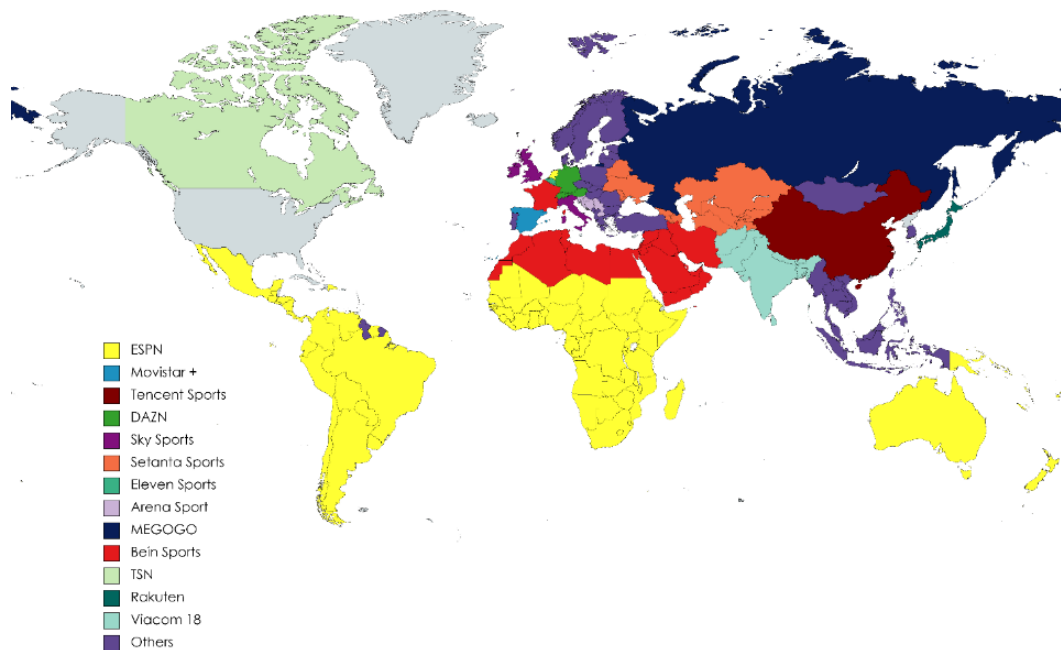
Therefore, the NBA uses a combination of all of them when it comes to expanding internationally. Next, we will review the strategies used classifying them from lowest to highest required commitment.

3.1.3.3.1. Distributors

Through this system, the NBA sells the broadcast rights to a national distributor in exchange for the payment of a fixed fee. The television operator acquires the broadcasting rights exclusively for that geographical area and is responsible for the promotion and marketing of adjacent matches and services.

As can be seen in figure 3. 1., the NBA has a network of television distributors that covers almost all the countries of the world.

Figure 3.1. NBA broadcasters per country



Source: Own elaboration using data from NBA.com

3.1.3.3.2. Trademark Licensing

Trademark licensing “grants a firm permission to use another firm’s proprietary names, characters or logos for a specified time period in exchange for a royalty” (Cavusgil, Knight, & Riesenberger, 2012). This method is commonly used by companies with brands that have worldwide prestige like the NBA.

Through these strategies, the NBA can offer additional products and services to its customers, while keeping down the investment and commitment. The most successful licensing agreement of the past years is the deal with the videogame company “2K sports”.

3.1.3.3.3. Direct exports

Through this strategy, it is the NBA itself who is responsible for taking the broadcasts of the games to the different countries. In order to do this, it uses its own streaming platform called "NBA League Pass". In addition to live matches, fans also have on-demand access to the historical matches, game recaps, and exclusive content. It is common for the NBA to combine this method with distributors, giving the fan several alternatives to be able to watch the games depending on their availability.

3.1.3.3.4. Cooperation agreements. NBA-FIBA

Although traditionally there has never been much collaboration between the NBA and the “Federation Internationale de Basketball” (FIBA), they have recently joined forces for the development of basketball on the African continent.

From this collaboration was born the African Basketball League (BAL), a league composed of 12 professional teams whose objective is to promote basketball in Africa, as well as help economic development.

The league’s objectives are the following (BAL, 2022):

- *Delivering sustainable social impact through personal career development programs designed to empower young people, volunteering in service-oriented projects that benefit marginalized members of society and creating safe spaces where children and families can live, learn, and play.*
- *Explore ways in which our business and fans can make a positive impact on the environment and in people’s lives.*
- *Promote gender equality among fans and local stakeholders and to develop pipelines and recruitment opportunities for women to fully participate and be visible across BAL operations*

3.1.3.3.5. Direct presence through investments

In those markets where the NBA enjoys an extensive consumer base, it opts for a more intense investment than in other countries. That is why the NBA has a network of international offices whose goal is “to grow game of basketball globally by hosting NBA events around the world, creating partnership opportunities for local businesses,

developing merchandising strategies with regional licensees, selling international TV packages, and overseeing international marketing and media relations” (NBA, 2022).

Currently, the NBA has offices in the following locations:

- ✓ NBA Asia (Hong Kong, Manila)
- ✓ NBA Canada (Toronto)
- ✓ NBA China (Beijing, Shanghai, Taipei)
- ✓ NBA Europe (London, Madrid)
- ✓ NBA India (Mumbai)
- ✓ NBA Latin America (Mexico City, Rio de Janeiro)
- ✓ NBA Africa (Johannesburg, Senegal)

3.2. ENGLISH PREMIER LEAGUE

3.2.1. Evolution of the English Premier League. 1992-today

The English Premier League was born in 1992 as a split of the Football League. Until that moment, English football was articulated through the “English Football League” (EFL), which managed the first 4 divisions. Each one of those divisions was formed by 22 or 24 teams and was regulated through a promotion and relegation system. (Premier League, 2022)

The 1980’s is a very obscure and problematic period for English football that brought its reputation to rock bottom levels. This was mainly caused by the infra development of the entire infrastructure of English football as a whole. Stadiums were obsolete and insecure, teams’ structures were not adapted to professional football and violence and fanaticism were present in all fields across the country, headlined by the commonly known as hooligans¹¹. Unfortunately, this led to several tragedies like the “Hillsborough Disaster”, that took the lives of 97 people in 1989 after a human avalanche in an overcrowded stadium. The situation escalated to a point that the Thatcher administration saw the need to intervene through the “Taylor Report”, which intended to modernize English football, improve security, and eliminate all hooligans from the stadiums (World in Sports, 2021)

At the beginning of 1990s, the top clubs of the first division saw the necessity of a “radical restructuring of football” (Premier League, 2022) in order to reach its full potential and be able to commercially exploit the league properly. In other words, they considered that the interests of a top European club like Manchester United or Liverpool, cannot be managed within the same organization that manages the interest of a small local team that plays in the fourth division.

Therefore, in 1992, the English Premier League is constituted as an independent private organization with commercial freedom and formed by the top 20 teams of England. From there on, the league has grown consistently over the years to the point where it is, arguably, the best football league in the world in terms of quality and definitely the best in terms of economic profitability and commercial attraction.

3.2.2. Current Business Model

3.2.2.1. Internal structure

According to its own website, the Premier League *"is a private company wholly owned by its 20 Member Clubs who make up the League at any one time"*. The rules of internal

¹¹ Cambridge Dictionary defines Hooligan as “a violent person who fights or causes damage in public places”. In football terms, a hooligan is a violent spectator that may cause problems with rivals and authorities

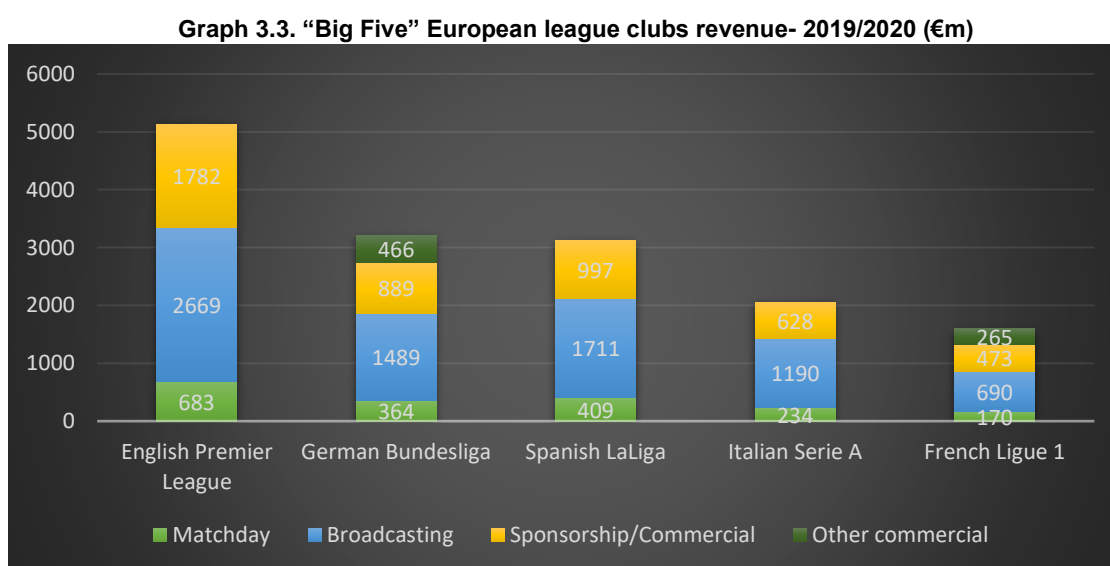
operation are contained in the "Premier League Handbook", which is public and adapts each year to the members and circumstances of the league.

Decision-making power rests with the Shareholder Board, a governing body that meets periodically, in addition to an Annual General Meeting at the end of each season. It has a collegial decision-making function, normally requiring a consensus of 14 members to accept proposals.

However, the PLA has a uniqueness with respect to the NBA, and it is the fact that it is not always the same 20 members who make up the ownership of the league. Each year, the bottom three finishers are relegated to the English Football League Championship¹², while the top three from the latter are promoted to the Premier League. In the AGM of each year the transfer of shares from the relegated clubs to the promoted ones is carried out.

3.2.2.2. Business areas. Sources of income

Although the Premier League has not always remained the best league in terms of performance, it has certainly remained the absolute leader in terms of economics and commercial profitability as it can be seen in graph 3.3.



This dominance of the English league comes from an extraordinary monetization of the different lines of business. The Premier League's revenue comes mainly from the following sources:

Matchday. The Premier League is the European league with the highest relative attendance at 98% and an average attendance of 40,000 fans per game. Ticket prices

¹² English Second Division.

and all match-day revenues (food and beverage, match programmes, etc.) account for 13% of the total revenue of all Premier League teams (Deloitte, 2021).

Broadcasting rights. They refer to the royalties that broadcasters and platforms pay to the Premier League in order to acquire the league's exclusive broadcasting rights and account for more than half of the Premier League's total revenue (Deloitte, 2021). Undoubtedly, they are the differential factor that distances the Premier League from the rest of the competing leagues since it allows to position the clubs of the English league a step above clubs of other leagues, at least financially

Commercial revenue. In this category are represented the income received by the premier league in the commercial field that is not related to the matches themselves. This includes income from the sale of merchandising in addition to sponsorships. The Premier League has a number of sponsorship deals with companies such as Barclays, Nike, Oracle or Panini.

Television rights and commercial revenues are the ones that do not depend on the individual performance of the teams, but on the joint operations of the premier league as an organization. All these revenues collected are subsequently distributed among the different teams following a distribution system that is in accordance with the football performance and the general impact of the teams.

Table 3.2. Premier League Income Distribution. 2018/2019 season (£ millions)

Premier League - TV Distribution 2018/19 (£ mlns)									
TV Money	Club	PL Place	Live Matches	Domestic TV			Overseas TV	Commercial Revenue	Total Payment
				Equal Share	Facility Fees	Merit Payment			
				50%	25%	25%	100%	100%	
1	Liverpool	2	29	34.4	33.5	36.5	43.2	5.0	152.4
2	Manchester City	1	26	34.4	30.1	38.4	43.2	5.0	151.0
3	Chelsea	3	25	34.4	29.0	34.5	43.2	5.0	146.0
4	Tottenham Hotspur	4	26	34.4	30.1	32.6	43.2	5.0	145.2
5	Manchester United	6	27	34.4	31.2	28.8	43.2	5.0	142.5
6	Arsenal	5	25	34.4	29.0	30.7	43.2	5.0	142.2
7	Everton	8	18	34.4	21.2	24.9	43.2	5.0	128.6
8	Wolves	7	15	34.4	17.8	26.9	43.2	5.0	127.2
9	Leicester City	9	15	34.4	17.8	23.0	43.2	5.0	123.3
10	West Ham	10	16	34.4	18.9	21.1	43.2	5.0	122.5
11	Newcastle United	13	19	34.4	22.3	15.3	43.2	5.0	120.1
12	Crystal Palace	12	12	34.4	14.4	17.3	43.2	5.0	114.2
13	Watford	11	10	34.4	12.2	19.2	43.2	5.0	113.9
14	Bournemouth	14	10	34.4	12.2	13.4	43.2	5.0	108.1
15	Burnley	15	11	34.4	13.3	11.5	43.2	5.0	107.3
16	Brighton & Hove Albion	17	13	34.4	15.6	7.7	43.2	5.0	105.7
17	Southampton	16	10	34.4	12.2	9.6	43.2	5.0	104.3
18	Cardiff City	18	12	34.4	14.4	5.8	43.2	5.0	102.7
19	Fulham	19	13	34.4	15.6	3.8	43.2	5.0	101.9
20	Huddersfield Town	20	10	34.4	12.2	1.9	43.2	5.0	96.6
Total				687.2	402.9	402.9	863.7	99.3	2'456.0

Source: Swiss Ramble (2020)

As can be seen in Table 3.2, three different sections are differentiated: national television rights, international television rights and commercial revenues. Within international rights, 50% are distributed equally among all members. Of the remaining 50%, 25% is distributed weighted according to the position in the classification and of the remaining 25%, another weighted distribution is made according to the number of televised matches that the teams have had. The more televised matches, the more percentage of money is obtained.

Finally, the other two sections; international television revenues and commercial revenues, an equitable distribution is made among all teams. In this way, the Premier League has designed a system that allows rewarding the teams that perform best, while avoiding financial imbalances between large and small teams.

3.2.2.3. Brand image. Marketing strategy

Nowadays, the Premier League is, arguably, the best football league in terms of football performance and quality. However, there have been times in the past when other leagues have surpassed the English league and boasted the biggest stars and fittest teams in European football. Given the changing nature of football in general, it is difficult to remain the best in terms of quality and achievement of international trophies. Despite this ups and downs, the Premier League has managed to remain relevant and maintain its image. The pillars on which the Premier League has built its brand have been the following:

Social media and eSports. Even though English football is based on pillars of traditionalism and community, the Premier League has been working in recent years to attract younger generations through agreements and collaborations with tech companies to diversify their business and become visible videogame and social media industries.

According to this interest of the Premier League, the agreement with "EA Sports", a video game manufacturer and developer of the world-famous saga of football video games "FIFA", stands out. Through this agreement, EA Sports acquires the license to display, exclusively, the image of the Premier League as well as everything related to its teams (kits, states, players, etc.). In addition, there are also other branches in the agreement such as the sponsorship of the Player of the Month and the Player of the Season Awards (Premier League, 2022).

Among the efforts to diversify in the field of technology and video games, the creation of the ePremierLeague stands out. A competition parallel to the Premier League itself formed by teams and professional players of the FIFA video game.

Big Six. "Big Six" is referred to a group of teams from the elite of English football that have been the clear dominators of the big competitions for many years and that currently monopolize the best players and the greatest financial power of English and European football. Specifically, this group consists of: Manchester United, Manchester City, Liverpool FC, Chelsea FC, Arsenal FC, and Tottenham FC.

The dominance of these six teams has been so clear that they have won 67 league championships out of the 122 editions of the First Tier of English football (since 1888). If we look exclusively at the Premier League era (since 1992), the dominance is even greater since some of these 6 teams have won in 27 of the 29 editions played (Premier League, 2022).

Table 3.3. Most Valuable Football Brands in 2021

Top-10 Most Valuable Brands	Value in 2021. (€ millions)
Real Madrid CF	1,276
FC Barcelona	1,266
Manchester United FC	1,130
Manchester City FC	1,118
FC Bayern Munchen	1,068
Liverpool FC	973
Paris Saint Germain	887
Chelsea FC	769
Tottenham Hotspur FC	723
Arsenal FC	675

Source: Brand Finance (2021)

The commercial power that these six teams have in the world of football is far superior to that which the league itself can deploy. That is why the Premier League delegates much of its commercial activity to

them since they function as indirect ambassadors of the league when they promote their own brand, both within the United Kingdom and abroad.

Attraction of international assets. The United Kingdom has always been characterized as a country with a positive business environment for all its investors. Currently, it is ranked eighth in the World Bank's "Doing Business Rank", which "*provides objective measures of business regulations and their enforcement*" (World Bank, 2022). This good business environment, together with the growth that the football business has been presenting in recent decades, makes international investors see football clubs as very attractive investments.

The Premier League has encouraged the arrival of foreign capital and has used it as a particularly useful marketing tool to enter the investor's' home markets through sponsorships and collaborations in the countries of origin. An example of this is Leicester City FC, bought by King Power and the Thai family Srivaddhanaprabha, a Thai retail

company. Under his tenure, Leicester have had great sporting successes and a strong bond has been forged between the club and the country, translating into the growth of the Thai fan base to the Premier League in general and Leicester City in particular (The Set Pieces, 2021).

Therefore, this commercial success has been brought by a brand strategy that enhanced the image of English football as a combination of tradition and modernity, which could attract fans of different age segments. In addition, the Premier League has also had an international focus on attracting talent and foreign capital, which has made the premier league a multicultural league with an attractive international focus for fans from many countries.

3.2.3. Internationalization process

Until the beginning of the 2000s decade, the Premier League did not stand out for being an international league. In fact, it was known as a traditional product which was mainly consumed by British people and dominated by players and coaches who were born and grown in the islands. It wasn't until the mid-00s when international revenue started to be significant for the league, mainly caused by the rise in value of the international tv agreements. In the 2001-2004 span, international TV broadcast revenue meant the 11% of total TV revenue whilst in the period going from 2016 to 2019, this percentage rose up to 35% (Swiss Ramble, 2015). This tendency has continued to the point that, after concluding the deal with NBC sports for broadcasting the Premier League in the United States, international revenue has surpassed British broadcast income for the first time in the 30 years of existence of the league (SportsProMedia, 2022)

3.2.3.1. Strategic analysis

Next, we will try to identify the strengths and opportunities that fostered internationalization as well as the weaknesses and threats that the Premier League had to face during the entire process.

Strengths:

Football is the most popular sport in the planet. It is estimated that almost 4 billion people are fans of the sport, which makes football the absolute dominator in terms of global appealing to fans. This means that, at the moment of expanding a football league like the EPL, a big part of the work has already been done because people already know the sport, are interested in it and are more likely to watch and enjoy it.

Tradition of English football. Although ball games have existed since ancient times, the game of football as we know it nowadays surged in England in the 19th century

(Goldblatt, 2007). Therefore, football and England will always go hand in hand. That gives the EPL and everything surrounding it an aura of traditionalism and nostalgia that attracts the most purist followers of the game.

Big six as driving force. As we have already noted, the top six teams in England are among the most well-known sports teams in the entire world. As such, just having them in the league draws lots of attention from every corner of the planet.

Strong middle class. Competitiveness. If the English league has always stood out for something, it is for the high competitiveness at all levels, that is, meaning that the differences between the best and worst teams are reasonably small. Obviously, the big six has always been the absolute dominator but the league has been able to create a group of medium-sized teams that have very talented players and who can stand up to them and compete against any team. This means that the average level of the league increases and that any game can be attractive, without the need for the big ones to be involved.

Although real equality is very difficult to achieve, the reality is that the Premier League is leading the way in the major European leagues in the equitable distribution of money from television rights (Table 3.2), which gives a financial power to all teams, which make it far superior to any other small teams in the rest of the leagues.

Opportunities:

Success of English football in Europe. Since 1999, the English Premier League had at least one representative in the UEFA Champions League final in 13 occasions, winning 6 of them. Spain is the only country that surpasses England as the most laureate country in European competitions. This continental success has served as a showcase for English teams in order to increase exposition and attract international fans from all over the world.

Growing number of international players. Within the five major leagues, the English Premier League is the one with a higher percentage of international representatives and with more nationalities represented in their teams. Currently, the English league has 332 active foreign players out of 506 total players, which mean 65.6% of the total (TransferMarkt, 2022). This multiculturalism makes foreign players claims for fans in those countries and that the interest that the Premier League arouses in these countries is greater than the rest of the leagues, which are mostly filled with national players.

Investors. Since the turn of the century, the United Kingdom has become a recipient of large amounts of foreign capital due to several factors such as the good climate for

business in the country (World Bank, 2022) or the Golden visa program promoted by the government (Visa Guide World, 2022). From here, there were many clubs that received capital from foreign investors, which brought innovations in the management models of sports clubs, more focused on commercial success and an international approach.

A paradigmatic example is the case of Roman Abramovich and Chelsea. The Russian millionaire acquired the club in 2003. At that time, Chelsea was a club in serious financial problems and without much sporting success. However, through constant investment an ambitious growth project has managed to place itself within the top-10 football clubs with the highest income in the world (Deloitte, 2021), having won the Premier League on 5 occasions and the Champions League on 2 occasions.

Weaknesses:

Big six growing bargaining power. Although it is true that the big six brings countless economic benefits to the league as a whole thanks to its great commercial power and its global fan base, the Premier League has always been in danger of becoming a league dominated by the interests of the big ones, while the small ones have less and less power of influence and decision, thus creating a more unequal and less entertaining league.

That is why the Premier League has been having to balance for many years, on the one hand, the economic benefits that the big six brings to the league with competitiveness and equality in the competition, giving rise to possible conflicts of interest and internal problems that can be a drag on its operations as a global business.

Weakness of the English football pyramid. Despite the fact that the Premier League constitutes the elite of English football, the reality is that the whole system is sustained thanks to a pyramid-shaped scheme. In this context, the small teams are the majority and support the upper ones as they serve as developers of the young talent that the big teams then sign.

However, a recurring problem in the English football pyramid is that small teams find it exceedingly difficult to keep up with current football tendencies as the inflation in salaries and the demanding rhythm of the superior levels. Unfortunately, it is very common to see small teams based in local communities go into debt and disappear without anything being done to help them.

If this base of small teams is getting smaller and weaker, the elite are likely to start to suffer the consequences, which could hurt the Premier League and English football as a whole.

Threats:

Competence. The Premier League has managed to cement a worldwide spectator base thanks to years of brand building and attracting international stars. However, football is a very volatile business and whose success is rather resource-based. This vision implies that business success relies heavily on “valuable and rare resources” (Newbert, 2008) that would eventually lead to competitive advantages. In the case of football, we could consider players and coaches as those resources that lead to competitive advantages if they are good enough on the field to differentiate themselves from the competition. However, this vision means that the financial and business success of the leagues lies fundamentally on the in-pitch performance rather than in the managerial skills of the board.

In addition to the competition that it may have within the football sector itself, it is also important to identify current consumer trends, which make it increasingly difficult for a consumer to be engaged with a two-hour long match. That is why the Premier League must also face competition from the new types of fast entertainment (TikTok, Instagram, etc.)

Football accessibility and affordability. One of the problems that the Premier League has had to face in recent years is the progressive loss of interest from younger fans. This is mainly due to the general rise in prices of access to football, both tickets for matches, and to consume football on television.

In an effort to appeal to casual and foreign fans, the Premier League risks expelling locals, who had been the clubs' main support base until today. That is why the league will have to find ways to reconcile both interests if it does not want to completely lose the younger generations.

Table 3. 4. English Premier League Swot Analysis.

<p style="text-align: center;"><u>Strengths</u></p> <ul style="list-style-type: none">✓ Football as the most popular sport in the world✓ Tradition of English Football✓ Strong middle class. Competitiveness	<p style="text-align: center;"><u>Weaknesses</u></p> <ul style="list-style-type: none">✓ Big six growing bargaining power✓ Weaknesses of the English Football pyramid
<p style="text-align: center;"><u>Opportunities</u></p> <ul style="list-style-type: none">✓ Success of English football in European competitions✓ Investors✓ Growing number of international players	<p style="text-align: center;"><u>Threats</u></p> <ul style="list-style-type: none">✓ Competence✓ Football accessibility and affordability

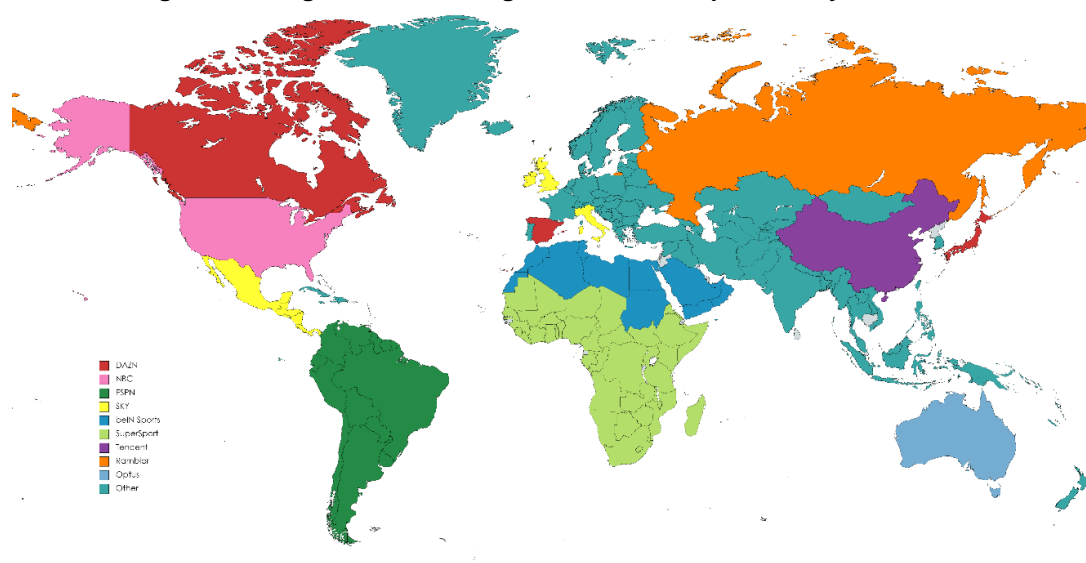
Source: Own elaboration

3.2.3.3. Entry modes

3.2.3.3.1. Distributors

It has already been mentioned that the Premier League limits its actions as a collective organization when it comes to promoting its product abroad. The actions of the organization as a whole are circumscribed to the negotiation of contracts for the sale of retransmission rights to TV broadcasters. Through this method, the league reaches a global audience while the commitment and investment are minimal since the distributors are responsible for the marketing and exploitation of the league for the territory for which they have the exclusivity.

Figure 3.2. English Premier League Broadcasters per country. 2019-2022



Source: Premier League (2022)

As it can be seen in figure 3.2., the league combines television channels with online platforms to take its matches to almost all countries. However, the league's actions abroad are not limited to simply selling the rights to foreign television networks, but the Premier League gives clubs freedom to promote themselves abroad and adopt the commercial policies they deem necessary to attract consumers from all over the world.

3.2.3.3.2. Commercial partnerships

Premier League clubs, and especially the Big Six, have been gaining a very strong brand image internationally due to their tradition and reputation as winning clubs on the pitch.

Thanks to this positive image, clubs create global sponsorship networks that reach all countries and all economic sectors. This means that clubs are able to reach far beyond the borders of the United Kingdom and can be introduced into the popular culture and economic life of these countries. In this way, the inhabitants of these countries see these clubs as closer and tend to follow them more and more.

A paradigmatic example of how this strategy leads to commercial success is Manchester United, the most successful club in the history of English football but in the last decade, its sporting performance has been relatively low. Nonetheless, brand building and the generation of a global sponsorship network has seen Manchester United remain at the top of Deloitte's Money League as one of the most economically profitable teams in world sport and as one of the most valuable brands on the football landscape.

As it can be seen in annex 1, Manchester United has been able to build a solid network of sponsorship agreements with companies around the world in the most varied economic sectors to ensure budgetary stability in periods where they cannot compete sportingly with other teams in the elite in addition to approaching and making themselves known to consumers from all over the planet

3.2.3.3.3. International presence

Although it cannot be considered in strict terms as an entry strategy of the Premier League to foreign markets, the reality is that English teams always try to bring their players closer to the countries where it is intended to increase the fan base. Despite being a national league confined to the UK, the reality is that opportunities are often taken to physically take teams to other countries so that players can interact with local fans and create closer links with countries. Thus, for example, in each pre-season we see English teams playing friendly matches in the United States or in Asia to promote their image in these markets.

An example of this ambition to bring the league closer to international fans is a measure that has been around for several years to the Premier League board known as "Game 39".

In the Premier League, each team plays two matches against each of the 19 opponents, one of them in its own stadium, and another in the state of the rival. In this way, each team plays a total of 38 games, 19 at home and 19 away. The "Game 39" initiative aims to add one more match to the league calendar in a neutral stadium abroad, on this extra day, 10 official matches would be played in 10 different countries simultaneously.

This initiative aims to take another step in the integration of international fans since not only they can watch friendly matches being held without any competitive importance, but they will be able to see official matches with importance in the classification.

4. IS THERE ANY OTHER ALTERNATIVE TO STRAIGHTFORWARD INTERNATIONALIZATION? THE NFL CASE

So far, the two leagues that have been analyzed have achieved business success through an international growth strategy from very early stages. However, there have been other leagues, such as the NFL, that have opted for an alternative strategy based on prioritizing growth within the domestic market. In this section, therefore, we will analyze the model that the NFL has been developing.

4.1. INTRODUCTION TO THE NFL

4.1.1. Evolution of the National Football League

The NFL was founded in the 1920s in the state of Ohio being the first professional American football league in the country. Although it initially operated at a regional level, consisting of 14 teams from the northeastern United States (NFL, 2022), it quickly stabilized as a formal organization and over the following decades expanded geographically and added new teams to its structure.

During the 1950s, NFL-led football unseated baseball as the most popular sport in the United States and the league went through a period of significant growth. This hegemonic dominance would last until 1960 with the appearance of the American Football League (AFL), with which a fierce competition was forged throughout the decade of the 60s that would lead to a merger in 1970, uniting both in a single league under the name of the NFL.

Since the merger, the NFL has grown to consolidate itself as the most popular league in the United States. Today, the NFL has 32 franchises divided in conferences and divisions. Each of these teams play a total of 17 regular season games¹³ spread between September and December. The top finishers in each division qualify for the Playoffs, a knockout tournament that closes with the champions of both conferences facing off for the championship in a single game, the Super Bowl.

Over the years, the Super Bowl has established itself as one of the most important cultural events of the year in the United States, being one of the most characteristic cultural symbols of the country and one of the events that attracts more fans. This year's 2022 Super Bowl that pitted the Los Angeles Rams against the Cincinnati Bengals marks

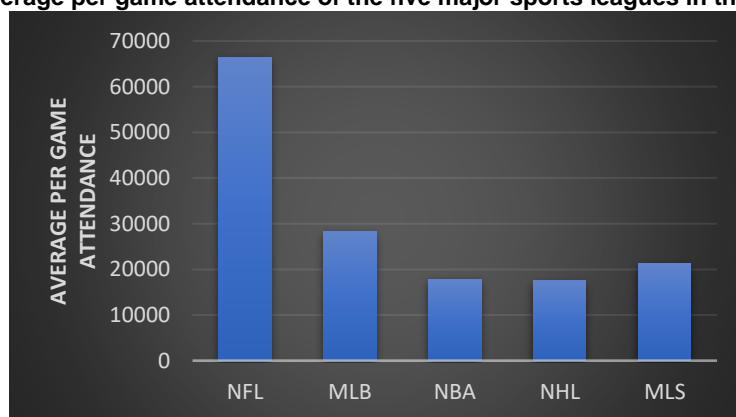
¹³ The violent nature of the game makes the seasons much shorter than in other sports to safeguard the health of the players.

the 56th edition and has managed to attract 112.3 million spectators (NFL, 2022), being one of the most watched sporting events of the year.

4.1.2. NFL Dominance over the US market

Globally, football or soccer continues to be the sport that attracts the most fans. However, in the U.S. market, American football is the clear dominator over other sports. Asked about the league they followed the most, 35% of Americans answered that the NFL is their favorite league and the one they follow with more assiduity followed very far by the MLB with 14% (Statista, 2022). In fact, the NFL is the absolute leader in attendance at games, with more than 65,000 fans on average in the stands (Graph 4.1.).

Graph 4.1. Average per game attendance of the five major sports leagues in the United States

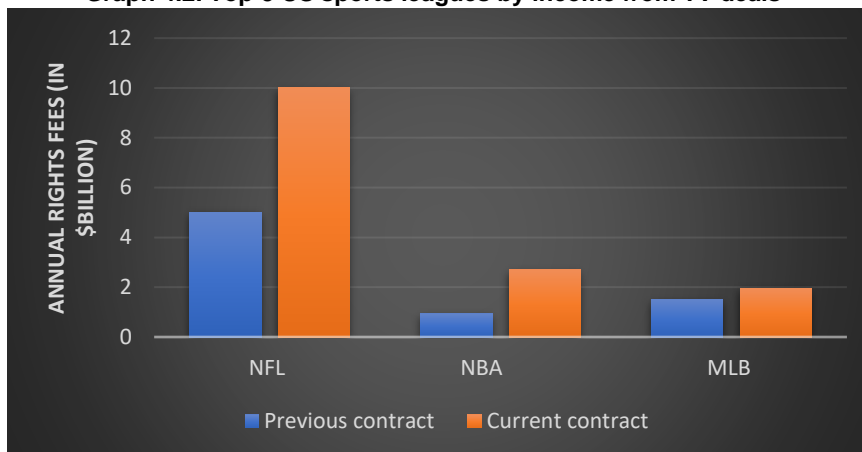


Source: Statista (2021)

This dominance of American football in American culture also translates into economic and commercial dominance, both league as a whole and of the teams that make it up. As it can be seen in graph 4.2, the NFL has the most lucrative television contracts in the entire country with a lot of distance from its competitors. Recently, the NFL agreed with the broadcasters on a 10-year, cumulative contract totaling approximately \$100 billion distributed between Amazon, CBS, ESPN/ABC, Fox, and NBC (The Sporting News, 2021). Meanwhile, the NBA closed a deal in 2016 that generated \$2.7 billion per season. For its part, MLB had until 2021 a deal that generated 1.5 billion dollars each season and has improved it with an agreement that reaches until the 2027/2028 season, providing returns of 1.96 billion dollars per course.

We can see that, although the rest of the leagues have improved their numbers considerably, they are incredibly far from the 10 billion per season that the NFL receives from the sale of its broadcast rights.

Graph 4.2. Top-3 US sports leagues by income from TV deals¹⁴



Sources: Own elaboration using data from Sports Media Watch (2015) and MLB Trade Rumours (2022)

In addition to the economic preponderance of the league as a whole, the franchises that make it up are also an absolute powerhouse in terms of economic performance and value generation. Of the list of the 50 most valuable franchises in the world, 26 belong to the NFL, being the league that teams contribute to this list (Forbes, 2021).

4.2. TRANSITION TOWARDS AN INTERNATIONAL LEAGUE

4.2.1. Motives for internationalization

Despite that dominance in the U.S. market, the NFL has in recent years begun a process of internationalization to take the league outside the United States and Canada. The reasons for carrying out this project have been a mixture of reactive and proactive motivations that have created a favorable context for the NFL to become an international phenomenon.

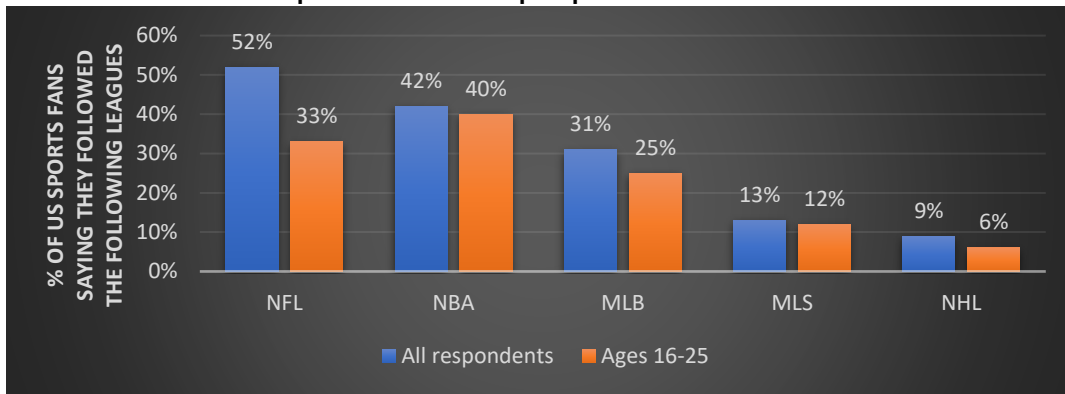
Regarding reactive motivations, it could be mentioned the shift in the consumption paradigm of American society, which may perhaps be the prelude to a stagnation in American consumers' interest in the NFL. It is important to keep in mind that an American football game is relatively long (2 to 3 hours on average), which means that it may no longer be attractive to younger consumers. In fact, some surveys such as the one presented in graph 4.3., already allow us to intuit that young Americans would be losing interest in the NFL if we compare it with the previous generation.

In figure 4.3, the results of a survey conducted in 2022 on consumption habits are presented. 1,020 U.S. citizens were asked about their preferences when it comes to

¹⁴ The years in which contracts are in force vary depending on when they were negotiated. For the NFL, the previous contract went from 2014 to 2022 and the current one runs from 2023 to 2033. For the NBA the previous contract ran from 2008 to 2016 and currently goes from 2016 to 2025. For MLB, the previous one went from 2014 to 2021 and the current one runs from 2022 to 2028.

consuming sports. It can be seen how in general; sport seems to be losing appeal to the younger generations since in no case are young people more interested than the average of answers. However, the difference is much greater in the case of the NFL. This makes NFL managers see the need to reach out to the international consumer to maintain their fan base.

Graph 4.3. Consumer sport preferences in the US.



Source: Statista (2022)

In addition to these reactive motivations caused by a cultural change in consumer habits, we can also mention the proactive motivations that create a favorable context for managers to opt for an international strategy. Social media and mainstream culture have made the cultural distance between countries smaller and smaller. That is why, something that was once a regional phenomenon that only attracted American consumers, has now reached other countries and is attractive to them. In addition to this, the NFL has one of the most massive and multitudinous events in the world, the Super Bowl. Having an intangible asset as powerful as that makes the NFL see an opportunity to exploit it and take it to as many countries as possible.

4.2.2. Internationalization strategy

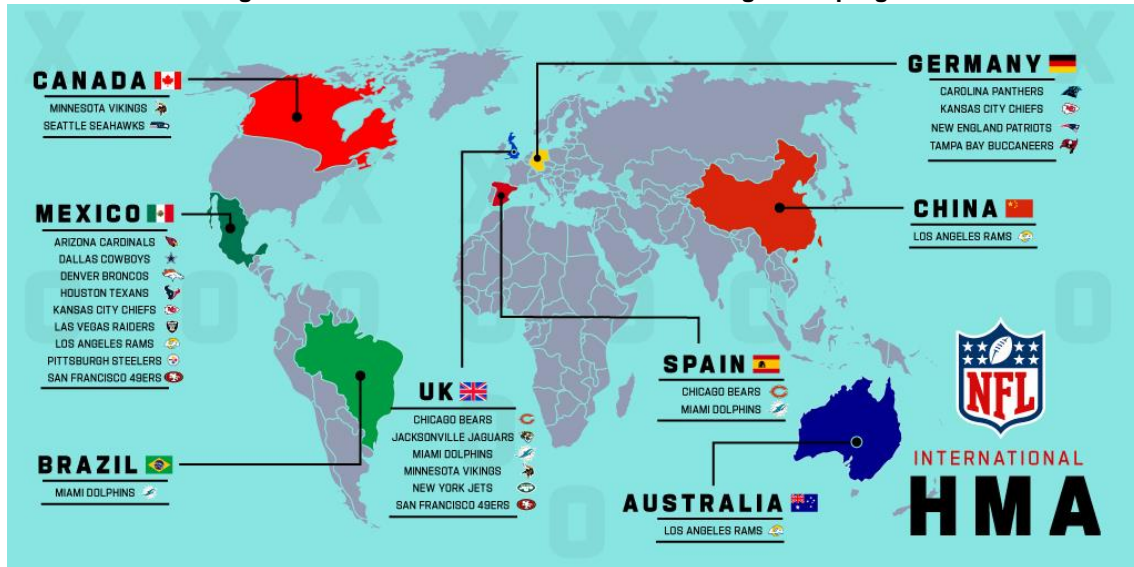
For the past 30 years, the NFL has had timid attempts to internationalize that have not had the desired result. For example, in 1989, it launched the WLAF (World League of American Football) a league made up of a mixture of American, Canadian, and European teams with the aim of bringing the game closer to other countries and that fans learn the rules and get used to the game (American Football International, 2019). The project went through several different versions including name and format changes, but the interest it aroused in European consumers was still very limited and in 2007 the NFL decided to close it.

Already in more recent years, the NFL has carried out several initiatives that seem to have been more successful. In 2007, the NFL launched the NFL International Series project, under which a series of official regular season games would be played overseas.

The first abroad match was played on October 28, 2007, at Wembley Stadium in London between the Miami Dolphins and the New York Giants (NFL, 2022).

Since this moment, more and more games have been played in the English capital, which has also been joined by the NFL Mexico Game in Mexico City. These games, together with the increase in interest that the NFL had been generating internationally, caused that in 2022 the Home Marketing Areas Program was announced.

Figure 4.1. NFL's International Home Marketing Areas program



Source: NFL (2022)

Through this initiative, a group of teams have been assigned to a country, as it can be seen in figure 4.1. This assignment “grants teams’ access to international territories for marketing, fan engagement and commercialization as part of an important, long-term, strategic effort to enable clubs to build their global brands while driving NFL fan growth internationally” (NFL, 2022)

In addition to this initiative, the NFL has committed to bringing more regular season games to other countries and maintaining a close relationship with the international fan through the usual channels, since the NFL also has international TV distributors and its own platform to watch the games on demand, the NFL Game Pass.

Since this internationalization strategy of the NFL is in very early stages, no definitive conclusions can be drawn about whether it will work or not. However, what we can make clear is that, in the current global situation, it becomes very difficult for any organization to maintain its profitability over time by limiting itself to the borders of a country. If even the NFL, being the undisputed leader of a country with more than 300 million inhabitants, feels the need to expand internationally, more reasons to go international will have those organizations that cannot count on such a wide national market.

5. CONCLUSIONS. LESSONS FOR LALIGA

In this section there will be a brief review of the Spanish Professional Football League and its business model. Subsequently, the main conclusions of the analysis carried out on the NBA, Premier League and NFL will be drawn, emphasizing those strategies that have led these leagues to sporting and business success and trying to extrapolate them to the business model of La Liga and analyze if they could be applied in the context of Spanish sport.

5.1. LALIGA AS A BUSINESS

The Spanish Professional Football League, commonly known as La Liga is a *"private sports association that is exclusively and compulsorily integrated by all sports corporations and clubs of the First and Second Division, which participate in official football competitions of a professional nature and state level [...] La Liga has its own legal personality and enjoys autonomy, for its internal organization and operation"* (LaLiga, 2022). We see, therefore, that it resembles in terms of administrative structure the rest of the leagues that have been analyzed in this work with the exception that this also includes a second category attached to the same organization. Its president, Javier Tebas Medrano, who has been in office since 2013, has been the driving force behind the recent strategic internationalization project and is considered a very important asset in LA Liga's business structure (AS, 2018).

Despite the fact that Spanish clubs have dominated international competitions in recent years, La Liga has been unable to translate those sporting successes into financial success as it ranks as the third league with the highest revenue (Graph 3.3) behind the German Bundesliga and a long way from the other great dominator of European football in recent times. the English Premier League.

These financial difficulties, together with the managerial eagerness to popularize La Liga abroad, have led the organization led by Javier Tebas to undertake an ambitious internationalization program since he became president in 2013.

Although since that time, La Liga has experienced some growth in its penetration in foreign markets, the reality is that it still ranks far behind the big sports leagues in terms of commercial revenue and financial profitability.

5.2. WHAT CAN BE APPLIED TO LALIGA BUSINESS MODEL

From the analysis of the NBA, Premier League, and NFL, we can draw a series of common points that can serve as an example for La Liga to be able to apply in its

business model and try to improve its presence in international markets. The conclusions are as follows:

Equality and competitiveness. La Liga has two of the most valuable assets in the world of sports in general: FC Barcelona and Real Madrid. These two teams have absolutely dominated the international football landscape for many years and consequently, they are two economic and commercial superpowers, being fourth and fifth respectively in the ranking of the most valuable sports teams in the world (Forbes, 2021). However, the presence of these two teams does not seem to be enough to guarantee the international success of La Liga as a whole.

If we look at the leagues analyzed above, we can see how they all have a system of compensation and balance among their members that guarantees a minimum equality in economic terms. All of them have a more or less equitable income sharing system that facilitates competitiveness. However, we can see in Table 5.1., how in La Liga, the difference between the three big teams and the rest is abysmal.

By way of comparison, we can use the data of the analyzed league closest to the Spanish one, the Premier League (Table 3.2¹⁵). Both are dedicated to the same sport and are in a relatively close geographical and cultural context.

In the Premier League, the average income of the three teams that receive the most is 49% higher than the average income of the three teams that receive the least. In La Liga, that inequality is 223%.

This financial fragility of small teams that causes huge inequalities between large and small is one of the reasons why La Liga does not have so much appeal among international fans since it causes an absolute concentration of attention on a very small percentage of everything that happens in La Liga.

While Barcelona and Real Madrid will continue to gain international fans due to their success in continental competitions, small teams will only be able to count on local fans, who follow the team by family tradition or geographical affinity. However, in the NBA, NFL or Premier League, an international fan can become a follower of any team that is weak at a certain time, because he or she knows that any team has the possibility to climb competitively and be at the same level as the big ones in a short period of time.

¹⁵ Both tables are not comparable in absolute terms as the Premier League is in sterling pounds and the La Liga is in euros. However, the figures can be compared in relative terms.

Table 5.1. Spanish La Liga TV Income Distribution. 2019/2020 season (millions of €)

La Liga - TV Distribution 2019/20 (€ mlns)						
Club	Rank	Income	Liabilities	Net Income	2018/19	B/(W) 2018/19
Barcelona	1	165.0	11.6	153.4	154.8	(1.4)
Real Madrid	2	156.2	10.9	145.3	144.4	0.9
Atletico Madrid	3	124.2	8.7	115.5	110.9	4.6
Valencia	4	82.2	5.8	76.4	73.2	3.2
Sevilla	5	78.9	5.5	73.4	74.5	(1.1)
Athletic Bilbao	6	72.8	5.1	67.7	69.6	(1.9)
Villarreal	7	67.8	4.7	63.1	69.1	(6.0)
Real Betis	8	59.8	4.2	55.6	57.9	(2.3)
Espanyol	9	59.2	4.1	55.1	54.2	0.9
Getafe	10	58.8	4.1	54.7	47.0	7.7
Real Sociedad	11	58.2	4.1	54.1	55.0	(0.9)
Celta Vigo	12	53.3	3.7	49.6	51.8	(2.2)
Eibar	13	50.9	3.6	47.3	47.2	0.1
Alaves	14	49.6	3.5	46.1	46.4	(0.3)
Levante	15	48.1	3.4	44.7	46.0	(1.3)
Leganes	16	47.7	3.3	44.4	44.3	0.1
Osasuna	17	47.1	3.3	43.8	7.0	36.8
Real Valladolid	18	47.1	3.3	43.8	44.3	(0.5)
Granada	19	47.1	3.3	43.8	6.9	36.9
Mallorca	20	43.6	3	40.6	5.7	34.9
Total		1'417.7	99.2	1'318.5	1'210.2	108.3

Source: Swiss Ramble (2021)

In this sense, La Liga has been implementing a system of restriction of expenditure of its members to guarantee the financial health of all the teams and try to balance the expenditure (LaLiga, 2021), but the reality is that the differences between them are still abysmal.

Attraction of foreign players and capital. We have already seen how all the leagues that have been successful in international markets stand out for having a wide base of foreign players perfectly integrated into the competition and the importance that this has in attracting international fans to the league. If we compare La Liga with the 5 major leagues of European football, it is the competition with a lower percentage of foreign players (TransferMarkt, 2022).

If La Liga wants to make itself attractive abroad, it should undoubtedly encourage the arrival of talent and foreign capital so that more countries would be represented in the highest category of Spanish football and thus increase the interest it generates abroad, as well as its potential of international growth.

Choice of host markets. As can be seen in the case of the NFL and its recent internationalization project, it is preferable to start with markets with which a certain cultural affinity is shared and that know the product. The NFL opted primarily for its geographic neighbors (Mexico and Canada) as well as those regions with which it shares cultural affinity such as Western Europe and Australia.

organization. However, La Liga has recently had a series of open conflicts between its management and some teams that have come to direct criticism to La Liga's management (La Vanguardia, 2021), which seriously damages the reputation of the league and the trust of external agents in it.

5.3. CONCLUSIONS

All in all, it can be concluded that for a league to be really profitable financially and commercially, it is practically essential to expand internationally since there are fewer and fewer leagues that can sustain themselves and be really competitive in the sports elite, limiting their market to international fans.

The League, for its part, has been implementing some international growth strategies that seem to be starting to bear fruit. Although it has the potential to compete with the larger leagues, it still lacks a coordinated push from the organization as a whole to take the league to the next level by attracting international fans, thanks, in part, to attracting talent and foreign investment. For this, the coordination and cooperation of all its members will be fundamental and homogenize the interests of the teams, something that, for the moment, seems quite complicated, mainly due to the great financial differences prevailing within the league itself.

In the case of La Liga, it has focused in recent years on reaching markets with great potential for future growth such as the Middle East and Asia (González, 2019). However, fewer resources have been invested in other countries with a greater football culture, where the penetration of the league would be easier. Thus, it could be interesting to start with countries more related to Spain such as Latin America, which also has a very powerful football culture in addition to other European countries with weaker local leagues such as Belgium, Austria, or Poland.

Appeal to big TV contracts. If the top leagues stand out for something, it is for having the most lucrative television contracts that have been seen in the history of sports, since it is what allows them to have a financial cushion to be able to operate on margin. All of them invest a lot of resources and efforts in creating a very attractive product, both for the casual consumer and for the loyal fan.

Any sports competition has the limiting factor of depending on what happens on the pitch. Obviously, leagues cannot guarantee that 100% of the matches will be entertaining and packed with action and emotion. However, the leagues can modify certain variables to favor that the matches flow. The NBA, for example, has been implementing a series of measures to try to reduce the total duration of games and that there are not so many interruptions by modifying certain rules of refereeing of the games as changing rules of timeout or review of repetitions by the referees (NBA, 2022).

In the case of La Liga, it is the league with the shortest effective playing time among major European football leagues (MARCA, 2022) due to constant interruptions and loss of time. This causes the viewer to find it harder to stay interested in the match for the entire duration of the broadcast and television audiences to drop, with the league being less attractive to television operators.

Solid administrative structure. Although it should be a common feature of any successful organization, having a reliable and effective management and administrative team is even more important in the sports business since there is the peculiarity that they have to act simultaneously as regulatory and marketing bodies. That is, La Liga must create a regulatory framework to promote equality and well-being of all the organizations that make it up while also creating a product attractive to consumers. In this double role that La Liga must play, there is a risk that some members perceive partiality in some decisions, which leads to the creation of sides, internal conflicts, and organizational instability.

Both the NBA, the Premier League, and the NFL have managed to create a stable framework and forums for dialogue between the parties to avoid destabilizing the

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ANNEX 1.

Manchester United Commercial Partners

Global Partners	Chevrolet, Adidas, Aon, 20 th Century Fox, Aeroflot, Aladdin Street, Apollo Tyres, Canon Medical Systems, Casillero del Diablo, Columbia, Deezer, DHL, EA Sports, Epson, Gulf, HCL, Kansai Paint, Mlily, New Era, Swissquote, Tag Heuer.
Financial Partners	Banco Guayaquil (Ecuador), Commercial Bank of Qatar (Qatar), Danamon (Indonesia), Denizbank (Turkey), Emirates NBD (UAE), Eurobank (Serbia), Invex Banco (Mexico), Krungsri (Thailand), Maybank (Malaysia, Singapore and Philipines), Santander (Norway), Shinsei Bank (Japan), Virgin Money (UK)
Media Partners	Cable and Wireless (Caribbean), Eclat Media Group (South Korea), PCCW (Hong Kong), Sina (China), STC (Saudi Arabia), TM (Malaysia), TV2 (Norway)
Regional Partners	Chi: Official Soft Drinks for Nigeria
	Cho-A: Official Pharmaceutical Partner for Korea and Vietnam
	Donaco: Official casino for Thailand, Cambodia, Vietnam, Laos, Myanmar and South Korea
	The Hong Kong Jockey Club
	Manda: Official Nutritional supplements for Japan
	Melitta: Official Coffee for UK, Ireland and Germany
	Thomas Cook Sport: Official travel services provider
	Uni President: Official soft drink for China
	You C1000: Official isotonic drink for Indonesia

Source: Manchester United (2022)