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Evolución económica del fútbol profesional
español durante la Gran Recesión

Economic evolution of the Spanish professional
football during the Great Recession

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RESUMEN

Antes de que azotara en España la grave crisis del 2008, los clubes profesional de fútbol y su principal institución, la Liga de Fútbol Profesional, padecían graves problemas económicos. En este estudio, analizamos cuáles eran estos problemas y las soluciones que se tomaron desde la LFP para solventarlos. Finalmente, comprobamos la situación actual de los clubes antes de la llegada de la crisis del coronavirus, y se compara con la situación de las principales ligas europeas. Como conclusión, se puede decir que la LFP está tomando las medidas correctas, pero que no son completas. Se tiene que buscar una mayor igualdad en el reparto de los derechos televisivos y promocionar que el aficionado acuda al estadio a ver los partidos para acercarnos a las principales ligas europeas.

ABSTRACT

Before and during the economic crisis, Spanish professional football clubs and their institution, the Liga de Fútbol Profesional, had serious economic problems. In this study we analyze which were the main economic problems and the measures that were taken by the LFP to solve them. Finally, we check the situation before the coronavirus crisis and compare it with the main European leagues. In conclusion, we can say that the LFP and the clubs are taking the appropriate measures, but they are incomplete. Greater equality in television rights must be sought and stadium attendance by fans must be promoted to reach the major European leagues.

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1. INTRODUCTION

The global economic crisis of 2008 hit the countries of southern Europe particularly hard, more so than the rest of the European Union. In the case of Spain, this crisis lasted for several years, with the most serious point in 2012. The sports sector was not exempt from this crisis. The football sector was not the most affected by this crisis, while in other sports many clubs have disappeared or reduced income prevented them from participating in European competitions (Abizanda, 2012). However, several historic or elite football clubs disappeared or came close to doing so, because of the huge debts they carried and the lack of financial control that many of the entities had prior to the crisis that affected negatively many teams.

This paper will be centred on the economic evolution of professional football after the 2008 crisis. The Liga de Fútbol Profesional (LFP), institution that controls the professional football competitions in Spain, will be the case study on which I will focus. The main objective of this work is to describe the main economic measures taken by the LFP in order to solve those previous problems, but worsened due to the adverse economic situation, and check the main effects they had on the Spanish league and its clubs. In order for the results to be useful, they will be compared with those of other European leagues, as the Spanish football market is integrated into the world market of this sport, especially in Europe, where several of its clubs are participating in competitions against clubs from this continent. This study is interesting because it shows the main problems and solutions this sector has faced, which is not easy task because of the lack of transparency and public information to study it. Furthermore, it shows the importance of both private and state regulation in a very important economic sector in Spain.

To begin the study, we will describe the importance of football in Spain and the peculiarities of the legal framework for this economic sector in the country. The next part will be dedicated to showing the data on the economic situation in the LFP clubs by the 2012-13 season, in order to continue with the main measures taken to solve the existing problems. Finally, we will do a comparison with the current financial data to observe if the measures were successful, giving at the end a conclusion with some recommendations.

2. THE FOOTBALL ECONOMIC SECTOR IN SPAIN AND THE ROLE OF THE LIGA DE FUTBOL PROFESIONAL (LFP)

2.1. Economic data on Spanish football

Football has always been the most important sport in Spain. According to a study by the Ministry of Culture and Sport (MACUDE) carried out in 2019, football is the sport with the most people in federations in Spain, exceeding one million (1,063,000). The closest to this sport, basketball, barely exceeds 300,000. This big difference explains why football is considered the king of sports in the country. But these are not the only data that explain the importance of this sport in Spain. According to a study carried out by KPMG Sports in 2015, with reference to data from the 2012-2013 LFP season, professional football contributed approximately 0.75% of Spain's GDP, generating more than 7.6 billion euros (direct and indirect) and creating more than 140,000 jobs (direct and indirect).

The most impressive thing about these previous data is that, over the last few years, they have done nothing but improve. According to a study commissioned by the LFP from PWC in 2018, with reference to the data provided by the 2015-2016 professional football season, Spanish football now represents 1.35% of Spanish GDP and has generated more than 185,000 jobs (direct and indirect), representing almost 1% of the people employed in Spain. In terms of tax revenue, professional football contributed more than 4.1 billion euros (including VAT, personal income tax, social security contributions, corporate tax and other special taxes).

If we focus now on professional football, the central topic of this work, it is controlled by the Liga de Fútbol Profesional (LFP). It is a private institution created in 1983 with the union of the different clubs involved in the first and second division of professional football. These entities are independent, but they have to comply with the different governing bodies of the institution and its control mechanisms. The president of the institution is elected by the votes of the clubs every four years, bringing along the board of directors chosen by the new elected president (LaLiga, 2020).

2.2. Legal forms of football clubs in Spain

Football teams are entities with very particular characteristics. Their biggest expense, approximately 60% in the case of professional football clubs, is personnel costs (Tormo and Postiguillo, 2018, p28-29). These expenses include the payment of salaries to players, the purchase of players to improve or complete the squad, the salary (and in some cases the purchase) of technical staff such as coaches or physical trainers, administration staff and other expenses. For clubs to be competitive, increasing this spending is important as they will be able to acquire better players. Better sporting results means that they will be able to obtain better income and recover the investment made (Ariza and García, 2018, p37-38). The problem comes when too much has been invested or the result obtained is lower than expected. That is why some specific legal forms were created, to control these investments.

The first step is to explain the differences between the two legal forms found in the Spanish league's football clubs. Out of the forty-two teams that currently make up the league (First and Second Division, those considered as professional football), there are only four teams that are not *Sociedades Anónimas Deportivas* (SAD), or Sports Corporations. These clubs are Futbol Club Barcelona, Real Madrid Club de Futbol, Club Atlético Osasuna and the Athletic Club. All except Osasuna, have never been relegated to the Second Division and none has ever left professional football. These four clubs are considered sports clubs, and do not fall under the Sports Corporations Law (*Ley de Sociedades Anónimas Deportivas*). This regulation is described in different laws:

- Real decreto legislativo 1564/1989
- Real decreto 1251/1999
- Ley 10/1990 del deporte
- Real decreto legislativo 1/2010

This legal change started in 1990 and became mandatory in 1992, as the financial situation of the various football clubs was very deteriorated. Prior to this, all the football clubs had the legal form of sports clubs, like the four clubs mentioned above, so there was no mechanism

to control expenditure or debt, or if there was one, it was really weak. Since the mandatory conversion was made, all clubs, except the four mentioned, as they were financially sound at the time, gradually became SADs, in case they were already in the LFP or reached it.

2.2.1. Differences between both legal forms

The next step is to explain the main differences between the two legal forms. The main characteristics of the SAD are:

- They are profit-oriented (this as the main objective, although their other objective is good sports performance, which usually includes higher expenses).
- Their owners are the investors or shareholders (in most cases, there is usually a majority shareholder, and the fans, if they have any, hold less than 5% of the shares).
- The shareholders form a Board of Directors which represents them.
- The share capital, like that of any public limited company, must be more than 60,000 euros.
- These companies can be listed on the stock exchange, although, at the time of this work, none of them are doing so.

On the other side, we have the sports clubs:

- These are non-profit making (their aim is a good sports result).
- The owners of the club are its members, and these are the ones who take the measures in an Ordinary General Assembly that is held once a year to approve the budget.
- There is no minimum share capital for the club to be funded.
- They cannot be listed on the stock exchange.

Table 1 summarises the above points:

Table 1: Summary of the characteristics of the two legal forms

	Sociedad Anónima Deportiva	Sport Clubs
<i>Objective</i>	Profits	Sport performance
<i>Property</i>	Shareholders and investors	Club members
<i>Representation</i>	Board of Directors	General Meeting / Members
<i>Listing</i>	Yes	No

Source: Own elaboration of the data obtained previously

The government's purpose to achieve greater financial control in the clubs, explains the imposition of profits as the main objective for those that were forced to become SAD. Although there is no specific control mechanism in the sports clubs, they also have to maintain financial control, normally imposed by their members at the General Assemblies, where the entity's budget for that season has to be approved. The recruitment of players and staff, improvement of assets and other daily tasks of the entity are carried out by a management body approved by the General Assembly and constantly reviewed by it, which can change it depending on the statutes of each club.

But these changes harmed the SADs from 1992, as, due to their legal nature, they have a limited budget for expenses because profit is their main objective. This means that they cannot expend as much budget as they want in order to improve their team with new players. Meanwhile, sport clubs do not have this issue (although they have internal financial controls), as their main objective is the sport performance. This explains why the clubs that remained as sports clubs had an advantage over those that became SAD.

To sum up, this legal change was made to change the previous lack of control, and the main objective of this change in regulations was to create financial control criteria that the clubs could not violate. Nevertheless, as we will see later, their objective was not achieved. Due to this control failure, the government decided in 2019 to change the law again, and to remove the mandatory conversion of new football clubs that came into professional football to SADs (Palco23, 2019). However, due to the coronavirus crisis and the discontent of several

federations with the text published by the government, the implementation of the new law has not yet taken place (Menchén, 2019), so the previous one remains in force.

After explaining the two types of legal entities that can be found in LaLiga, the next step is to focus on the financial data of the clubs before the presidency of Javier Tebas in 2013. This was the moment when the most important changes in the management of the clubs and the institution began to be implemented.

3. THE PREVIOUS ECONOMIC SITUATION. SEASON 2012-2013.

As mentioned above, the 2012-2013 season is very important, since, apart from the beginning of the Spanish economic recovery from 2013, Javier Tebas became president of LaLiga, after being elected by the clubs as there was no other candidate. His main mission was to improve the financial situation of the clubs. To control the clubs' expenses, in order to reduce their debt, and to improve the system of distribution of income from television rights, which as we will see later, was very uneven and was detrimental to most of the clubs.

Many of the clubs that made up Spanish professional football in the first decade of the 2000's were in debt before the crisis they were going to face in 2008, in which they were going to see their income greatly reduced. Of the twenty teams that were in the first division in the 2007/2008 season, thirteen are still playing (in the current 2020/2021 season) in the first division, four are in the second division and the other four are out of the professional football, in the third division of the Spanish football system. All of these clubs out of the professional football league are in insolvency proceedings due to their debt.

While the economic crisis was affecting all sectors, football was able to maintain itself thanks to the increase in income from television rights. The rest, such as income from tickets or merchandising expenditure, was reduced in importance due to the economic situation, as they remained constant or did not grow as much as the income from the television rights. This will be shown later during the study.

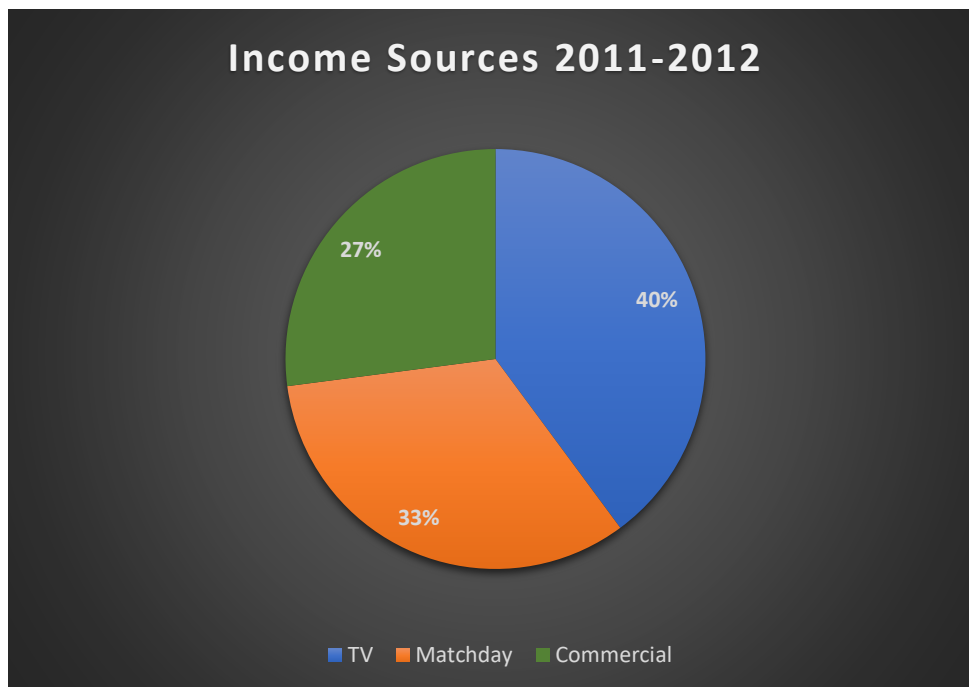
In order to check the financial situation of each of the clubs, it would be necessary to analyze the situation of the two most important variables in football clubs. The indebtedness of the clubs on their balance sheet, and the income they receive, the most important item of which is the rights to broadcast their matches. Expenses would also be a key part of the study, but the lack of available data made it impossible to make a proper measure of them, so the focus will be on the other two.

We will now study these two variables with the data obtained until the 2012/2013 season, so that later we can compare the previous situation with the current reality of the clubs, after all the changes that were implemented.

3.1. Income: Television as the mainstay for the clubs

Football clubs have three main sources of income: These are matchday, commercials (merchandising and sponsorships) and television rights revenue.

Graph 1: Sources of income in 2011-2012. Percentage on total revenues



Source: Own elaboration from data of LaLiga (2015, p19)

- Matchday income

These are the most "common revenues" if we think of a football team. They refer to all those incomes obtained from the sale of tickets to see the matches in the stadium or the sale of season tickets before the season starts so that the fans who buy them can attend all the matches in the stadium.

For football teams outside the orbit of professional football, this is their most important income, and two decades ago, this was also the most important source of income for elite teams. This income has lost importance in professional football clubs in the face of the other types of income, although in some of the clubs it is still an important part of their financing.

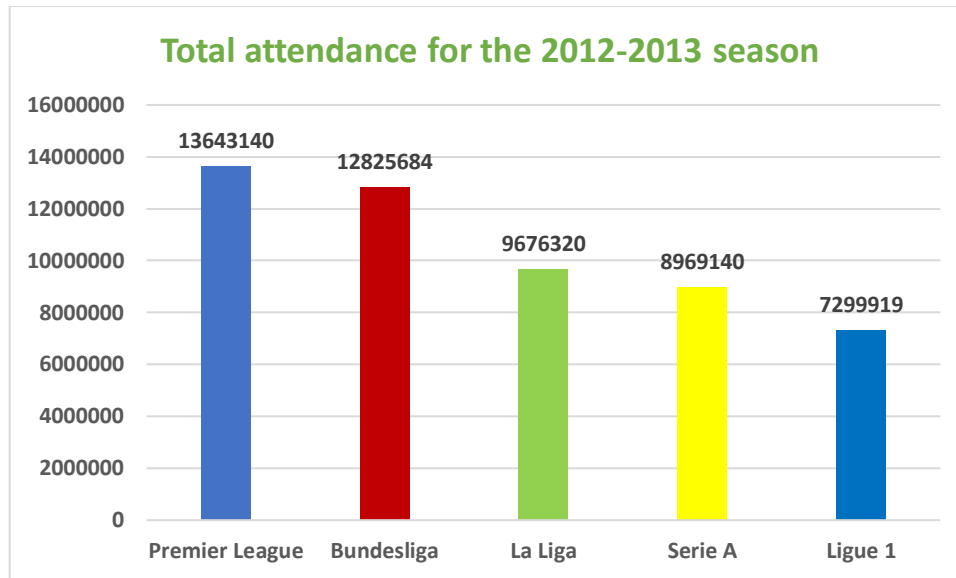
As we can see in Graph 1, they represented only a 33% of the total revenues received by the clubs in professional football in the season 2011-2012. If we focus on teams with a bigger image and revenues earned such as FC Barcelona, the decline is even larger. As shown in the study carried out by Gay de Liébana and Domínguez Mielgo (2020, p3), in the 1992/1993 season, this type of income represented 52% of the total incomes of FC Barcelona. In the season 2009-2010 (two years prior to the data of the Graph 1), this income became 24% of the total, even if FC Barcelona's stadium, the Camp Nou, was the stadium with the largest capacity in Europe, with almost 100.000 spectators.

Football in Spain was already suffering from the problem of not having many spectators in the stadium before the crisis struck. Between the 2011-2012 and 2012-2013 seasons, there were only 3 teams that exceeded 80% occupation in their stadiums, Athletic Club, the one with the best average data, Málaga CF and Real Madrid (Candil, 2016).

Stadium attendance depends on many factors, such as the quality of the facilities, the quality of the game (match entertainment) and the price. Spain had the second highest average prices in Europe in 2013 (70 euros per ticket), only surpassed by the Premier with an average price of 74 euros. The Bundesliga (Germany), the league with the highest percentage of occupancy in its stadiums had an average price of 31.70 euros (Iriarte, 2015). If we take this into account,

and combine it with the loss of purchasing power of the Spanish people during the crisis (Viaña y Mureña, 2016), we can then understand the decline of the fans in the stadiums.

Graph 2: Cumulative attendance at major league stadiums in the 2012-2013 season (number of spectators)



Source: Menchén (2018)

The total attendance for the 2012-2013 season was just over 9,675,000 spectators in the Spanish stadiums, which is the third highest figure for any European league, far behind the Premier League (13,645,000) and the Bundesliga (12,825,000), and surpassing only Ligue 1 (7,300,000) and Serie A (8,969,000). The figure that should be used as an example of how to do the right choices for these 5 big European leagues is the Bundesliga, since, having 2 teams less in their competition, the data they have obtained is with 20 games played less in total, so it could surpass the Premier League if it had the same number of games.

The other variable that we will analyze in order to study the number of fans in the stadiums, is the quality of the facilities of each team, in this case, the stadiums. The Spanish stadiums were in a rather obsolete state. In almost all cases, their last remodeling took place for the preparations of the 1982 World Cup in Spain. Due to the economic crisis, many renovations were stopped, and many others did not even begin (Arranz, 2019).

- Commercial income

This type of income is related to all those revenues coming from the marketing of the club, such as merchandising (match kits, balls, street clothes or other types of products distributed by the club with its brand) and the sponsorship deals that clubs sign with companies or public institutions to wear their logos on the jersey and to create a long-term relationship with the club, making a link between both entities.

Commercial income is the largest source of income for the world's major football clubs. This only happened in six clubs worldwide in the 2018/2019 season (FC Barcelona, Real Madrid, Manchester United, Bayern Munich, Paris Saint Germain and Manchester City) (Gay de Liébana and Domínguez Mielgo, 2020, p10).

This is due to the great brand image that these clubs have and also to the fact that the best or most famous players are usually in these clubs. They are able to sell more merchandising, as well as getting better sponsorship contracts, due to their greater visibility with respect to the rest of the smaller clubs in the competition.

This is easier for larger teams with better image and easiness to sell their rights for sponsorships. For smaller teams this is more difficult, and that is the reason for showing the lowest percentage among the sources of income of LaLiga's clubs in the 2011-2012 season, only a 27%.

- Revenue from television rights

This type of income is the most important if we take into account the total of the league. As we will see later, it has grown a lot in the last years. In leagues like the Premier League, considered the best in the world because of its high level of income and equality between the teams, it has been the most important income for the last fifteen years.

There are two models to control this type of revenues, centralizing the sale or decentralizing it by each club negotiating separately. In the 2012/2013 season the model used in England and Germany was the centralized one. In a centralized negotiation model, it is the league of each country (Premier League and Bundesliga respectively) that sells the product (in this case, the matches of the whole league, and not those of each club).

With the money raised, the league distributes it among the different clubs in the competition, according to the criteria set by the institution. In this case, the seller (all the clubs combined or the league) has a high negotiation power, as there is only one seller.

In the case of Italy or Spain in the 2012/2013 season, the model was decentralized. In this model, it is each club that negotiates the income it should receive per season when selling its rights of retransmission. Taking this into account, the negotiation power of the seller (in this case one club) is lower, as it does not have the same strength as if all combined did it at the same time.

Table 2 shows the distribution of television rights that each club had in the 2010/2011 season. As we can observe here, FC Barcelona and Real Madrid had more than half of the total revenues of the LFP this season. The difference between these and the seven clubs with the lowest income (all those with 12 million) was 1533%, which means that Madrid and Barcelona have fifteen times more income than the last clubs in the ranking.

To put this data in perspective, the difference in the Premier League between the highest paid (Manchester United, 132 million Euros) and the lowest paid (Blackpool, 44 million Euros) in the 2010/2011 season was only 300%, three times more, while in the Bundesliga, the other league with the centralized model, the difference was 514% (Bayern Munich 72 million and Nuremberg 13 million). If we look at the amount obtained by the total of the leagues, in the case of the Premier, this amounted to 1,265 million euros in 2010-2011, while in the Bundesliga it remained at 400 million (in this league they have a model in which they focus more on matchday and commercial income).

Table 2: TV revenues of Spanish clubs in the 2010/2011 season

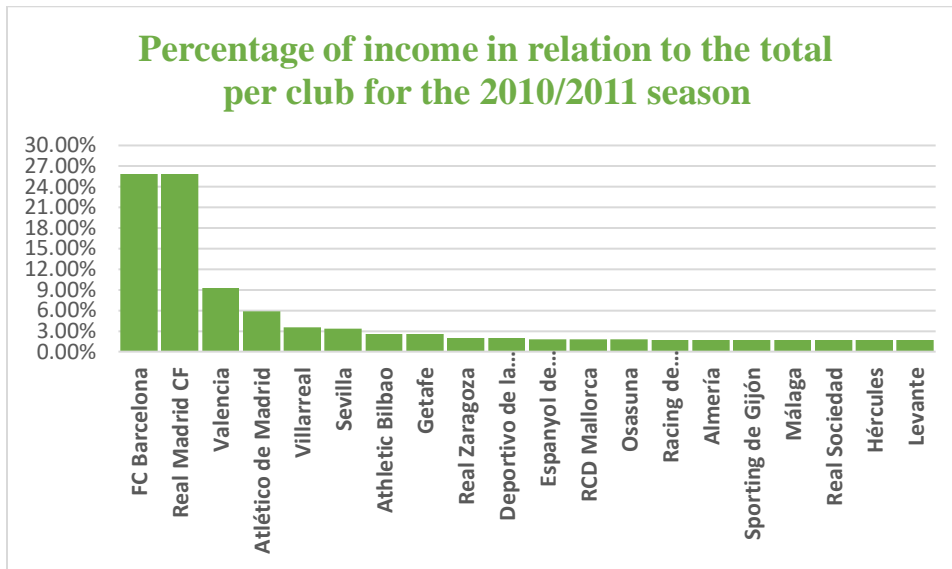
Clubs	TV Revenues 2010-2011 (Millions of Euros)
FC Barcelona*	184
Real Madrid CF*	184
Valencia	66
Atlético de Madrid	42
Villarreal	25
Sevilla	24
Athletic Bilbao*	18
Getafe	18
Real Zaragoza	14
Deportivo de la Coruña	14
Espanyol de Barcelona	13
RCD Mallorca	13
Osasuna*	13
Racing de Santander	12
Almería	12
Sporting de Gijón	12
Málaga	12
Real Sociedad	12
Hércules	12
Levante	12
Total	712

Clubs with an asterisk are those whose legal form is that of a sports club

Source: Díaz Campos (2012, p2)

If we turn to the data in Graph 3, representing the percentage of each club with respect to the total of the amount of revenues raised, we can see how Real Madrid and FC Barcelona, accumulated 50% of the total income at the time, and how seven joint clubs did not reach 14% of the total (those teams which only gained 12 millions euros).

Graph 3: Percentage of television revenues per club in relation to the total in the LFP



Source: Own calculations with data from Table 2

This explains the serious discussions that were taking place between the different clubs in the LFP at that time, due to the enormous inequality created between the two largest teams and the rest. For this reason, one of Javier Tebas' main objectives when he became president of the institution was to solve this serious inequality, and to convert the unequal decentralized model into a more egalitarian centralized one.

3.2. Club indebtedness in the 2012/2013 season

In Table 3 we can see the debts that each of the teams that made up the First Division that year had in the 2012/2013 season, as well as the level of assets that each one managed (players, facilities, loans, etc.). As can be seen from the data in bold, only four first division clubs had two thirds of the total league debt, although these clubs also controlled most of the assets in the competition, as they accounted for a slightly higher portion of assets than for debt (64% debt vs 66% assets).

Table 3: Football clubs' liabilities and assets for the 2012/2013 season

Clubs	Accumulated debt 12/13	Assets of the clubs
Athletic Club*	56.268.509,00 €	89.478.537,00 €
Club Atlético de Madrid	542.912.206,00 €	576.131.031,00 €
Club Atlético Osasuna*	82.451.759,00 €	90.586.409,00 €
Futbol Club Barcelona*	490.758.000,00 €	503.185.000,00 €
Getafe Club de Futbol	42.664.300,00 €	43.233.703,00 €
Granada Club de Futbol	43.437.396,00 €	48.374.127,00 €
Levante Unión Deportiva	71.277.000,00 €	119.003.000,00 €
Málaga Club de Fútbol	44.343.069,00 €	62.538.990,00 €
Rayo Vallecano	64.054.767,00 €	29.357.251,00 €
Real Betis Balompié	66.911.524,00 €	48.942.295,00 €
RC Celta de Vigo	53.076.218,00 €	60.611.535,00 €
RCD Espanyol	208.640.000,00 €	221.070.000,00 €
RCD Mallorca	39.384.635,00 €	58.725.685,00 €
Real Madrid CF*	549.479.000,00 €	860.415.000,00 €
Real Sociedad de Futbol	61.801.886,00 €	57.363.220,00 €
Real Valladolid	71.783.092,00 €	39.039.916,00 €
Real Zaragoza	82.888.027,00 €	119.038.066,00 €
Sevilla Futbol Club	79.265.000,00 €	106.137.000,00 €
Valencia Club de Fútbol	352.687.000,00 €	417.578.000,00 €
TOTAL	3.004.083.388,00 €	3.550.808.765,00 €

Source: Own elaboration with Sabi® data (annual report of each team)

However, these data will not be useful if we do not put them into perspective. Therefore, it is necessary to use ratios to identify the individual situation of each club. This is why we have used the debt ratio to analyze the individual situation of each club.

$$\text{Debt ratio} = \text{Total Liabilities} / \text{Total Assets}$$

This ratio measures the level of debt held by a company. An acceptable value would be below 0.8 or 0.85, meaning that the risk of bankruptcy of the institution is not high, although there is some. A value below 0.7 would mean no risk in the short-term. A value above 1 means that the level of external debt is higher than the institution's equity, and therefore the risk of bankruptcy is very high.

Table 4: Debt ratio of first division clubs, 2012/2013 season

Clubs	Debt Ratio
Athletic Club*	0.629
Club Atletico de Madrid	0.942
Club Atletico Osasuna*	0.910
Fútbol Club Barcelona*	0.975
Getafe Club de Fútbol	0.987
Granada Club de Fútbol	0.898
Levante Unión Deportiva	0.599
Málaga Club de Fútbol	0.709
Rayo Vallecano	2.182
Real Betis Balompié	1.367
RC Celta de Vigo	0.876
RCD Espanyol	0.944
RCD Mallorca	0.671
Real Madrid CF*	0.639
Real Sociedad de Fútbol	1.077
Real Valladolid	1.839
Real Zaragoza	0.696
Sevilla Fútbol Club	0.747
Valencia Club de Fútbol	0.845
Average	0.846

Source: Own calculations from Table 3

As we can see in Table 4, there were four clubs whose ratios was above 1 and nine of the clubs had a ratio that was above 0.9. This shows the generally high level of debt that the football clubs had in that season, along with the high average of 0.85. There were only three clubs (Real Madrid, Levante UD and Athletic Club) that could be considered as financially sound.

This is why, of the twenty clubs that made up the First Division that season, ten of them were at that time in a process of insolvency proceedings. These clubs were: Granada Club de Futbol, Levante Unión Deportiva, Málaga Club de Futbol, Rayo Vallecano, Real Betis Balompié, RC Celta de Vigo, RCD Mallorca, Real Sociedad de Futbol, Real Valladolid and Real Zaragoza (Heralta, 2013).

It was because of all this excess in spending and accumulated debt during the 2008 crisis (as we will see later in the evolution of the profit/loss for each season), that La Liga decided to create some mechanisms of financial control of the clubs participating in its competition, trying to save the obvious failures that the sport law of 1990 had been. The clubs that had converted to SAD were the ones with the most serious financial problems. It can be pointed out that two of the three clubs in the best situation, Athletic Club and Real Madrid CF were not SAD.

Correcting this indebtedness imbalance was also key to solving another of the problems mentioned above. Although this is more of a task for each club, one of the objectives of Javier Tebas' presidency was trying to improve the infrastructure of all the clubs, in order to increase attendance at the stadiums. To do this, the first thing that had to be achieved was to clean up the finances of the clubs, so that they could undertake these large investments.

The next step is to explain the measures taken by the LFP such as debt control and centralization of television rights to solve the problems explained in this section,

4. ECONOMIC MEASURES BY THE LFP

To continue with the same order in which problems have been presented, the change in the television model will be explained first and then we will continue with the proposed spending control features.

4.1. Centralization of television rights

The problem in creating the centralized system was that the two most powerful clubs (in terms of income, sporting level and international popularity, Real Madrid and FC Barcelona) were against it. Their share in total revenues and also their total income from this source was going to decline, and they felt their position could be affected as other teams would receive more. For this reason, the government had to intervene to carry out the change of model. With the Royal Decree-Law 5/2015 of 30 April, the centralized negotiation of broadcasting

rights became mandatory. This came into force in the 2015/2016 season and had the following characteristics (Rojo, 2015):

- 90% of the negotiated value would go to First Division clubs, while the other 10% would go to Second Division clubs
- 50% of the money received by the First Division, would be divided equally between all teams, 25% will be distributed according to the results of the last five seasons, and the other 25% by the popularity of the club (level of members/subscribers, and supporters)
- In the case of the Second Division, 70% of the remaining 10% would be divided equally between all clubs, 15% for results obtained in the last five seasons and the other 15% for the popularity of the club in terms of number of subscribers/members and support for the club.

Having a very uneven starting point in the past, the main objective of this new distribution was to achieve greater equality between the different clubs when they receive income of this type. A more equal competition is a much more attractive product to sell (increasing the selling price), as the matches are more unpredictable. This objective is clearly seen in the fixed contribution that each team receives, which is 50% of the total obtained by the negotiation. The second objective was to achieve greater funding from the sales of the rights. Since the LFP negotiates centrally and not each club on its own, the aim was to increase the total income from this field.

4.2. Economic regulation on control of expenditure

This new regulation came into effect in the 2014-2015 season, 1 year after Javier Tebas was elected president. The new regulation, whose name is “*Reglamento de control económico de los Clubes y Sociedades Anónimas Deportivas afiliados a La Liga de Fútbol Profesional*”

(La Liga, 2014), had the rules of "financial fair play" imposed by the UEFA in 2011 as reference¹.

The aim of the UEFA regulation was to control the great imbalances of several European clubs. This happened because large foreign investors had acquired some of the most important teams, investing an exorbitant amount of money in them (such as the case of the Manchester City in England or Paris Saint Germain in France, purchased by state investment banks from OPEC countries). As a result, they provoked a rising trend of prices in the European players market which inflated the expenses for the rest of the clubs.

While the "fair play" measure imposed by UEFA was aimed at limiting the expenditure of large European clubs due to market mismatches, the LFP regulation was intended to control the expenditure of all clubs whose debts were unsustainable, replacing (or complementing) the SADs control mechanisms, as well as unifying the financial control system between SADs and clubs. The main measures taken were (Torres, 2014):

- Imposition of a yearly surplus (in case of a deficit, the maximum should be 5 million euros in the First Division, and 2 million in the Second Division). There could only be a deficit if the owner of the entity paid the capital corresponding to the deficit figure (with a maximum of 30 million euros).
- Expenditure on the salaries of players, coaching staff or other team members cannot exceed 70% of the team's income (including TV rights, merchandising, matchday and others).
- The debt ratio may not exceed 100% of the relevant income (the operating income of the SAD/club).
- It also forces all teams to have no outstanding debts to other clubs or players. In case of outstanding payments, they accept the possible administrative relegation out of professional football.

¹ <https://es.uefa.com/news/0212-0e892693c699-144488e503a3-1000--juego-limpio-financiero/?referrer=%2Fcommunity%2Fnews%2Fnewsid%3D2065467>

Failure to comply with any of these rules would result in the payment of a fine, along with strict control for subsequent years. The main objective, as mentioned above, is uniformity in the financial control processes of professional football clubs in Spain, thus achieving an iron grip on the extreme debts suffered by the teams since the formulation of the 1990 sports law to create the SAD.

We will look at the evolution of this debt up to the present. Once the changes made have been explained, the next section will offer a comparison between the data before the measures were taken and current data. In addition, to verify whether the changes have been really useful, they will be compared with those of other European leagues, to know if the distance with them has been reduced or the Spanish league is still far away.

5. THE PRESENT. HAVE THE PROBLEMS BEEN SOLVED?

The next step is to check what effect all the measures taken by the LFP and its clubs have had in solving the problems they were facing. To study the data, we must take into account the economic context in which Spain was and is currently, without including the consequences that the coronavirus crisis may have caused from the second quarter of 2020.

The country has managed to recover almost completely from the crisis. Its Gross Domestic Product has increased to almost pre-crisis levels, recovering a large part of the unemployment created by the crisis. Although the unemployment before the crisis of the coronavirus, in the fourth quarter of 2019, was still higher than before the crisis in 2008, close to 13.78% compared to 8.01% in Q3 2007) (INE, 2020).

This has also been seen in the football sector. As we shall see below with data on the general income of the various clubs, economic data has improved with respect to the previous situation. It is surprising that no club of the Spanish football elite has gone bankrupt and disappeared in the Great Recession, and with the economic recovery, these data have only improved. This can be explained by the amount of income this sport generates in Spain, even in a crisis period.

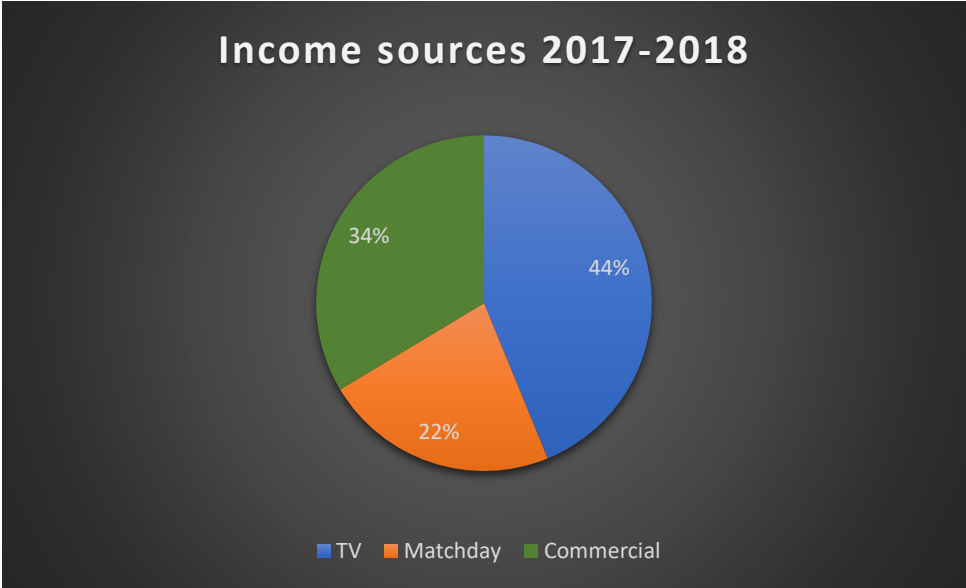
The results of the measures will be presented below, taking a look first at the evolution of income, then at the debt of the clubs, and finally at the investments clubs are currently undertaking.

5.1. Income:

This is the main factor that explains the improvement in the financial situation of football clubs. The increase in income has been very evident in recent years, so that clubs have had a financial cushion to be able to undertake their investments in players or in their infrastructure (as we will see later). Since the 2012/2013 season when Javier Tebas became president, the total income of the LFP rose from 2,469 million euros to 4,478 million in 2017-2018, an increase of more than 80% in just over five seasons (LFP, 2018, p18).

The first thing we should study is the evolution of the different sources of funding for LFP clubs with the formula we use in Table 2. We will use the 2017-2018 season data, as it is the last official available data provided by the LFP when the study was written.

Graph 4: Distribution of sources of income LaLiga season 2017-2018



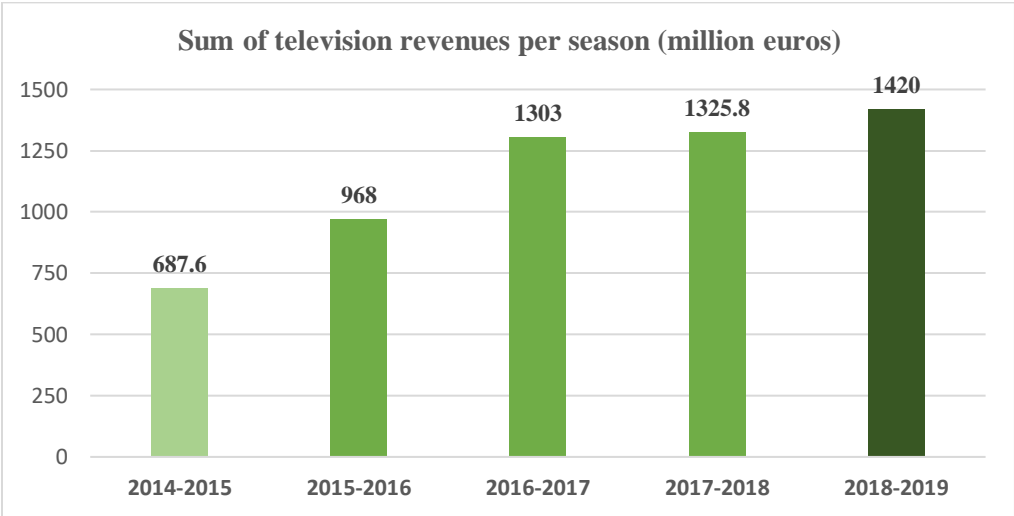
Source: LaLiga (2018)

As we can see in Graph 4, matchday revenues have decreased in importance compared to the previous data in Graph 1 and commercial and television revenues have gained in importance. The latter represents almost 45% of the total revenues of professional football clubs.

The trend in the case of Spanish football is clear. Fans in stadiums have lost importance for the clubs (being now only 22% of total revenues), in contrast to the increase in importance of club marketing to increase their brand image to improve income from commercial sales to a 34% and television rights to a 44%.

It is now time to focus on the most important point in the changes made by the new LFP presidency, namely centralized television revenues. As we have seen previously, this was the measure that was going to change Spanish football the most, but to make it a reality, the Spanish government had to intervene with a royal decree law, since the two clubs with the most power in the competition, Real Madrid and FC Barcelona, were against this measure, since as we will see in the following pages, this measure would weaken them.

Graph 5: Total revenues from TV rights in the First Division 2014/2015 - 2018/2019



Source: Menchén (2015), La Liga (2018)

Graph 5 shows the success of the centralization of television rights. This table shows the total sum of television rights revenues for each season. Between the 2014-2015 season, the last

season with decentralized sales still in place, and the 2018-2019 season, when centralized sales of rights were already well established, the price of rights is slightly more than double what it was under the previous policy (an increase of 106.52%).

This shows that centralized selling was the right way to go, as the LFP (with the First and Second Division clubs behind it, selling all the teams together) has much more negotiating power against the broadcasting companies than each club would have if it were to negotiate them individually. We only have to check the evolution of prices, in order to observe this trend. If we look at the 2014-2015 season, the lowest price on the chart, the sale of rights was still decentralized, so the price obtained, 687.6 million euros, is lower in comparison with the others.

The 2015-2016 season was the first in which sales were centralized. The agreement for the selling is for three years, but due to the change caused by the Royal Decree and the late publication in the Boletín Oficial del Estado (BOE), thus coming into force in May 2015, at the end of the 2014-2015 season and almost with no time to negotiate. The price did not rise very much, 968 million euros, although it was higher than in the previous season (40.78% increase compared to the value of the 2014-2015 season). If negotiations had begun earlier, it is likely that the price would have been higher, so the change from a centralized to a decentralized model would have meant an even greater increase in the short term.

The next step, the 2016-2017 and 2017-2018 seasons, represents the follow-up of the two years negotiated from the previous agreement. The comparison between the 2015-2016 and 2016-2017 seasons explains this change, raising the sale price to over 1,000 million euros (total price in the 2016-2017 season of 1,303 million euros, a 34.61% increase over the previous season). The change between 2016-2017 and 2017-2018 is only an inflationary adjustment, increasing by only 2% compared to the previous season. The last step represents the sale of rights for the 2018-2019 season, the last negotiation carried out by the LFP and which will include the next two seasons (2019-2020 and 2020-2021) and also the last occasion on which data have been officially published from the institution. The increase is 7.11% compared to the 2017-2018 season (in total 1,420 million euros), so the trend is

upwards. Now that we have seen the aggregated data, we should focus on the individual data of each club, and find out if the inequality in terms of these incomes has increased or decreased. Table 5 shows what each club in the LFP First Division earned for its television rights. As we can see, FC Barcelona and Real Madrid are still the two clubs that obtain the most money from the sale of their rights. Although, if we check the data with those of the 2010-2011 season that we studied previously (Table 2), we can see that the amount of money they obtain from this type of income (in the case of those from Spanish league matches), is lower than what they earned previously.

Table 5: Revenue from television rights for the 2018/2019 season

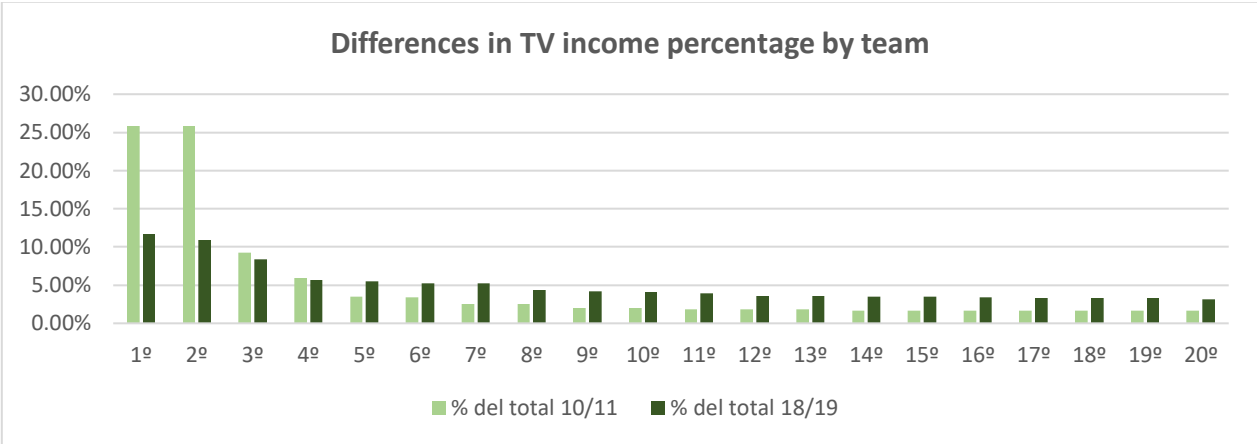
Clubs	TV Revenues 2018-2019 (Million Euros)
FC Barcelona*	166.5
Real Madrid CF*	155.3
Atlético de Madrid	119.2
Sevilla	80.1
Valencia CF	78.7
Athletic Bilbao*	74.8
Villarreal CF	74.3
Real Betis Balompíe	62.3
Real Sociedad	59.1
RCD Espanyol	58.3
RC Celta de Vigo	55.7
SD Éibar	50.8
Getafe CF	50.5
Deportivo alavés	49.9
Levante UD	49.5
Girona CF	48.6
Real Valladolid CF	47.6
CD Leganés	47.6
Rayo Vallecano	47.4
SD Huesca	44.2
Total	1420.4

Source: Menchén (2015), La Liga (2018)

Their figures before were 184 million euros each. The reduction in the case of FC Barcelona has been 9.51% and in the case of Real Madrid 15.6%. This is why the two clubs were the most reluctant to change the model. the leap made by Atlético de Madrid is also important, moving closer to the two big teams (119.2 million euros), being closer to Real Madrid than to Sevilla FC, although it is still behind them.

If we look at the rest of the table, the most striking thing to consider is the overall increase that the teams with the lowest revenue from their rights have achieved. To give a clear example, SD Huesca, the team that receives less for these rights this season, gets an amount of 44.2 million euros. If we compare it with the 2010-2011 data of the teams that received the lowest amount of money (in that season they were the last six), their income was 12 million Euros. This means a growth of more than 267%.

Graph 6: Difference in the percentages with respect to the total (10/11 vs 18/19)



Source: Own elaboration with data of Table 5 and Graph 3

In Graph 6 we can see the differences between the television revenues per club as a percentage of the total in the 2010/2011 season and in the last season with official data available, 2018/2019. To compare the data, the teams have been classified by percentage of the total collected, and compared in descending order.

As we can see in Graph 3, Real Madrid and FC Barcelona, reached 50% between them. By the 2018/2019 season, this figure had fallen to 22%, not even what a single one of them

achieved in the past. This is another reason for the dissatisfaction of these two clubs with the new financing system.

But, if we look at the rest of Table 12, it can be confirmed that the objective of the measure, to make the distribution of these rights more equitable, has been achieved. Although the differences between the third and seventh are important (those who enter European competitions regularly, and therefore receive European television revenues from these competitions and do not depend solely on these revenues), all those teams that are between the eighth and twentieth are the ones that really matter, since they do not have another large source of funding.

If we add up the percentages from the 8th to the 20th in the 2010/2011 season, this gives us 23.74%. This means that twelve of the twenty clubs in the First Division together were charging less for this income than Real Madrid or FC Barcelona individually, thus exemplifying the great inequality that existed at that time in the LFP and the impossibility of small teams to grow economically and specially improving their sport performance.

If we compare these previous data with those of the 2018/2019 season, the situation changes radically. Between the eighth and the twentieth by income, the percentage rises to 47.28%, twice what we saw before. Although it is not absolute equality since 60% of the teams (twelve out of twenty) get 47% of the total, it can be said that the distribution of TV rights in the First Division is now much more equitable than the previous situation which was the most unequal of the main European leagues

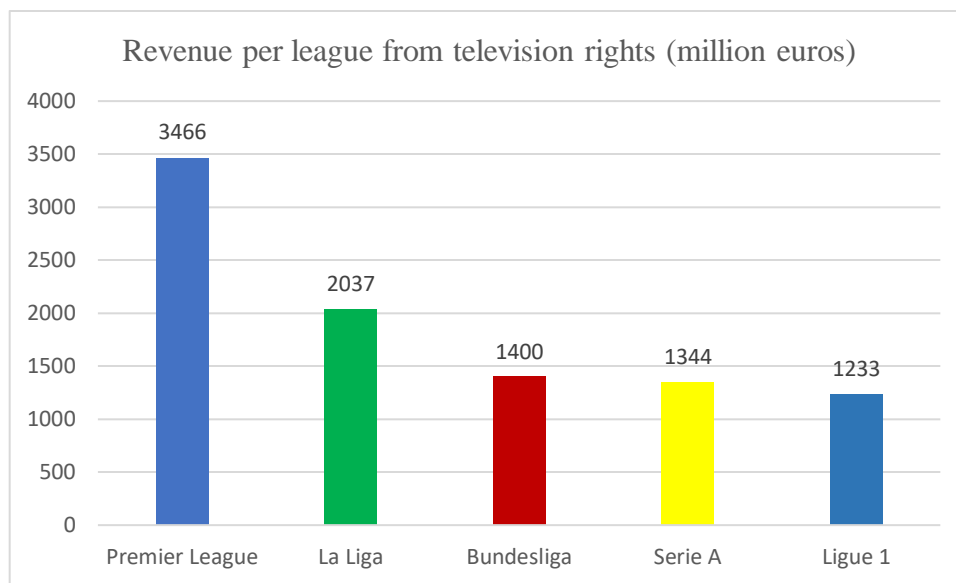
5.1.1. Television rights in Europe

In order to put all these measures into perspective and also to evaluate their evolution, it would be necessary to compare them with the main European leagues, as 7 of the Spanish clubs in the First Division compete every year in European competitions, and the environment of the LFP and its clubs is not closed, as it is influenced by everything that happens in other leagues (market of players, trainers, technical directors, and several others).

Javier Tebas' objective when he became president was that "the LFP will earn the same as the Premier League"². This competition has always been used as a reference, as it has always been the one that has been most in the vanguard in selling its broadcasting rights. It was the first professional league to sell the rights centrally, always under the umbrella of "The Premier League", thus managing to sell the whole league, and not just the most important clubs in it.

The Bundesliga, the league closest to the LFP in terms of total revenue generation, lags behind in this respect, as the German league has focused more on its fans than on televisions. This is why (as we saw at the beginning of the paper), the Bundesliga is the one that generates the highest "Matchday" income, normally at the top of the attendance to the stadiums of the competition (even though there are only eighteen teams, with twenty matches less per year).

Graph 7: TV revenues per league in Europe, season 2018-2019



Source: Statista, 2019

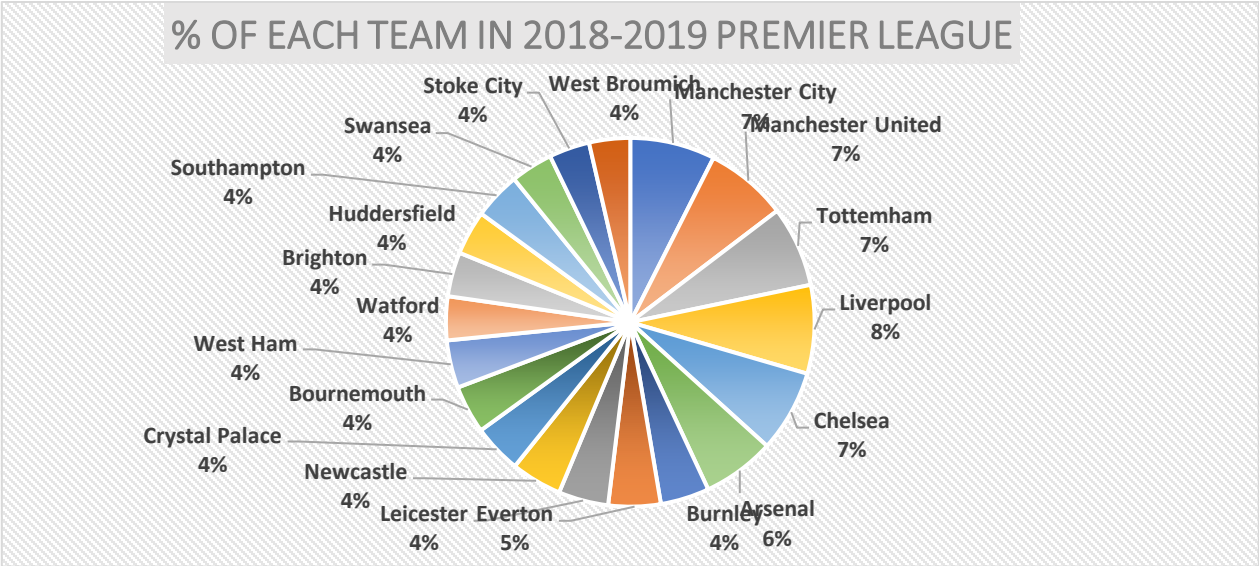
² <https://www.marca.com/2015/09/07/futbol/1441645476.html>

Graph 7 shows the total income (in millions of euros) that each league achieved in the previous season. Except for the case of LaLiga (which also includes the Second Division), only the First Division of each professional football competition is included in the rest.

As we can see, the difference is enormous between some leagues. The Premier League, by far the largest in terms of television revenue generated, achieves 70% more than the LFP, almost 1.5 billion more than the Spanish competition. This shows the still very wide margin between the two leagues, and why the goal of Javier Tebas and the Spanish league is far from complete.

Although Spanish domestic competition has been making great progress in recent years, it has not been able to come as close as it would have liked to the English league. In addition to this, if we compare the Spanish and English data, we can observe another problem.

Graph 8: Percentage of television revenues per Premier League club 2018-2019



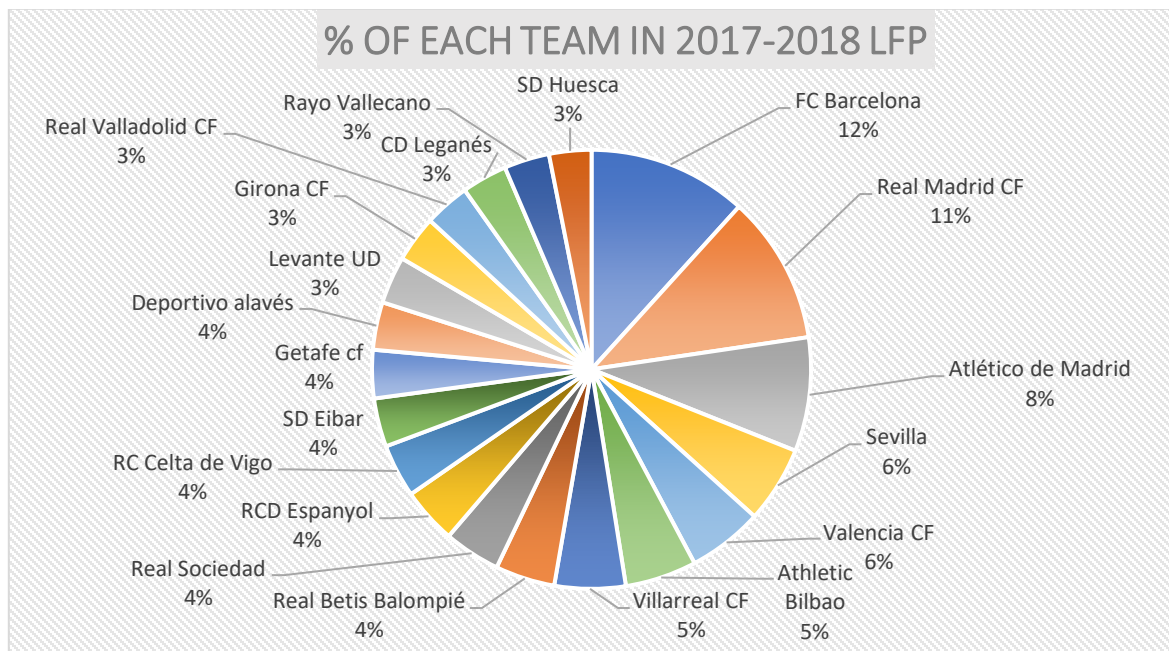
Source: Gay de Liébana, 2020

In the case of Graph 8, the teams with the largest revenues do not exceed 7%, of the total, and between the clubs there is no difference bigger than 3 points (Liverpool 7.7% vs West Bromwich 4%). All the clubs, except for those that usually compete in Europe every season (the so-called "English Big Six", Manchester City, Manchester United, Liverpool, Chelsea,

Arsenal and Tottenham), have a practically identical distribution (146 million euros for the biggest club in this group, Everton, and 113.9 million for the smallest, West Brown).

This small difference explains the great balance between all the English teams, a league always famous for its equality. The inequality with the teams that receive more is not very high either. The distribution of the income is almost equal, as the “cake” is evenly distributed. There is a big difference if we look now at the Spanish case (Graph 9).

Graph 9: Percentage of television revenues per LaLiga club 2017-2018



Fuente: La Liga, 2018

The popularity in Spain is held by those clubs that have participated or regularly participate in European competitions, and this is clearly seen in the TV distribution. From FC Barcelona to Villarreal CF, we can see the inequality in the TV distribution. There are two large portions of the "cake" taken by FC Barcelona and Real Madrid, which, compared to what happens in the case of England, would be unlikely to happen and highly criticised in the case of England.

Those that we would call "Spanish Big Six", get a proportion very similar to their English counterparts (47% in the first case, 43% in the second), although the English case is much

more distributed (almost equally) in comparison with the Spanish (with two teams taking half of this portion).

Although it was said that the change to a centralized model would change the paradigm of Spanish football and make it much more equitable, as we can see in the graph, this has not been entirely the case. The LFP has a problem when it comes to selling the television rights, and that shows that the popularity of the competition is not as high as that of the Premier League, because greater popularity means greater audience, which leads to a higher selling price.

That is why, although many qualify the measure taken by Tebas as a success, other teams call it a partial success, as they have seen their income increase, but not as equitably as they wished for. For many, the LFP is still a competition between two clubs (Real Madrid and FC Barcelona), which are the two clubs that continue to win most of the years. This can be observed in some advantages these two clubs usually receive, as a better match schedule so more people watch it along with a greater marketing campaign focus on them. Because of this, the objective of the LFP over the next few years should be to try to make it even more equitable while continuing to increase the money obtained from the rights. But due to the crisis that the coronavirus has caused, especially affecting the world of sport, since fans cannot attend the stadiums and this reduces the quality of the product offered (the broadcasting rights). The negotiations for the sale of the television rights for the next three-year period were set to begin during this season, and they would include from 2022, until the 2024-2025 season. It is likely that the price of these negotiations will be reduced, and the plan of Javier Tebas and his management will have to be postponed³.

5.2. Indebtedness.

To begin with, the first step would be to show how spending has evolved since control was imposed.

³ <https://www.palco23.com/competiciones/clausulas-anti-covid-y-mucho-messi-las-claves-de-los-nuevos-contratos-de-television-en-el-futbol-en-europa.html>

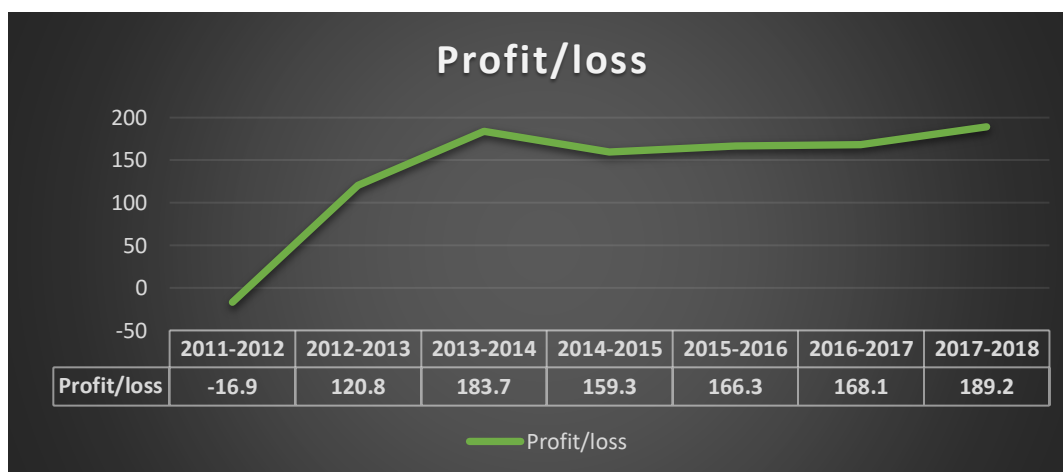
Table 6: Total LaLiga expenditure 2011-2012 and 2017-2018 (in million euros)

Expenses	2011-2012	% total	2017-2018	% total
Procurements	66.2	2.97%	128.6	3.00%
Non-Sport Staff salaries	132.1	5.92%	233.2	5.44%
Sport Staff salaries	1107.9	49.63%	1994.8	46.51%
Travel	34.6	1.55%	292.9	6.83%
Losses, impairment and provisions	10.7	0.48%	203.6	4.75%
Other operating expenses	388.7	17.41%	812	18.93%
Player amortization	344.5	15.43%	461	10.75%
Non-players' amortization	55.1	2.47%	83.7	1.95%
Financial Expenses	92.6	4.15%	79.5	1.85%
Total	2232.4		4289.3	

Source: LaLiga (2014, p41), (2018, p35)

As we can see in Table 6, player expenses have lost importance compared to the data shown before the implementation of the expense control. The clubs have been able to concentrate their efforts on other areas, such as travel to matches and advertising, or to increase their other operating costs, such as the management of their youth teams or the improvement of their facilities.

Graph 10: Evolution of Profit/loss result of LaLiga clubs combined (million euros)



Source: LaLiga (2016, p165), LaLiga (2018, p35)

Although overheads have doubled, income has increased and the accounts have been cleaned up. The net result of the LFP, as shown in its economic report for 2018, has continued to rise, reaching 189 million euros, 60 million more than before the control measures were implemented in 2013-2014. To check the effects of these measures, we will look at the financial results of the clubs in the competition. Graph 10 shows how the competition has gone from reporting losses during the most serious period of the crisis, to achieving a comfortable profit. Due to this benefit, the clubs have been able to improve their financial situation, reducing the debt and being able to undertake greater investments, as we will see in the last section. To continue studying the data, we will show the indebtedness that the clubs had in the last available season.

Table 7: Indebtedness of clubs playing in First Division in the 2018/2019 seasons

Clubs	Debt 18-19	Assets	Indebtedness 2018/2019
Athletic Club*	173,538,227.00 €	307,341,450.00 €	0.56
Club Atlético de Madrid	884,323,987.00 €	980,316,864.00 €	0.90
Futbol Club Barcelona*	888,028,000.00 €	1,016,225,000.00 €	0.87
Getafe Club de Futbol	82,930,623.00 €	73,696,725.00 €	1.12
Levante Unión Deportiva	77,275,000.00 €	83,086,000.00 €	0.93
Rayo Vallecano*	59,177,365.00 €	66,481,416.00 €	0.89
Real Betis Balompié*	118,391,872.00 €	124,218,138.00 €	0.95
RC Celta de Vigo	70,508,943.00 €	160,864,733.00 €	0.44
RCD Espanyol	155,133,215.00 €	198,275,584.00 €	0.78
Real Madrid CF	605,627,000.00 €	1,138,383,000.00 €	0.53
Real Sociedad de Futbol	89,531,157.00 €	174,859,791.00 €	0.51
Real Valladolid	39,955,807.00 €	40,508,921.00 €	0.99
Sevilla Futbol Club	161,735,000.00 €	263,540,000.00 €	0.61
Valencia Club de Fútbol	516,699,000.00 €	566,402,000.00 €	0.91

Source: Own elaboration from Sabi® database (annual report of each team)

For Table 7, we have chosen the clubs that were previously studied in Table 5 of the 2012-2013 season plus those that were also in the First Division during the 2018-2019 season (last season with the data available from all the First Division clubs at that time). This has been done in order to be able to see their evolution and make a comparison and see if the measures imposed in the year 2014 regarding the control of expenses have been useful.

One of the most remarkable data in the table is the large increase in assets in the majority of the clubs. This is due to the increase in player values, as the market has inflated (due to television rights and the entry of capital into several European clubs), and the price of players has risen significantly.

Another reason, as we will see at the end of this part of the work, is the increase in the value of their facilities, especially stadiums. Another data that can be observed, and on which we will focus in this part, is the indebtedness of the clubs. We can see that the average ratio of debt of these clubs has fallen. Although debt has increased in absolute values, their assets and volume of income has increased more, reducing in this way their indebtedness.

There is only one club that is above 1.00 (Getafe CF), which means that the risk of bankruptcy in the clubs has decreased a lot. The number of clubs above 0,9, with an important risk of going into bankruptcy, has also decreased, to only five (Atlético de Madrid, Levante UD, Real Betis Balompié, Real Valladolid and Valencia CF). Meanwhile, the majority of clubs have achieved the objective imposed by the LFP's Economic Control Regulations, namely the financial reorganization of all football clubs participating in professional football.

Although the debt in absolute terms is higher than in the 2012/2013 season, the clubs' turnover and assets have increased during these years more than the debt, so it can be concluded that football clubs are today more financially sustainable than before. To verify this better, we can observe the evolution of the debt ratio of the clubs in the two seasons.

As we can see in Table 8, all the clubs in the list except Getafe FC, Levante UD and Valencia CF have reduced their ratio. The case of the first two is due to their relegation to the Second

Division in the previous seasons, in which their level of expenditure was barely reduced in order to return to the First Division category as soon as possible and their income decreased (always staying within the limits imposed by the LFP). As a result, their debt increased during that stay in the Second Division, while their assets (mostly players) were reduced.

Table 8: Difference in club debt for the 2012/2013 & 2018/2019 seasons

Clubs	Indebtedness 2012-2013	Indebtedness 2018/2019	Change in debt (2018/2019-2012/2013)
Athletic Club*	0.63	0.56	-10.21%
Club Atlético de Madrid	0.94	0.90	-4.27%
Futbol Club Barcelona*	0.98	0.87	-10.40%
Getafe Club de Futbol	0.99	1.12	14.03%
Levante Unión Deportiva	0.60	0.93	55.28%
Rayo Vallecano*	2.18	0.89	-59.20%
Real Betis Balompié*	1.37	0.95	-30.29%
RC Celta de Vigo	0.88	0.44	-49.95%
RCD Espanyol	0.94	0.78	-17.10%
Real Madrid CF	0.64	0.53	-16.69%
Real Sociedad de Futbol	1.08	0.51	-52.48%
Real Valladolid	1.84	0.99	-46.36%
Sevilla Futbol Club	0.75	0.61	-17.82%
Valencia Club de Fútbol	0.84	0.91	8.01%

Source: Own elaboration calculated with Table 4 and Table 7

The case of Valencia CF is different. The club decided to bring in foreign investors to prevent the club's entry into the tender process due to their accumulated debt (Ros, 2014). Although this purchase helped the team in the short-term avoiding bankruptcy in 2014, the long-term may be not so prosperous, as the investor is not taking care of the team and the debt is increasing since the purchase. Another purchase was the case with the RCD Espanyol in 2015 (Irigoyen, 2015). Although this purchase had a better result than the Valencia's case (Espanyol competed in 2018 in European competition for the first time since 2006), they currently are in the Second Division (2020-2021 season), although their finances have no problems for the moment.

This data can be seen as a success for clubs as the improvement in debt reduction is more than 10% in almost all clubs. The cases of Real Valladolid and Rayo Vallecano are especially important, as these clubs were playing in the Second Division in the previous season, so moving up a category has helped them a lot financially in that debt reduction, as moving up a category significantly increases the money received.

Nevertheless, the data that must be observed as an almost absolute success of the measure, is that of the clubs that play in the middle of the classification. Here we could include all those clubs which are not usually relegated, and which are likely to qualify for European competition (in the top 6) or be far from relegation. In these teams on the list (except Athletic Club, which was already financially healthy), the improvement is over 15% in all cases, and in some of them, such as Celta de Vigo or Real Sociedad, the reduction is over 50%.

This reduction in debt has not only been due to the control of expenses, although this has been of capital importance, especially in those clubs that are not established in the First Division and see their income fall due to their relegation. The main reason has been the increase in income, which as we have seen in the previous section, belonged to the income from television rights, which is two times more than before the crisis. Although we must also take into account all those incomes from European competition, that the main clubs in Spain receive. These incomes are not reflected in the LFP data and could not be included in the study, but they had a significant positive effect on those clubs that received it.

Now that we have seen that the clubs' accounts are healthier, the next and final step will be to check the evolution of the stadiums and the fans who attend them.

5.3. The change in Spanish stadiums

Along with the reduction of debt, we could say that this has been the second biggest consequence of the increase in television rights revenue. As explained above, Spanish stadiums were quite outdated before the crisis began. There were several teams that were undertaking works to improve or make a new stadium, in this case Espanyol de Barcelona,

with its RCDE Stadium in Cornellá, and Valencia CF, with its Nou Mestalla. Of these two stadiums, only the Espanyol stadium was inaugurated in 2009, while the Valencia CF stadium has been under construction since the beginning of the works in 2007⁴. The only club in Spain that was able to begin this work before the arrival of Tebas and all the changes that this entailed, was Athletic Club de Bilbao, which as we saw in table 3, was one of the least indebted clubs in Spain (as well as being one of the only 4 clubs that maintained its legal form). Its total cost was more than 180 million euros, and the works were finished in 2014 (Ferrerias, 2016), becoming the first stadium in Spain with the highest quality UEFA category.

Once the television distribution was approved in 2015, the clubs reduced their debt during the following seasons thanks to the increase in income and the control of expenses as we have seen before. It has been in these last two seasons, from 2017-2018, when the economic situation in Spain had already improved, that new investments in their stadiums have been made. Only two of the teams have built new stadiums (Athletic Club and Atlético de Madrid), as building a new one from the ground means a greater investment than if the existing infrastructure were renovated and improved. This is why the majority of clubs have decided to go down this route, in order to reduce the costs of their investment and not to exceed the costs of controlling them.

As we can see in Table 9, where the investments done by each club to renew their stadiums is shown, the greatest expenditures have been made in those clubs that generate the most income. It is of special attention the investment undertaken by Real Madrid and FC Barcelona. Although they are going to remodel their current stadiums and they are not going to build a new one, the investment that they are going to undertake is immense in comparison with the rest of the clubs. This is due to the fact that the stadiums of these two teams have become somewhat outdated, and as they are the two most important clubs in Spain, they are going to modernise their stadiums to bring them up to date.

⁴ <https://eldesmarque.com/valencia/valencia-cf/253462-el-ayuntamiento-azuza-a-peter-lim-para-que-finalice-las-obras-del-nuevo-estadio>

Table 9: Investment per team in the improvement or construction of their stadiums

Investments in Stadiums	
Clubs	Total Investment (mill €)
Real Madrid*	475
FC Barcelona*	420
Atlético Madrid	310
Athletic Club*	186
Real Sociedad	78
Deportivo Alavés	55
RC Celta de Vigo	50
Levante UD	25
Real Valladolid	25
SD Éibar	20
CA Osasuna*	16
Sevilla FC	15
Real Betis Balompié	15
Villarreal CF	3
CD Leganés	2
Getafe CF	2

Fuente: Own elaboration from Viñas, (2019)

Atletico de Madrid's great investment is due to the fact that they built a completely new stadium (“El Metropolitano”, which was designed to be Madrid's 2016 Olympic main venue), abandoning the historic “Vicente Calderon”. Its new stadium has become the third largest in terms of capacity, with more than 60,000 spectators. If we follow the rest of the investments, the most important have been those of the Real Sociedad, Deportivo Alavés and RC Celta de Vigo. These teams have in common that they have not enlarged or modernised their stadium, but have completely remodelled it, changing a large part of the previous structure. Thanks to the increase in capacity that has taken place in most stadiums, the number of spectators attending the stadiums each season has also increased, with the total number of fans being higher, and the occupation of these having increased to 64% in the 2017-2018 season, coming from data that did not reach 60% (LFP, 2018).

Although these data are good, putting them into a European context is when we see if the measures taken have been good enough or not. To compare these results, we will use the data from the Bundesliga, as it is the professional league that best manages the matchday income and stadium attendance. The stadiums in the Bundesliga are generally more modern and have a greater capacity than those in the LFP. This is due to the 2006 World Cup in Germany. Thanks to this, most of the stadiums were remodelled. For this reason, the Bundesliga is the league with the highest average attendance per match, more than 43,000, followed by the Premier with 38,000, the LFP with 26800 and the Serie A with 25,000 (Arnau, 2019). A clear example is the Bayern München team, one of the biggest in Europe (winner of the Champions League in 2020), and the team from the big leagues that has the highest percentage of occupation in its stadium, 100% (Bundesliga, 2020). If we look at the average attendance, five of the eighteen teams have an occupancy rate of less than 90% (a marked case being that of Hertha BSC, whose stadium, the Olympiastadion, the third largest in Germany, has a rate of 66%).

If we compare these data with those of the Spanish league, we will see that this is possibly the most important point to improve. The average occupation of the league is 64%, lower figure than the lowest occupation in Germany (its average is 93%). Here we can clearly see how the LFP lags behind in this area. As we saw in the previous section on attendance and stadiums, the most important problem is prices. This problem remains unresolved, and in 2019, Spanish league prices were still the highest.

Table 10: Average European League Prices 2018-2019

Leagues	Average price
Bundesliga	52.49 €
Premier League	57.66 €
Serie A	60.74 €
Ligue 1	41.70 €
La Liga	68.79 €

Source: Own elaboration from Ros, (2020)

In Table 10, we can observe that the Spanish league has a much higher average price than its competitors. In the case of English and German leagues, although the price is high, many teams offer different types of discounts in order to favour the filling of their stadium (student, disabled, over 65 years old and others). These types of discounts are not found in Spain and they can be a reason to explain why we find that the stadiums are so poorly occupied. This is one of the main problems that the LFP has, although, to a great extent, it depends on the clubs themselves.

As a general summary of this point, it can be said that the Spanish situation is very weak if we compare it with the main leagues in Europe (Premier League in England and the Bundesliga in Germany). Although infrastructures are being improved over the last few years thanks to the financial improvement, the main problem remains. The price of tickets is too high. If the LFP wants to improve its product, it would have to encourage lowering the general price of tickets.

One strategy used in the Bundesliga is to offer discounts to young fans (under 25 and usually students). Favouring annual tickets should be also a priority in order to have a fixed number of fans in the stadiums. Combined with the current improvement of the facilities, this would have to cement a high number of spectators in the stadiums every weekend. Although it is a task for each team, a stadium full of fans cheering on their team is a better product than the current one. A better product means a higher selling price of the rights.

6. CONCLUSIONS

The first step in our conclusions is to check on the objectives that had been set for the work. It has been possible to study the previous problems faced by the institution and its clubs (serious indebtedness and income issues). In addition, the main measures taken to solve them have been checked and described. The last step was to describe the current situation and compare it with what has happened in Europe and its major leagues. This has also been achieved, although the study cannot be considered complete, as the data on expenditure could not be taken for it.

This data could not be taken into account because of some limitations that have been faced in the course of the work. It was difficult to find data from other sources than those of the LFP, as there are not many independent studies about the topic. Another important issue to highlight is the missing information about all the income received from UEFA competitions. For all the clubs in these championships, their main source of income will come from this section. The last point to highlight is the lack of transparency of each club independently. Although this is a problem that most teams are trying to solve during the last seasons, especially since the implementation of the expenditure control in 2014. It is necessary to point out this issue, because it is really difficult to find specific information of each club from more than five years ago.

If we turn to the assessment of the successes achieved by the LFP, it could be said that the LFP clubs have come out of the economic crisis stronger (although there are some exceptions). This is largely due to the efforts made to control expenditure, and the large increase in income from television. Although this has strengthened the clubs, there are still many measures that need to be taken to continue this growth.

In my opinion, and after what was seen in the study, controlling expenses has been the most effective measure of the LFP directive. Thanks to this regulation, many clubs have managed to survive the serious debt crisis that was affecting most of the teams. That is why the LFP should continue to update this regulation, modifying it for the possible external shocks that may arrive (such as the current coronavirus crisis). Strict control over the purchase of players and keeping personal costs under control should be enough.

The second point, and probably the most important of all, is the distribution of television rights. This has already proved to be a success in the short-term, more than doubling the revenue obtained. Nevertheless, we must also take care of the measures still to be taken. The distribution is far from equitable, and this is one of the most important issues the league has to tackle. It will be difficult because of the great power exercised by the two clubs that will be most affected (Real Madrid and FC Barcelona). But it is a measure that must be taken

for the survival of all the clubs in the competition. These two clubs are receiving some advantages from the LFP, such as better match schedules to be watched on television or in the stadium, or marketing campaigns of the Spanish competition focused on FC Barcelona and Real Madrid.

This treatment has to change. All the teams should be treated more equally. The LFP has to focus on selling the product of the Spanish league, and not that of the big teams in the league. This may lead to a reduction in income in the short-term, reducing the total audience (match schedules not so attractive for Real Madrid or FC Barcelona). The aim is to improve in the medium and long-term, since as Javier Tebas said, "the aim is to achieve Premier League income".

The last point to be highlighted, has to do with the clubs in the competition in particular. Many of these clubs have to go through a process of modernization, in which they adapt to the modern situation of football. Much more investment has to be made in marketing, in order to expand the club's brand, and to be able to generate more commercial revenue (especially merchandising and sponsorship). The other issue to highlight, and the most important in this regard, is to fill their stadiums. The LFP's matchday revenues are very poor, and looking at the example of the Bundesliga, that should be the way forward. Stadiums filled with fans cheering on the home team games is a much more attractive product to sell to televisions around the world than watching a half-empty stadium with no football atmosphere.

The clubs "belong to their supporters", although televisions are now more important because of the income they generate in the entities. Clubs can never lose the perspective of seeing that the most important thing is their fans, and that without them, their existence would not be possible. That is why the clubs in the competition have to become much closer to their fans, and encourage them to go to the stadium to watch the matches and cheer on their team.

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