

PwC on the International Transfer Market

With the release of its second annual Global Transfer Market report, FIFA Transfer Matching System GmbH (FIFA TMS) has published official statistics and data on the international transfer market of professional football players from 2011 and 2012. PwC sports industry experts in Zurich have taken the time to review the data, providing an insight into key developments of the transfer market and a glance into the future of the player transfer market and football clubs' transfer strategy.

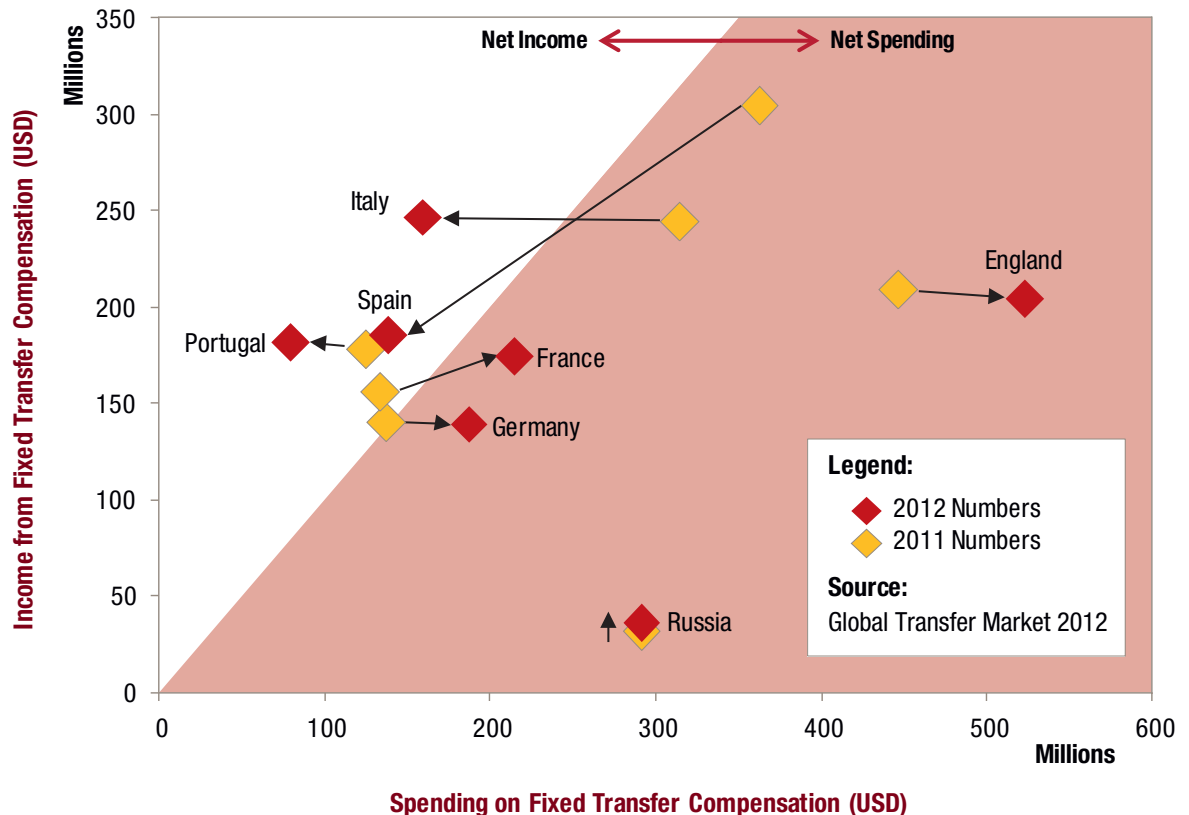
International transfers in excess of USD 2 billion in 2012

According to the FIFA TMS Global Transfer Market 2012 report, the international transfer market of professional football players was relatively stable with a total of 11,552 international transfers in 2012. Total spending on international transfers, however, was down to USD 2.53 billion in 2012, a decrease of 10% (USD 290 million) compared to the previous year. The report confirms that European clubs are the biggest spenders of global football, with European clubs dominating the

transfer market, both in terms of the number of international transfers conducted and in terms of financial compensation between clubs for the transfer of players. Total fixed transfer compensation on international transfers by European clubs was USD 1.9 billion, accounting for 86% of the global fixed transfer compensation outlay. The 2012 European transfer market, however, saw an overall reduction in transfer spending of 13% compared to 2011.

While England and Russia are spending big, Portugal, Italy and Spain generate a surplus

A closer look at the top seven European countries reveals a very diverse set of transfer strategies and operating models followed by their top clubs in the international transfer market, as shown in the graph:



In 2012, **English clubs** have strengthened their position as the biggest net spenders in the international transfer market with total expenditure of USD 517 million and income of USD 203 million, resulting in a net spending of USD 314 million. English clubs' positioning as highest net spenders comes as no surprise, reflecting the strength of the local football market as well as an appetite of foreign investors and fans alike for instant team success. **Russian clubs** followed closely with expenditure of USD 288 million; however, this was matched by a mere USD 32 million in income, resulting in a net spending of USD 256 million. Russian clubs may be able to attract some high-quality players due to heavy spending from investors, but they fail to generate similar levels of interest from outgoing player trans-

fers. **German** and **French clubs** have experienced an increase in transfer expenditure, yet still achieving a relatively healthy equilibrium between spending and income. **Spanish** and **Italian clubs** have substantially reduced their spending on player imports in 2012, boosting overall net income from the international transfer market, potentially as an after-effect of the economic crisis. At last, it is particularly interesting to see how the numbers underscore **Portuguese clubs'** role as a 'gateway' for South American players for lucrative contracts with big European clubs: Portuguese clubs generate the highest net income in the international transfer market (USD 102 million, or 57% of spending), the highest across UEFA associations.

What is the relevance of FIFA TMS's data?

The statistics published by FIFA TMS are undoubtedly groundbreaking for two reasons. Firstly, FIFA TMS's data provides unique insights on how the transfer market may be affected by, or affect, the overall financial strategy and performance of football clubs. This is particularly relevant considering the new financial regulations being introduced by football's governing bodies, most prominently with UEFA's Financial Fair Play. Secondly, and most importantly, FIFA TMS's data gives a fascinating glimpse of how clubs may profit from transparent access to market information for shaping their transfer strategy and decision-making. Indeed, the day reliable data is available not only at a country level, but also at a club and eventually player level, the foundations for informed decision-making on transfers will improve dramatically. Such data will open the path for the use of advanced data analytics tools, which will help clubs to identify and evaluate target players based on a combination of sporting (player profile, performance data), contractual (contract status and duration) and financial (transfer fee, salary, bonus) criteria.

This is not to say that the traditional functions of a scout or an agent recommending a player by giving insights on performance and expected contractual terms will become any less relevant. On the contrary, new data analytics tools will help club executives and staff in more ways than one: CEOs and CFOs will be able to justify their transfer investments to the club board and will be able to adjust their player compensation

strategies accordingly; coaches or performance directors will be able to assess the performance of new and existing players, select the best players available and improve overall team performance; scouting staff will be able to identify new players on a global scale by accessing a wider pool of talent and with more data and scientific tools at their disposal. **Ultimately, the use of data analytics tools will provide teams with an objective evaluation of new and existing players as well as keep a healthy balance of team/player motivation and financial return on investment.**

The recent publication of the Global Transfer Market report by FIFA TMS is a first step towards reaching new standards in terms of data availability and transparency in a market that is otherwise affected by incomplete, ambiguous and often rumour-based information. And it's not only the football clubs who have a vested interest in this, governing bodies, media, sponsors, gaming companies and fans alike have also shown an interest in the use of player data and analytics in football (football manager and fantasy games are prime examples of this). It seems there is a lot of interest in a market that for a long time has been lagging behind other sports in terms of using data analytics due to the lack of technology, resources, general awareness or qualified personnel. The football world should get excited: soon, the same type of data will be available at a mouse click at a level of granularity sufficient to support their big decisions.

The **FIFA TMS 2012 Global Transfer Market Report** is available at www.fifatms.com

PwC's Sports Practice

The Swiss branch of PwC's Sports Practice is led by David Dellea, Director, and counts dedicated sport business consultants Stefanie Vogel, Ioannis Meletiadis and Martin Engeler amongst its ranks. Over the years, we have had the privilege of addressing the needs of leading international federations, rights holders, event organisers as well as clubs and stadium developers. Most recently, building on PwC's expertise with Big Data, the Sports Practice has specialised in the area of player transfers and the relevance of related analytical tools as support for decision-making.

Your contact



David Dellea
Director, Head of PwC's Sports Practice for Switzerland

Phone: +41 58 792 24 06

Email: david.dellea@ch.pwc.com