UEFA Champions League revenues, performance and participation 2003-04 to 2016-17

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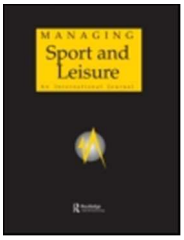

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Abstract:	The UEFA Champions League revenues continue to grow (€1.3bn in 2016-17), although previous studies have highlighted a competitive imbalance in the competition, and in the leagues supplying teams. UEFA plans to increase the allocation of automatic qualifying places to 16 for the top four ranked leagues for 2018-19, and alter the financial distribution model. This paper analyses the representation, performance and revenue distribution by club and UEFA member associations from 2003-04 to 2016-17 with reference to the quota changes and future direction. UEFAs priorities are split, between meeting their core principles of governing 55 member nations, and commercial expectations from leading clubs. The findings demonstrate that the current structure offers clubs from England, Germany, Italy and Spain the most representation, revenue, and their clubs have the strongest performance. The financial benefits of this enhanced access are vast. These clubs received €6.61bn (61%) of all revenue, with sixteen clubs receiving €5.6bn (52%) overall. The market pool element of the distribution model is where the most differences lie, calculated by UEFA. Discussions include the benefits and issues with the quota changes around representation, revenue and performance, with reference to UEFAs aim to offer "fair competition" and "fair distribution" in the future.

INTRODUCTION

The UEFA Champions League is the premier club competition in European football and one of the most high profile in world sport (Schokkaert and Swinnen, 2014). This is due to its ever-increasing prestige, financial power, television exposure and commercial deals. For example €904.6m was distributed in prize money for the 2013-14 competition (Plumley and Flint, 2015), rising by over a third to €1.39bn in 2016-17 (UEFA, 2017). The format of the competition has evolved since it was first contested in 1956 as the European Champion's Club Cup, contested by European league winners only. Originally, 16 clubs entered in the first round from 15 different nations. The 'Champions League' brand was not introduced until 1992, and non-title winning clubs were first granted entry in 1997, then expanded to a maximum of four clubs per country in 1999 (via the preliminary qualifying stages which occur before the groups stage). The current format consists of eight groups of four playing in a round robin format, with the top two teams advancing to the round of 16. This has been the case since the format was changed for the 2003-04 season, modified from a double group stage format. From 2018-19 UEFA are changing the qualification quotas to allocate four guaranteed group stage places to the four leagues with the highest coefficient ranking, an increase from the 11 guaranteed group stage places in the current structure.

Research has established that there is a competitive imbalance in European club football, although both positive and negative implications have been argued. This paper aims to outline potential implications of the Champions League qualification quota changes post 2018-19. This is achieved by quantifying four areas of the Champions League between 2003-04 and 2016-17: (1) representation in the competition - clubs (2) representation - players; (3) performance in the competition; and (4) revenue/prize money allocation.

Quantifying these four measurements is with an aim to ascertain how the competitive imbalance present in European leagues (and within the Champions League) rewards clubs and member associations. By quantifying these four measures, the paper aims to discuss how the current competition structure and entry allocation rewards those qualifying. It also considers the policy implications of quota changes through the lens of UEFAs remit and mission statement, discussing how the proposals for 2018-19 may affect the future direction of European club football.

The issue of balance (financial, competition, representation) has been identified by UEFA as one of their greatest challenges, with President Ceferin (Reuters, 2018) outlining "we must dare to rethink our models, in particular to establish greater competitive balance. We must…introduce measures which restore some balance…UEFA is not a bank, what is the point in generating record-breaking revenues, if it is just an accumulation of wealth?".

LITERATURE REVIEW

History

The original format was designed to create a competition where equal representation across the main European leagues was provided, with only league winners included. Although the first decade was dominated by Real Madrid (who won the first five), then Benfica (twice) and the two Milan clubs (two for Internatzionale and one for AC Milan), the representation of the finalists included clubs from 14 countries between 1956 and 1990 (Belgium, England, France, Greece, Italy, Netherlands, Portugal, Romania, Scotland, Spain, Sweden, (West) Germany, and the Former Yugoslavia). The 1970s and early 1980s saw dominance by Netherlands (Ajax), Germany (Bayern Munich) and England (Liverpool, Nottingham Forest, Aston Villa). The mid-eighties to the turn of the

millennium saw twelve different winners including Red Star Belgrade (Serbia), Steaua Bucharest (Romania), PSV Eindhoven (Netherlands), FC Porto (Portugal) and Olympique Marseille (France).

Since the format change in 2003, the finals of the Champions League has been dominated by clubs from the four leagues with the most entries; Spain (7 wins, 2 runner-up), England (3 wins 5 runners-up), Italy (2 wins, 3 runners-up), and Germany (1 win, 3 runners-up). Only clubs from Portugal (1 win) and France (1 runner-up) have made final appearances from the 31 nations which have teams entering the competition at the group stage. Porto's victory in 2003-04 was the only victory from outside the four nations with the most entries since the two group stage format was abolished in 2003. Porto's victorious year was also the only year where the losing finalist was from outside these four nations (AS Monaco, France).

Despite the competition doubling in entrants from 16 to 32, the 'range' of nationalities represented has remained consistent at 16-18 per season. The quota revisions mean guaranteed group stage entry for four teams from each of the top four ranked leagues (from coefficient scores over a rolling five year period), resulting in 16 spaces in total and 50% of all places available (Independent, 2016). This is an increase on the eleven guaranteed places and four play-off places in the current structure. UEFAs proposal from 2018-19 is to award coefficient scores to individual clubs, not leagues. This will affect individual clubs not qualifying for the competition, and benefit those clubs frequently qualifying.

Research setting

The aim of this paper makes reference to an issue which faces UEFA, who are in a position where there is a potential conflict of priorities between two of their key administrative roles. Questions remain around whether these two key areas are compatible or conflicting. This potential conflict is between balancing their overall governance responsibility (providing opportunities for all their 55 member associations to access their competitions) with ensuring the larger clubs (and member associations) have the competitions they require to generate the revenue they desire. With a significant part of the growing revenues generated by the Champions League based on the sale of TV rights (Plumley and Flint, 2015), the proposed changes to the competition format brings this conflict of priorities for UEFA to the fore. Providing support for all clubs is their role as a governing organisation, whilst also meeting the needs of their larger, more influential clubs (and member associations) which generate the interest and the revenues via broadcasters. This is in the context of the threat of potential breakaway leagues such as a Europe-wide 'super league' comprising the most powerful clubs (Powlowski et al, 2010). UEFAs rationale for change outlines an aim to "ensure qualification is based on sporting merit", to have "the right of all associations and their clubs to compete in Europe's elite club competitions" and to "remain united behind the concepts of solidarity, fair competition, and fair distribution" (UEFA, 2016b). Ensuring these aims align is a core challenge for UEFA to navigate.

Understanding why UEFA have developed this rationale for changing the future qualification quotas from 2018-19 is linked to issues around competitive balance of the competition, and the financial distribution model (see President Ceferin's earlier comment, Reuters, 2018). The quota amendments (UEFA, 2016a) will reassess the coefficient

calculations to remove national association weighting and make it based on individual club performance only (UEFA, 2016b), and create a new financial distribution model. This revised model will see performance payments increase, and market pool payments decrease. UEFA also outline that the new model will see an increase in payments to clubs and national associations knocked out in the qualifying phase of the competition.

Given a large part of the success of the Champions League is based on the TV revenue it can generate, extending the range of qualifying nations to include lower ranked nations could potentially reduce rights fees if the 'product' is diminished. The changes coming into effect in 2018-19 work the other way. By guaranteeing more spaces for higher ranked leagues, this presents a challenge to UEFAs core jurisdiction as the governing body. UEFAs mission statement outlines how they aim to be representative and democratic, acting on behalf 55 national football associations across Europe (UEFA, 2015a). Their objectives include the promotion of football around unity, solidarity and fair play, ensuring this is without discrimination on any part; safeguarding the values of European football; promotion and protecting ethical standards; good governance; maintaining relations with all stakeholders and providing support and safeguarding member associations, all towards ensuring the overall well-being of the game in Europe (UEFA, 2015a). Managing these principles whilst maximising commercial opportunities is a key challenge for UEFA

Previous research on Competitive Balance

Competitive balance refers to a situation where no club has an advantage over others which is deemed to be unfair, and defines the level of equality of the competing teams Ramchandani (2010). UEFA have also emphasised this issue as a primary focus for

European football in the future, using legislation such as Financial Fair Play in an attempt to make things more balanced (Ramchandani et at, 2018). Although this analysis is not aiming to test competitive balance, it is an important area to discuss as it influences potential outcomes from the proposed qualification changes.

Studies have identified issues with the competitive balance in elite football, both within domestic leagues and across European competitions. Ramchandani et al (2018) outlined that there has been a statistically significant decline in competitive balance in four of the five 'big' leagues (1995-2017), with Serie A (Italy) the only outlier. Pawlowski et al, (2010) demonstrated that the distribution of revenue in the Champions League (after a modification of the revenue payment structure) resulted in a decrease in competitive balance in the top 5 leagues, with Ramchandani et al's study showing that this has not abated between 2010 and 2017. Plumley and Flint (2015) also identified that the group stages of the Champions League have a competitive imbalance. UEFAs changes to the entry quotas for 2018-19 may reduce this imbalance by decreasing the opportunities for clubs in lower ranked leagues. However, this is in direct contrast to part of the rationale for implementing change, i.e. allowing access for all member nations to be represented (UEFA, 2016),

Regulation of competitions aims to maintain that no team can become so big that they have an advantage which is against the spirit of that sport. The literature around competitive balance research in football is contradictory, although is accepted that it has an influence on demand around aspects including attendance, TV rights and gate receipts (Wilson et al, 2018). The concept of uncertainty of outcome, where a higher level of uncertainty results in a greater level of interest (Gratton 2000), has been both supported

and challenged. Research pointing to a desire from fans for their team to be dominant (Buraimo & Simmons, 2008; Pawlowski & Anders, 2012) is in contrast to studies where a detrimental impact may be observed (Morrow, 2008; Ramchandani et al, 2018). Wilson et al (2018) summarise this with a view that competitive balance is relevant to football fans but variations may not be large enough to affect the overall demand. In the current structure, a small group of teams have been consistent qualifiers although this has had a positive impact on the revenues generated (see Plumley and Flint, 2015; UEFA, 2017). Ramchandani et al (2018) suggested that, based on a competitive imbalance in four of Europe's five main leagues, revisiting the revenue distribution systems of domestic broadcast deals may be required to make them more equal similar to revenue sharing agreements demonstrated in professional sports in the United States. Attempts to quell any threat of a breakaway 'Super League' is also a sub-factor in the historical background in European football (Telegraph, 2009; Holt, 2007; Vrooman, 2007).

Powlowski et al (2010) summarised competitive balance literature into within-season (different teams within leagues) and within-team (a single team over a period of time). This is applied differently in professional sport depending on the competition, for example, American team sports, Australian Rules and some professional cricket leagues have permanent rosters of teams and do not include promotion/relegation in their competitions like most domestic football leagues. The Champions League is more unique in terms of determining competitive balance due to factors including; different clubs qualifying each year, seeding, and its structure (round robin group and two-legged knockout stages, with a single game final), all of which mean no two competitions are a direct comparison (Plumley and Flint, 2015).

Powlowski et al (2010) outlined how the presence of competitive balance in a competition is a vital factor to retain interest (demand), and limit risks such as potential for breakaway leagues, and financial issues for some 'weaker' competing clubs. Results from Powlowski et al's study outlined how competitive balance in five domestic leagues has decreased since 2000, citing the changes to the Champions League financial distribution as an influential source of this decline. Schokkaert and Swinnen (2014) found that the earlier rounds of the Champions League have become more predictable since its inception but the later stages of the competition have become less predictable.

Uncertainty of outcome is an important factor in professional sport, focusing on its role in demand analysis, and this concept includes individual match outcome, season outcome and the absence of single club domination (Gratton and Solberg, 2007). Plumley and Flint (2015) found flaws in the ranking and seeding system used for the group stages by UEFA (1999-00 to 2013-14), i.e. a competitive imbalance. They also found that those clubs most commonly in the highest seeding pot have a better performance in the group stages and are more likely to qualify for the knockout stage which links to Schokkaert and Swinnen (2014). The impact of an increased allocation of guaranteed group stage qualification for the most powerful national associations may further this competitive imbalance.

As outlined by Symanski (2001), if competitive balance is reduced through domination by a smaller pool of teams it can result in a detrimental impact on the overall interest in a competition. This does not appear to have diminished interest in the Champions League competition, the opposite appears true. The revenues generated have continued to increase since 2003 (see results section) through increased TV and sponsorship and the cumulative attendances and TV figures have also continued to increase (Schokkaert and

Swinnen, 2014). How the increased revenue is allocated to clubs (and leagues) is a key discussion point with the proposed structural changes to qualification. Palomino and Rigotti (2000) highlighted that teams want to limit economic competition via income redistribution models, and leave concerns about the balance of a competition to fans.

Champions League revenue allocation and market pool

The revenue distribution for each season is split into four areas (1) statutory (2) market pool (3) performance - games won and (4) performance - round reached. Three of the four revenue variables are open to fluctuation, the two performance variables and market pool. The market pool revenue is calculated using different factors, with the relative value of each national association's television market a primary driver (Plumley and Flint, 2015). In the current structure, this results in a distribution system which creates significant variations between national associations depending on their size, with larger nations receiving a much higher share.

UEFA attempted to address criticism of the new qualification quota system around whether it will result in a greater share of revenue for the bigger clubs and associations. They outline four key expected outcomes to make a 'fairer' allocation (UEFA, 2016a). First, ensuring clubs are judged by their own performance and not allocated a share based on the national coefficient, with some recognition for new clubs where the coefficient is "lower than 20% of the association's coefficient". Second is a historical perspective in the coefficient calculator, weighted by competition. Third is an increased financial distribution to all clubs under the fourth expected outcome, a revised four-pillar distribution system. The revised distribution system will allocate revenue across four key indicators (1) starting fee, (2) performance (matches won and progression), (3) club

coefficient and (4) market pool. There will be an increase in the performance element and a decrease in market pool share. Changing the financial distribution model is set in the context of the highest ever revenues in the game, but with evidence of loss making in many elite football clubs due to having an imbalance between income and expenditure (Barajas and Rodríguez, 2014; Lago et al, 2006). The results section outlines the disparities in the current system lie in the market pool pillar, therefore this rule change will be important to track and investigate beyond 2018-19.

UEFAs seeding model makes it difficult for new entrants to progress in the competition, and therefore not improving their coefficient rank; and is a model that was not without criticism for assisting larger clubs (Bevan, 2013). Previous research has outlined that the Champions League relates most closely to a monopolistic competition due to the 'sale' of the same product but at different prices (Plumley and Flint, 2015) with the revenue distribution model the key determinant in setting the different prices. Szymanski and Késenne (2004) suggest revenue sharing models that deserve detailed scrutiny are those where the collective sale of broadcast rights generate a significant amount of the revenue to be divided. They suggested that revenue sharing has the potential to blunt incentives, produce an uneven distribution of talent within leagues, leading to a decrease in the competitive balance. Their implication was not that revenue sharing agreements per se lead to a reduction in competitive balance, but require additional analysis. This is an interesting concept when applied to the Champions League, where qualification (across different nations) is the entry requirement. Previous research (Vamplew 2017; Dabscheck, 2018) has also shown that sports leagues can gravitate toward 'cartel-like' behaviour because they operate under collective agreements (i.e. broadcast deals, fixtures, domestic

competition structures), and all clubs rely on each other to cooperate under this collective approach.

Finally, the globalised nature of club football in the modern era means that clubs recruit players from across the world game and the range of nationalities represented in European football have expanded (Bullough et al, 2016). Opportunities to play in the Champions League, the premier club competition, have the potential to offer the highest level of experience for players outside internationals. For those players in weaker leagues with fewer (if any) routes into the Champions League, the desire to migrate to higher ranked leagues may be an unintended consequence which affects lower ranked leagues/clubs, and this issue forms part of the discussion.

METHOD

Research Questions

This research aims to quantify the following areas of the Champions League across the 55 member associations between 2003-04 and 2016-17 with reference to the 2018-19 quota changes: (1) representation in the competition - clubs (2) representation - players; (3) performance in the competition; and (4) revenue/prize money allocation.

Measuring performance

This research is contextualised by what is meant by measuring ‘performance’ and what constitutes 'success' in the Champions League, as this fluctuates for different teams. For some clubs simply qualifying and receiving the statutory payment is seen as success, and represents over-performance, for others losing in the final is deemed failure. Performance and success have different interpretations depending on the objectives

specified. Common measures can include financial performance and comparisons to benchmarks to assess performance relative to others (Ramchandani et al, 2018). Put into context for the Champions League, common and standardised measurements (for clubs and leagues) can include representation, playing time, revenue received, whether you qualify, round reached and winning, for example. Success against each of these measurements can vary in season and across seasons when applied to different clubs. The relative performance of an organisation should be judged in the context of what was expected (Ramchandani et al, 2018) or assessed in relation to how performance relates to milestones and what is deemed success for individual clubs. With this in mind, the objectives for this research look at quantifying some of the main determinants of performance and success.

To meet the aims and objectives of the paper, the results measure (1) revenue distribution, (2) representation (by clubs, nations and players), and (3) tournament progression (measured by round reached) across the 14 eligible seasons. First is the financial revenue distribution (in Euros) from UEFAs (2016c) financial reports (note, 2003-04 to 2005-06 have been converted from Swiss Francs into Euros using the exchange rate from the corresponding time). These documents report the revenues allocated in the full draw, not qualifying. Second, performance (by club) is based on the round of the competition reached in each season in the sample rather than by UEFAs coefficient scores. The standardised approach to measuring performance for the Champions League is via UEFAs coefficient scores although they are calculated on a rolling 5-year performance based on wins/draws and bonus points for progressing through rounds. For this study there is a need to create a measure to calculate performance for all 14 seasons as the coefficient rankings are not suitable due to being time bound. This has been devised using

a 'Round Reached' (RR) calculation following the following scoring system; 1 point for group stage, 2 points for round of 16, 3 points for quarter finalists, 4 points for semi-finalists, 5 points for runners-up and 6 points for the winners. The scoring system allows us to calculate overall points and average for the sample timeframe by club and by league. Third, sub-categories of clubs and national associations are created based on the volume of entries in the Champions League (see Table 1) in order to understand more about the representation of nations in the competition, and the cumulative playing data (appearance and minutes played) from each season. This approach quantifies the representation and rewards attached to the competition.

Sample

As outlined earlier, the competition has made alterations to its format, therefore to ensure consistency the timeframe is from the point where the competition format reverted back to one group stage in 2003-04. Across these 14 seasons, there have been 448 places available in the main draw, with 32 teams entering the group stage per season. In this period, 108 different clubs have competed from 31 different leagues, although 14 of these leagues have provided five or fewer entries in this period - see Table 1. Overall, 24 clubs account for 228 entries (51%), and 37 clubs have appeared once. In this sample time frame (2003-04 to 2016-17), only Arsenal and Real Madrid have been ever-present in the group stage, with Barcelona, Bayern Munich, Chelsea and Porto missing one season each. The majority of seasons have seen four entries at the group stage from England (13 seasons) and Spain (12), with other UEFA members not represented in the group stage, their clubs having been eliminated in the earlier qualifying rounds.

Table 1 Categorisation of Champions League entries 2003-04 to 2016-17

The maximum number of group stage entries in 14 seasons, based on a maximum limit of four places per season, is 56. There have been caveats in that e.g. England were awarded a fifth place in 2005 following Liverpool's win, and Spain was awarded a fifth place in 2015-16 and 2016-17 following Sevilla winning the Europa League. Thirteen seasons since 2003 have seen a winner from a club in Category A; Spain (7), England (3), Italy (2), Germany (1). Category B's Portugal (1) is the only outlier.

RESULTS

The results section is split into three sections. First is the revenue distribution (club, national association and sub-categories); second, the performance analysis based on Round Reached (RR) calculations, and third; representation (club entries and playing data). The paper has outlined competitive balance although did not aim to test it per se, as competitive imbalance in the competition has been highlighted by previous studies. The analysis is looking to examine the representation and rewards attached to the Champions League, and discuss what the proposed qualification changes may have.

Revenue distribution

Analysis of the financial information since 2003-04 outlines that the distribution of revenue from the Champions League appears to be disproportionate. The four national associations in Category A (see Table 1) have taken 61% of the Champions League revenue since 2003, ranging from 58% to 65% per season. However, as the revenue streams have significantly increased, the absolute difference is much greater. In 2003-04 and 2012-13 when the Category A market share was its lowest (58% and 59%

respectively) the overall revenue distributed was very different; €416.4m in 2003-04 compared to €904.6m in 2012-13. In 2016-17 the market share for Category A associations was €823.4m of the €1.33bn allocated, only €81m less than the overall competition revenue four years prior. Revenue has risen 321% since 2003-04, but the Category A share has risen 340% compared to the others categories (294%). As overall revenues continue to increase, having a more equal spread (leading to a lower proportion for the top clubs, as proposed by UEFAs revisions) may still result in an increased amount for Category A clubs if the overall revenues continue to rise.

Table 2 Revenue distribution by category

Table 2 outlines the total revenue allocated in the current financial model. It shows that the total revenue received by clubs from Spain, England, Italy and Germany is €6.61bn with the greatest disparity with regard to market share. Category A clubs, with 44% of all entries, received €3.39bn from this element (68% of the value). There has been some movement by UEFA in terms of looking at a more even distribution of revenue prior to the 2018-19 changes, although it could not be described as a major re-balance of revenue allocation. The increase in the statutory revenue for qualifying (where all clubs get the same each year) has risen by 368% and the statutory element has increased from 28% of the total revenue allocation to 32% since 2003-04. The performance allocation (linked to games won and round reached) value has increased by a similar proportion (363%). Although the market pool has risen by a smaller proportion since 2003-04 (274%) and has a decreasing overall proportion of the revenue (from 50% to 42%), this revenue stream has increased the most in absolute value since 2003-04 (by €356m). The new financial model from the 2018-19 season aims to increase payments for performance, and

decrease payments for market pool, and also remove national association influence, and this will be important to monitor to assess any shift in the revenue distribution by club and association. Figure 1 outlines the differences in average revenue (statutory, performance and market pool) by category (Table 1).

Figure 1 Revenue distribution and range by category

Figure 2 outlines a clear pattern from the revenue distribution, with the statutory payment averages across the categories relatively similar, apart from Category F where it is higher. This is because the four qualifiers in this category competed in later editions of the competition when the statutory revenue pot was higher (2009-10, Debreceni, Hungary; 2014-15, NK Maribor, Slovenia; 2015-16, Astana, Kazakhstan; 2016-17, Legia Warsaw, Poland). The performance pot sees a decline as the number of entries decrease, i.e. demonstrating that the leagues qualifying more teams win more games and progress to the later rounds more frequently, and receive performance payments for this. The main disparity is the market pool allocation, which shows English, Spanish, German and Italian clubs receiving, on average, at least more than double any other club.

The clubs at the top of the Deloitte financial reports (2017) with the highest commercial revenues domestically (from TV deals, merchandise, ticket sales etc.) are also those in receipt of enhanced payments from the Champions League market pool. This is a benefit from the point of view of FFP, with an increase in their ability to maximise transfer activity and recruit higher quality players within the FFP limits. The combination of domestic revenue models (from imbalanced competitions) and Champions League revenue for a small proportion of Europe's clubs is position effectively allows the elite

clubs to "lock-in" their position at the top of the game in financial terms. For example, although the G14 group of 18 elite clubs was disbanded in 2008 (BBC, 2008), these 18 clubs have taken €5.46bn (51%) of all Champions League revenue since 2003, and accounted for 39% of all Champions' League group stage entries.

There is a strong argument that the elite clubs receiving the income are those creating the value, i.e. the "product" on the pitch which is creating the revenue. The revenue distribution is heavily in favour of clubs from England (19%), Spain (16%), Italy (14%) and Germany (13%). Monitoring this distribution beyond 2018-19 with the quota revisions will be a key measurement of UEFAs desire for 'fairer distribution'.

Performance

The scoring system used for the analysis in this section is outlined in the method and demonstrates that the two countries with the most teams (Spain and England) have the highest cumulative Round Reached score (163 and 155 respectively) and the highest average (2.96 and 2.82). Table 3 quantifies the Round Reached performance by clubs with a minimum Round Reached score of 10.

Table 3 Round Reached (RR) points (non-Category A clubs italicised)

Table 3 demonstrates that the four highest scoring clubs (in terms of RR total points) received €2.08bn (19.3%) of all revenue distributed by UEFA since 2003 (group 1), with twelve other clubs (groups 2 and 3) receiving €2.19bn (20.3%) and €1.33bn (12.4%) respectively. Only Porto, Benfica (Portugal), PSG (France) and PSV Eindhoven (Netherlands) are in this group from outside Category 1 national associations. With the

financial rewards increasing for progressing through the rounds in the competition (i.e. performance related revenue for reaching later rounds) there is a structure of reward in place. However, the market pool share is where the disparities between clubs and associations develop. Group 1 clubs, Barcelona, Real Madrid (Spain), Bayern Munich (Germany), Chelsea (England) received €986m in market pool (averaging €246m per club) which is 20% of the total share. The top 16 clubs (groups 1-3 in Table 3) received €2.77bn in market pool payments (an average of €173m per club) and 56% of all the market pool revenue.

The data also outlines that some clubs from certain national associations appear to be disadvantaged in the current system, with clubs frequently qualifying faring worse in terms of the revenue allocation due to the market pool distribution model. FC Porto (nine-time Champions in the sample timeframe, with one Champions League win) and competing in 13 of the 14 competitions are one example. Porto have the 8th highest Round Reached (RR) score (28), and 21st highest average score of 2.15 (i.e. frequently going beyond the group stages). However, they have received only €16.7m per 'entry', an average market pool of €2.9m per entry and €216.6m overall. Compare this to AS Roma, for example, who have a lower overall RR total score (14), a lower RR average (2.00), and have competed in only 7 editions (none as champions), yet received €34.7m per entry, a market pool share of €22.9m per entry and €242.7m overall. Almost half the volume of entries by a club going beyond the Round of 16 on only two occasions has generated AS Roma €26.1m more in revenue than a club which has won the competition and advanced out of the group stages on nine occasions.

An example of English clubs' weighting being disproportionate is Leicester City's one entry and run to the quarter final in 2016-17. This generated revenue of €81.7m (including a market pool of €49.1m) due to the high share allocated to the English league (and as league winners), which is the highest "by entry" value in the sample by a considerable distance. This is more than clubs with greater domestic success and more competition entries; for example €11m higher than Anderlecht (7 entries, 5 as champions), €14m more than Rangers (5 entries, 4 as champions) and €19m more than Panathinaikos (5 entries, 2 as Champions).

These are examples of inequality in the revenue allocation model between leagues with higher coefficients and more qualification places. The change to score individual club coefficient may move this disparity further as the frequent qualifiers will increase and retain their own coefficient score. Five clubs from the four main leagues (Liverpool, AS Roma, Bayer Leverkusen, Schalke and Sevilla) with 30 entries between them have received €858.9m in revenue without winning their domestic league since 2003. These clubs have qualified automatically ahead of league winners from national associations with lower coefficient scores and thus fewer qualification places or have to meet the requirement of navigating up to three qualifying rounds.

The data indicates that significant amounts of the revenue allocation are awarded to a relatively small group of clubs from the Category A nations. UEFAs proposed changes to the payment structure and entry allocations underpins their rationale of creating "fair competition and fair distribution", although the efficacy of this can be questioned. An unintended outcome from the quota changes may be that representation decreases.

Representation: Clubs and playing data

In 14 seasons, clubs from Category A leagues have qualified an average of 14 clubs per season, with a maximum of 15 entries (on six occasions) and a minimum of 13 (on four occasions). Of the 32 group stage entrants, 16 teams per season (on average) have been league winners, ranging from 15 to 18. Each season has seen an average of 17 national associations represented with a range 15 to 18. The quota changes to allocate 16 guaranteed places for the top four national associations will lower this average. The 16 guaranteed places for England, Spain, Italy and Germany, plus up to three places for France and Portugal and up to two for Russia, Netherlands, Turkey, potentially allocates 28 of the 32 spaces, if all clubs navigate the qualifying round(s). With the Europa League winners qualifying for the following seasons' Champions League, this is an additional factor. There is a strong correlation between the number of entries and two key measurements, first the total Round Reached points ($r=0.902$) and second the overall revenue ($r=0.882$).

Overall, 31 different national associations have supplied teams for the Champions league since 2003 (as listed in Table 1); and players from 109 countries have been represented in the competition from all continents. European players account for 73% of all appearances made and minutes played in the competition, with players from South America the other main supplier (19%), followed by African players (6%), Asian (1%), North/Central America (1%) and Oceania/Non-FIFA member associations (<0.05%). The representation figures vary by national association, with the leading nations over-represented in terms of fixtures played to teams entered (Spain, England, Germany, Italy and France), with all other nations under-represented.

In terms of playing opportunities for own association players, the majority of the leading nations are under-represented, although the degree of disparity is considerable. Spanish clubs have played 14.9% of all the Champions League fixtures, and Spanish players account for 9.4% of all minutes played. English players, with a similar proportion of fixtures played (14.7%) have a much lower representation of minutes played (3.9%). Germany (10.9% of fixtures, 6.2% of minutes) and Italy (10.9% of fixtures, 5.5% of minutes) are also under-represented but not to the same extent. French and Dutch players are over-represented, and Belgian players have equal representation. Some national associations with more qualifying places in the Champions League have had issues qualifying for major tournaments, some of which have an under-representation of players, for example England missed Euro 2008. Other high profile associations include Netherlands missing Euro 2016 and, alongside Italy, did not qualify for the World Cup in Russia 2018.

Table 4 Representation by league host (min. 10 teams qualified)

Overall, 69% of all appearances in the Champions League and 70% of all minutes played have been generated by players from the 31 countries supplying teams. Two non-European countries dominate the remaining 30%, Brazil and Argentina, suppling 15.3% of all appearances and 15.6% of minutes. Brazil has been the dominant supplier of players in the competition since 2003 with a higher level of representation than any individual European country. When looking at the representation by round reached the picture changes (Table 4). Players representing the four nations in category 1 accounted for 12% of all minutes played in the group stage. For the Round of 16 and Quarter Finals this rose to 30%. For Semi-Finals and Finals, 45% of all minutes played were by players

from Category 1 nations. Spanish (with 19%) and Brazilian players (with 10%) have dominated playing time in semi-finals and finals.

UEFAs core rationale for the quota changes in the Champions League is "the right of all associations and their clubs to compete in Europe's elite club competitions"; although this may be weakened by effectively limiting the associations represented in the group stage competition. There may be implications for migration patterns if it is more difficult for the better players from lower ranked leagues to access the Champions League without transferring, and there may be associated impacts on the selling clubs.

Expected and unintended outcomes?

The logic behind changes to qualification quotas and revenue allocation, in terms of expected outcomes, is outlined in Figure 2. The analysis of the previous 14 years compared to UEFAs remit and rationale for change creates a misalignment between UEFAs expected outcomes and the potential 'unintended outcomes' attached to the qualification changes.

Figure 2 Logic Model outlining UEFAs expectations from allocation changes

DISCUSSION

The increase in commercial value of the Champions League over the last decade, driven by media deals and elevated global interest, can be (significantly if not wholly) attributed to the presence of Europe's elite clubs, and the world's best players, routinely competing against each other. However, based on the financial data presented here, questions remain whether there is a need for UEFA (and potentially league administrators too) to do more

in terms of regulating financial rewards from the competition. The dichotomy is around whether UEFA need to maintain a 'competitive' competition (in the light of competitive imbalance) and create representation from a greater range of member nations, or facilitate the demands of the elite clubs and protect against a breakaway super league. Evidence of competitive imbalance in the group stage and in domestic leagues underpins this, and there is an argument to suggest that the entry allocation changes may lead to unintended outcomes (Figure 1). Questions remain around how the quota changes will impact on future revenue and representation.

The objectives of this paper were to assess financial rewards, performance and playing time since 2003. The headline figures demonstrate a competition skewed in favour of a small proportion of individual clubs and leagues. The discussion section focuses on each of the three areas in turn based on the research findings.

(1) Representation in the competition (teams and players);

The growth in revenue generation from the Champions League is based on demand from broadcasters wanting to showcase Europe's elite clubs. Extending the range of qualifying nations has the potential to reduce the quality of the 'product' and in turn reduce rights fees for future deals if representation is widened and leads to some big clubs missing out in favour of 'smaller' clubs. This may affect demand and potentially lead to a greater level of competitive imbalance in the group stages (as found by Plumley and Flint, 2015). The quota changes decrease the competition places available for those outside the top four leagues and increases the barriers to entry for clubs from lower ranked leagues, and this does not align with some of UEFAs core principles.

As previous research (e.g. Vamplew 2017; Dabscheck, 2018) demonstrated, sports leagues can gravitate toward 'cartel-like' behaviour through collective agreements and require the cooperation of others. For UEFA, as governors of the European wide competitions, tightening quota places to smaller leagues may be an attempt to protect the brand of the Champions League in the context of a European Super League 'break-away' having been discussed. Although UEFAs approach to this threat (increasing the guaranteed spaces for higher ranked leagues) might appear as a move which is anti-competitive, it may result in a beneficial situation for some stakeholders via increased revenue (and profits) for all competition participants. How (or if) this trickles down to non-participants is highly questionable. If the same clubs are in receipt of the revenues and the barriers to entry are raised, the chances for other clubs to participate diminish and the spending power of the richest clubs would potentially increase, and have greater protection through quotas for guaranteed entry.

This is where UEFA are caught between meeting the needs of their leading clubs and leagues which generate the revenues and representing all 55 member associations (and clubs) as part of their governance responsibilities. It can be argued that increased revenue generation (if distributed more equally) can benefit more leagues/clubs in Europe, and the revised distribution model accompanying the quota changes may be part of the attempt to achieve this. It is likely that the revenue proportions achieved by the leading clubs will remain significantly higher than the amounts available to others, as was the case between 2003 and 2017.

Greater (and increasing) revenues continuing to go to the same clubs, protected by individual coefficient rankings and more restricted access to qualify the Champions

League for new entrants, creates conditions facilitating 'cartel like behaviour' as cited earlier. The clubs most likely to qualify through their domestic leagues are amongst those in receipt of the largest share of their domestic TV rights, higher value commercial deals etc. therefore the financial disparity in European club football may continue to grow wider and be monopolised by a small collection of clubs. Whether this scenario is healthy for the longer term sustainability and demand is questionable, as movement towards this scenario have been facilitated by UEFA. The competition has generated record revenues but these changes may not be welcome by clubs and leagues on the outside.

(2) Performance in the competition

An area of concern for UEFA is if the uncertainty of outcome in the competition diminishes, as this may have implications for demand. Since 2003, few clubs from outside the top four leagues have advanced to the latter stages of the Champions League and none to the final since 2003-04. Schokkaert and Swinnen (2014) found that qualification from the earlier rounds has become more predictable over time but the latter stages of the competition have become less predictable. It the competition wants to avoid having an annual roster of similar teams, increasing the guaranteed entries is a potentially inhibiting factor.

The Champions League is an extremely strong brand, although it is not a true reflection of the competitions composition with three of the top twenty highest scoring clubs (based on RR) having not won their domestic league since 2003. Group stage places for league winners have been replaced by third/fourth placed teams from stronger leagues and with more guaranteed spaces, this scenario will increase with 16 guaranteed places from 2018-19. A more representative spread of national association winners being included

automatically may well exacerbate the issue of competitive imbalance by including (potentially) weaker teams, and is a risk from a commercial perspective. Having fewer clubs from the stronger leagues in the Champions League would not be popular commercially. However, restricting the supply route into the elite competition may have wider impacts on player migration patterns as an unintended consequence. For example, 2015-16 saw five Spanish sides competing but none from Scotland, Romania, Switzerland, Czech Republic, Denmark, all of which are in Category D - see Table 1. Increasing automatic spaces for the top four leagues will make those leagues look even more appealing to overseas players and the best players from weaker European leagues. It may also impact on the transfer system (where talented players from non-Category A leagues are the subject of transfer activity) in order to access the competition, particularly in the area of youth development, as other studies have shown this to be more prominent at an early age (for example, Bond et al, 2017; Poli et al, 2016). If the same elite clubs qualify they will retain both high revenues, transfer budgets and their individual coefficient score, effectively creating a "lock-in". For UEFA to meet the desire for "fair competition and distribution", a more representative Champions League would be required. This is not on the planning horizon based on UEFAs structural changes for 2018-2021, and may weaken the commercial strength of the competition in the short-term.

(3) Revenue/prize money allocation.

Clubs in category A have received €6.6bn in revenue (2003-2017), €3.39bn of which from the market pool element, with an average of €17.1m per entry, more than double category B (€8.54m). The top 8 clubs in terms of total RR points (Real Madrid, Barcelona, Bayern Munich, Chelsea, Juventus, Arsenal, Manchester United and AC Milan) have received 35% of all Champions League revenue since 2003 (€3.8bn). This

shows the revenue distribution is concentrated on a small group of elite clubs and, according to UEFAs structural changes, is an area UEFA are attempting to alter. UEFAs proposal to recalculate the distribution of the market pool element are aimed at meeting the principles of "fair competition, and fair distribution" (UEFA, 2016a). With 69% of all market pool payments going to clubs from England, Spain, Germany and Italy, this is an important element of the revenue distribution allocation model. UEFAs attempt to redistribute this part of the distribution model from 2018-19 has the potential to increase the revenue share for others but only those entering the competition. Changes to the revenue distribution models from 2018-19 are yet to be implemented and scrutinised, although a decrease in qualification places for those outside the top four leagues may have the opposite affect.

UEFA outline "an increase in payments to clubs and national associations knocked out in the qualifying phase of the competition" as a focal point of the rule changes, although they will require further scrutiny over time to assess its efficacy. For example, if the national weighting is removed, any 'new entrants' i.e. teams breaking into the qualification spaces in their domestic league, even the Category A associations, may be penalised as they will have a low/no individual coefficient score in the new system. Those teams frequently qualifying will retain a higher individual club coefficient and thus (potentially) retain a higher market share of the revenues available. When discussing if the new format will see larger clubs from larger countries benefitting more, UEFA stated that the revised model for 2018-19 has a guarantee to increase payments to those knocked out in qualifying and for sporting success, with less allocated for being in a large TV market. However, this does not outline how total payments or proportions will change across the wider network.

Conclusion

The data analysis has demonstrated the extent to which the major clubs and leagues in Europe benefit from the Champions League, in terms of revenue, competition success, representation and playing opportunity. The value of quantifying the revenues attached to the competition allows us to identify policy implications for the future of the competition through the lens of UEFAs remit. The success of the competition is based on the big clubs playing against each other as this generates the demand and commercial revenue. The move to protect more places for the top four leagues raises the barriers to entry for clubs outside of these four leagues, and may result in the revenue pot being retained by an elite group of clubs. The logic model (Figure 1) outlines potential unintended outcomes from quota changes linked to competitive balance, meeting the needs of all 55 member nations and protecting the commercial value. These areas all create a conflict for UEFA, although they identify that competitive balance is one of their greatest challenges. The President is aware of the issues attached to the generation of record-breaking revenues leading to an accumulation of wealth for a select group of clubs (Reuters, 2018). UEFAs proposed measures to re-balance revenue distribution are unlikely to achieve this, appearing on the surface to do the opposite

This intervention from UEFA differs from their other notable interventions (Financial Fair Play and the home-grown rule) in that the more powerful clubs would be more on board with it than the other pieces of legislation as it doesn't impinge on their activity. It effectively increases the level of protection for the top four leagues by effectively raising the barriers to entry for other nations' clubs by reducing their allocation. Other UEFA interventions can be (and have been shown to be) circumvented to some degree by clubs

but this policy is more likely to be welcomed by both the larger clubs and the larger associations, unlike FFP.

Where these research findings fit against UEFAs wider remit of governance is a grey area. The commercial value of the Champions League is driven by the clubs TV rights holders and global audiences want to see the top clubs competing. Therefore one argument is that this rule helps European football from a commercial perspective by ensuring more of the biggest clubs from the most successful leagues (by coefficient rank) enter the group stages. To widen opportunities for other nations/clubs and achieve a more equal representation across Europe the rule change is prohibitive. From the perspective of widening representation, achieving this may have a detrimental impact on the competitive balance and commercial value which is an issue for UEFA. For fans, players and owners at clubs already in receipt of high revenues from the Champions League, changes which threaten this would not be welcome. For the many clubs and fans that aspire to compete in the Champions League, the creation of a 'super league' or other interventions which increase the barriers to entry to enter the existing competition would prove unpopular.

For UEFA, tasking itself with delivering "fair competition and fair distribution", questions remain. Symanski's assertions around reducing the level of competitive balance if a smaller pool of teams dominate leading to a detrimental impact on the overall interest in a competition is a pertinent point. This may not concern some key stakeholders (clubs/leagues) in European football (or even UEFA), with clubs unlikely to embrace a truly fair distribution model or welcome new entrants that can threaten their position. The suggested recommendations for UEFA in light of the challenges discussed here include the following. First, monitor future revenue distribution under the revised financial model

to ascertain the impact of these revisions across Europe (leagues and clubs). Second is developing a greater level of balance between their commercial commitments (to sponsors and to appease the biggest clubs) and their role as the governing body for all clubs/leagues in European football. For example, ensuring a greater proportion of league winners are included in the group stages, not excluded in favour of fourth/fifth placed teams from stronger leagues. Third is ensuring that any Champions League strategies they develop in the future are clearly underpinned by their self-proclaimed notion of "fair competition and fair distribution". Creating and implementing a strategy for the future which aims to prevent the competitive imbalance and financial disparity already present from becoming greater should be key considerations.

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Table 1 Categorisation of Champions League entries 2003-04 to 2016-17

Category	Description	No. Leagues	League Host (entries)
A	Over 40 entries	4	Spain (55), England (55), Italy (44), Germany (44)
B	20-39 entries	3	France (37), Portugal (30), Russia (22)
C	15-19 entries	4	Ukraine (19), Greece (18), Netherlands (18), Turkey (16)
D	6-14 entries	6	Belgium (13), Scotland (13), Romania (9), Czech Republic (8), Switzerland (8), Denmark (8)
E	2-5 entries	10	Belarus (5), Croatia, Cyprus, Israel (4) Bulgaria, Norway (3), Austria, Sweden, Serbia, Slovakia (2)
F	One entry	4	Hungary, Kazakhstan, Slovenia, Poland (1)

Table 2 Revenue distribution by category

Category (*n*, *mean*)	Statutory (equal share) *sum*	Performance Related *sum*	Market Pool *sum*	TOTAL *sum*	*mean*
A (198, 14)	€1.43bn	€1.79bn	€3.39bn	€6.61bn	*€33.4m*
B (89, 6)	€0.67bn	€0.45bn	€0.76bn	€1.88bn	*€21.1m*
C (71, 5)	€0.47bn	€0.19bn	€0.47bn	€1.13bn	*€15.9m*
D (55, 4)	€0.37bn	€0.10bn	€0.25bn	€0.73bn	*€13.3m*
E (31, 2)	€0.25bn	€0.04bn	€0.56bn	€0.35bn	*€11.3m*
F (4, <1)	€0.05bn	€0.01bn	€0.01bn	€0.07bn	*€16.9m*
TOTAL (448, 32)	**€3.25bn**	**€2.58bn**	**€4.95bn**	**€10.78bn**	***€24.1m***

Figure 1 Revenue distribution and range by category

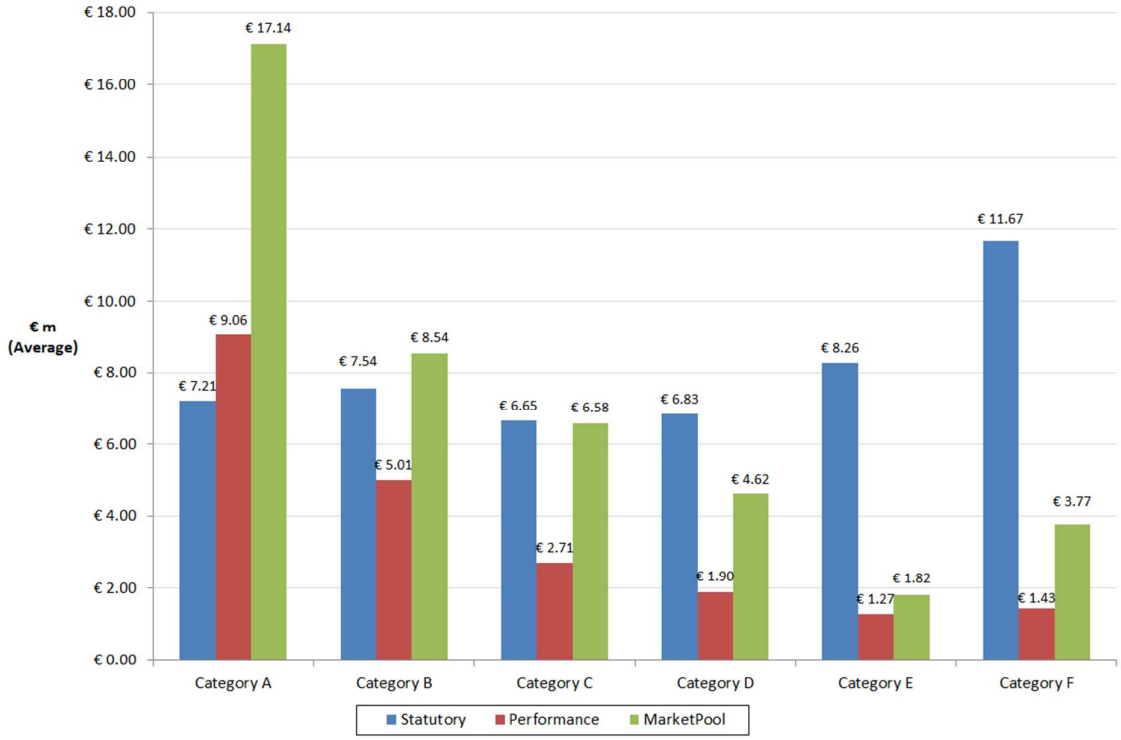

Table 3 Round Reached (RR) points (non-Category A clubs italicised)

Group	Club, RR Points (RR Average)	Financial share
(1) 40-70 points (4 clubs)	Barcelona 53 (4.08); Real Madrid 49 (3.50); Bayern Munich 46 (3.54); Chelsea 43 (3.31)	Total €2.08bn (19.3%), *Average €520m* Market Pool €0.99bn, *Average €246m*
(2) 25-39 points (6 clubs)	Arsenal 36 (2.57); Manchester United 35 (2.92); AC Milan 31 (3.10); *Porto* 28 (2.15); Juventus 27 (2.70); *Lyon* 25 (2.27)	Total €2.19bn (20.3%) *Average €364m* Market Pool €1.15bn *Average €192m*
(3) 15-24 points (6 clubs)	Inter Milan 24 (2.67); Liverpool 22 (3.14); Atlético Madrid 20 (3.33); *Benfica* 17 (1.70); *PSG* 15 (2.50); *PSV Eindhoven* 15 (1.88)	Total €1.33bn (12.4%) *Average €222m* Market Pool €0.63bn *Average €105m*
(4) 10-14 points (13 clubs)	AS Roma 14 (2.00); *Olympiacos* 14 (1.27); Borussia Dortmund 14 (2.80); Schalke 14 (2.33); *AS Monaco* 14 (3.50); *Shakhtar Donetsk* 14 (1.40); Manchester City 12 (2.00); *CSKA Moscow* 12 (1.33); Bayer Leverkusen 11 (1.83); Valencia CF 11 (1.57); *Celtic* 11 (1.38); *Marseille* 10 (1.43); *Dynamo Kiev* 10 (1.11)	Total €2.20bn (20.4%) *Average €169m* Market Pool €1.01bn *Average €77m*
(5) 1-9 points (79 clubs)	All 79 remaining clubs *(17 from Category A)*	€2.97bn (27.6%) *Average €39m* Market Pool €1.17bn *Average €15m*

Table 4 Representation by league host (min. 10 teams qualified)

	Teams	Fixtures Played	Minutes Played	% Minutes Played		
League	**N (%)**	**N (%)**	**N (%)**	**Group**	**R16/QF**	**SF/Final**
Spain	55 (12.3%)	523 (14.9%)	326,733 (9.4%)	4.6%	9.3%	18.9%
England	55 (12.3%)	516 (14.7%)	134,767 (3.9%)	1.5%	4.1%	7.9%
Germany	44 (9.8%)	380 (10.9%)	216,219 (6.2%)	2.8%	8.1%	9.0%
Italy	44 (9.8%)	381 (10.9%)	189,506 (5.5%)	2.9%	8.2%	4.8%
France	37 (8.3%)	299 (8.5%)	298,172 (8.6%)	5.9%	10.6%	9.6%
Portugal	30 (6.7%)	223 (6.4%)	164,712 (4.8%)	4.1%	4.6%	6.3%
Russia	22 (4.9%)	146 (4.2%)	79,495 (2.3%)	3.5%	2.3%	0.1%
Ukraine	19 (4.2%)	124 (3.5%)	54,774 (1.6%)	2.7%	1.0%	0.6%
Greece	18 (4.0%)	116 (3.3%)	63,959 (1.8%)	3.2%	1.5%	0.2%
Netherlands	18 (4.0%)	124 (3.5%)	127,483 (3.7%)	3.8%	3.4%	4.0%
Turkey	16 (3.6%)	106 (3.0%)	64,559 (1.9%)	3.3%	1.3%	0.2%
Belgium	13 (2.9%)	80 (2.3%)	77,978 (2.3%)	3.7%	1.5%	1.0%
Scotland	13 (2.9%)	86 (2.5%)	34,196 (1.0%)	1.5%	0.8%	0.3%
Other EUR	***64 (14.3%)***	***396 (11.3%)***	***692,835 (20%)***	***32.7%***	***12.7%***	***11.7%***
Rest of World	***NA***	***NA***	***936,147 (27%)***	***23.9%***	***30.5%***	***25.4%***
TOTAL	**448 (100%)**	**3,500 (100%)**	**3,461,535 (100%)**	**100%**	**100%**	**100%**

Figure 2 Logic Model outlining UEFAs expectations from allocation changes

Inputs	Outputs	UEFAs 'Expected Outcomes'	*Unintended Outcomes?*
Altering the revenue distribution model	Revenue distribution values by club and Association	"Fairer distribution of, and calculation of coefficients, for revenue allocation"	*Increased revenues for top 4 leagues as overall pot grows?*
Changing the qualification allocation for Associations, ensuring 16 guaranteed group stage places for top 4 ranked leagues	Range of different clubs and Associations represented	Ensure qualification based on sporting merit	*Coefficient scores for individual clubs, not leagues, strengthen top clubs' position?*
	Performance of Associations and clubs competing	Improving and protecting the competitive balance and notion of fair competition	*Reduced competitive balance with changed qualification quotas?*
	Range of representation of playing opportunities	"Right of all Associations and their clubs to compete in Europe's elite club competition"	*Decreased representation by National Association / range of clubs?*