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Corporate Social Responsibility in the Sport industry: the  
FC Bayern Munich case study

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## **ABSTRACT**

Corporate Social Responsibility (CSR) is playing an increasingly important role in sport industry today, and economic, political and social factors are shaping CSR activities in businesses around the world.

The principle core of Corporate Social Responsibility is that the corporation takes responsibilities towards the society beyond profit maximization, because corporations have the power to control and to influence the quality of life of employees, customers, shareholders and residents of local communities in which they operate.

Social responsibility and philanthropy in sports remain relatively unexplored research areas. Considering the fact that sport industry is growing rapidly and constantly, the sport sector represents a very interesting context for the research in Corporate Social Responsibility field. Sport has a direct connection to the environment, since it is often practiced outside or with a large amount of infrastructure as stadiums. Thanks to philanthropic activities, sport teams may have an opportunity to increase their social standing in the Community.

Sport has a number of unique factors that may positively affect the nature and scope of partner corporations' CSR efforts, including: mass media distribution and communication power, youth appeal, positive health impacts/association, social interaction and sustainability awareness.

The aim of this Thesis is to improve the understanding of social responsibility and philanthropy within a sport context. Sport is an

important vehicle and contributes to Corporate Social Responsibility in various ways. For example, professional sport teams/leagues use charitable foundations or corporate donations to pursue social mission or community's development. Major factors that affect Corporate Social Responsibility include pressure from leagues, sponsors, local community and global organisations. A good Corporate Social Responsibility strategy has the goal to increase social reputation, fan base and sponsorization channels.

In my Thesis, one very important and popular football team is taken as a case study: the FC Bayern Munich football team, whose Corporate Social Responsibility strategies was carefully analysed. Furthermore, this paper takes in consideration also other sport clubs, leagues (e.g. *Bundesliga*) and federations (UEFA and FIFA), in order to understand and classify the efforts of all the stakeholders involved in this complex and fascinating environment and the impacts they generate in it.

## INTRODUCTION

The increasing social commitment of sport clubs within society is more and more visible. Corporate Social Responsibility became an important area of study, also because it has huge relevance when it comes about companies that aim to increase their social influence. Especially in Germany, football has a significant meaning and plays an important role in the society. Combining the social relevance of football in Germany with the increasing economical ambitions of football clubs, it's easy to understand why the topic of Corporate Social Responsibility became nowadays more and more important. This significance is underlined by the establishment of the *Bundesliga Stiftung* in 2009, which was founded with the aim to perceive more intensely the societal responsibility of professional football.

Based on the scientific discussion and the growing influence of Corporate Social Responsibility in German professional football, this Thesis has the aims to examine factors that lead football clubs to be socially active. The focus of my work is to explain the reasons why Bundesliga clubs became socially active and it analysis all the different kinds of approaches taken by them. Therefore, one *Bundesliga* club with a remarkable history and fan base was chosen as case study, in order to analyse its Corporate Social Responsibility activities.

These analysis lead to the following question: 'Which factors explain the nature of Corporate Social Responsibility activities of a traditional football club like FC Bayern Munich and what are the reasons why it became socially active?'



In the process of this Thesis, the first chapter gives a general overview of the literature debate about the role of Corporate Social Responsibility as part of the corporate strategy. According to Porter and Kramer (2006), the majority of companies used the sustainability reports and the ethical reports as formal tools and non-related to the companies' core business. The authors suggest to implement a different approach to Corporate Social Responsibility, more integrated in the strategy of the company, which could create relevant strategic advantages.

In the second chapter I focus on Corporate Social Responsibility in the sport industry, defined as process that addresses social or environmental problems towards new business opportunities and competitive advantages. Considering the strategic relevance of the relation between Corporate Social Responsibility and Sport industry, this chapter studies what a sport firm can do, from a managerial and organizational point of view, to improve the development of Corporate Social responsibility activities. In addition, in this chapter, I deal with the collaboration between Sport firm and non-profit organization that represent a source of shared value for the business and the society.

In addition, Sport has the unique ability to increase the quality of life, promote peace and bring people together despite their backgrounds, thus it creates an economic and social bridge between people.

The third chapter is focused on a single, explorative case study regarding FC Bayern Munich, the most important football club in Germany, whose Corporate Social Responsibility strategy is largely based on the development of societal reputation and international influence. In

addition, Sport is a big element in Munich society and FC Bayern Munich plays an important role in the development discourse.

Recently the Academic world started to provide information about how Corporate Social Responsibility evolves and develops in the football industry and particularly within professional football club organizations. This Thesis provides the way Corporate Social Responsibility is integrated with the key corporate governance concerns of professional football management. It draws on the important role of Corporate Social Responsibility communication, development and implementation, and it offers the benefits of Corporate Social Responsibility for both football clubs and society.

# **I. CHAPTER**

## **CORPORATE SOCIAL RESPONSIBILITY**

### **1 – Evolving Concepts and Definitions of Corporate Social Responsibility**

In this first section of my Thesis, I analyse the definition of Corporate Social Responsibility, which is something that has evolved over time, thanks to the contribution of academics and industry experts. I emphasize the increasing importance of CSR, which started as a marginal phenomenon, for becoming afterwards a very important strategy for any public and private company.

The evolution of CSR from an irrelevant idea to an indispensable component in achieving organizational objectives has been recognised by academic, business managers and all the relevant stakeholders. Nowadays, reading a newspaper, a magazine or any kind of publications without finding an article or a chapter about this topic is nearly impossible. This means that the quantity (and in some cases the quality) of the information and the studies about CSR is increased a lot over the time, turning it in a fundamental and very debated topic in this field.

In a context where the economic globalization is a challenge for every kind of organizations, both profit and no profit, the Social Responsibility gets increasingly importance in the current state of art. Organizations all around the world, and their stakeholders, are becoming more aware of benefits of a social responsible behaviour. The performance of organizations according to the society in which they operate has become a

fundamental element for measuring their performance and ability to operate actively. The Social Responsibility is not just satisfying all the society's parameters, but also giving a contribution to the process for value's creation in the internal and external environment.

The concept of CSR was originally coined in the 1930s by two Harvard University professors: A. A. Berle and C. G. Means. In the book *The Modern Corporation and Private Property*<sup>1</sup>, they underline the importance of protecting the rights of shareholders, and having a greater transparency between the ownership and the administrators. In the academic literature, formal writings about CSR are evident for the very first time in Bowen's (1953) *Social Responsibilities of the Businessman*<sup>2</sup>. In his book, he defines CSR as:

*The obligations of businessmen to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society.*

Bowen expected businessmen to produce social goods such as: 1) higher standards of living; 2) widespread economic progress and security; 3) order, justice and freedom, and finally 4) the development of the individual person.

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<sup>1</sup>Berle and Means, *The Modern Corporation and Private Property*, Transaction Publishers, United States, 1932.

<sup>2</sup>Bowen. H. R., *Social responsibilities of the businessman*, Harper, New York, 1953.

Donald K. David, Dean of the Harvard Graduate School of Business Administration, called business leaders to become engaged in public affairs beyond the immediate economic functions of business related to them and focusing also on the fundamental contribution to the society.

Bernard Dempsey, in his 1949 Harvard Business Review article <sup>3</sup>, provided four different philosophical definitions of justice, according to the responsibilities of businessmen: exchange justice in the market; distributive justice regarding the relation between the government and people; general justice – acceptance of ethical obligations; and especially social or contributive justice – the obligation to contribute of progress of individuals and society.

In the 1950s, Frank Abrams, a former executive manager of the Standard Oil Company, came up with the idea of management with broader responsibilities in a complex world. Abrams argued that management was focused on only one goal, which was the profit, but companies had to think not just about profits but also about their employees, customers and all the public in general.

During the 1950s, Morrell Heald described business leaders moving philanthropy to substantive cooperation and outright leadership on a range of community initiatives. He developed the idea of extensive profiles of business initiatives with higher intellectual value, working to become a good neighbour, and business support for the arts<sup>4</sup>.

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<sup>3</sup> Dempsey, B., *The Roots of Business Responsibility*, Harvard Business Review, 1949, 393-404.23.

<sup>4</sup> Heald, M., *Management's responsibility to society: The growth of an idea*, The Business History Review, 1957, vol. 31, no. 4, pp. 375-384.

Archie Carroll defined Social Responsibility as a business related to the public consent. Its basic purpose is to serve constructively the needs of society – to the satisfaction of society<sup>5</sup>. This respecting in the meanwhile four types of responsibilities: economic, legal, ethical and discretionary.

Legal because the organizations has to ensure that every employee knows and observes relevant laws. They may not obtain or use competitors' technical know-how, trade secrets or industrial espionage. Unethical business practices include for example theft of patents, trade secrets, fake and deceptive advertising and quality and/or safety defects. All companies have to adopt a written code of ethics and legal guidelines. The economic responsibility of business is to produce goods and services that society desires and to sell them for getting a profit. People want information about a company's records on social and environmental responsibility, in order to decide which companies they should buy from, invest in, and work for.

Eventually, the discretionary responsibility is the ability of companies to support the community by providing programs or engagement in volunteerism.

Formal definitions of CSR began to proliferate in the 1970s. It was the decade in which Corporate Social Responsibility became the centre of discussions.

Frederick determined the CSR under three core ideas. These included the idea of the manager as public trustee, the balancing of competing goals to

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<sup>5</sup> Carroll, A., *A three-dimensional conceptual model of corporate social performance*, Academy of Management Review, 1979, vol. 4, pp. 497-505.

corporate resources, and corporate philanthropy – business support of good causes<sup>6</sup>.

Even the European Union has a definition of Corporate Social Responsibility as enterprises' contribution to sustainable development<sup>7</sup>. On the other hand, the World Council for Sustainable Development makes a distinct differentiation between Corporate Social Responsibility, corporate environmental responsibility and corporate financial responsibility, making together the triple bottom line of corporate responsibility<sup>8</sup>.

In another definition by the European Commission it is said that Corporate Social Responsibility is essentially a concept whereby a company decides voluntary to contribute to a better society and a cleaner environment.

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<sup>6</sup> Frederick, *The growing concern over business responsibility*, California Management Review, vol. 2, pp. 54-61.

<sup>7</sup> European Commission, [europa.eu/commission/index\\_en](http://europa.eu/commission/index_en).

<sup>8</sup> World Council for Sustainable Development, [wbcSD.org/](http://wbcSD.org/)

## **1.1 – Criticism and Defensive theory of Corporate Social Responsibility**

Since the debate over CSR began, supporters and detractors have been articulating the arguments for the idea of CSR and against the concept of CSR.

There are a lot of differences opinion about the real contribution of corporate social responsibility in economic development. For example, the great US economist Milton Friedman has declared that social initiatives ‘fundamentally subversive’ because he claimed they undermined the profit-seeking purpose of public companies and wasted shareholders’ money<sup>9</sup>.

According to him, the only responsibility of the management is to maximise the profits of its owners and shareholders. Friedman argued that social issues don’t have to be a concern of business people and that these problems should be solved trough free market.

A second objection to CSR has been that business is not equipped to handle social activities. The managers are oriented towards finance and operations and do not have the necessary expertise to make socially oriented decisions.

This current of thought doesn’t approve CSR initiatives and some companies have been accused to do unscrupulous marketing which use green propaganda to attract customers. An interesting recent US study concludes that companies that act in a socially responsible manner and advertise that segment their markets and make a particular effort to reach

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<sup>9</sup> Friedman, M., *The Social Responsibility of Business to Increase its Profits*, The New York Times Magazine, September 13, 1970.



out buyers with ethical standards, because those are the customers who can deliver the biggest potential profit on ethically produced goods.

Argument in favour of CSR typically begins with the belief that it is in business's long-term self-interest to be socially responsible. Pro-acting is better than reacting. Anticipating, planning and initiating are more practical and less costly than simply reacting to social problems once they have appeared.

Nowadays, the public believes that, in addition to the pursuits of profits, business should be responsible towards its workers, communities and other stakeholders, even if making things better for them requires companies to sacrifice some profits.

Porter and Kramer (2006) defend the value of CSR in terms of responding to the challenges of pressure groups. Those companies see CSR only as a way to placate pressure groups and, usually, they let this approach turn into a series of short-term public relations actions, with minimal social benefit and no strategic benefit for the business<sup>10</sup>. Management's attention can usefully be given to examining the links between CSR and the impacts on consumers, business-to-business customers, investors, lobby groups, suppliers, employees, manager and competitors.

According to this current of thought, satisfying customers, employees and other stakeholders and achieving business success are closely tied to the adoption and implementation of high standards of business and marketing conduct.

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<sup>10</sup> Porter M. E. and Kramer M., *Creating Shared Value*, Harvard Business Review, Vol. 89, No. 1, 2011, pp. 2-17.

Many firms have decided to play a more active, strategic role with Corporate Social Responsibility.

In 1776, the English economist Adam Smith said, ‘I have never known much good done by those who affected to trade for the public good’<sup>11</sup>.

## **1.2 – The origin of Stakeholder Theory**

Another important element of CSR is the interaction with stakeholders. The main starting point of stakeholder theory is that corporations are not simply managed in the interests of their owners and shareholders, but that there is a whole range of groups such as customers, employees, suppliers, government, local communities and environmental organizations that have a legitimate interest in the corporation as well.

In addition, other groups and individuals are considered as stakeholders: the media, the general public, business partners, next generations, old generations (founders of organizations), academics, competitors, NGOs or activists, financiers, regulators and policymakers.

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<sup>11</sup> Smith A., *The theory of moral sentiments*. In R. L. Heilbroner & L. J. Malone (Eds.), *The essential Adam Smith*, pp. 57-148, New York: W. W. Norton, 1987.

## Stakeholder Theory Diagram

R. Edward Freeman, Jeffery Harrison, & Andrew Wicks, 2007



Freeman provided two definitions of stakeholders:

- “Group of people who can affect or can be affected by the achievement of the organization’s objectives” (1984);
- “Those groups who are vital to the survival of the organization” (2004).

Talking about customers, according to some research there is a link between a company’s social initiatives and positive consumer responses in attitudes, beliefs and behaviour. Positive associations have been found between social initiative price and perceived quality. Customers will pay a premium for ethically produced goods; moreover, they will punish companies that are not seen as ethical. Certainly, social initiatives have to

be aligned to the corporate objectives and values; it's evident that when social initiatives are not aligned with them, CSR may become a liability and diminish previously held beliefs about the company.

Very important is the connection between CSR and employees. In return for their work, they expect security, wages, benefits and meaningful work. Employee attitudes and behaviours will be shaped in part by organisational culture and climate, and all of this can have a significant impact on employee motivation and on performance. Often, employees are expected to participate in the decision making of the organizations and sometimes they are financiers as well because, since they believe in the future of their companies, they often voluntarily invest.

In some cases, when some social issues are shared by all members of an industry, joining or collaborating with CSR initiatives may be to the benefit of all. The collective action by all the major companies makes difficult for a government to undermine the social benefit of corruption-free trading by choosing not to deal with companies that disclose bribery payments. Usually, for a company the failure of the CSR imperatives means being associated to a negative prospective by the society. It's widely known that companies with poor CSR records risk serious negative consequences, such as large-scale consumer boycotts and weaker brand image. Certainly, some activist organizations have become much aggressive and they have the power to punish companies they disapprove. These lobby groups may shape public opinion and drive government actions to control business actions and they have the power to create new regulations. In order to defend a company's competitive position, responding to external pressures, especially when they are vocal and well organised, may be an appropriate management action.

A research study by McKinsey suggests that at least the 70% of companies believe that CSR is a way for anticipate social pressure and respond to it. Managers see risks for their businesses in some social challenges - such as climate change, data privacy and healthcare – and opportunities in other social challenges – such as the growing demand for more ethical, healthier and safer products<sup>12</sup>.

A very interesting view of managers came from Aoki (1984), who saw managers as referees between investors and employees. Management plays a special role: in fact, management, especially the top one, has to look after the health of the corporation. In order to do this, it has to balance the multiple claims of conflicting stakeholders and keep the varied stakes moving in roughly the same direction. In order to create value for stakeholders, executives managers have to understand that business is fully situated in the realm of humanity. The business virtues of efficiency, fairness, respect, integrity, keeping commitments, and other are all critical in being successful at creating value for stakeholders. These virtues are simply absent when they think only about the dominant model<sup>13</sup>.

The attitude of investors toward CSR initiatives may be positive or negative. Many corporate boards of directors are under shareholder pressure for adopting better environmental policies. In other cases, the Corporate Social Responsibility may be for the investors an initiative not for ‘saving the planet’, but about cutting waste, reducing costs and becoming more efficient.

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<sup>12</sup> McKinsey&Company, mckinsey.com

<sup>13</sup> See Aoki (2007) for a rigorous conceptualization and the nature of common knowledge/shared beliefs regarding the internal state of game and conditions for them to exist.

Corporate Social Responsibility is also the integration of companies in their local setting. These companies contribute to their communities, especially to local communities, providing jobs, wages, benefits and tax revenues. On the other hand, companies depend on the health, stability, and prosperity of the communities in which they operate. The reputation of a company at its location certainly influences its competitiveness.

### **1.3 – Standard and certification**

There are different codes of conduct developed to promote CSR standards.

All these codes of conduct have contributed to the promotion of CSR standards. In this part of my Thesis I specify the four important standard that influenced CSR strategies, which are: the SA 8000, the ISO 26000, the ISO 14001 and finally the ISO 9001.

Standards that relate to individual aspects of CSR inherent specific practices that management needs to adopt. For instance, SA 8000 specifically focuses on working conditions and human rights. ISO 26000 promotes a common understanding of social responsibility and is planned as an international standard providing guidance and is not intended as certification. The ISO 9001 specifies requirements for a quality management system. And finally, the ISO 14001 was designed to help businesses to reduce their environmental impact.

The most relevant standards of social responsibility is the SA 8000, developed by CEPA (Council of Economic Priorities Accreditation

Agency – USA) and now known as Social Accountability International (SAI). The SA 8000 represents a new way of voluntary ‘self-governance’ of working conditions in the private sector, created and implemented by companies, labour unions and non-governmental activist groups.

The SA 8000 standard is an internationally auditable performance standard relying on International Labor Organization Conventions, on the Human Rights Declaration and the UNO Convention on child’s right. SA 8000 can apply in all and any organizations which wants to measure the company’s performance in: 1) child labor; 2) unfree labor; 3) occupational work and safety; 4) free association in collective associations; 5) discrimination; 6) disciplinary practises; 7) working hours and; 8) remunerations.

Management’s task is to develop a health and occupational security system, in order to eliminate or at least minimize risks for employees and/or other parties. The management has also to implement, maintain and improve a social accountability management system. These activities influence positively the products and/or production processes, and the result of this is a better customer satisfaction; moreover, this improves the motivation of employees and therefore their creativity and innovativeness. Best products or production processes and high employees motivation place the organizations in a better position with business partners and authorities, ensuring in some cases a better access to public funds.

Regarding the Child Labor, the company shall not expose children or young workers to any kind of situation – in or outside of the workplace – that is unsafe for their physical and mental health and development. Regarding the second point, personnel shall have the right to leave the workplace after completing the standard workday, and be free to terminate

their employment once it's provided that they give reasonable notice to their employer.

The company in general, and the health management in particular, shall prevent potential accidents on the workplace.

All the employees shall have the right to form and organise trade unions and the company shall respect this right and shall not interfere with the establishment, functioning or administration of such workers' organizations. The point 5 explains that the company shall treat all personnel with dignity and respect: any kind of corporal punishment, physical coercion and verbal abuse is forbidden.

Regarding point 7, the company shall respect laws and industry standards on working hours and public holidays. In case overtime work is needed in order to satisfy short-term business demand and the company is party to a collective bargaining agreement freely negotiated with worker organizations, the company may require such overtime work in accordance with such agreements. Furthermore, the company shall respect the right of personnel of a living wage and ensure the wages paid for a normal workweek in order to meet the basic needs of them and to provide some discretionary income.

Finally, top management shall define in writing, in workers' own language, the company's policy for social accountability and labour conditions. Such policy includes the commitments to conform all requirements of this standard, to review its policy regularly in order to continually improve, taking into consideration changes in legislation, to see its policy is effectively documented, implemented, maintained, communicated and made accessible to all personnel, including directors, executives, management, supervisors and staff<sup>14</sup>.

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<sup>14</sup> Social Accountability International, sa-intl.org



Another legislation inherent the social responsibility which succeeded SA 8000 is ISO 26000. This International Standard was developed by different stakeholder groups as consumers, government, industry, labour, non-governmental organizations and academics, in order to respond to a growing world need to clear and best practice. The final goal was to achieve social equity, healthy ecosystems and good organizational governance, all characters of sustainable development. It is made for being used by every kind of organizations, in both public and private sectors, for the promotion of initiatives in the field of social responsibility, taking into consideration societal, environmental, legal, cultural and political diversity and different economic conditions<sup>15</sup>.

The purpose of the ISO 14001:2015 International Standard is to provide to organizations the instrument for protecting the environment, balancing this goal with socio-economic needs. Top management can effectively address its risks and opportunities through a good environmental management system. The application of this International Standard can differ from one to another organization and depends on the context, the scope and the nature of the environmental management system. Two organizations can carry out similar activities but can have different compliance obligations, commitments in their environmental policy, environmental technologies and environmental performance goals. The basis for approach an environmental management system is founded on the concept of Plan-Do-Check-Act (PDCA). First: Plan. It's necessary to have a scheme with all environmental objectives and all the processes necessary to deliver the results according to the organization's environmental policy. Second: Do. Implement the processes as planned. Third: Check. We have to monitor and measure processes against the

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<sup>15</sup> International Organization for Standardization, [iso.org/iso-26000-social-responsibility.html](http://iso.org/iso-26000-social-responsibility.html)

environmental objectives and operating criteria, and at last, report the results. Fourth, after all, Act. Take actions to improve constantly<sup>16</sup>.

Finally, the ISO 9001 describes the quality management principles and it focuses on: customer focus, leadership, engagement of people, process approach, improvement, evidence-based decision making and relationship management<sup>17</sup>.

Top management can use PDCA concept to implement an efficient and effective decision-making approach. This process consists of various interdependent phases and are:

- the understanding of the requirements;
- the consideration of processes in terms of added value;
- the achievement of effective process performance;
- the improvement of process based on evaluation of data and information.

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<sup>16</sup> International Organization for Standardization, [iso.org/iso-14001-environmental-management.html](http://iso.org/iso-14001-environmental-management.html)

<sup>17</sup> International Organization for Standardization, [iso.org/iso-9001-quality-management.html](http://iso.org/iso-9001-quality-management.html)

## 1.4 – Evaluation and control

It is also important to analyse the control procedure and the report of the most important economic information for the stakeholders involved.

Many organizations report their CSR results to the public. Reports help audiences, such as investors, employees, suppliers, and customers to make informed decisions about their involvement with the organization. Reporting methods can include CSR report, integrating CSR information into the annual report, and selecting CSR information for public distribution. Organizations use internal auditors, independent third parties, community, expert advisory or a combination of them in order to perform the process. Third parties include external audit firms or international not-for-profit organizations, specialized in environmental sciences and human rights.

| <b>2016 German Most Sustainable Corporations in the World index (Self made table)</b> |                                  |                      |
|---|----------------------------------|----------------------|
| <b>Rank</b>   | <b>Industry</b>                  | <b>Overall Score</b> |
| 1   | Automobiles                      | 80.10%               |
| 5   | Textiles, Apparel & Luxury Goods | 73.10%               |
| 42  | Industrial Conglomerates         | 63.80%               |
| 48  | Automobiles                      | 63.20%               |
| 77  | Household Products               | 58.60%               |

The goal of any internal audit is to evaluate the CSR programs and determine whether the organization has adequate controls to achieve its CSR objectives. The most important features of a serious internal audit

are independence and objectivity. These documents may be responsible for investigations of fraud or violations of law. Information about fraud and others crimes may form part of the CSR program and reports to the public. This would put the auditors in the position of evaluating and reporting on their own activities. Any internal audit activity includes expertise in regulations, management systems and environmental best practices, health and wellness, safety, science and engineering, ethics, community investment, employment, human rights, working conditions and government. Experts should not be members of the area being audited; they could be employees in similar departments or other divisions.

Another choice for an audit control is using nongovernmental organization (NGO) members. There are pros and cons of using these organizations, including the need of more time for an audit process and the possibility that these results might not be bound by confidentiality standards. By their nature, NGOs have special interests and their representatives may not be unbiased and objective and may not prioritize the same issues of the organization.

Regarding the control, there are four types of required marketing control: annual-plan control, profitability control, efficiency control and strategic control.

Annual-plan control ensures that the company achieves its planned sales, profit and other goals. The management is responsible for monitoring the performance in the marketplace, finding the causes of serious performance deviations and taking corrective actions in order to fill the gap between goals and performance. The management can use four tools to check on plan performance: sales analysis, market share analysis, marketing expense-to-sales and financial analysis.

In the sales analysis, the management measures the relative contribution of different factors (for example products and territories) and evaluate actual sales in relationship to goals.

With the marketing expense-to-sales analysis, the management has the possibility to monitor period-to-period fluctuations inherent sales force as advertising, promotion, marketing research and sales administration.

Management uses financial analysis to identify factors that affect the company's rate of return on net worth. The return on net worth is the product of assets and financial leverage. The marketing executive analyses the composition of assets and sees whether it can improve. It can improve performance in two ways: 1) increasing the profit margin by increasing sales or cutting costs; and 2) increasing the asset turnover by increasing sales or reducing assets.

Another type of control is the profitability control. From the financial analysis, the management obtains a lot of information about products, territories, customer groups, segments, trade channel. With these data, the marketing responsible determines whether to expand, reduce or eliminate products or other marketing activities.

The efficiency control gives the opportunity to the management to improve profit plans, prepare brand managers' budget's, measure the efficiency of promotions, analyse media production costs, evaluate customer and geographic profitability and educate marketing personnel on the financial implications of marketing decisions.

Finally, a marketing audit should be comprehensive, in order to covers all the major marketing activities of a business; systematic, skill that takes into account macro and micromarketing aspects, marketing objectives, strategies and other specific activities. The audit has indicated the most-

needed improvements, incorporating the corrective action plan with short and long steps for improving effectiveness.

Usually, firms initiate marketing audits only after sales have turned down and other problems appeared. Companies are thrown into a crisis because they failed to review their marketing operations during good times. A periodic and efficiency marketing audit can be a benefit companies in good health.

**II. CHAPTER**  
**CORPORATE SOCIAL RESPONSIBILITY IN SPORTS**  
**INDUSTRY**

**2 – Definition and general aspects of Corporate Social Responsibility in the sports industry**

In this second section of my Thesis, I will analyse the role of Corporate Social Responsibility in the sport industry and the growing importance of CSR in strategies for companies whose core business is in the sports sector.

While the study of Corporate Social Responsibility has become increasingly prevalent in the management and organizational behaviour literature, the concept has only recently entered in the sport management discussion. Fifteen years ago, Corporate Social Responsibility was not playing a significant role in sport; just recently it became relevant in this field.

Nowadays, sports operate in the business environment as an economic entity and, as such, are more complex to manage. Originally, sport organizations were created for establishing rules and organising events and competitions. This role subsequently expanded and sport organizations now encourage, promote and facilitate international exchange between organizations. However, this rapid globalisation and commercialisation of sport has created a host of competing interests such

as the increasing role of sports agents, and the greater impact of media and commercial sponsorship rights.

In many cases, a lot of people see the reason of this in the fact that being involved in Corporate Social Responsibility is financially good for an organization and can lead to greater profits or greater public support. Many sport organizations have changed their business model in order to incorporate Social Responsibility initiatives, including environmental concerns, such as, energy usage, reclamation and recycling programs, carbon emissions and waste production. Many sport-related organizations are interested in Social Responsibility for a number of reasons including media coverage, the need to comply with legislation and government regulations and changes in social attitudes.

Nowadays, European football may be considered as a part of the entertainment sector or an industry in its own right. Consequently, for the management the adaptation to the new challenges is essential and it involves also the need to be strategically aligned with its business activities. Partnerships with different businesses offer significant financial opportunities, and cooperating with public institutions promises societal integration and access to legitimization and support. However, in order to manage such resources, management of clubs, leagues, and associations need to define their Corporate Social Responsibility objective as part of the organization's overall strategy and to measure their performance.

These professional sports companies are operating in a different context because this industry has features that are different from those we can find in other business segments, with the common feature of enhancing organization brand image, performance and competitiveness.



For instance, athlete's "star power" is the connections sports teams have to local communities, and the level of affection showed by its many consumers distinguishes the sports industry from all the others. Ultimately, the position of athletes provides sports organizations with unique features that enable them to employ Corporate Social Responsibility more effectively than traditional corporations. Some of these strategies include, for example, the power to influence mass media and communication in general, the ability to exercise, with its field performances, some appeal for younger generations. These great athletes are now forced to contract, manage personally or through third-party, social networking profiles. Through these social networks, they have the ability to interact with an indefinite number of followers and create a social reputation. When social activities and content increase, media power increases. Significant growth in social reputation can translate into higher potential advertising revenues. Today, the athlete is seen as an example to imitate, not only in classic action on the playing field, but also in lifestyle, including nutrition. They, directly through advertising and indirectly through their sport performances, influence and give a strong positive impetus for maintaining themselves in perfect physical form. Another important aspect, especially in this historical moment, is cultural integration. A team, of any sports discipline, is now composed of many players from different countries. The idea that all of them together, regardless of skin colour and sexual orientation, can be respected, collaborated, helped, shared victories and defeats, is very strong. Sport has done and is still doing much against racism.

Last, but not least, the sport world is highly competitive and meritocratic on the outside. The idea that a young talent, sooner or later, can explode and have a career in a big team is very powerful. "Social lift" in the sports environment, is confirmed in many cases. The history of football is full of

young South-American players who used to live in a difficult environment, full of poverty and illegality, which thanks to sport, merit and talent, reach the high and wealthy part of society.

The personal experience of every player can help the new generations to believe in themselves, their potential and not to give up on the first difficulty.

Because of these factors, sports organizations are in the best position to serve as a facilitator of Corporate Social Responsibility throughout the world.

Analysing the sports industry, we can claim that is characterized, unlike other industrial sectors, by symbolism, identification, community, and sociability, which is related to the strong affective connections of sports fans. The business firms, and the sports teams particularly have four responsibilities: baseline responsibilities of profitability and conformance to laws (economic and legal responsibilities), the obligation to conform to ethical business norms in their environment (ethical responsibility), and the exercise of discretionary responsibilities (philanthropic responsibility).

Sport has the power to make society more equal, socially cohesive and peaceful. Something very relevant is the potential of sport as a tool for development and peace of organizations at local, national and international levels, engaging in ever-evolving public-private partnerships. For example, the Sport for Development and Peace International Working Group claims that the future of sport as an instrument for development and peace ultimately depends on national governments. The idea that the sport has certain social functions beyond the game itself is of course not new, in fact social development through

sport has a long history. As part of this process, we have increasingly come to think sport as a programme that needs to be consciously and carefully designed for social benefits to achieve.

In 1978, the General Conference of the United Nations Educational, Scientific and Cultural Organization (UNESCO) adopted the International Charter of Physical Education and Sport. Member countries of the UNESCO demanded the guarantee of free access to sport for all human beings, since the unconstrained development of physical power and abilities is not only a cornerstone of the effective exercise of human rights but also a significant contribution to the teaching of fundamental human values. The European Sports Charter applauded the role that sport is playing by reinforcing the bonds between peoples and the contributions which sport can make to personal and social development. For example, Governments around the world promote social policies such as having a healthy lifestyle and community participation through sport-related activities.

In 2002, Kofi Annan championed the right to play as a fundamental human right, particularly for children, claiming that sport acts as an incredibly beneficial formative experience that builds self-esteem, leadership skills, and breaks down barriers between communities. In this context, some perceive sport as a pure, non-political vehicle, with an almost mythical expectation that it can contribute profoundly to development. Another reason for sport's potential to connect with a wider range of communities than traditional development institutions is the desire of the sport community, particularly federations, to expand the global reach of sports like soccer. Therefore, it is time that we consider sport's potential to further social and economic development.

In 2003, the United Nations passed a resolution titled “Sport as a Means to promote Education, Health, Development and Peace”, which initiated the “Year of Sport and Physical Education” in 2005. Numerous projects and programs were sparked globally by this initiative, revolving around three dimensions in which sport is seen to support long-term effects:

- personal dimension (e.g., skills, health, self-actualization);
- national dimension (e.g., economic and social progress, public health, integration); and
- international dimension (e.g., economic and political development, peace, common goods, environmental protection).

The potential weight of the game in the public arena is very evident in the fact that professional football is seen as an ambassador for supporting the integration process of the European Union. Germany, England, the US and Japan remain amongst the most influential countries in respect to the development of Corporate Social Responsibility. Probably, the European Union is the most active trading bloc promoting Corporate Social Responsibility, with Germany and UK playing a leading role, as we can see in the majority of worldwide Corporate Social Responsibility publications.

Japan, along with Europe and the US, is one of world’s leading economies and has some of the most significant global players. Japanese firms have a unique and long history of Corporate Social Responsibility, thus playing an influential role in shaping worldwide policies both through international governmental organizations and global business conduct. In football, the German teams represent the traditional strength of the sport, rooted in the

tradition of the sports club system, and having a leading position in respect to the financial, cultural and institutional development of the game.

European football is the epicentre of the global game. At the same time, the European Union is the most vibrant area for Corporate Social Responsibility debate, discussion and consequent development.

Germany has a traditional sports club and professional body system that organizes and governs football. Clubs are communities of interests, granted certain rights to govern their matters and tax reductions from the public. They have always had strong links into the local community with high-profile public administrators involved. This special relationship has been strongly expressed by the President of the standing sports committee of the German Parliament, who has emphasized the crucial role sport plays in democratic societies and politics, seeing it as a duty of politics to strongly support sports affairs and particularly in relation to the 2006 FIFA World Cup held in Germany.

In its statutes, the DFB "*Deutscher Fußball Bund*" proclaims that football has an immense impact on society and environment at large. It sees as foremost purpose the initiation and development of "social activities" which are primarily largely charities, volunteer campaigns, support of disadvantaged people and humanitarian projects. The DFB, during 2006 World Cup, promoted the implementation of an environmental protection scheme called "Green Goal", a sustainable development objective that reflected the general attitude towards Corporate Social Responsibility. Other dynamics impacting upon German football's objectives and position in recent years were driven by both marketing effort and public pressure. Clubs started to seek more aggressively new sources of revenue

from box office sales, merchandising and retailing and thus promoted football as entertainment to new groups of customers and consumers (e.g., women, families).

## **2.1 – Stakeholders Model**

I explain the Stakeholder Model of a professional sports company. I emphasize the relationships between a sports company and a number of economic actors, such as: fans, communities, television and the media in general, leagues and federations, local authorities, support associations, and finally, sponsors.

These are actors that influence, or seek to influence, corporate management decisions. They are targeted for marketing actions and it is corporate management's task to try to satisfy the individual parts, while still maintaining a unit of analysis and respecting the corporate philosophy of the company.

These economic operators operate in a unique context for various elements and the following four factors are the core of Corporate Social Responsibility design, implementation, and impact in sport: passion, economics, transparency and stakeholder management.

One of the main feature of the sport industry is related to the passion and interest the product generates among fans/consumers. It is difficult to image such passion for any traditional product and this identification that sport teams generate can be beneficial to community integration. There are some unique economic elements of the sport industry that result

different than other industries. We can consider many sport leagues as kind of cartels, having close to monopoly power, with special protections from the government via antitrust laws. Sport leagues and teams often also receive public funds for stadia and related infrastructure. Such unique protections, may lead some stakeholders to have higher perceptions of the role and responsibility of professional sport teams and leagues to provide social benefit and give back to the community.

Almost everything achieved by the leadership of a sport team (e.g., player signings, player salaries, who plays, who sits, trades, changes in strategies), as well as team outcomes (i.e., wins/loses), and contributions to good causes is open knowledge. Organizations in other industries typically do not face the same type of scrutiny of their business practices or their employees' behaviour.

Successful work in the sport industry necessitates the ability to work within a complex set of stakeholder relationship; a team cannot operate without the cooperation of many organizations. Relations with stakeholders such as the media, players, various levels of government, sponsors, fans and local communities, can benefit from Corporate Social Responsibility activities.

Stakeholders in global sports can be divided into two groups: direct and indirect. Direct stakeholders are immediately involved in the operations of a global sports system. Five sets of direct stakeholders exist: team owners, players, fans who attend games, fans who enjoy the broadcast of the games, and those stakeholders that wish to use sports to achieve political or social objectives. The interests of each stakeholder are complex and can vary considerably within and between groups of stakeholders. Indirect stakeholders are not necessarily immediately involved with the operation

of a global sports system, though they still benefit from it. For example, the media are indirect stakeholders because they earn immense profits from sports through the broadcast of or writing about games, events, strategies, and sports personalities. Local economic actors, such as real estate developers, lawyers, investors, financiers, unions and politicians, are also indirect stakeholders. These groups benefit from the construction of team playing facilities and the subsequent changes in real estate values, the costs of arranging programs and packages, the temporary increase in the number of construction jobs, and the opportunities to celebrate the opening of new facilities. These groups will seek or support a particular form of a governance system that they can influence for reaching their goals and increasing their benefits. These groups also adopt strategies to influence and benefit from the existing governance structures.

Undoubtedly, the political economy of professional football has changed significantly over the last decades. Breitbarth and Harris (2008) compare revenue sources of teams before and after 1990, largely confirming Andreff's (2000) summary about changes in football financing in the 1980s from SSSL (speculators-subsidies-sponsor-local) to MMMMG (media-magnates-merchandising-markets-global). This shift confirms the increasing need for stakeholder management and dialogue in order to demonstrate sound governance and strategic alignment of activities. Brand image is particularly important of European football teams, and commercial stakeholders of the game especially expect those brands to perform well. So far we can conclude that Corporate Social Responsibility potentially offers particular resources to organizations in the professional sports context.



To identify these stakeholders and their interests, it is best to start at the base of a sport stakeholder pyramid: the spectators.

Spectators change sports from recreation to an event from which revenue can be generated.

Winning and keeping fans/supporters is their only dominant economic objective. From an economic point of view, the goal of a professional sports company is to maintain or enhance fan base. The opportunity to organize summer tours in various parts of the world and capture the interest of fans of various nations brings numerous economic benefits to sports clubs. Today, the great sports companies, with great visibility such as Bayern Munich, Real Madrid, Manchester United, Barcelona and FC Juventus, organize many international tours in the United States, China, United Arab Emirates, Singapore; all countries characterized by significant economic growth and a large number of “virgin” fans to capture, to offer them, emotions and branded club products.

Another important economic aspect is the cooperation with partner not operating in the sports industry. If it increases the visibility of the professional football team, it also increases the chance to recruit sponsors, especially outside the sport environment. These companies operate out of the sport environment, exploit the power of football teams, to turn to capture a type of clients that otherwise would not be able to capture. In the sports world, there are very frequent sponsorship agreements between professional football teams with, for example, aviation companies, insurance companies, banking companies and automotive companies.

Considering the professional football in Germany, a similar progress is visible for the last years. For example, FC Bayern has signed a sponsorship agreement with the German telecommunications company

*Deutsche Telekom AG*, Bayer 04 Leverkusen with the chemical and pharmaceutical company *Bayer*, RB Leipzig with Austrian energy drink company Red Bull, FC Schalke 04 with the Russian gas company Gazprom, VfL Wolfsburg with the German automobile company *Volkswagen*, Borussia Dortmund with an energy and chemical corporation Evonik, Hamburger SV with the airline based in Dubai Emirates, Werder Bremen with a German poultry producer *Wiesenhof*, Hertha BSC with the betting company bet-at-home.com, Eintracht Frankfurt with the German brewery company *Krombacher*, FC Köln with the German retail group *Rewe*, 1899 Hoffenheim with a software company SAP, FSV Mainz 04 with a plastic manufacturer *Kömmerling*, FC Augsburg with an insurance group WWK, FC Ingolstadt with a consumer electronics retailer Media Markt, Darmstadt 98 with a software company Software AG, and finally, SC Freiburg with the dairy processing group *Schwarzwaldmilch*.

These are agreements that provide performance on both sides: companies outside the sporting context have the obligation to pay the amount agreed in the sponsorship agreement and to see, for example, their brand on the official jersey or banner at the stadium, while professional sports companies are obliged to convey the brand. A very important factor in the conclusion and the amount of sponsorship contracts are the history, the palmares and the number of fans in the world. For example, if a team has a larger fan base, it is likely that the organization is more attractive to potential and existing sponsors, and there will be higher television ratings for games, which, in turn, will increase revenue from broadcasting.

Spectators and supporters are the final consumers of the sport show, either directly or indirectly (TV viewers, target of the sponsors, etc.). They may also have a strong supporting role – ‘the 12<sup>th</sup> man’ – especially during

home games, thus backing the team sporting performance. Spectator sport is a unique experience; millions cry, cheer, dance and sing for their favourite sports team. The legitimacy of these fans is clear: they go to all the games, purchase club kits, buy season tickets, attend games, pay for parking and concession, and typically follow the exploits of a favourite player or team with passion. Above all, these fans have an impressive power to voice their claims in the stadium and impact team performance. When not actually attending games, this group will watch games on television.

Many fan clubs of the football teams are affiliated with associations that have an active supportive role in the policies of the football club. Others are fans of the football club who may not have a season ticket, being residents in another country, but they express their own attachment to the team through membership in a fan club, where they can share with others their enthusiasm for the same club. Every football team has a good collaborative relationships with fan clubs: the representatives of the main associations are often guests at official meetings, congresses, press conferences, operational groups for security (GOS), etc., to express their own point of view regarding decisions that concern the football club not only on technical terms, but also strategic and managerial. The football club associations have many activities for every fan clubs, such as, supporting of home game tickets and membership subscription selling, supporting out-of-town game ticket selling and the organization of packages (ticket + journey) for members who want to attend the game or even stay abroad for longer, organization and management of the typical supporter activities in the stadium, like banners, chants, drums, choreographies, management of the communication process, including

information distribution, to fan through the use both mobile phones and web sites and traditional tools, such as magazines of the club association. Many teams in Europe have clubs structures in which fans are included as members of the organization and they have voting rights over the presidency of the organization. For example in Spain, Barcelona is one of the handful of clubs along with Real Madrid, Athletic Bilbao and Osasuna where the member, called socio, vote for the president. Barcelona, currently, has 144.756 *socios*, although only 109.637 are over 18 and can thus vote. Any socio can run for president, as long as s/he manages to get 2.534 others to sign a petition endorsing the candidacy and come up with roughly 76.3 million euros. This money is a collateral that the club takes in order to protect itself from any losses. For example, if the club loses money in a fiscal year, then the president and his board members would have to use this collateral to make up for the losses. If the club doesn't lose money, they get it back when they leave.

Being a member of a community means to invest something in it and, in return, this gives you the feeling of being part of something bigger and important. Community identity and community belonging is a non-tangible benefit of participation in sport and this can facilitate community development and social inclusion.

However, the relationship between fan and sport is much more complex, for example, the “hard fans” will continue to support a team if it wins or loses consistently.

In some markets, particularly in Germany, host communities can become an exploited consumer of the league product. The relationship that teams have with their host communities results in an opportunity for clubs to

extract financial inducements. However, corporate or privately owned teams or leagues are able to extort monopoly “rents” from stadium authorities and, through them, the tax payers of those cities. In some cases, professional sports teams can actually persuade cities and/or municipalities to pay for the right to be a site of the production of the league product. This way, the product sought by the local community is not the uncertainty of the game outcome; instead, it is the economic and intangible benefits that hosting a professional team brings to the community.

Medium and large sports teams also play an important role in terms of employment; they typically employ between 70 and 130 people in their front offices, beyond this, they hire approximately 1000-1500 day-of-game personnel who work in unskilled, temporary, part-time jobs. Thanks to a local football team, there are more employment opportunities in positions such as ticket seller, vendor of food and beverage, vendor at the teams official store, gatekeeper, steward, chef at the club restaurant, doctor or accountant. The advantage of many such jobs, also called stadium jobs, is that they do not require a special academic degree, so that jobless people can be employed, hence resulting a decrease of the local unemployment.

In some markets, particularly in Germany, host communities can become an exploited consumer of the league product. If we analyse the economic impact of professional sports teams on their local economy, we have to consider not only direct employment, but also the economic induction and therefore, local restaurants, hotels, and other businesses might be affected. In my Thesis, I keep in mind the reasons why professional sports teams do not promote economic development in the community. The vast majority of consumers has a relatively inflexible leisure budget. If a sports team

moves to town, the money one spends taking a family to a game typically is money that is not spent at a local restaurant, theatre and other leisure activities. The net effect on spending in the metropolitan area is very close to zero. The main objective to any professional sports company to increase its fan base and its business is to attract new fans and new money outside the area.

In Europe, new sports facilities are frequently cited as important components of urban redevelopment initiatives and sources of economic growth in terms of job creation and income generation. Cities provide the owners of professional sports teams with many millions of subsidies for the construction of new stadiums and arenas and expect these facilities to generate economic benefits throughout the territory. Many of the new sports facilities contain features like extensive of premium seats and luxury boxes, swimming pools, restaurants, hotels and theme park like attractions that make sports facilities into entertainment centres and have the potential to generate revenues well above the familiar ticket, food, drink and parking revenue. Among the economic benefits we can also include the additional tax revenues and income and the new jobs created.

Individuals clubs have the right to negotiate lease terms with their respective stadium authorities. In the stakeholder approach, local authorities are usually seen as stakeholder which in exchange for public equipment or tax advantages expects from companies a production of well being, employment, non-pollution, etc. Sport is not an exception and, on the contrary, has always had relations with public authorities. Although these relations were originally based on educational needs or public health purposes, sport soon became an electoral tool. In this sense, football is a local spectacle or activity and it is seen a source of fame which bears a

positive image of dynamism for the town, as an advertising means that most medium-sized or small towns would not be able to afford otherwise.

With an important league team, the host city is shown periodically on national television, becoming a tourism and business destination. The more the club's status is representative for the city of origin, the more tourists will be tempted to visit that place. For example, Bayern Munich is a symbol of the city of Germany, many tourists travelling to Munich because they know that it is the host city of Bayern or because they want to visit the "Allianz Arena" Stadium. The football club becomes a tourist attraction when it is included in the touristic circuit of the city. The "Allianz Arena" Stadium Tour and the football matches of Bayern are part of Munich's touristic offer. The city economy benefits from travellers because they spend as much time and as much money in the city during their period of stay for the football game.

For all these reasons, local authorities support teams through direct subsidies and all this support gives legitimacy to local authorities' claims for positive social effects for their territory, and social actions may generate positive effects on a club's image in terms of marketing.

The single largest cause of the growth of the professional sport industry has been television. So, in this part of my Thesis, I study the relationship between media and sport in an analysis of broadcasting right deals in sport.

Sport provided a unique opportunity for television companies; games were exciting, unpredictable and, more important, engaging. The added value of television is evident: replays, slow motion, the chance of seeing different angles from different cameras, and cameras that follow the

action. It can be more exciting to be a spectator in front of the television screen than to be a spectator in the stadium.

The entry of television into the sport world has been very invasive and decisive to the point that athletes and sports managers have accepted this interference and have changed their rules just to make the sport more suitable for television. Faced with this field invasion, the sport sector benefited from this sport/media complex, getting a lot of money. It moved from a system where the ticket sales represented the major revenue source for sport organizations to a system characterized by the power of television and media in general.

Sports programming is particularly desirable for broadcasters, because of its ability to attract young men viewers with significant buying power. The problem with this group is that they watch less television and increasingly use more mobile devices, and are much harder to reach by advertisers through television advertising. Given that football, in most European countries, have the ability to attract this particular group of the population, broadcasters can sell advertising slots during sports programmes for a higher rate than during other programmes. The advertising spots during the Super Bowl, for example, are the most expensive ones.

Sports leagues have also been effective in creating competition between television companies, such as Rupert Murdoch seek to use sport to expand their media empires. Revenues from national and local television – once a minor supplement to the revenue gained from ticket sales and related activities – now constitutes the major source of financial support for professional sports. To supplement network revenues, leagues have sought new revenues sources, or experimented with other media technologies, such as pay-per-view, smartphones and tablet. Now



professional sports leagues are unable to control a good portion of their revenues, which depend upon favourable television ratings and the periodic negotiation of contracts with television networks. To maximise revenues, some leagues now develop their own broadcasts, which also allows for more control over the marketing of the league product. For example, FC Bayern.tv plus is the online TV channel of FC Bayern Munich with exclusive video-clips around FC Bayern. Subscribers, who can choose to pay, for example, four euros for the monthly service, twenty euros for the half-yearly service or thirty-six euros for the annual service, have the opportunity to see all games, goals, exclusive interviews and background reports. Frequently, they can see test games, trainings, press conferences and listen the matches live via web radio. Subscribers can view FC Bayern.tv plus also on modern PC, Tablet and Smartphones.

The exponential growth of the sports sector has attracted numerous investors, both national and international, transforming the simple football league from the community to multi million dollar businesses. The Premier League, considered the best football league in the world, has become a global brand which not only attracts some of the world's finest players, but also some of the world's richest businessmen vying to become owners of these football clubs. Traditionally the aim of investors and owners is to maximise the shareholders return on their investment, but in the business of football this is rarely the case. The impact of foreign investment contributes to the globalisation of the football league increasing the appeal of the league to emerging countries.

Recently, in the Italian league Serie A, two major sales were made by the two teams in Milan: F.C. Internazionale and A.C. Milan.

F.C. Internazionale passed from the Indonesian entrepreneur Erick Thoir, who through his TNT group, controls many equity holdings of companies in many industries, to the Chinese Suning Group, which operates in the electronic products sector.

Among the initial goals set by the Chinese Group there's the one to make the fan base in China grow, where according to Inter management, there are many Inter fans, and then the stadium construction; an indispensable resource for increasing corporate revenue.

A.C. Milan was sold by Fininvest to the Rossoneri Sport Investment Lux Holding Fund, represented by David Han Li and Yonghong Li. Mister Li will try to increase Milan's sales through the sale of merchandising and the A.C. Milan TV rights broadcast in China.

In corporate world, maximizing shareholder value is considered as the principle of corporate governance and the owners have a long-term economic interest in a team's viability and work to ensure its continuity maximizing revenues from all sources of income, including the sale of souvenirs, advertising, and concessions. In many situations, owning a sports team also helps other business interests or has been used as a vehicle for political manoeuvrings. Deloitte found that some clubs were sponsored by Middle Eastern airlines, including Barcelona, Manchester City and Arsenal are used as a tool for wealthy nations to increase their global appeal, attract new investment and promote their global ambitions. For example, small oil rich nations, such as Dubai, Bahrain and Qatar have used the power of the Premier League to stabilise their position in a volatile region.

A very important role within the Stakeholder Model is played by federations and Football league. Federations are non-profit entities that can carry out an economic activity, and thus produce wealth. It is forbidden to distribute this wealth but not to actual realization. The National professional League is the organ that manages the most important football tournaments for clubs in each country.

The National Federation and Professional League intrinsically possess attributes of power and legitimacy. These associations of owners are formed to regularize competition along agreed rules, to ensure that teams will have other teams to play and permit the establishment of market areas where each owner can be assured that no other team will be permitted to play. Sports are unlike any other business in that, to be successful, a team or athlete requires the existence of other teams and athletes. While most other businesses can survive as the only one in their industry, a team requires another team to play games. In this way, leagues establish monopoly areas. To protect this monopoly position, all team owners agree that their teams will only play games against teams in their league. The interest of leagues are to ensure that each team maximizes profitability, and that there is an adequate supply of playing talent and fans. Extending league influence into other market is also a priority because this can enhance profits. They organise competitions and govern not only game rules but also administrative rules and their disciplinary and normative power is enormous. However, the role of these stakeholders is above all to guarantee the respect of rules common to all clubs. These leagues and federations may become significant stakeholders since the ability of some clubs to influence their decisions could impact unfavourably other clubs (e.g. through changes in rules of TV rights redistribution).

At the top of the sports stakeholders pyramid there are the International sports organizations. For example, FIFA is a powerful governing body exercising leadership and some level of political power and control over the member nation league.

FIFA is based in Zurich and operates as a non-profit Swiss association with the primary objective:

‘To improve the game of football constantly and promote it globally in the light of its unifying, educational, cultural and humanitarian values, particularly through youth and development programs’ - FIFA, Article 2a.

In addition to this objective, FIFA has the mandate to organize its own international competitions, to create and enforce regulations, to control the game of football, to prevent its abuse and, finally, to organize a strategy on Corporate Social Responsibility.

To this end, FIFA has entered into strategic partnership with various international organizations that share similar goals into six areas, such as, Fair Play, Football Against Discrimination, Disabled Football, Health Support, Academic Courses and Humanitarian Programs.

Regarding Fair Play, FIFA has the power to promote the principles of equal treatment, justice and solidarity in society, particularly off the field. The popularity of football is used as a platform to fight social wrongs around the world, sending out clear and unequivocal messages. On Fair Play Days, FIFA calls on all member associations, their leagues and clubs to demonstrate their commitment to the idea of fair play with words and actions on and off the field – respondents to the call perform pre-game, half-time, and post-game protocols to promote the campaign. These days

reinforce the notion that all participants in football, non-just FIFA, are all called upon to adopt the principles of the Fair Play code non-only in every match but also in everyday lives. Regarding the second principle, FIFA is against any form of exclusion, be it religious, political, or any other reasons, and believes that in the football community there must be equality for everyone – women, men, children, disabled persons and different ethnic groups. The main purpose of FIFA is to ensure equal access to the game for all categories of people, including people with disabilities; in this sense, for example, FIFA is involved, with other organizations, in several health, scholar and humanitarian projects in Africa.

A very important role is also played by the International Olympic Committee – IOC. This is an international organization with responsibility for promoting the ideals of the Olympic movement, overseeing implementation of the Olympic Games and, in particular, selecting host cities for the summer and winter Games from among the bidding cities.

The IOC, like FIFA, establishes many agreements with other organizations, to promote education, health care, peace, development and human rights through sport and the Olympic ideal.

Principles 3 and 6 of the Olympic Charter clearly state that:

3. ‘The goal of Olympism is to place everywhere sport at the service of the harmonious development of man, with a view to encouraging the establishment of a peaceful society concerned with the preservation of human dignity’.

6. ‘The goal of the Olympic Movement is to contribute to building a peaceful and better world by educating youth through sport practiced

without discrimination of any kind and in the Olympic spirit, which requires mutual understanding with a spirit of friendship, solidarity and fair play’.

### **III. CHAPTER**

## **THE FC BAYERN MUNICH CASE STUDY**

### **3 - Use of Case Study Research**

Case study is the method of analysis when a phenomenon under investigation is difficult or impossible to distinguish from its context, with realism being the preferred paradigm for this type of research. The analysis is based on the websites of clubs/teams, leagues and bodies, which I have analysed in their respective national context. The websites have been purposefully designed to present distinct identities to diverse audiences and a stakeholder groups as it has been evidenced in previous Corporate Social Responsibility research. Thus, these media conveniently communicate the definition and the importance of CSR activities.

This Thesis focuses on professional sporting organizations, FC Bayern Munich in particular, because it's based on the possibility of gaining access to the required information, the presence of innovative programs and the abundance of information on Corporate Social Responsibility activities.

In addition to the organizational and archival documents, I used documents that include material from an array of authors: governments, organizations, media and individuals. Modern archives include an abundance of data produced on the record such as public speeches, official reports and newspaper articles. In terms of documentary sources, the case study targeted particular types of material categorically organized as internally produced (managerial) documents and externally produced

(journalistic) documents. Managerial documents refer to those produced by FC Bayern Munich or associated league. This includes publicly available texts such as mission and vision statements, annual reports, policy documents, newsletters and any other correspondences that relates to the Corporate Social Responsibility activities or strategies of these organizations.

Journalistic documents refer to those that were produced by external sources such as the local, national or international media (i.e. newspaper and magazine articles). The externally produced data were searched and collected mainly through Google Scholar.

To understand the organizational context is particularly important because it can help to identify peculiarities and to explain both the sets of conditions in which problems and situations arise and the ways in which organizations and people respond through action, interaction and emotion. The choice of case study is FC Bayern Munich, one of the most important football clubs in the world. FC Bayern Munich has, as part of its Corporate Social responsibility strategy, a portfolio of partners across all over the world. The purpose is to understand how the partnerships process works between FC Bayern Munich and the partner organizations.

The case study reveals that selecting the right partner is an important stage of the partnerships process. A number of micro-level processes play a prominent role during this stage, in particular, the motives based on the partnerships are built, the capability of partner organizations and the degree of fit between partners. From an organizational perspective, however, FC Bayern Munich's commitment to Corporate Social Responsibility through the social partnership program is a reflection of its increasing role.



The social partnership program is one way in which FC Bayern Munich seeks to demonstrate that football can contribute to the social objectives of the society, and doing so, it consolidates its position as a progressive and pro-active partner. The partner organizations also have a number of reasons for partnering with FC Bayern Munich. A critical reason acknowledged by the partner organizations is that football's magnetism can provide an opportunity for the organizations to increase their impact on target groups. For example, where projects focus on children, it can be argued that Corporate Social Responsibility has youth appeal and those children are more likely to engage in a project if it is attached to a sports organization or personality. In another case, leading corporations in their respective fields ensures that FC Bayern Munich's commitment to Social Responsibility receives favourable publicity.

The case study has the role to describe how FC Bayern Munich – Germany's most successful football club – deals with the challenges of the club's international growth and role in society. I describe how the club management handles the balancing act between its local rootedness in the German state of Bavaria and its ambitions to be a global player in the football industry.

### 3.1– Corporate Structure of FC Bayern Munich

Although FC Bayern Munich is one of the most successful and historic football clubs in the world, it had modest and turbulent beginnings. FC Bayern Munich was founded by eighteen young members of a Munich gymnastics club (MTV 1879) in Gisela Restaurant in the Munich district of *Schwabing*, in February 1900. When a congregation of members of MTV 1879 decided on 27 February 1900 that footballers of the club would not be allowed to join the German Football Association – DFB, eleven members of the football division left the congregation and during the same evening founded *Fußball-Club Bayern München*<sup>18</sup>.

With its first German championship in 1932, it demonstrated its role as one of Germany's best football clubs. Since there were many Jewish members, the club suffered substantially during Nazism and war. During the darkest chapter of Germany's history, the club was forced to expel all Jewish members, including its president Kurt Landauer. FC Bayern Munich was discredited as a *Judenklub* by the Nazi but it survived to Nazi's try of sabotage. As a consequence, FC Bayern Munich was targeted by the Nazi but players and officials continued to defy the regime with small acts of personal courage. Further, many of its player and members lost their lives, leaving the club struggling for existence. In the early post war years, the club was very little and without any kind of relevance. When the Bundesliga was founded in 1963, the club was not selected to become member of the first season. However, Wilhelm Neudecker, who was the club president at the time, and his coach, Zlatko Čajkovski, built up a new team with very good players such as Franz Beckenbauer. With this strong team, FC Bayern Munich qualified for the

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<sup>18</sup> FC Bayern Munich, [fcbayern.com/en/club/history/milestones/1900-to-1932-success-from-the-start](https://fcbayern.com/en/club/history/milestones/1900-to-1932-success-from-the-start).

Bundesliga in 1965<sup>19</sup>. The club won the German cup (DFB-Pokal) in 1966 and 1967 and from there on it started to be unstoppable. In 1969 it won the double (Bundesliga and DFB-Pokal) for the first time. In the mid-1970s, it actually won the European Champions Club's Cup (predecessor of the UEFA Champions League) three times consecutively (1974, 1975, 1976). The period from 1965-1976 is still considered the most successful period in the club's history, as it won 13 titles. FC Bayern Munich players also contributed significantly to the German national team's success in the 1972 European Championship and the 1974 World Championship<sup>20</sup>.

These successful years contributed to the increasing popularity of football in Germany and underscored FC Bayern's ambition to be counted among the world's best football clubs.

*'FC Bayern Munich will definitely revive the traditions that it cultivated before the war: its Bavarian heritage, cosmopolitanism and internationality. Professional football is our guiding principle and we will – even more than in the past – focus on developing our youth team.'*

Kurt Landauer club's legendary president during the post WW II reconstruction

In the following period, the team was restructured, but nevertheless failed to win a title. Under the leadership of its manager, Uli Hoeness, the club won the national league six times in the 1980s. When Hoeness swapped

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<sup>19</sup> FC Bayern Munich, [fcbayern.com/en/club/history/milestones/1933-to-1965-hard-times-and-reconstruction](https://fcbayern.com/en/club/history/milestones/1933-to-1965-hard-times-and-reconstruction).

<sup>20</sup> FC Bayern Munich, [fcbayern.com/en/club/history/milestones/1966-to-1979-golden-years](https://fcbayern.com/en/club/history/milestones/1966-to-1979-golden-years).

the field for an office desk at Säbener Strasse in 1979, FC Bayern Munich were burdened with a debt of €3.6 Million. The annual turnover was about €6.1 Million. Thirty years later, when Hoeness left his position as General Manager to become Club President, turnover exceeded €300 Million and FC Bayern Munich were one of the wealthiest clubs in the world.

The club only returned to international fame when, under the watchful eye of its coach, Ottmar Hitzfeld, it won the Champions League in 2001 and several national titles. However, by winning the Triple Crown in 2013, FC Bayern Munich reached the pinnacle of success in the 2012-13 season.

At the centre of the FC Bayern Munich success on and off the field are the values of their community and the resulting culture. The values and expectations of the community drive the decision-making throughout the organization, from on the field (in players selection, players behaviour expectations, style of playing and priorities) to off the field (in business and management characteristics, strategy, marketing, investments, financial reporting, human resources and technology). The FC Bayern Munich management team spends its time reinforcing and solidifying personal connections, relationships and communication directly with their community members. Management's goal is to help the members of community to enjoy their intense passion of living FC Bayern Munich. FC Bayern Munich's management team believes that the community does not exist to serve the business or management; the club exist to serve the FC Bayern Munich community. While the community has a shared identity as FC Bayern Munich fans, the club recognizes that members and fans are individuals with a variety of needs, interests and responsibilities.

The club is constantly trying to better understand its community members' values, give them what they want and improve and inspire their lives. People participate in communities for a wide variety of reasons – to find emotional support and encouragement, explore ways to contribute to the greater support and cultivate interests and skills. Therefore, the management team put at the centre of their strategy the members' and fans' values and expectations. For example, if the community wants content to share, FC Bayern Munich seeks to provide the best and most relevant exclusive content in the best and most convenient ways through bayernmunich.com and their social media accounts.

According to Ozanian (2014), it is possible to measure the effectiveness of football clubs social media strategy by dividing clubs commercial revenue (sponsorship and merchandising revenue) by the sum of their Facebook and Twitter fans.

Further, the club has increased its wealth of contents by making information available in an increasing number of languages on its different channels. Facebook posts are in ten languages and it uses German, English and Spanish Twitter accounts. It has presence on the Russian language social network VKontakte and also on a Chinese social media platform.

| <b>Most Popular Sports Teams on Social media 2016 by <i>Deloitte</i></b> |                                  |                                     |                                       |
|--|----------------------------------|-------------------------------------|---------------------------------------|
| <b>Club</b>  | <b>Facebook likes (millions)</b> | <b>Twitter followers (millions)</b> | <b>Instagram followers (millions)</b> |
| Barcelona  | 89.6                             | 16.6                                | 26.6                                  |
| Real Madrid  | 86.4                             | 18                                  | 24.5                                  |
| Manchester United  | 67.6                             | 6.8                                 | 8.7                                   |

|                         |             |            |            |
|-------------------------|-------------|------------|------------|
| Chelsea                 | 44.4        | 6.4        | 5.3        |
| Arsenal                 | 34.5        | 6.8        | 5.1        |
| <b>FC Bayern Munich</b> | <b>34.1</b> | <b>2.5</b> | <b>4.9</b> |
| Liverpool               | 27          | 5.2        | 2.3        |
| AC Milan                | 24.7        | 3.1        | 1.9        |
| Paris Saint-Germain     | 22.3        | 3          | 3.6        |
| FC Juventus             | 20.9        | 2.4        | 3          |
| Manchester City         | 20.2        | 2.9        | 2.2        |
| Borussia Dortmund       | 13.7        | 1.9        | 1.6        |
| Atlético de Madrid      | 11.9        | 1.9        | 1.2        |
| Tottenham               | 7.2         | 1.3        | 0.5        |
| AS Roma                 | 6.3         | 0.9        | 0.5        |
| Internazionale          | 5.7         | 1          | 0.9        |
| Schalke 04              | 2.7         | 0.4        | 0.2        |
| Everton                 | 2.4         | 0.7        | 0.2        |
| Newcastle United        | 1.8         | 0.7        | 0.01       |
| WestHamUnited United    | 1.4         | 0.6        | 0.1        |

FC Bayern Munich is thereby expanding its digital presence in China with two significant new services: the website and the app. At fcbayern.cn, all Chinese-speaking fans can now follow FC Bayern Munich in detail and stay right up to date with all the latest news. FC Bayern is also releasing a new app for iOS and Android for the Chinese market in cooperation with sports portal HUPU.

The new-look website is designed specifically to meet the requirements of Chinese fans and is locally hosted to ensure optimised loading times. An editorial team in China will publish news, photos and video material on a

daily basis. The content will not only be translated from the original German because the team produces localised content of particular interest to Chinese fans, including a Chinese FCB.tv news broadcast. Besides the recently opened online fan shop, the FC Bayern Munich presence in China also includes four dedicated FCB accounts on the most notable Chinese social media platforms: Sina Weibo, Tencent, WeChat and YouKu. Five million fans already follow the Reds via these platforms, making FC Bayern Munich one of the most popular European clubs.

In addition, “Total soccer”, the most popular football program of China’s national TV CCTV Sports and FC Bayern Munich will work closely together in the future. Exclusive interviews and video materials will be made available to the two hours international football program every Monday evening by the German record champion.

Jiang Heping, Head of the program, said: «FC Bayern Munich is the best example of the development of talents to superstars and the highest professionalism in all areas of football. This role model will help us to further improve this kind of sport in China.<sup>21</sup>»

For Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer, this media co-operations means: «an unique opportunity to transport our idols and values into every region of the world’s biggest sport market.»

«Both parties will benefit from this long term partnership”, “...but it especially means the many millions of football fans in China can experience FC Bayern Munich even more intensively», commented Jörg

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<sup>21</sup> FC Bayern Munich, [fcbayern.com/en/news/2015/02/press-release-fcb-cooperation-with-chinese-tv](http://fcbayern.com/en/news/2015/02/press-release-fcb-cooperation-with-chinese-tv).

Wacker, FC Bayern Munich Executive Board member with responsibility for Internationalisation and Strategy.

It has launched an American website, and an American phone app to support its expansion into the American market. As part of FC Bayern's international strategy, the club has announced an official US online shop for the North American market. The store bayernmunichstoreusa.com offers both established and long running products, including merchandising items specifically produced for the North American market.

It has also re-launched its YouTube channel, in order to include more languages and increase its international reach even further. These measures have all had an impact: the share of international visitors to the club's Facebook page has increased from 50% in 2011 to more than 80% in 2014. The club's self-produced TV show is now broadcasted in more than 75 countries, while its international supporter clubs have grown from 2.952 in 2010 to 3.774 in 2014.

According to the FC Bayern Munich press office, there are more than 3.800 FC Bayern Fan Clubs worldwide, including over 290.000 registered FC Bayern fans. They are based in every corner of Germany and all around the world, from China to United States, and from Thailand to Kuwait.

However, the club does not only invest in gaining new fans on a global scale, but also fosters its local Bavarian fan base. The club has launched a version of the website in Bavarian, the local German dialect spoken in Munich and surroundings.



FC Bayern Munich community's values, expectations and desires became the goal for developing the strategy, culture and identity to win on the field and in business. The commercial power of the identity, life and lifestyle is demonstrated by the fact that all the global brands have implemented global apparel sales, sold both online and in specialized stores. The FC Bayern Munich management team cares about bringing joy to the community and sharing the community's positive values. In addition, international friendly exhibition games around the world permit to FC Bayern Munich to reinforce and intensify interaction and engagement.

The secret of FC Bayern Munich is creating enterprise value from community values and expectations. Karl-Heinz Rummenigge, FC Bayern Chief Executive Officer, Uli Hoeness, FC Bayern Munich Supervisory Board Chairman & member of Executive Committee and FC Bayern Munich e.V. President and Franz Beckenbauer, FC Bayern Munich Honorary President and his FC Bayern Munich leadership team figured out a sustainable, circular model to win both on and off the field.

The word "sustainable" is important because FC Bayern Munich is owned by approximately 284.041 club members, and there's no billionaires or corporation that can support losses. Winning is not enough to the FC Bayern Munich community. This is in direct contrast with the idea of winning at all costs. The FC Bayern Munich, Real Madrid and Barcelona community have a different standard and demand more than a simple victory. They want the team on the field to reflect values and expectations of the community, which is winning with a team philosophy, class and elegance. If the team loses, the community wants at least to see effort until the end, courage and dignity. Karl-Heinz Rummenigge and all the top

management believe that when FC Bayern Munich represents the ideals of the community members, the community responds with more engagement, passion and loyalty. Since FC Bayern Munich's community values are inclusive and universal, itself grows globally, which leads to worldwide sponsors spending big money for association with and access to the FC Bayern Munich community, as well as television broadcasters paying lots of money to distribute the game to the large, passionate global audience. The passion increases the stadium revenues, the values of broadcasting rights and sponsoring opportunities, which contribute to higher revenues.

FC Bayern Munich isn't just providing a soccer game; they are providing a larger experience or entertainment that gives to community members the chance to actively participate, for a memorable sensation. Off the field, the FC Bayern Munich community wants the club to adhere to accountability, transparency and good corporate governance.

The club's athletic and economic success is also reflected in its stable and growing fan base. The Allianz Arena, its stadium, is always packed with supporters and tickets for more than 200 consecutive matches are sold out long before and its public training sessions regularly attract more than 3000 supporters. Its recent extraordinary success has again underlined the club's outstanding role in German football. As a football club, FC Bayern Munich plays an important role in the lives of a great many people in Germany and abroad. Every weekend, its fans passionately follow the team, identify with individual players and attach meaning to the club that goes well beyond a specific sport event.

Whatever the case, FC Bayern Munich is an organization that enormously impacts people's emotional state, their perception of right or wrong, their social relationships and ultimately, their images of society. For many fans, the daily life is heavily influenced by activities to follow the club, either on TV, in fan club activities or in the stadium. Taken together, FC Bayern Munich contributes to the making of society, since it creates a social context, which people relate to, and which they experience as a source of satisfaction, energy and even identity. In other words, the club creates public value by shaping people's attitudes and values about their life and the society in which they live.

Member-owned clubs such as FC Bayern Munich, Real Madrid and Barcelona do not have a billionaire owner or corporation to absorb losses or provide increases of capital, etc. Therefore, the clubs owned by members are at a competitive financial disadvantage, which forces them to seek a sustainable economic-sport model. In addition, with elections by the club members for the president and board, it's more difficult for the club to seek long-term, more similar to a political election in that candidates may make promises that are good in the short term but disastrous in the long term. On the other hand, having community membership invokes the opportunity for clubs to have a closer relationship with local residents and fans. The structure of FC Bayern Munich ensures a high level of fan involvement and engagement, and it may be difficult for a billionaire to buy the club, ignoring the values and the will of the community. Another advantage that is worth to note is that member-owned clubs have consistency in ownership. Many sports teams are bought and sold over the years and the owners can have different priorities and values. FC Bayern Munich has had its member ownership from the beginning, so it may be easier to draw values from them. When

the elected president of FC Bayern Munich have drifted from the values, the members have taken action, including voting out an incumbent president.



Too much debt can also impact strategic decisions and ownership structure. Manchester United went public on the New York Stock Exchange in 2012 by selling shares to investors. Now Manchester United also had to answer to financial investors who may have different values and priorities than the fan community. In contrast, FC Bayern Munich has to find an innovative ways to fund operations and develop a sustainable economic-sport model.

Billionaire owners and investment groups are starting to buy or invest in sports properties in other cities or sports to generate synergies. For example, Manchester City and the New York Yankees purchased a majority of Major League Soccer in New York for an estimated \$100

million. Recently, Wanda Group, a large conglomerate owned by Chinese billionaire Wang Jianlin, acquired a 20 per cent stake in Atlético Madrid for €45 million, giving Wanda a seat on the Board of Directors and now, Atlético Madrid has access to more resources to buy talent.

| <b>Ownership of Selected European Professional Soccer Teams (Self made table)</b> |                                  |   |
|---|----------------------------------|---|
| <b>Club Membership</b>  | <b>Team</b>                      | <b>Owner</b>  |
|   | Real Madrid                      | Club members (100%)   |
|   | Barcelona,<br>Bilbao,<br>Osasuna | Club members (100%)   |
| <b>Joint Club Membership and Corporate Ownership</b>                              | <b>FC Bayern Munich</b>          | <b>Club members (75,1), Adidas (8,3%), Audi (8,3%), Allianz (8,3%)</b>  |
| <b>Controlled by Billionaire</b>  | Chelsea                          | Roman Abramovich  |
|   | Arsenal                          | Stan Kroenke (67%) (also owns NBA's Denver Nuggets, NHL's Colorado Avalanche, and 40% of NFL's St. Louis Rams), Alisher Usmanov (29%) |
|   | Manchester City                  | Sheikh Mansour (also controls MLS's NYC FC and Melbourne FC)  |
|   | Monaco                           | Dmitry Rybolovlev (67%), House of Grimaldi (33%)  |
|   | Valencia                         | Peter Lim (70,4%) (also controls Mint Media, which owns Cristiano Ronaldo's image rights)   |
| <b>Publicly Traded with a Billionaire Controlling Owner</b>                       | Manchester United                | Glazer (75%) (also own NFL's Tampa Bay Buccaneers)  |
|   | Juventus                         | Agnelli's Exor (64%), Libyan Investment Authority (7,5%)  |
| <b>Publicly Traded with an Ownership Group</b>                                    | Roma                             | A US-based investment group (DiBenedetto, Pallotta, Coppola)  |
| <b>Ownership Group</b>  | Liverpool                        | A US-based investment group (Fenway)  |

|                              |                     |   |
|------------------------------|---------------------|---|
|                              |                     | Sports Group (Henry, Gordon, DiBenedetto, Vinik, others), which also owns MLB's Boston Red Sox) |
| <b>Sovereign Wealth Fund</b> | Paris Saint-Germain | Qatar Investment Authority  |

### 3.1.1 – Ownership

On the basis of the 1998 Resolution of the German Federal Parliament, it is possible to operate football undertakings also in the form of an incorporated firm, which means that the members are not responsible for the liabilities of the company; these are shared companies, limited liability companies and limited share partnerships, in addition to the classical form of association.

The determining element of the association legal form is the public purpose (non-profit goal) also in Germany. The management and the supervisory board are elected by the members of the association at the members' meeting. In Germany, 90.000 associations are present, mainly in the fields of mass recreational/amateur sports. The side of revenues of the annual budget consists mainly of the payments of membership dues, state subsidies and donations. Funding, registering and operating an association is relatively simple, and the rules are transparent. The registered associations fill such an important social role in Germany that they are exempted, in respect of the public purpose activity, from corporate tax, industrial tax, real estate and property tax, and in addition, they are only charged by a beneficial 7% general turnover tax.

In the field of German professional football, FC Bayern Munich is an association, among others, that chose the form of a share company as a type of incorporated firm. In 2002, the team, having the play license, the amateur team No. 1, as well as junior teams A and B and the women's team, were outsourced from the main association, and it was integrated into the marketing subsidiary having been previously founded, and this was then transformed into FC Bayern Munich AG. Thereby all fields important from the economic point of view were integrated into the incorporated firm of football. The non-economic fields and several participations remained with the current company.

*Fußball Club Bayern München e.V.* is a multisport association, which hosts several different types of sports including Football, Basketball, Bowling, Chess, Gymnastics, Handball, Table Tennis and even training referees.

The club's highest authority is the yearly General Assembly – *Jahreshauptversammlung* – where the members elect the President and the Presidium. The President and the Presidium oversee the whole organisation and hire the CEO of the FC Bayern Munich AG. The Presidium consists of the President, two Vice-Presidents and 3 Honorary Presidents. This organ decides the strategy and direction for whole FC Bayern Munich e. V. and especially for the football division. FC Bayern Munich e. V. has an Honorary Counsel, with the task of mediating and ruling in disputes between members if the dispute is in the club's interest. The Counsel gets appeals from applicants whose membership has been rejected and decides their fate. They also decide, together with the Presidium, on appeals of exclusion from the club and on disciplinary actions against members for breaches of confidentiality. The Honorary

Counsel can contain up to 7 members, who have to be over 40 years old and at least one of them should have the competence to hold judicial office. Preferably, the members of the Honorary Counsel have more the 20 years of membership of the club or an honorary position in it. The members of the general assembly elect the members for three years.

Following the 50%+1 rule implemented by the Bundesliga in 2000, the ownership structures of German clubs differ significantly from other European leagues; specifically, they are majority owned by the fans themselves. Each of FC Bayern Munich members pay €60 each year: they can vote for president and, depending on the relevance of the topic, can be asked about investments. For example, when FC Bayern Munich decided to invest heavily in basketball, the club wrote every member a letter asking for their opinion, if they wanted a strong basketball team. In sum, FC Bayern Munich stated to their members that they would have to invest millions, create a new arena and sign new players.

Since 2002 the professional football teams is organised in the sub-division, *Fußball Club Bayern München AG*. The FC Bayern Munich AG employed 549 people in 2014: 304 employees worked in the administration, marketing and communication, 164 worked in the fan shops, 36 were coaches/teachers, 27 were professional footballers and 54 were helpers and assistants. In addition, there were 22 amateur players with a contract and 55 youth players in the club.

The second biggest division after football is Basketball, with 540 active members. FC Bayern Munich e. V. also has a division for referees who work within the German FA. FC Bayern Munich provides their education and the referees get to oversee the club's women and youth friendship



games as a part of their education. The division was born under FC Bayern Munich in 1919 and features 110 members, with 75 being active.

### **3.1.2 – Management**

The management structure at FC Bayern Munich is structured according to the requirements of corporate law. As a German joint stock company, whose stock are not listed on the public stock exchange, but is privately owned, FC Bayern Munich has a dual management and control structure. The Managing Board or Board of Directors is responsible for the company's strategy and its management, the Supervisory Board, advised the Managing Board and monitors its management activities.

The Managing Board and Supervisory Board cooperate closely for the benefit of the company. Their shared objective is to increase the enterprise value in the long term. It regularly informs the Supervisory Board in a timely manner and in detail on issues of importance for the company concerning strategy, planning, business development, the risk position, risk management and compliance. Deviations from targets and budgets are explained to the Supervisory Board and its committees.

FC Bayern Munich Board of Directors is a recognized group of people who oversee the activities of the organization. The Board of Directors comprises the Chairman and the members with equal rights, whose duties cover specific corporate functions.

Typical duties of Boards of Directors include the governance of the organization; the selection, appointing, supporting and reviewing the

performance of the Chief Executive Officer; ensuring the availability of adequate financial resources; approving annual budgets; accounting to the stakeholders for the organization's performance; setting the salaries, compensation and benefits of senior management.

FC Bayern Munich Executive Board composition:

1. Karl-Heinz Rummenigge is the FC Bayern Munich Executive Board Chairman. As Chairman he is responsible for management control and communication, representation in national and international committees, coordination with the Supervisory Board and supervising fan club affairs. Moreover, Rummenigge was Vice President from 1991 to 2002. In addition, he is Chairman of the European Club Association (ECA) and a member of the UEFA Strategic Advisory Committee for professional football<sup>22</sup>.
2. Jan-Christian Dreesen took over from Karl Hopfner on the FC Bayern Executive Board. Since February 2014, he has been a deputy CEO of FC Bayern Munich AG. His responsibilities at FC Bayern Munich include finance and controlling, ticket services, security and facility management, IT, law, human resources, fan and fan club support as well as the company's representation in the participations of FC Bayern Munich AG<sup>23</sup>.
3. Andreas Jung joined FC Bayern Munich in 1996. As Executive Board Member since July 2010, he is responsible at board level for sponsorship and events, brand management, new media and IT, merchandising and licenses, international relations, and marketing

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<sup>22</sup> FC Bayern Munich, [fcbayern.com/en/club/company/karl-heinz-rummenigge](http://fcbayern.com/en/club/company/karl-heinz-rummenigge).

<sup>23</sup> FC Bayern Munich, [fcbayern.com/en/club/company/jan-christian-dreesen](http://fcbayern.com/en/club/company/jan-christian-dreesen).

and PR for the Allianz Arena in Munich. Jung is also spokesperson for the DFL League Association's sponsorship task force<sup>24</sup>.

4. Jörg Wacker began his career as a sports journalist and he took up his duties as FC Bayern Munich AG Executive Board member with responsibility for Internationalisation and Strategy on July 2013. Prior to joining FC Bayern Munich, Wacker spent seven years as Director of bwin Deutschland, CEO of SportCASA GmbH and Managing Director of Sport1 GmbH<sup>25</sup>.

In accordance with the German Corporate Governance Code, FC Bayern Munich attaches a high level of importance to the independence of members of the Supervisory Board. The members of the Supervisory Board of FC Bayern Munich have the knowledge, skills and professional experience necessary for the respective committees. In addition, the Supervisory Board examines the annual and consolidated financial statements and reports on the results of this audit to the Annual Shareholders' Meeting.

FC Bayern Munich Supervisory Board composition:

1. Immediately after retiring as a player, *Uli Hoeness* was appointed commercial/general manager of FC Bayern Munich, overseeing a period in which the club enjoyed continued sporting success, winning the intercontinental Cup, the UEFA Champions League, the UEFA Cup, fifteen German league and seven domestic cups. Before his arrival, the club has won only seven major trophies in its history. During his administration, the club also experienced strong

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<sup>24</sup> FC Bayern Munich, [fcbayern.com/en/club/company/andreas-jung](http://fcbayern.com/en/club/company/andreas-jung).

<sup>25</sup> FC Bayern Munich, [fcbayern.com/en/club/company/jorg-wacker](http://fcbayern.com/en/club/company/jorg-wacker).

growth because the revenue and the membership have increased considerably.

On 20 April 2013, it was reported that Hoeness was being investigated for tax evasion and his trial began on 10 March 2014. The FC Bayern Munich AG Supervisory Board had a “unanimous opinion” that Hoeness should continue in his role despite being under trial. During the trial, he admitted evading 28.5 million Euros in taxes. He was subsequently found guilty of seven serious counts of tax evasion and sentenced to three and a half years in prison on 13 March 2014. The following day he resigned from his roles as President of FC Bayern Munich e. V. and Chairman of the Board of FC Bayern Munich AG and announced that he would not be appealing against his sentence. Hoeness was serving his sentence at Landsberg Prison from 2 June 2014 to 29 February 2016.

On 8 August 2016, Hoeness announced that he would seek re-election for his previous position at FC Bayern Munich. He was re-elected on 25 November 2016 with more than 97% of the votes, as there were no other candidates for this position<sup>26</sup>.

2. Herbert Hainer is Vice Chairman of the Supervisory Board since May 2003 and he has been its Member since February 2003. He served as Sales Manager Germany at Procter & Gamble GmbH from 1979 to 1987. Subsequently, he joined Adidas Germany in 1987 and worked as Sales Director Hardware until 1989, Sales Director Field from 1989 to 1991, National Sales Director from 1991 to 1993 and Managing Director of Sales & Logistics from 1993 to 1995 at Adidas Deutschland – Germany. Since 1996 to 1997 he has been Senior Vice President of Sales & Logistics – Region Europe, Africa, Middle East at Adidas AG. From 1997 to

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<sup>26</sup> FC Bayern Munich, [fcbayern.com/en/club/company/supervisory-board](http://fcbayern.com/en/club/company/supervisory-board).

1999 he became Adidas AG member of the Executive Board and from 1999 to 2001 Adidas-Salomon AG Deputy Chairman of the Executive Board. Since 2001, Herbert Hainer is the former CEO and Chairman of the Executive Board of Adidas Group<sup>27</sup>.

3. Rupert Stadler is Vice Chairman of the Supervisory Board. From 1997 he worked as Head of the Board for the Volkswagen Group, and additionally Head of group product planning from January 2002. He continued his career as acting Chairman of the Board of Audi AG and its Head of finance and organization until July 2007. In addition, he also worked as the Chairman of Automobili Lamborghini Holding SpA and Volkswagen Group Italia SpA. Stadler has been a member of the Supervisory Board at MAN SE since 10 May 2007 and as a Member of Supervisory Board of Volkswagen Bank GmbH, Volkswagen Financial Services AG and as a member of the economic advisory council of Bayerische Landesbank since 1 December 2005.
4. Werner Zedelius is Deputy Chairman & member of Executive Committee at FC Bayern Munich. After performing various functions in sales at Allianz Versicherungs AG, he became Head of the Chairman's Office at Allianz AG, general manager of Finance and a member of the Board of Cornhill Insurance PLC in London before becoming Allianz Versicherungs AG Head of the regional office for North Rhine – Westphalia. He was member of the Board of Management of Allianz SE in Munich for Insurance Growth Markets and since 2011; he is member of the Board of Management of Allianz SE responsible for Insurance German Speaking Countries, Human Resources at Allianz Banking, member of the

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<sup>27</sup> Bloomberg, [bloomberg.com/research/stocks/people/person](https://www.bloomberg.com/research/stocks/people/person).

Board of Management of Allianz SE, Insurance German Speaking Countries and Central & Eastern Europe<sup>28</sup>.

5. Timotheus Höttges joined Deutsche Telekom in 2000; from 2006 to 2009 he worked on the T-Home brand for Internet DSL customers and developed the Telekom Entertain Internet TV service into a market leader. He became the company's Board of Directors on 5 December 2006. On 1 March 2009 he became Finance Director of Deutsche Telekom<sup>29</sup>.
6. Professor Dr. Dieter Mayer has been a member of the club since 2001 and was elected Vice President on 25 November 2016. Since February 2017, he has been a member of the Supervisory Board of FC Bayern Munich AG, where he is Chairman of the Audit Committee. Prior to that, Mayer had been the Chairman of the FC Bayern Munich e.V. Honorary Council since 2012, before being appointed and confirmed as Vice President in May 2014. In March 2017, Mayer was elected unanimously as representative of the South German licensing club clubs to the presidency of the South German Football Association<sup>30</sup>.
7. Edmund Stoiber, from May 1993 to September 2007, was Minister President of the Free State of Bavaria and from 1999 to 2007 Chairman of the CSU<sup>31</sup>.
8. Theodor Weimer started his professional career at McKinsey & Company in 1988 as a management consultant. In 1995, he moved to Bain & Company Inc., where he worked as Director and was a member of the Global Management Committee. Goldman Sachs joined Weimer in 2001 as Managing Director and, in 2004, he was appointed as a partner in investment banking and was responsible

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<sup>28</sup> FC Bayern Munich, [fcbayern.com/es/club/company/supervisory-board/prof-rupert-stadler](http://fcbayern.com/es/club/company/supervisory-board/prof-rupert-stadler).

<sup>29</sup> Deutsche Telekom, [telekom.com/en/company/board-of-management/profile/timotheus-hoettges](http://telekom.com/en/company/board-of-management/profile/timotheus-hoettges).

<sup>30</sup> FC Bayern Munich, [fcbayern.com/en/club/fcb-club/prof-dr-dieter-mayer](http://fcbayern.com/en/club/fcb-club/prof-dr-dieter-mayer).

<sup>31</sup> Wikipedia, [de.wikipedia.org/wiki/Edmund\\_Stoiber](http://de.wikipedia.org/wiki/Edmund_Stoiber).

for clients of the financial services sector in the German speaking countries. In June 2007, Theodor Weimer took over the position of Head of Global Investment Banking in the Markets & Investment Banking division of the Unicredit Group in Munich and was also a member of the Group's Markets & Investment Banking Executive Committee. In April 2008, the bank appointed him as the designated Chief Executive Officer of Bayerische Hypo – und Vereinsbank AG and Executive Chairman of Global Investment Banking<sup>32</sup>.

9. Martin Winterkorn was Chairman of the Board of Management of Volkswagen AG from 1 January 2007 to 23 September 2015, and from 25 January 2009 to 31 October 2009 Chairman of the Board of Management of Porsche Automobil Holding SE. He was also Chairman of the Supervisory Board of Audi AG from 1 January 2007 to 11 November 2015<sup>33</sup>.

FC Bayern Munich wants to be champion and the biggest club in the world, yet its approach is highly distinctive in the world of football. The winning formula in FC Bayern Munich is simply being smart, planning ahead, acting rationally and, maybe most important, sticking to the plan and having a business-like focus on the results. And that goes for their actions both on and off the field. Every club makes plans and claims to make the smart decisions, but no other club works as steadily, calmly and professionally as the Bavarian club. FCB makes long-term plans, which it sticks to even if it runs into hurdles along the way. It doesn't take the quick way to results, by borrowing money to buy big stars. Instead, it develops its own players and buys the best players it can afford. FC

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<sup>32</sup> FC Bayern Munich, [fcbayern.com/es/club/company/supervisory-board/dr-theodor-weimer](http://fcbayern.com/es/club/company/supervisory-board/dr-theodor-weimer).

<sup>33</sup> Wikipedia, [de.wikipedia.org/wiki/Martin\\_Winterkorn](http://de.wikipedia.org/wiki/Martin_Winterkorn).

Bayern Munich also has a rather ruthless and aggressive transfer approach whereby it buys the best players from the other Bundesliga teams, even if they are not necessary for the squad. It adds quantity to the first team and weakens the competitors. This, of course, is a strategy that has made the club quite unpopular.

FC Bayern Munich is today one of the best managed of all clubs and has been for a very long time. The club's management is disciplined, highly competent and highly competitive. FC Bayern Munich has not a specific strategy, just a general aim to be number one both on and off the field. They want to win every competition they enter, but also want to be the biggest club in the world in terms of number of members, brand value and turnover. They have set their eyes on Real Madrid's position as the most successful club, Manchester United's position as the most valuable and Benfica's position as the club with most members. They have surpassed SL Benfica in 2014, and are now working on the titles and money. They work hard, steadily, and smartly towards conquering all three positions – and will not stop before they have conquered them.

The club has an almost technocratic approach and is very focused on maintaining the delicate balance between a healthy economy, a calm, professional environment, state-of-the art facilities and meeting the member's high expectations. FC Bayern Munich doesn't rely on luck or wait for a wealthy patron to rescue it; it creates its own luck and fortune, by hard work, planning ahead and being smart and consistent. On top of this, the injections of capital from Adidas, Audi and Allianz have helped the club immensely and serve to illustrate the point that FC Bayern Munich has a good brand and an image of working calmly, cleverly and professionally which makes the club attractive to investors. It has



achieved a position where it can afford to be picky, and only allows companies with a good image, reliable business and headquarters in Munich to become part of its success. Its leaders have the guts and the necessary pragmatism to take the unpopular decisions needed to create balance and momentum. But they have done it in a sophisticated manner; where fired players and coaches are treated with respect and dignity, with the door kept open for their possible return. The club is very good at employing former players, who secure continuity in passing on the club culture and headhunting the best German talents in football management.

FC Bayern Munich has not always been managed so smoothly. The period called “FC Hollywood” in the 1990 was a notable exception, arousing much attention, because of its very unusualness. The club was temporarily out of balance, and of course the Bayern-haters took full advantage of it, also because they knew it was only temporary. FC Bayern Munich, especially under Uli Hoeness has been managed in a rather arrogant, technocratic way with an agenda that always was about making money. For most of the 1980s, Uli Hoeness bought reliable, but mediocre players. They were cheap, yet had a strong winning mentality, which assured a number of championships. With such players, the Bayern of the 1980s played physically and effective football. Uli Hoeness was not a man for signing exciting foreign stars or extrovert players in order to dazzle or please the crowd. For Uli Hoeness the only thing that counted was “value for money” – meaning more trophies for less expenses.

FC Bayern Munich has been and still is rational, conservative and very calculating. The club works steadily, calm and incremental towards results. There have been coaches that have launched verbal attacks on the team and the club, but these coaches didn’t last long. In some aspects, the

club resembles a factory or a government institution, finely tuned towards optimal productivity. The club is led by very competent, honourable men, who manage the club as a business. In addition, FC Bayern Munich is a quite conservative club. No woman has yet found their way into the Presidium. The club is not emotional, lively or excited and does not appreciate scandals and the media and other clubs have seemed to go after the club and its prominent persons quite aggressively. The Mia San Mia spirit drives towards results despite adversity is reflected on the team's performance. The team has for the most of the time played a physical, well-organised and effective kind of football with a clinical focus on results.

### **3.1.3 – Team**

FC Bayern Munich, like the major European teams, such as Real Madrid, Barcelona and FC Juventus, is made up of a number of very important National team players, representing the squad's column. Neuer, Hummels, Boateng, Kimmich, Müller, Kahn and, in the past, the recently retired captain Lahm, are important for the history of FC Bayern Munich and for the German national football team.

The FC Bayern Munich players have to perform under enormous pressure. The players need a very strong mentality and be able to compete with huge pressure both from outside and inside. Everybody inside the club expects to win the title – any other result means failure. FC Bayern Munich players have to be very physically fit, as the Bayern style of play is based on hard running, winning one-on-one duels, pressing the rivals

and physically wearing them down. They can never give up or surrender and are expected to fight for every single ball. They are to be the first on the ball and, through a lot of passes, create the chance to score.

| <b>Current squad by <i>Transfermarkt</i> (as of 11 July 2017)</b> |                 |                    |                    |
|---|-----------------|--------------------|--------------------|
| <b>No.</b>  | <b>Position</b> | <b>Player</b>      | <b>Nationality</b> |
| 1   | GK              | Manuel Neuer       | GER                |
| 4   | DF              | Niklas Süle        | GER                |
| 5   | DF              | Mats Hummels       | GER                |
| 6   | MF              | Thiago             | SPA                |
| 7   | MF              | Franck Ribéry      | FRA                |
| 8   | DF              | Javi Martínez      | SPA                |
| 9   | FW              | Robert Lewandowski | POL                |
| 10  | MF              | Arjen Robben       | NLD                |
| 11  | MF              | James Rodríguez    | COL                |
| 13  | DF              | Rafinha            | BRA                |
| 14  | DF              | Juan Bernat        | SPA                |
| 17  | DF              | Jérôme Boateng     | GER                |
| 19  | MF              | Sebastian Rudy     | GER                |
| 20  | DF              | Felix Götze        | GER                |
| 23  | MF              | Arturo Vidal       | CIL                |
| 24  | MF              | Corentin Tolisso   | FRA                |
| 25  | FW              | Thomas Müller      | GER                |
| 26  | GK              | Sven Ulreich       | GER                |
| 27  | DF              | David Alaba        | AUT                |
| 29  | MF              | Kingsley Coman     | FRA                |
| 30  | MF              | Niklas Dorsch      | GER                |
| 32  | DF              | Joshua Kimmich     | GER                |
| 34  | DF              | Marco Friedl       | AUT                |
| 35  | MF              | Renato Sanches     | POR                |
| 36  | GK              | Christian Früchtel | GER                |
| 40  | MF              | Fabian Benko       | GER                |

### **3.2– Revenues and costs drivers of FC Bayern Munich**

Football is one of the most popular sport in the World. The 2017 UEFA Champions League final was aired in more than 200 countries to an estimated global average audience of 200 million. According to Deloitte, total revenue of the top football clubs in 2015-16 reached €7.4 billion (£5.5 billion), a new record, with three clubs breaking the €600 million barrier, a 12% increase on the previous season.

Manchester United regained the first place in the Money League 2017, breaking the 11-year hold that Real Madrid had on top spot. Record revenue reflected strong growth across all three revenue categories (matchday, broadcast and commercial), boosted by the club's return to the UEFA Champions League and new commercial partnerships.

Manchester United in the 2015-16 season had total revenues of €689 Million, 53% in commercial, 27% in broadcasting and 20% in matchday. FC Barcelona and Real Madrid follow the same strategy. FC Barcelona has total revenues of €620,2 Million total, with 48% in commercial revenues, 33% in broadcasting, and 19% on matchday and Real Madrid has total revenues of €620,1 Million total, with 42% in commercial revenues, 37% in broadcasting and 21% on matchday. (DELOITTE, 2016).

| <b>Top Club Revenue Profile by Deloitte 2016</b> |                         |                               |                 |                  |                   |
|--|-------------------------|-------------------------------|-----------------|------------------|-------------------|
| <b>Rank</b>                                      | <b>Club</b>             | <b>Revenue (€ in Million)</b> | <b>Matchday</b> | <b>Broadcast</b> | <b>Commercial</b> |
| 1  | Manchester United       | 689                           | 20%             | 27%              | 53%               |
| 2  | Barcelona               | 620,2                         | 19%             | 33%              | 48%               |
| 3  | Real Madrid             | 620,1                         | 21%             | 37%              | 42%               |
| <b>4</b>   | <b>FC Bayern Munich</b> | <b>592</b>                    | <b>17%</b>      | <b>25%</b>       | <b>58%</b>        |
| 5  | Manchester City         | 524,9                         | 13%             | 41%              | 46%               |
| 6  | Paris Saint-Germain     | 520,9                         | 18%             | 24%              | 58%               |
| 7  | Arsenal                 | 468,5                         | 29%             | 41%              | 30%               |
| 8  | Chelsea                 | 447,4                         | 21%             | 43%              | 36%               |
| 9  | Liverpool               | 403,8                         | 19%             | 42%              | 39%               |
| 10   | Juventus                | 341,1                         | 13%             | 57%              | 30%               |

Forbes annually evaluates top sport teams and, in 2016, Dallas Cowboys was worth \$4.0 billion, more than any other team in the world. Real Madrid ranked second with a \$3.65 billion valuation and FC Barcelona third with \$3.55 billion. FC Bayern Munich is evaluated \$2.68 billion, in the 11<sup>th</sup> position.

| <b>Most Valuable Sports Teams 2016 by Forbes</b> |                         |                                   |               |
|--|-------------------------|-----------------------------------|---------------|
| <b>Global Rank</b>                               | <b>Team</b>             | <b>Value (2016) (\$ billions)</b> | <b>Sport</b>  |
| 1  | Dallas Cowboys          | \$ 4.0                            | Football      |
| 2  | Real Madrid             | \$ 3.65                           | Soccer        |
| 3  | Barcelona               | \$ 3.55                           | Soccer        |
| 4  | New York Yankees        | \$ 3.4                            | Baseball      |
| 5  | Manchester United       | \$ 3.32                           | Soccer        |
| 6  | New England Patriots    | \$3.2                             | Football      |
| 7  | New York Knicks         | \$ 3                              | Basketball    |
| 8  | Washington Redskins     | \$2.85                            | Football      |
| 9  | New York Giants         | \$ 2.8                            | Football      |
| 10   | Los Angeles Lakers      | \$ 2.7                            | Basketball    |
|  | San Francisco 49ers     | \$ 2.7                            | Football      |
| <b>11</b>  | <b>FC Bayern Munich</b> | <b>\$ 2.68</b>                    | <b>Soccer</b> |

|    |                         |        |          |
|----|-------------------------|--------|----------|
| 12 | New York Jets           | \$ 2.6 | Football |
| 13 | Loas Angeles<br>Dodgers | \$ 2.5 | Baseball |

Income approach is based on the assumption that the value of a business is equal to the sum of the present values of the expected future benefits of owning this company.

### **3.2.1 - Revenues of Football club**

Revenues of Football club consist:

1. matchday revenue – selling tickets, food and beverage and corporate hospitality in general;
2. broadcasting rights;
3. commercial revenue – merchandising, sponsoring and licensing;
4. player trading;
5. European competitions;
6. Others revenues from non-operating business based on football club brand.

### **3.2.1.1 – Matchday**

Fans are the lifeblood of any football club. A club without a loyal fan base will play in front of empty ranks and, thus, not be of any interest for sponsors and media. The core product of any football match is the competition between the two teams on the field. Fans take on the role of a co-producer since production and consumption of the service occur simultaneously. They are responsible for the atmosphere in the stadium and can transform a high-quality football match in an exceptional game day experience.

Much of matchday revenues come from selling tickets and from premium seats, VIP – and sky boxes. However, sales of all categories of tickets are directly dependent on five factors: the attractiveness of the opposing team, the stadium capacity, the location of the seat in the stadium, the date of the game and the fan base demographics (i.e. age and status).

Price discrimination allow service firms to consider differences in willingness to pay and capture additional consumer surplus and the football clubs satisfy all requirements for effective price discrimination.

Fans are extremely heterogeneous and they differ strongly according to geographic, psychographic and behavioural variables. Bundesliga clubs respond to differences in a fan ability and willingness to pay by charging different prices for tickets. For example, the clubs respond to the heterogeneity of fans by segmenting their stadia into differently priced sections. Fans of TSG 1899 Hoffenheim, for instance, can only choose among three differently priced categories. In contrast, Borussia M'Gladbach offers tickets at 10 different prices. In addition, clubs offer discounts for students, unemployed, pensioners and families. For instance,

VfL Wolfsburg reserves one section in its stadium exclusively for families and offers inexpensive tickets for children and accompanying adults.

Before changing ticket prices, clubs need to know the impact of any price on the tickets demand. Changing prices in one section might affect tickets sale in another part of the stadium. Clubs need to analyse the price elasticity of different fan segments. Supporters in the standing section have different price elasticity than corporate fans in the VIP section. In addition, clubs need to resist the temptation to offer generous discounts.

Clubs set ticket prices months before the actual game takes places. As a result, prices cannot be adjusted to fluctuations in demand. But some teams already apply a more dynamic approach and publish their classification shortly before tickets go on sale. In a dynamic system, ticket prices are no longer set at the beginning of each season, but constantly adjusted to variables such as the winning record of the home team, the attractiveness of the opponent, days left until game day and the weather forecast. This helps teams to compete with the secondary market by capturing some consumer surplus for high-demand games themselves<sup>34</sup>.

Usually people buy some food and beverage, but these revenues depend on whether the team is playing on its own stadium or rent it, and on the organization of relationships with companies that provide catering services. Most of the clubs receives a percentage of the proceeds from the sale of food and beverages. As for the merchandise, the presence of fan-shop near the arena significantly helps to increase its sales, as well as several of the official points of sale in the city. For example, at the central station in Munich you can find a FC Bayern Munich fan-shop, where there are: T-shirts, cups and various souvenirs.

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<sup>34</sup> Nufer G., Fischer J., *Ticket Pricing in European Football – Analysis and Implications*, ESB Business School, Reutlingen University.



| <b>Ranking by Football Money League (Deloitte, 2017)</b> |                                      |
|--|--------------------------------------|
| <b>Club</b>  | <b>Matchday Revenues (€ million)</b> |
| Manchester United  | 137.5                                |
| Arsenal  | 133.6                                |
| Real Madrid  | 129                                  |
| FC Barcelona   | 121.4                                |
| <b>FC Bayern Munich</b>                                  | <b>101.8</b>                         |
| Chelsea  | 93.2                                 |
| Paris Saint-Germain                                      | 92.5                                 |
| Liverpool  | 75.9                                 |
| Manchester City  | 70.2                                 |
| FC Juventus  | 43.7                                 |

Moreover, the income from ticket sales will depend on sales channels: the stadium ticket office, ticket offices in the city, the club stores and Internet sites. In addition, it is important to notice that ticket prices are higher in both England and Spain in comparison to Germany. FC Bayern Munich is world's number 5 in total fan average, with 75.001 fans per match, representing 100% of occupancy on the 2015-16 season<sup>35</sup>.

| <b>Stadiums of the clubs of German soccer Bundesliga by capacity 2016/17 season by <i>Transfermarkt</i></b> |                         |                 |                         |                           |                    |
|---|-------------------------|-----------------|-------------------------|---------------------------|--------------------|
| <b>Stadium</b>  | <b>Team</b>             | <b>Capacity</b> | <b>Total attendance</b> | <b>Average attendance</b> | <b>Load factor</b> |
| Signal Iduna Park   | Borussia Dortmund       | 81.360          | 1.355.101               | 79.712                    | 98%                |
| <b>Allianz Arena</b>  | <b>FC Bayern Munich</b> | <b>75.024</b>   | <b>1.275.024</b>        | <b>75.001</b>             | <b>100%</b>        |
| Olympiastadion  | Hertha Berlin           | 74.667          | 852.018                 | 50.119                    | 67,10%             |
| Veltins Arena   | Schalke 04              | 62.271          | 1.032.961               | 60.762                    | 97,60%             |
| Volksparkstadion  | Hamburg                 | 57.200          | 889.998                 | 52.353                    | 91,50%             |
| Borussia Park   | Borussia M'gladbach     | 54.010          | 874.106                 | 51.418                    | 95,20%             |
| Commerz-Arena   | E. Frankfurt            | 51.500          | 834.500                 | 49.088                    | 95,30%             |

<sup>35</sup> [transfermarkt.co.uk/1-bundesliga/besucherzahlen/wettbewerb/L1/saison\\_id/2017/plus/1](http://transfermarkt.co.uk/1-bundesliga/besucherzahlen/wettbewerb/L1/saison_id/2017/plus/1)

|                                  |                     |        |         |        |        |
|----------------------------------|---------------------|--------|---------|--------|--------|
| RheinEnergieStadion              | Cologne             | 50.000 | 842.700 | 49.571 | 99,10% |
| Red Bull Arena                   | Leipzig             | 42.969 | 705.121 | 41.478 | 96,50% |
| Weser Stadion                    | Werder<br>Bremen    | 42.100 | 696.074 | 40.946 | 97,30% |
| Opel Arena                       | Mainz               | 34.000 | 494.627 | 29.096 | 85,60% |
| WWK Arena                        | Augsburg            | 30.660 | 478.931 | 28.172 | 91,90% |
| BayArena                         | Bayer<br>Leverkusen | 30.210 | 484.194 | 28.482 | 94,30% |
| WIRSOL-Rhein-<br>Neckar-Arena    | Hoffenheim          | 30.150 | 480.673 | 28.275 | 93,80% |
| Volkswagen Arena                 | Wolfsburg           | 30.000 | 463.962 | 27.292 | 91%    |
| Schwarzwald Stadion              | Freiburg            | 24.000 | 407.300 | 23.959 | 99,80% |
| Merck-Stadion am<br>Böllnfalltor | Darmstadt           | 17.400 | 284.800 | 16.753 | 96,30% |
| Audi Sportpark                   | Ingolstadt          | 15.800 | 248.209 | 14.601 | 92,40% |

### 3.2.1.2 – Broadcasting rights

Among high-income nations, television broadcasting is an important source of revenues in all of the most important professional sports. In the largest Countries, the percentage of total revenue that each major sport gets from television has grown. Reflecting conflicting views about these issues, different leagues around the world have adopted different policies and practices regarding the sale of broadcast rights and the distribution of the revenues from rights fees among their members.

The demand side of the market for program content includes broadcasters that can be distinguished in three ways. First, some potential buyers are for-profit firms, while others are “public” broadcasters that are either government agencies or non-profit private entities. Second, potential buyers differ according to how they reach viewers: terrestrial over-the-air broadcast, cable television or Internet distribution via broadband access (wire-line telephones, wireless telephones, or cable). Third, potential buyers are further differentiated according to their sources of revenue:

whether they sell advertising, whether they charge viewers for programs (directly or indirectly through multi-channel video distribution services), and whether they receive government subsidies.

The impact of competitions broadcasting revenues and their distribution method plays a fundamental role in the income generation potential for Europe's elite football clubs. Indeed, the impact of broadcasting revenues on a club's enterprise value is very evident, with only a handful of clubs being less dependent on this vital income stream.

Despite the existing correlation between broadcasting revenues and enterprise value, an individual club's ability to influence this income is often limited, as the value of a league's media rights is impacted by several market-specific factors such as the product appeal, level of competition amongst media rights holders, consumers' spending power and pay-tv penetration rate.

The English Premier League (at GBP 1.7 billion/season for 2016-2019) sits comfortably at the top, with the most valuable domestic media rights deal. The English model is characterized by a 1.5:1 ratio between the first and last club in the 2015-16 season.

Behind the Premier League, we have the Spanish Liga and the Italian Serie A, which are both standing to generate approximately €1 Billion in domestic broadcasting revenues in 2016-17.

In the case of Liga, this sum represents a 65% year-on-year increase over the 2015-16 season, the league's first session selling its media rights on a collective basis. Aiming for a distribution ratio below 4:1 this season (5:1 ratio in the 2015-16 season), Liga's new system equally distributes half of

the available funds and assigns the rest according to a club's performance (25%) and popularity (25%). Therefore, while Real Madrid and FC Barcelona will still receive a larger revenue share than their peers, clubs with large fan bases, such as Atlético Madrid or Sevilla, are expected to profit from this system in the coming seasons.

In contrast, Serie A benefited from the intense competition (Sky/Mediaset) to strike a record deal, which currently accounts for more than 80% of its total broadcasting revenues.

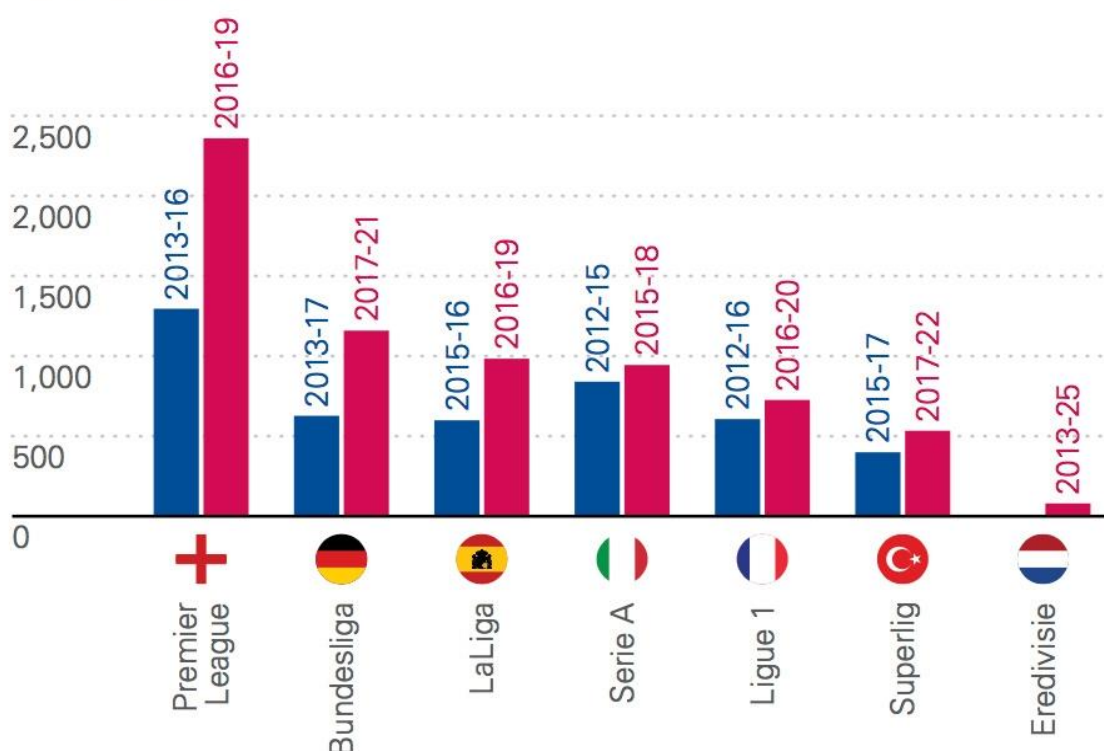
In Germany, the Bundesliga's expiring agreement, impacted by Sky's dominant position and the country's low penetration rate of pay TV, has historically kept the German league behind its European counterparts. However, benefiting of the approval of the non-single buyer rule by the German anti-trust authorities, the Bundesliga has recently recorded an increase of 85% in the value of its domestic rights, from which member clubs will potentially derive significant profits from the next season (€1.160 million/season for 2017-2021).

The landscape seems more challenging for French and Turkish clubs. Despite the growth achieved by Ligue 1 and SüperLig's latest agreement, expiring respectively in 2020 and 2022, both competitions are now even further away from the industry leaders, which may lead to an even wider gap in total revenues.

Maximising media revenues domestically becomes more important for leagues that are less appealing to global audiences. However, in a weaker negotiating position, these leagues or clubs, when right are not sold collectively, often need to enter into long-term agreements, thus to maintain growth rates comparable to the industry leaders. First examples

are the Dutch Eredivisies’s 12-year deal with Fox and the 10-year agreements signed by leading Portuguese clubs with NOS and Portugal Telecom.

**Domestic broadcasting rights deals per season of major European leagues (EURm)**



Self made table

| Country     | Term, years | Total Amount (€ million) | Amount per year (€ million) |                  | Broadcaster         |
|-------------|-------------|--------------------------|-----------------------------|------------------|---------------------|
|             |             |                          | Local                       | Abroad           |                     |
| England     | 3 (2016)    | 6.499                    | 1.333                       | 834              | SKY, BT             |
| Italy       | 3 (2015)    | 3.000                    | 829                         | 171              | Sky Italia, RTI     |
| Germany     | 5 (2017)    | 2.800                    | 628                         | 72               | Sky Deutschland     |
| Spain       |             | 655                      | 500                         | 155              | Sogecable, Mediapro |
| France      | 4 (2017)    | 2.632                    | 610                         | 32 (for 6 years) | Al-Jazeera          |
| Turkey      | 4 (2014)    | 1.041                    | 260                         |                  | Digiturk            |
| Netherlands | 12 (2025)   | 1.020                    | 85                          |                  | Eredivisie Media    |

|          |          |       |      |  |                                   |
|----------|----------|-------|------|--|-----------------------------------|
|          |          |       |      |  | and Marketing, Fox International) |
| Portugal |          |       | 48   |  | SportTV                           |
| Greece   | 4 (2015) | 168.4 | 42.1 |  | Nova Sports                       |
| Poland   | 3 (2014) | 107.1 | 35.7 |  | Canal+                            |
| Russia   | 3 (2015) | 96    | 32   |  | NTV+                              |
| Romania  | 3 (2014) | 81.9  | 27.3 |  | RCS-RDS, Romtelecom, Antena 1     |
| Scotland | 5 (2017) | 100   | 20   |  | Sky, ESPN                         |
| Bulgaria | 1 (2012) |       | 4.65 |  | TV7, BNT1                         |

Interesting scheme is incorporated in Italy:

1. 15% are allocated based on the results of the team for past 5 years;
2. 10% based on the performance of clubs since 1946;
3. 5% according to the place in last championship;
4. 40% is divided equally among all teams of Serie A;
5. 30% on the basis of such indicators as the population of the commune, represented by the club (5%) and the number of fans (25%).

| <b>Ranking by Football Money League<br/>(Deloitte, 2017)</b> |  |
|--|--|
| <b>Club</b>  | <b>Broadcasting Revenues (€ million)</b> |
| Real Madrid  | 227.7                                    |
| Manchester City  | 215.8                                    |
| FC Barcelona   | 202.7                                    |
| FC Juventus  | 195.7                                    |
| Arsenal  | 192                                      |
| Chelsea  | 191.1                                    |
| Manchester United  | 187.7                                    |
| Liverpool  | 168.1                                    |
| <b>FC Bayern</b>   | <b>147.6</b>                             |

|                     |       |
|---------------------|-------|
| <b>Munich</b>       |       |
| Paris Saint-Germain | 123.1 |

FC Bayern Munich differs greatly from other European top clubs in their income composition, and while other clubs derive more than 35% of their revenues from broadcasting right, FC Bayern Munich earns only 25% in this segment, much because the way they are negotiated in Germany. The league negotiates and the shares are distributed taking in account performance, fan base and an equal share to all Bundesliga clubs.

This revenue sharing system, differently from many other leagues in the world, motives clubs to search for other resources. FC Bayern Munich, from TV rights, including the revenues from European tournaments, such as the UEFA Champions League, gets 25% of the total (DELOITTE, 2016). Nevertheless, this is still the second revenue of the club even much behind commercial ones that includes sponsorships and merchandising.

### **3.2.1.3 – Commercial Revenues**

A football club entitled to sponsorship contract in the following areas:

1. provider of equipment (kit supplier);
2. the main sponsor with the right to put its brand-name on T-shirts;
3. partners of the club;
4. the right to put a trade name on training kit;
5. sales of stadium naming rights.

## Sponsorship

FC Bayern Munich has many levels of sponsors, usually long-term deals with global, local and regional companies. Much of these are stronger than sponsorship, including the shareholding examples of Adidas, Audi and Allianz.

| <b>Ranking by Football Money League (Deloitte, 2017)</b> |  |
|--|--|
| <b>Club</b>  | <b>Commercial Revenues (€ million)</b> |
| Manchester United  | 363.8                                  |
| <b>FC Bayern Munich</b>                                  | <b>342.6</b>                           |
| Paris Saint-Germain                                      | 305.3                                  |
| FC Barcelona   | 296.1                                  |
| Real Madrid  | 263.4                                  |
| Manchester City  | 238.9                                  |
| Chelsea  | 163.1                                  |
| Liverpool  | 159.8                                  |
| Arsenal  | 142.9                                  |
| FC Juventus  | 101.7                                  |



| <b>FC Bayern Munich's sponsors by <i>fcbayern.com</i></b> |                      |                             |                      |                          |
|---|----------------------|-----------------------------|----------------------|--------------------------|
| <b>Shareholders</b>                                       | <b>Main Partners</b> | <b>Platinum Partners</b>    | <b>Gold Partners</b> | <b>Official Partners</b> |
| Adidas  | Deutsche Telekom     | DHL                         | Coca-Cola            | Adelholzener             |
| Audi  | Adidas               | Goodyear                    | MAN                  | Apple Music              |
| Allianz   | Audi                 | Hamad International Airport | P&G                  | BR Bayern 3              |
|   | Allianz              | HypoVereinsbank             |                      | Beats                    |
|   |                      | Lufthansa                   |                      | Body + Soul              |
|   |                      | Paulaner                    |                      | EA Sports                |
|   |                      | SAP                         |                      | Gigaset                  |
|   |                      | Siemens                     |                      | Hugo Boss                |
|   |                      | Tipico                      |                      | Siemens Hausgeräte       |
|   |                      |                             |                      | Siemens Healthineers     |

Stefan Mennerich, Head of Media Rights and New Media at FC Bayern Munich, states: «our strategy is to work with global industry leaders and if they have their roots in Bavaria that is even better».

As an example of this success, Adidas, 50 years plus as sponsor of FC Bayern Munich, shareholder of the club, and with its CEO as a board member, has proudly announced the renewal of the contract with the club for another 10 years.

Adidas, German multinational corporation, headquartered in Herzogenaurach, Bavaria, with a revenue of €19.29 Billion and 53.731 employees all around the world, that designs and manufactures shoes, clothing and accessories, is the largest sportswear manufacturer in Europe and the second largest in the world. Adidas, besides FC Bayern Munich, has numerous major kit deals with football clubs worldwide, including their main sponsor Real Madrid, Manchester United, AC Milan, FC Juventus and it is one of the official sponsor of the UEFA Champions League.

In 2011, FC Bayern Munich and Adidas have extended their partnership agreement until 2030.

About this extension, Adidas CEO Hainer commented: «Adidas and FC Bayern Munich are united by far more than just a partnership of many years as sponsor and supplier. Our partnership is a unique story of success to which we have added another outstanding chapter with the extension of our agreement».

According to reports in Germany, the deal is worth €900 Million (£650 Million) and will see FC Bayern Munich receive €60 Million (£43 Million) per season<sup>36</sup>.

«With this extension of the contract until 2030, Adidas will continue its long partnership with FC Bayern Munich», said Oliver Brüggem, Adidas spokesman.

Franz Beckenbauer, President of FC Bayern Munich, commented: «this new partnership with Adidas will help us to master the challenges of the future. FC Bayern Munich will continue to be one of the top teams in European and international soccer. The two agreements with Adidas create an outstanding basis for this».

The sportswear firm owns 8.33% of FC Bayern Munich and Brüggem added they would in the future continue to work on co-operation with top teams and federations in international football. This strategic partnership opens new perspectives in new business areas, such as sport marketing or TV rights.

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<sup>36</sup> The Guardian, [theguardian.com/football/2015/apr/28/bayern-munich-adidas-kit-deal](http://theguardian.com/football/2015/apr/28/bayern-munich-adidas-kit-deal).

When German automobile car manufacturer Audi, headquartered in Ingolstadt, Bavaria, with a revenue of €58.42 Billion and 84.435 employees, secured 8.33% share in FC Bayern Munich, it didn't just engineer its way to greater international recognition, but it took a step towards strengthening its Bavarian image. «FC Bayern Munich is like a trophy for Audi» because it gives the opportunity to win sympathy points and underscore its sporting image. This sport image is important for the company as it symbolizes an interest in health, performance and the younger generation – all important features in the world of car marketing.

AUDI is a strong partner of different kinds of sports. In football, long partnerships exist between Audi and domestic clubs including FC Bayern Munich, Hamburger SV, 1. FC Nürnberg, Hertha BSC and Borussia Mönchengladbach and international clubs including Chelsea, Real Madrid, Barcelona, AC Milan and Ajax Amsterdam. Recently, FC Bayern Munich and Audi have extended their long – running partnership. The new agreement, concluded prior to the expiration of the current contract, covers the period through June 30, 2025. FC Bayern Munich and Audi have been partners since 2002.

According to the SponsorPitch website, Audi pays €10 Million (\$11 Million) annually for the partnership and in 2009, bought 8.33% in FC Bayern Munich for a reported US\$135.8 Million. It is expected that Audi has increased its financial commitment just like Adidas did with its kit deal. In addition to a space in camera view, Audi has received the rights to the Audi Cup in Munich along with the Audi Summer Tour.

«We are happy about this new pinnacle in our cooperation with FC Bayern Munich», said Thomas Günther, Head of sales at Audi's Region Saouth. «We are sure that we will be seeing many exciting games in the German Bundesliga and in European competitions at the Audi Dome».

In 2000, Allianz, one of the world's largest insurance companies, and FC Bayern Munich, one of the world's most famous and successful football clubs, laid the foundation for a long-term partnership. With the opening of the Allianz Arena, another milestone followed. As a platinum partner and participant, Allianz is a very special partner of FC Bayern Munich and its partnership commitment is also a commitment to football and to people who share love for this sport. Both companies also complement each other in their international activities, in which both parties benefit from each other and mutually support each other. Allianz is convinced that the values important of football, such as cohesion, passion and discipline, are important not only on the field but also outside. In order to convey these values to new generations of players and fans to address future young people, the Allianz Junior Football Camp was launched in 2009. Young people from all over the world train for a week with youth trainer FC Bayern Munich and get exclusive insights behind the scenes of the club. Allianz not only offers the players tailored insurance cover to meet their specific needs, but also, members and fans who already Allianz customers have many lasting offers, such as benefit, diverse and exclusive experiences around the club.

For example, Allianz provides a free shuttle service to visitors with reduced mobility, seniors and families with small children. The electric vehicles can be found at the Allianz stand next Fröttmaning, starting two and half hours before the beginning of the game and one hour after the final whistle. Another benefit for the Allianz customers is the Alliance

family entrance. Long lines and unnecessary waiting times at the entrance are easy to get around for families, seniors and people with disabilities, separate access is available. The Alliance family entrance is located next to the VIP entrance on the southeast side of the Allianz Arena.

Recently, FC Bayern Munich and Allianz are further extending their partnership. As part of a capital increase in return for stock, Allianz SE has acquired an 8.33% per cent stake in FC Bayern Munich AG. In return for the stock acquired, FC Bayern Munich AG received €110 Million. Allianz thus becomes the third strategic partner after Adidas and Audi and all the three companies have headquarters in Bavaria<sup>37</sup>.

«We are all extremely pleased to place our partnership with a partner of many years, a global company at home in the world of sport and boasting a high affinity to football, on a completely new foundation», commented Jan-Christian Dreesen, FC Bayern Munich AG Board Member Responsible for Finance.

«Allianz is a company active around the world, which like FC Bayern Munich is based in Munich. Allianz has been a trusted partner of our club for a long time. Our partnership is exemplified by many things including the naming rights to the Allianz Arena since 2005».

«Today is a big day for FC Bayern Munich», confirmed Uli Hoeness, FC Bayern Munich e.V. President and Chairman of the Supervisory Board. «the club's executive committee and advisory committee approved this decision unanimously. With the three Bavarian companies Allianz, Adidas and Audi, FC Bayern Munich has a Triple-A of partners. It is a dream and we are very proud because it shows the strength of this club».

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<sup>37</sup> soccerly, [soccerly.com/article/soccerly/bayern-munichs-new-allianz-sponsor-deal-worth-150-million](https://soccerly.com/article/soccerly/bayern-munichs-new-allianz-sponsor-deal-worth-150-million).

FC Bayern Munich has used €110 Million received for the stock for two important projects: first, to pay down the club's remaining obligations on the Allianz Arena in Munich, so FC Bayern Munich's stadium would then be debt free. Second, for the planned reconstruction of the youth and junior facility.

«The Arena annually attracts about four million visitors from all over the world and was venue of numerous international competitions the last ten years», says Dr. Christian Deuringer, Head of Global Brand Management at Allianz SE at the margin of ten anniversary of the sports facility. «After such as successful decade we are looking forward to the next few years, especially as another major event in the Allianz Arena is coming up: the European Football Championship in 2020».

Allianz Deutschland AG has been involved in women's football since the beginning of 2010 and has been the main sponsor of the FC Bayern Women's and Girl's Team since the 2013-14 season. Allianz is thus expanding its commitment to FC Bayern football women and it's becoming a partner and insurer, mainly through tricot sponsorship and gaming advertising.

«This relationship extends the long-standing partnership between Allianz and FC Bayern and contributes to women's football from the national team into the Bundesliga», says Manfred Boschatzke, Head of Advertising and Sponsoring.

Since the 2014-15 season, Allianz has also been the name sponsor of the highest German women's class, which is now called the Allianz Women's

Bundesliga. «Through the name sponsoring of the women's Bundesliga the alliance is one of the strongest leagues in the world», commented Manfred Boschatzke.

Deutsche Telekom, German telecommunications company headquartered in Bonn, with a revenue of €73.09 Billion and 216.548 employees, supports a vast range of athletes, clubs, associations and events in Germany. Its primary focus is on soccer due to sport's unrivalled popularity in Germany, where seven million people play the game. The Group is the main sponsor of record German soccer championship winners FC Bayern Munich and premium partner of the German women's, men's and youth national teams.

The Group has put together plans to integrate exclusive content into its information and entertainment platforms.

«The media presence and the related effects alone make our investment in these partnerships worthwhile», said Henning Stiegenroth, Senior Vice-President of Sport Marketing at Deutsche Telekom.

Deutsche Telekom also focuses on the social aspects of sport. It supports youth sports, school projects and athletes with disabilities through partnerships including those with the German Disability Sports Association (DBS). The telecommunications company is a FC Bayern Munich's main sponsor since 2002 and recently, has extended its cooperation until 2023. At the same time, the company invests more than €50 Million annually in sports sponsorship and presents the project "StadiumVision" for the home games.

«I'm proud we've been able to secure the commitment of our valued partners at Deutsche Telekom for the next few years», FC Bayern Munich General Manager Uli Hoeness commented.

The Bonn-based company, which has been a main sponsor of the club since 2002, will continue to receive extensive logo presence at home games, including LED signage. Under the new terms, FC Bayern Munich and Deutsche Telekom collaborate on a number of mobile and technology projects. The StadiumVision project since the 2015-16 season offers fans at the Allianz Arena a full multimedia experience. However, when Deutsche Telekom last extended its deal with FC Bayern Munich in 2012, the amount increased by an estimated 20% to €30 Million (\$33.4 Million) annually<sup>38</sup>.

| <b>Bundesliga Shirt Sponsorship 2015/2016 (€ million)</b> |                          |
|---|--------------------------|
| <b>Self made table</b>                                    |                          |
| <b>Club</b>   | <b>Shirt Sponsorship</b> |
| <b>FC Bayern Munich</b>                                   | 30                       |
| Wolfsburg   | 30                       |
| Borussia Dortmund   | 20                       |
| Schalke 04  | 17                       |
| Hamburg   | 8                        |
| Borussia M'gladbach                                       | 8                        |
| Hertha Berlin   | 6                        |
| E. Frankfurt  | 6                        |
| Werder Bremen   | 6                        |
| Bayer Leverkusen  | 6                        |
| Cologne   | 5                        |
| Stuttgart   | 5                        |
| Hoffenheim  | 5                        |
| Mainz   | 4                        |
| Hannover  | 4                        |
| Augsburg  | 3                        |
| Ingolstadt  | 2                        |
| Darmstadt   | 2                        |

<sup>38</sup> Deutsche Telekom, [telekom.com/en/company/sponsoring](http://telekom.com/en/company/sponsoring).



FC Bayern Munich continuous exceptional performance, on and off the field, is intimately related to the strong culture implemented by the club, at all levels of its structure. This mentality can also be seen in the squad the club has, which generates fan identification and unconditional support, factor extremely relevant for sports business. Nevertheless, the formation and the management of a winning team are just possible in the long-term if a strong and well-placed administration is enforced.

Together with this culture of professionalism on the management level, the fact that FC Bayern Munich has no debts is interesting, since even the most profitable companies in the world operate at some level of debts. This complete financial independency allows the club at any time to take decisions within its best interest in all the areas.

Success and emotion, tradition and future, Bavaria and internationally – this are what the Paulaner brewery and FC Bayern Munich stand for. For many years, the two traditional brands have been celebrating goals, titles and triumphs together, always keeping the focus on their fan base all over the world. For this reason, FC Bayern Munich likes to make regular stopovers during their trips abroad at Paulaner Bräuhaus in Germany, China, Russia, Indonesia, Singapore and in the USA. Many of the 27 Bavarian oases hold public viewings of FC Bayern Munich matches and fans can root for Bayern Munich with a fresh Paulaner and authentic Bavarian Food.

The German Bundesliga giants FC Bayern Munich has signed an extended six-year partnership deal with the Bavarian brewery Paulaner. The renewed deal runs from the 2015-16 season until the end of the 2020-

21 season. Paulaner did not disclose the economic details of the new agreement, but sources close to the company said Paulaner made a great effort to maintain his position as a partner in FC Bayern Munich, which until today received €4 Million annually. Among the conditions of the new agreement, Paulaner will be the only beer distributed to Bavarian fans during the home games and have several dedicated spaces within the Allianz Arena. Furthermore, the German brewery is sponsor by the Paulaner Cup, a dedicated annual event to all the fans, who will have the opportunity to challenge their darlings.

Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer said: «for many years Paulaner has been our perfect partner. Like FC Bayern Munich, it is winning more and more both in national market and around the world. We are particularly happy because, thanks to unique events such as Paulaner Cup, our fans can live a particular experience».

Roland Tobias, Paulaner Executive President, has expressed great satisfaction: «we are proud that Munich is our home and we are happy to be known and appreciated all over the world. Like FC Bayern Munich, we obtained our success through passion and enthusiasm: we in the production of beer and their in the football fields. The fact that we are so appreciated means that we are on the right track<sup>39</sup>».

Lufthansa and FC Bayern Munich have been cooperation partners since March 2004. The German airline, headquarters in Cologne with hubs in Munich and Frankfurt Airports, with a revenue of €32.056 Billion and 120.262 employees, combined its subsidiaries, is the largest airline in

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<sup>39</sup> FC Bayern Munich, [fcbayern.com/en/news/2015/07/fcb-and-paulaner-extend-partnership](http://fcbayern.com/en/news/2015/07/fcb-and-paulaner-extend-partnership).

Europe, in terms of fleet size, and the second largest of passengers carried during the 2016.

The German record champions flies on Lufthansa's domestic network to all their league and cup games in Germany and on the airline's international routes to their UEFA Champions League matches across Europe. As one of the club's premium partners, the airline advertises on hoardings at all of the home matches in Allianz Arena and in many promotional campaigns.

«Lufthansa is a global aviation leader and the perfect airline for us both for domestic German and international flights», says Karl-Heinz Rummenigge, Chief Executive Officer of FC Bayern Munich.

This year, frequent flyers had the chance to benefit from the cooperation between Lufthansa and FC Bayern. Miles & More now offers members the option not only of redeeming their miles at the club's fan shop, but also of boosting their miles account when they purchase FC Bayern Munich merchandise. Fan can also exchange their miles for tickets for seats on the main stand<sup>40</sup>.

Goodyear, American multinational tire manufacturing company, headquarters in Akron, Ohio, is the most successful tire supplier in Formula One history, with the highest number of victories in the constructor's championship. The company has revenue of US\$18.138 Billion and 67.000 employees around the world.

«FC Bayern Munich and Goodyear are both highly international. The games of the Bavarians are broadcast all over the world; there are over 400 million fans on all continents. Both brands combine the spirit of

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<sup>40</sup> Lufthansa, [sport.lufthansagroup.com/en/football.html](http://sport.lufthansagroup.com/en/football.html).

victory and the spirit of innovation as well as a long and successful history», explains Jürgen Titz, Chief Executive Officer of Goodyear in Germany, Austria and Switzerland.

Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer, added: «the tire manufacturer Goodyear is an internationally renowned company and stands for the highest premium quality. We are very pleased to welcome him as a partner<sup>41</sup>».

SAP is the new technology partner and sponsor of FC Bayern Munich until the 2016-17 season. The partnership has included an annual financial volume in the mid-seven-digit euro area, including services and benefits, according to SPONSORS information. Among other things, SAP is to expand the club CRM system and develop a platform for the FC Bayern Munich second-placed ticket market. In return, the software company will receive an unspecified advertising package for Munich's home games.

FC Bayern Munich uses SAP Process Orchestration technology to connect various systems in and around the arena, consolidates that data using the SAP HANA Enterprise Cloud service and then displays it in real time to staff and management via a mobile app. Now, FC Bayern Munich and Allianz Arena's staff and managers know exactly what's going on as it is happening, helping them ease visitor traffic in the parking lot and entry into the arena. The result is a better game day experience for fans<sup>42</sup>.

The business model of FC Bayern Munich is also a unique story, because is only of the three strongest brands in the football world debt-free in Europe; 93% of all Germans know him; there are about 10 million Bayern fans and more than 290.000 are members. For these reasons the UniCredit

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<sup>41</sup> Goodyear, [goodyear.eu/en\\_gb/consumer/why-goodyear/bayern-munich-fc.html](http://goodyear.eu/en_gb/consumer/why-goodyear/bayern-munich-fc.html).

<sup>42</sup> SAP, [news.sap.com/two-global-champions-join-forces](http://news.sap.com/two-global-champions-join-forces).

Group confirms its vocation to invest in top-level sports sponsorships to promote its brand through football.

After the partnership with UEFA, the financial institute became official bank of the Champions League and the Europa League. The German subsidiary, HypoVereinsbank, confirmed the partnership with FC Bayern Munich until the 2021-22 season. This creates exceptional opportunities both for HypoVereinsbank and for UniCredit in light of their geographical location at the heart of Europe. The financial details of the deal, which include the role of UniCredit – HypoVereinsbank as a platinum partner have not been formalized. However, according to the German specialist website Sponsor.de, the value of sponsorship would be around €4.5 Million (US\$5.15 Million) per season.

The development, marketing and distribution of innovative financial products for the community interested in soccer are another business goal, which is at the centre of the cooperation. Through image transfer and close cooperation in product development with FC Bayern Munich, HypoVereinsbank is able to win new customers, generates more business and thus generates revenues. «With the FC Bayern Munich, we are using the club with the greatest popularity, the highest sympathy values, the most fans and the largest media presence in Germany<sup>43</sup>».

DHL, German postal service and international courier company, is the largest of the world, headquarters in Bonn.

The Deutsche Post AG, operating under the trade name Deutsche Post DHL Group has 510.000 employees and a revenue of €56.63 Billion. The express division provides services in 220 countries around the world.

The Corporation has become a platinum sponsor and FC Bayern Munich's new international partner for logistics and e-commerce solutions with

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<sup>43</sup> FC Bayern Munich, [fcbayern.com/en/news/2015/10/press-release-fc-bayern-and-hypovereinsbank-extend-partnership](https://fcbayern.com/en/news/2015/10/press-release-fc-bayern-and-hypovereinsbank-extend-partnership).

immediate effect. The club and the corporation announced a new six-year agreement through 2020 at a press conference at the Allianz Arena. As the club's logistics partner of many years, DHL already ensures that FC Bayern Munich official merchandising items arrive safely and reliably with fans. FC Bayern Munich can now also benefit from the international e-commerce expertise of the market leader in the logistics industry.

«FC Bayern Munich has become a global player with a steadily growing fan base in diverse countries on every continent», “together with DHL as an experienced and world-renowned partner we want to expand our online touch points with our fans around the world and thereby continue to grow our international merchandising», commented Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer.

Logistics plays an essential role in reaching fans around the world, offering big clubs like FC Bayern Munich significant competitive advantages, especially in the increasingly important home delivery of merchandising items and in areas such as deliveries within a few hours on the day of ordering, flexible receipt and return times and robust logistics and value-added concepts.

«Two strong and internationally well-known brands such as FC Bayern Munich and DHL will also benefit from each other within the framework of our agreed sponsorship partnership», commented Frank Appel, Deutsche Post DHL Chief Executive Officer.

Alongside the exclusive cooperation in logistics, e-commerce complete solutions and traditional postal delivery, DHL has acquired extensive promotional rights, including the making of advertisements, PR appointments and the use of a joint partnership logo. Sports sponsorship

has long been an important component of the brand communication strategies pursued by Deutsche Post DHL core brands. In the first step following the announcement of the new partnership, fans and visitors to the Allianz Arena will be able to dispatch merchandising items from FC Bayern Munich Megastore direct to their homes via DHL shop-in-shop.

«We just completed our summer tour in the United States. This trip showed us once again just how much potential we have in international markets. With DHL acting as our experienced, globally respected partner, we intend to further expand our fans around the world and thus our international merchandising», said Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer.

Just like international trade, the fan bases of the champion teams are becoming increasingly throughout the world. In addition to Germany, United States, China and other Asian countries are rapidly expanding growth markets for football<sup>44</sup>.

MAN is the largest subsidiary of the MAN SE Corporation and one of the leading international providers of commercial vehicles, headquartered in Munich.

The company, with a revenue of €14.68 Billion and 53.500 employees, operates through fully owned subsidiaries or joint ventures with local companies in India, Poland, Turkey, China, United States, United Arab Emirates, South Africa, Uzbekistan, Portugal and Germany/Austria.

Both FC Bayern Munich and MAN have shaped the recent history of Bavaria and both have taken an incredible path in the past 100 years and have risen from the local size to the global player.

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<sup>44</sup> FC Bayern Munich, [fcbayern.com/en/news/2014/08/fcb-and-dhl-announce-partnership](http://fcbayern.com/en/news/2014/08/fcb-and-dhl-announce-partnership).

«In addition to having Munich as a joint location, MAN and FC Bayern Munich are primarily committed to constant top performances», says Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer.

MAN and FC Bayern Munich have extended their partnership, which began in 2008, by a further three years to 2019. MAN's commitment to FC Bayern Munich goes beyond providing vehicles. «The partnership with MAN is very important for Bayern», says Andreas Jung, Marketing Director of FC Bayern Munich. «Virtually no other product is so close to the team; we are therefore very pleased that MAN supports us with such great quality. The preparation for the game begins in the team bus<sup>45</sup>».

FC Bayern Munich, one of the biggest and most valuable clubs in world football and EA SPORTS, a global leader in digital interactive entertainment, have a global partnership that include cross-marketing and content collaboration initiatives in EA SPORTS FIFA 17. For EA SPORTS, partnership with FC Bayern Munich will connect FIFA 17 to the club's more than 400 million supporters worldwide and further accelerate the creation of compelling, immersive experiences for its players – from facial scans that will bring some of Bayern's world-class players to life such as Thomas Müller, Kingsley Coman and Manuel Neuer to producing the detailed sights, sounds and experiences of being in the Allianz Arena during a thrilling home game.

Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer commented: «we realize gaming is a powerful tool for reaching millions of engaged fans around the world. We also know the size of the gaming

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<sup>45</sup> MAN, [truck.man.eu/de/en/man-world/man-in-germany/press-and-media/MAN-will-accompany-FC-Bayern-Munich-to-the-International-Champions-Cup-2017-in-Asia-296320.html](http://truck.man.eu/de/en/man-world/man-in-germany/press-and-media/MAN-will-accompany-FC-Bayern-Munich-to-the-International-Champions-Cup-2017-in-Asia-296320.html).



community continues to rise. Therefore our partnership with EA SPORTS is a very important step for our future. Two leading global brands partnering ultimately brings tremendous value to our fans in Germany, the U.S., and worldwide».

«For many players in the U.S., EA SPORTS FIFA is their first introduction to FC Bayern Munich and football in general», says Rudolf Vidal, Managing Director, FC Bayern Munich U.S.

This partnership not only helping to enhance the gaming experience for all the fans, but also adding to the growth of the sport for a whole new generation in the U.S.

Jamie McKinlay, EA SPORTS Vice President of Marketing added: «with the access to Bayern players and the Allianz Arena, we're able to bring players closer to the game and the club – as well as plan exclusive opportunities for our players to connect with the team beyond the game<sup>46</sup>».

The world's leading consumer goods manufacturer Procter & Gamble, headquartered in downtown Cincinnati, Ohio, become an official FC Bayern Munich partner in Germany, Austria and Switzerland as a July 2016. The partnership incorporates Procter & Gamble's entire brand and product portfolio. Procter & Gamble provides consumers around the world with one of the strongest portfolios with high-quality, leading brands such as Always, Ambi Pur, Ariel, Bounty, Charmin, Crest, Dawn, Oral-B, Pampers, Pantene, operates in 70 countries with a revenue of US\$65.29 Billion and 105.000 employees.

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<sup>46</sup> FC Bayern Munich, [fcbayern.com/en/news/2016/08/press-release-fc-bayern-munich-and-ea-sports-announce-global-partnership](http://fcbayern.com/en/news/2016/08/press-release-fc-bayern-munich-and-ea-sports-announce-global-partnership).

The initial focus involves TV and digital campaigns, in-store promotions and special edition products for the Gillette, Braun, Head & Shoulders and Oral-B brands.

«As the leading player in consumer goods Procter & Gamble is a very good fit to FC Bayern Munich», commented Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer<sup>47</sup>.

The new Doha International Airport opened in 2014 is one of the biggest hubs in the Middle East with passenger processing capacity of 8700 per hour and 30 million per annum.

FC Bayern Munich and Hamad International Airport Doha have a long-term partnership and the airport operator becomes one of the German record champion's Platinum Partners. The deal, in according to the German media, is between five and seven million euro per year, valid for seven years.

The partnership comes as a step forward for the set-goal of one of the most technologically advanced airports worldwide: also to become a global sports leader, as Qatar will be the host of FIFA World Cup 2022<sup>48</sup>.

Akbar Al Baker, Group Chief Executive at Hamad International Airport Qatar, explained the decision: «we designed Hamad International Qatar to be the most advanced, most efficient and most comfortable global aviation gateway, and a facility able to handle up to 50 million of our own passengers every day, as well as the millions of fans that will visit Doha for the 2022 FIFA World Cup».

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<sup>47</sup> [thedrum.com/news/2016/04/21/procter-gamble-partners-bayern-munich-have-players-front-ad-campaigns](http://thedrum.com/news/2016/04/21/procter-gamble-partners-bayern-munich-have-players-front-ad-campaigns).

<sup>48</sup> [bavarianfootballworks.com/2017/8/16/16156274/bayern-munich-sleeve-sponsorship-deal-hamad-international-airport-qatar](http://bavarianfootballworks.com/2017/8/16/16156274/bayern-munich-sleeve-sponsorship-deal-hamad-international-airport-qatar).

Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer commented: «I am delighted to welcome Doha Airport, a sponsor from the tourism industry. This partnership is another step in our internationalisation strategy. Part of our cooperation agreement is that we will jointly support social projects and a dialogue concerning critical community and political topics<sup>49</sup>».

In addition, Hamad International Airport becomes first FC Bayern Munich Bundesliga sleeve sponsor. «Starting this season (2017-18), our players will feature the HIA – Hamad International Airport – logo on the jersey’s sleeves», said Andreas Jung, FC Bayern Munich Executive member. «When we signed the contract with Hamad International Airport in January 2016, the sponsor’s badge on the sleeve was already part of our agreement. So far the HIA logo has already been placed on the training uniforms<sup>50</sup>.»

Music has always played an important role in sport, helping athletes and footballers train and providing anthems for fans. FC Bayern Munich star Mats Hummels proves just how important music is to him in order to prepare for a match. Music fans will be able to get even closer to their favourite team and players from FC Bayern Munich with exclusive playlists and content, curated especially for Apple Music. Apple Music is a single, intuitive app that combines the best ways to enjoy music including your music library, a revolutionary music streaming service offering access to over 40 million songs, radio led by the flagship Beats 1 station and playlists curated by world class music experts.

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<sup>49</sup> [espnfc.com/german-bundesliga/story/3180159/bayern-munich-agree-new-sponsorship-deal-with-hamad-international-airport](http://espnfc.com/german-bundesliga/story/3180159/bayern-munich-agree-new-sponsorship-deal-with-hamad-international-airport).

<sup>50</sup> [footyheadlines.com/2017/08/bayern-munchen-sign-first-ever-sleeve-sponsorship-deal.html](http://footyheadlines.com/2017/08/bayern-munchen-sign-first-ever-sleeve-sponsorship-deal.html).

Andreas Jung, FC Bayern Munich Marketing Board Executive welcomes Beats as their exclusive partner. «With Beats we have found an internationally recognised partner who understands the symbiotic relationship between music and sports like no other. Their mental preparation with music is just as important as their other professional training equipment<sup>51</sup>.»

In addition, it's also been announced Beats by Dr. Dre will continue to be the official sound partner of FC Bayern Munich providing the club with premium headphones and speakers.

Tipico, an international sports betting and casino games provider boasting and extensive European network is a FC Bayern Munich Premium Partner for four year. The partnership through 2019 is of special significance to Tipico because FC Bayern Munich is a role model for all the world's football clubs.

«Tipico has been very successful in European football for a while now. It is an obvious step for FC Bayern Munich and the company with its outstanding international positioning to follow a common path from now on», commented Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer, Jörg Wacker, FC Bayern Munich Board Director for Internationalisation and Strategy, continued that «Tipico has developed into an excellent brand and is an outstanding fit with our other top-class partners<sup>52</sup>».

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<sup>51</sup> FC Bayern Munich, [fcbayern.com/en/news/2017/01/press-release-apple-music](http://fcbayern.com/en/news/2017/01/press-release-apple-music).

<sup>52</sup> FC Bayern Munich, [fcbayern.com/en/news/2015/06/press-release-tipico-new-premium-partner](http://fcbayern.com/en/news/2015/06/press-release-tipico-new-premium-partner).

Although sponsorship terms were not disclosed by participating parties, but German media has reported that Bavarian football club receives circa €5 Million per season for its partnership.

Gigaset, one of the leading providers of technology and consumer electronics, is another official FC Bayern Munich Premium Partner. The company is the club's exclusive smartphone and tablet partner for three years. «Gigaset and FC Bayern Munich share a passion for performance and quality<sup>53</sup>», says Karl-Heinz Rummenigge.

The relationship Coca-Cola has with sport seeks to advance the development of sport overall. It aims to make sporting competitions possible by supporting events for the participation and pleasure of athletes and spectators. Coca-Cola has a long history of sports sponsorship including the Olympic Games, football and tennis. Coca-Cola has been involved with the Olympic Games since 1928. It has been sponsoring the football World Cup since 1978 and is actively involved with the Wimbledon Championships.

In Great Britain, for example, where football is a national passion, 'Eat Football, Sleep Football, Drink Coca-Cola' is a massively successful advertising campaign reinforcing the link between Coca-Cola and football while continuing the brand's support of the game and fans.

The new Coca-Cola sponsoring package with FC Bayern Munich also includes special stadium activations as well as trade and gastronomic promotions, such as the “Coke Zero” competition, where the winners will be invited to the Allianz Arena.

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<sup>53</sup> The Business Magazine for the football industry, [fcbusiness.co.uk/news/article/newsitem=3948/title=bayern+munich+get+tech+with+gigaset](http://fcbusiness.co.uk/news/article/newsitem=3948/title=bayern+munich+get+tech+with+gigaset).

«We are very pleased to continue the long-term, successful cooperation with the industry leader started in 1968», says Rudolf Greimel, Managing Director Bavaria of Coca-Cola.

Philips is a Dutch technology company headquartered in Amsterdam, with primary divisions focused in the areas of electronics, healthcare and lighting. It is one of the largest electronics companies in the world with a revenue of €24.51 Billion and 114.188 employees across more than 60 countries.

The global leader in lighting and the German soccer champions and its home stadium Allianz Arena, have signed a partnership that made the stadium the first in Germany and the largest in Europe to feature a dynamic light show, made possible by energy efficient connected LED lighting. As part of a three-year agreement, Philips becomes a sponsor of the Allianz Arena and the official lighting partner for FC Bayern Munich. The new LED system will also be 60% more energy efficient than conventional lighting and, in addition, the long-life of LEDs means less maintenance is required.

«The new lighting from Philips will allow visitors and TV viewers to feel the full emotion and dynamism of the match from their very first glance<sup>54</sup> », said Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer.

Hublot is a Swiss luxury watchmaker founded in 1980 and currently operates as a wholly owned subsidiary of France's LVMH. Its headquartered is in Nyon, Switzerland and has a revenue of €262.6 Million and 200 employees.

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<sup>54</sup> FC Bayern Munich, [fcbayern.com/en/news/2015/08/new-light-system-for-allianz-arena-130815](http://fcbayern.com/en/news/2015/08/new-light-system-for-allianz-arena-130815).

To increase the public profile of their brand, Hublot have engaged numerous sponsorship deals. In 2008, they agreed a sponsorship deal with football club Manchester United, worth £4 Million per season. Later, Hublot started endorsing some top football clubs like FC Bayern Munich, FC Juventus, Paris Saint-Germain and Ajax Amsterdam.

«We are excited about our new partnership with Hublot because we look for strong partners with whom we not only can aim for common goals, but also make those goals a reality», said Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer.

For Siemens, a German industrial manufacturing conglomerate company headquartered in Berlin and Munich, with a revenue of €79.64 Billion and 351.000 employees, is an opportunity to showcase its technologies to the public in FC Bayern Munich stadiums and training facilities. Siemens has already provided the electro-technical solution for the Allianz Arena. As a global market leader in digital factory automation and simulation solutions, Siemens also cooperates with several manufacturers in the sporting goods industry. Its goal is to tailor products more quickly, more transparently and more individually to customer requirements since the production of personalized sporting goods; it also requires the increasingly flexible adjustment of production processes. Digital technologies are a key lever for improving the fan experience – and thus the club’s success – over the long term by mastering both current and future challenges. Some 4.250 Osram lamps are used to illuminate all 25.000 square meters of the stadium’s exterior either in red, blue and white. A fire alarm system from Siemens Building Technologies integrates, among other things, 4.600 fire detectors and 15.000 sprinkler heads into a single system to help ensure the stadium’s safety. In case of

emergency, the system's 6.200 loudspeakers, which have a total output of 150.000 watts, can warn spectators everywhere in the stadium. A video surveillance system, whose 90 cameras clearly display every corner of the Allianz Arena in a control room that Siemens developed, provide additional security.

«Our technologies and knowledge of digitalization will enable us to help the club further increase its success both nationally and internationally since modern, high-performance sports require high-performance technologies. Siemens and FC Bayern share a passion for performance and quality. At FC Bayern, it's all about athletic excellence. At Siemens, it's all about engineering excellence», commented Joe Kaeser Siemens AG President and CEO.

In addition, Siemens technologies assist spectators in reaching the bus near the stadium quickly and easily, emergency exit systems, an electronic subway control centre and a traffic information system – are also used in the stadium surroundings.

«Two Bavarian champions that belong together are now joining forces. I'd like to warmly welcome Siemens to FC Bayern and express my appreciation in advance for the company's commitment and trust. We're eagerly looking forward to this partnership – a partnership that's important for us», said FC Bayern München AG Executive Board Chairman Karl-Heinz Rummenigge.

«Siemens and FC Bayern are global players. So the collaboration we're now launching is a logical and attractive step. The fact that it also includes our ambitious basketball players is an additional sign of Siemens'



tremendous trust in the partnership between these two strong brands. We'd like to sincerely thank the people at Siemens who are responsible for making it all happen<sup>55</sup>», said Uli Hoeness, FC Bayern München AG Supervisory Board Chairman and FC Bayern München e.V. President.

Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer, describes Thomas Sabo as a partner of choice, and predicts that this «perfect connection will also benefit our fans optically and fashionably». The football club closed an industry-sponsored partnership with the silver jewellery manufacturer. The smart liaison is visible not only in the Thomas Sabo shops and the FC Bayern Munich fans hops, but also in the form of commercials and LED gaming in the Allianz Arena.

FC Bayern Munich has also signed two important regional sponsors with the Chinese Evergrande Spring and the Thailand Wangkanai.

Guangzhou Evergrande FC held a joint press conference with Evergrande Spring and FC Bayern Munich to announce a three years deal between the Guangzhou based mineral water producer and Bundesliga giants. The agreement covers the use of brand image rights in China, including a TV commercial featuring FC Bayern Munich players in China.

Jörg Wacker, FC Bayern Munich Board Member with responsibility for Internationalisation and Strategy said: «we're proud to present Evergrande Spring as our first regional partner. The partnership demonstrates the strength of the FC Bayern Munich brand in China. We hope a lot our Chinese fans will drink the mineral water in future».

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<sup>55</sup>[siemens.com/press/en/pressrelease/?press=/en/pressrelease/2017/corporate/pr2017070336coen.htm](https://www.siemens.com/press/en/pressrelease/?press=/en/pressrelease/2017/corporate/pr2017070336coen.htm)

In addition, FC Bayern Munich and Guangzhou Evergrande Taobao FC closed a cooperation agreement in the areas of sport, management and marketing.

Wangkanai is the first regional partnership in Thailand. The cooperation covers brand image rights and Wangkanai will also become the presenting partner of the FC Bayern Youth Cup in Thailand.

Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer, said: «this partnership is an important step in our international strategy. It shows that we are a global brand and that fans all over the world support our team».

## **Merchandising**

Merchandising revenue depends on the following factors:

- popularity of club and number of fans;
- sports results;
- sales network (including the opportunity to purchase products via internet);
- pricing policy;
- title sponsor.

FC Bayern Munich earned throughout merchandising sales €108.2 Million in the 2015-16 season, with an increase of 6.4% in this segment (The Swiss Ramble, 2016). Much can be explained by its offer of products and

locations. Together with the Megastore at Allianz Arena, FC Bayern Munich has ten official owned fan-shop in Germany, and a fan-shop in New York City and Shanghai.

In Munich, they are located all around the town, in strategic points; the two most important are located in Munich Central Station and Karlsplatz.

Munich Central Station is one of the most important train station in Germany, with over 450.000 passengers a day and Karlsplatz is a large square in central Munich where are located numerous shops and restaurants.

The range of products goes from jerseys to underwear, including everything in between for men, women, kids, babies, winter, summer, home, school, office, stadium, travels, games, bed & bathroom etc.

| <b>Soccer Jersey Sales and Top Player 2016/2017 by <i>Transfermarkt</i></b> |  |                               |
|---|--|-------------------------------|
| <b>Rank</b>   | <b>Team and Top Player</b>                   | <b>Average Sales per Year</b> |
| 1   | Manchester United - Paul Pogba               | 2.850.000                     |
| 2   | Real Madrid - Cristiano Ronaldo              | 2.290.000                     |
| 3   | Barcelona - Lionel Messi                     | 1.980.000                     |
| 4   | Chelsea - Eden Hazard                        | 1.650.000                     |
| <b>5</b>  | <b>FC Bayern Munich - Robert Lewandowski</b> | <b>1.500.000</b>              |
| 6   | Arsenal - Mesut Özil                         | 1.125.000                     |
| 7   | Juventus - Gonzalo Higuaín                   | 850.000                       |
| 8   | Liverpool - Philippe Coutinho                | 805.000                       |
| 9   | PSG - Ángel Di María                         | 685.000                       |
| 10  | AC Milan - Keisuke Honda                     | 650.000                       |
| 11  | Atletico Madrid - Antoine Griezmann          | 500.000                       |
| 12  | Leicester City - Jamie Vardy                 | 350.000                       |

### **3.2.1.4 – Stadium Revenues**

In 2001 FC Bayern Munich and TSV 1860 Munich founded the Allianz Arena München Stadion GmbH, as a company for constructing and running the stadium owning 50% apiece, and in 2002, construction began. However, in 2006, due to financial problems, TSV 1860 Munich sold their shares in the Allianz Arena München Stadion GmbH to FC Bayern Munich AG for €11 Million. Today FC Bayern Munich is the sole owner of the Allianz Arena and the Allianz Arena München Stadion GmbH is a division of FC Bayern Munich AG. The construction of the Allianz Arena was completed in 2005 and costed €340 Million. It is considered one of the most beautiful stadium in the world. The stadium is covered by panels; during the day the exterior is white, but in the evening, when FC Bayern Munich plays at home, the stadium exterior lights up in red, and when 1860 Munich plays, it's blue.

The capacity is 67.812 spectators for international games and 71.137 for Bundesliga games. The lower tier can seat up to 20.000, the middle tier 24.000, and the upper tier 22.000. The total capacity includes 2.000 business seats, 400 seats for the press, 106 luxury boxes with seating for up to 174, and 165 seats wheelchairs. In addition, Allianz Arena offers three day-care centres, a fan shop, the FC Bayern Munich Megastore along with numerous restaurants and fast-food. There are also 550 toilets and 190 monitors in the arena.

Together with the revenue generated by the tickets and fan stadium usage, FC Bayern Munich earns with sponsors and partners of the stadium. The biggest is Allianz Arena naming rights deal. That has brand exposed, but also connected to the club, to the team, to the stadium environment and to the experience of anyone who goes to Allianz Arena.

| <b>Naming rights revenues in the German Bundesliga in 2016-17 (Self made table)</b> |   |                            |
|---|---|----------------------------|
| <b>Club - Naming rights</b>   | <b>Sector</b>                           | <b>Revenue (€ million)</b> |
| <b>FC Bayern Munich - Allianz Arena</b>   | <b>Financial services</b>               | <b>6</b>                   |
| FC Schalke 04 - Veltins Arena   | Brewery                                 | 6                          |
| Borussia Dortmund - Signal Iduna Park   | Financial services                      | 5.8                        |
| Hamburger SV - Volksparkstadion   |   | 4                          |
| FC Cologne - RheinEnergieStadion  | Infrastructure and services             | 3.5                        |
| Eintracht Frankfurt - Commerzbank - Arena   | Banking and financial services          | 3                          |
| Bayer 04 Leverkusen - BayArena  | Chemical, pharmaceutical, life sciences | 2.5                        |
| VfL Wolfsburg - Volkswagen Arena  | Automotive                              | 2.5                        |
| 1. FSV Mainz 05 - Opel Arena  | Automotive                              | 2                          |
| FC Augsburg - WWK Arena   | Insurance                               | 1.7                        |
| TSG 1899 Hoffenheim - Wirsol Rhein-Neckar-Arena                                     |   | 1.5                        |
| FC Ingolstadt 04 - Audi Sportpark   | Automotive                              | 0.5                        |
| SC Freiburg - Schwarzwald - Stadion   |   | 0.5                        |
| SV Darmstadt 98 - Merck - Stadion am Böllenfalltor                                  |   | 0.3                        |
| RB Leipzig - Red Bull Arena   | Energy drink                            | 0.3                        |

At the same time “sports” activity brings the stadium only 65% of revenue. 40% stadiums in Europe have restaurants and bars, 25% fitness centre, 25% the museum of the club, which plays at the stadium, 30% rent office space, 10% assign some place for entertainment.

In May 2012, FC Bayern Munich opened the largest museum of any soccer club in Germany in the Allianz Arena. On about 3.000 square meters, the *FC Bayern Munich Erlebniswelt* presents the more than 110-year-long history of the soccer club from its foundation in 1900 until today in an exciting and entertaining way with many multimedia and interactive elements. In the hall of fame, visitors meet the club’s 16 most

popular and famous players, among them world stars like Franz Beckenbauer, Gerd Müller, Lothar Matthäus and Oliver Kahn. In the play area you can test your skills with the ball, your goalie reflexes and your knowledge about FC Bayern Munich. The last part of the museum shows the current players of the team including life-size figures of the players and information about how much baggage is taken to every game. Another portion of the museum is dedicated to the fans, where there are photos of fan choreographies and various fan utensils on display. The *FC Bayern Munich Erlebniswelt* is also a great location for exclusive events such as conferences, company events or birthday parties.

| <b>FC Bayern World Experience by <i>fcbayern.com</i></b>  |                      |
|---|----------------------|
| Adults (14 years and older)   | 12.00 €              |
| Children (6 - 13)   | 6.00 €               |
| Children (0 - 5)  | Free                 |
| Reduced (FCB Members, trainees, students, retirees aged 65 and over, disabled)                                  | 10.00 €              |
| Group Adults from 20 persons  | 10.00 € / per person |
| School classes/group Children from 20 persons   | 6.00 € / per child   |
| Group Children 0 - 5 years from 15 persons  | 5.00 € / per child   |
| Audio Guide (German, English, Italian, Spanish, French, Portuguese, Polish, Russian, Chinese, Japanese, Arabic) | 3.00 € / Audioguide  |

| <b>FC Bayern World Experience + Arena Tour by <i>fcbayern.com</i></b>          |         |
|--|---------|
| Adult (14 years and older)   | 19.00 € |
| Children (6 - 13)  | 11.00 € |
| Children (0 - 5)   | Free    |
| Reduced (FCB Members, trainees, students, retirees aged 65 and over, disabled) | 17.00 € |

### 3.2.1.5 - Player Trading

After ticket sales, broadcasting, merchandising and sponsorship, the football clubs generate revenues also with the player trading. It was reported that the combined revenue of the top 20 earning clubs in season 2014-15 was over €6.6 Billion. Professional football is famous for its scarcity of talents. Therefore, the sum of expense and revenue as a measure of the flow of transfer fees through a club, of clubs show an increasing trend from 2011 to 2015. This sum varies between zero for footballers sold when not under contract (i.e., Robert Lewandowski from Borussia Dortmund to FC Bayern Munich) and several millions of euro for players such as Gareth Bale, from Tottenham to Real Madrid for a transfer fee around €100 Million, a sum that represents close to 33% of their total income/revenue.

| <b>FC Bayern Munich departures 2017-18 season by <i>Transfermarkt</i></b> |                  |                                 |
|---|------------------|---------------------------------|
| <b>Departures</b>   | <b>Moving to</b> | <b>Transfer fee (£ million)</b> |
| Medhi Benatia   | FC Juventus      | 14.45                           |
| Douglas Costa   | FC Juventus      | Loan fee: 5.10                  |
| Serge Gnabry  | TSG Hoffenheim   | Loan fee: 1.06                  |
| Gianluca Gaudino  | Chievo Verona    | 43k                             |
| Holger Badstuber  | Free agent       |                                 |
| Xabi Alonso   | Retired          |                                 |
| Tom Starke  | Retired          |                                 |
| Philipp Lahm  | Retired          |                                 |
| <b>Total Income</b>   |                  | <b>20.66</b>                    |

While clubs that invested the most in transfer fees are logically among the wealthiest (Real Madrid, Barcelona, Manchester United, Manchester City, Chelsea, FC Bayern Munich, Paris Saint-Germain), teams having benefited from the ten most expensive football transfers in history of football also belong to the small circle of financially dominant teams.

There were find Real Madrid (Di Maria), Manchester United (Cristiano Ronaldo), FC Bayern Munich (Kroos), other well-heeled English clubs such as Tottenham (Bale) and Liverpool (Suárez), as well as top Italian teams: Milan (Ibrahimovic and Thiago Silva), FC Juventus (Vidal and Pogba) and Naples (Higuaín).

| <b>Transfers Income 2016-17 season by <i>Transfersmarkt</i></b> |                               |                           |
|---|-------------------------------|---------------------------|
| <b>Rank</b>   | <b>Competition</b>            | <b>Income (€ billion)</b> |
| 1   | Premier League                | 1.12                      |
| 2   | Serie A                       | 649.63                    |
| <b>3</b>  | <b>Bundesliga</b>             | <b>459.85</b>             |
| 4   | Chinese Super League          | 123.81                    |
| 5   | Liga                          | 412.21                    |
| 6   | Ligue 1                       | 327.14                    |
| 7   | Championship                  | 297.66                    |
| 8   | Liga NOS                      | 244.10                    |
| 9   | Campeonato Brasileiro Série A | 187.97                    |
| 10  | Premier Liga                  | 149.60                    |

| <b>The Highest Transfer Revenues by <i>Transfermarkt</i>, 2017</b> |                      |                  |                                     |                                |
|--|----------------------|------------------|-------------------------------------|--------------------------------|
| <b>Rank</b>  | <b>Player</b>        | <b>Transfers</b> | <b>Transfer revenue (£ million)</b> | <b>Average fee (£ million)</b> |
| 1  | Ángel Di María       | 4                | 152.15                              | 38.04                          |
| 2  | Zlatan Ibrahimovic   | 7                | 143.74                              | 20.53                          |
| 3  | Gonzalo Higuaín      | 3                | 119.85                              | 39.95                          |
| 4  | Romelu Lukaku        | 4                | 117.78                              | 29.44                          |
| 5  | James Rodríguez      | 5                | 116.99                              | 23.40                          |
| 6  | Nicolas Anelka       | 8                | 108.26                              | 13.53                          |
| 7  | Hernán Crespo        | 4                | 101.38                              | 25.34                          |
| 8  | Luis Suárez          | 4                | 99.04                               | 24.76                          |
| 9  | Juan Sebastián Verón | 6                | 98.60                               | 16.43                          |
| 10   | Gareth Bale          | 2                | 98.35                               | 49.17                          |



### 3.2.1.6 – European Competitions

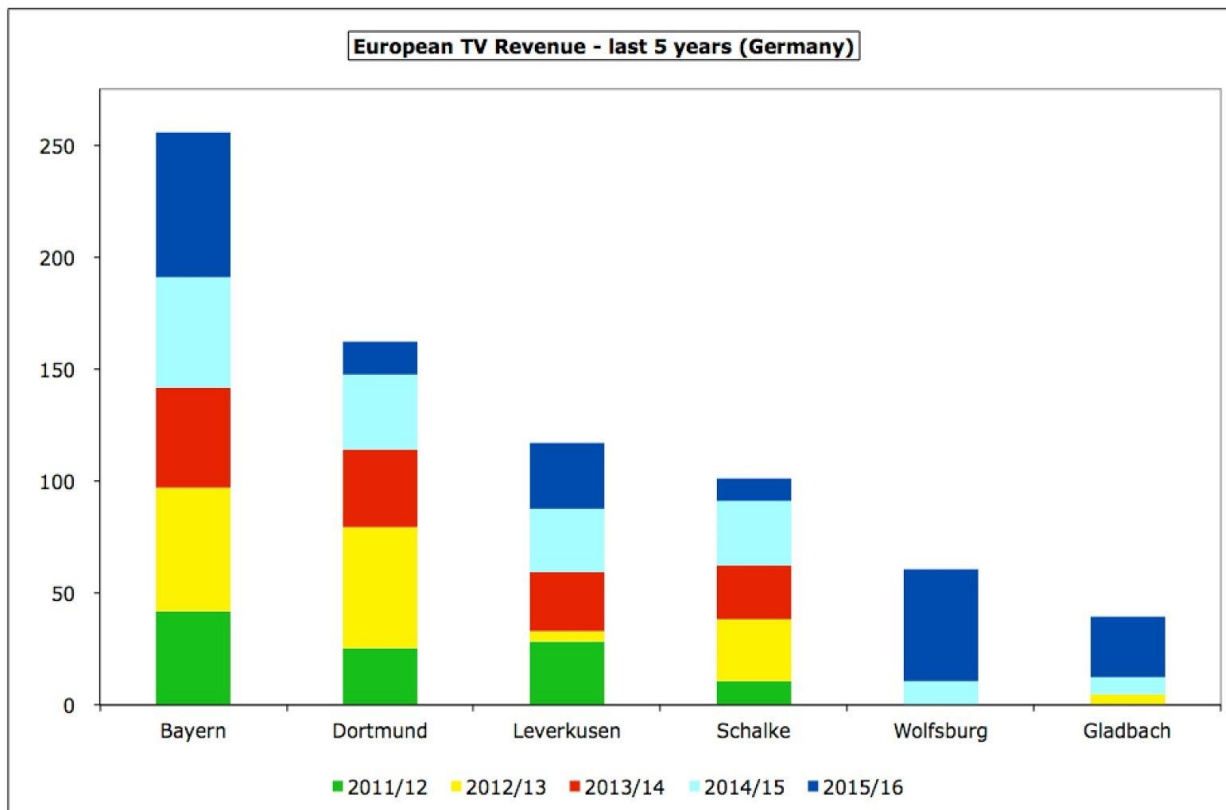
Finally, club can earn serious money participating in the European cups. In addition to these fixed sums, the clubs receive a share of the television money from the TV (market) pool, which is allocated according to a number of variables.

| <b>Champions League bonuses in season 2011-12 by <i>The Swiss Ramble</i></b> |                         |         |                      |         |
|--|-------------------------|---------|----------------------|---------|
| <b>€ millions</b>  | <b>Champions League</b> |         | <b>Europa League</b> |         |
|  | 2011-12                 | 2012-13 | 2011-12              | 2012-13 |
| Participation bonus  | 3.9                     | 8.6     | 0.64                 | 1.3     |
| Match bonus:   |                         |         |                      |         |
| Each team  | 0.55                    |         | 0.06                 |         |
| Each win   | 0.8                     | 1       | 0.14                 | 0.2     |
| Each draw  | 0.4                     | 0.5     | 0.07                 | 0.1     |
| Group qualification  |                         |         |                      |         |
| Win group  |                         |         |                      |         |
| Runners-up   |                         |         |                      |         |
| Min for participation*   | 7.2                     | 8.6     | 1                    | 1.3     |
| Max for participation**  | 12                      | 14.6    | 1.84                 | 2.5     |
| Last 32  |                         |         | 0.2                  | 0.2     |
| Last 16  | 3                       | 3.5     | 0.3                  | 0.35    |
| Quarter-finalist   | 3.3                     | 3.9     | 0.4                  | 0.45    |
| Semi-finalist  | 4.2                     | 4.9     | 0.7                  | 1       |
| Finalist   | 5.6                     | 6.5     | 2                    | 2.5     |
| Winner   | 9                       | 10.5    | 3                    | 5       |
| Total for winner (min)   | 26.7                    | 31.4    | 5.6                  | 8.7     |
| Total for winner (max)   | 31.5                    | 37.4    | 6.44                 | 9.9     |

\* If the team loses all six matches of group stage

\*\* If the team wins all six matches of group stage

First, the total amount available in the pool depends on the size/value of a country's TV market, so the amount allocated to teams in England is more than that given to, say, Spain, as English television generates more revenue. Clubs can also potentially do better if fewer representatives from their country reach the group stage, as the available money is divided between fewer clubs.



| € mlns       | Bayern       | Dortmund     | Leverkusen   | Schalke      | Wolfsburg   | Gladbach    |
|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| 2011/12      | 41.7         | 25.4         | 28.2         | 10.5         | -           | -           |
| 2012/13      | 55.0         | 54.2         | 4.6          | 28.0         | -           | 4.5         |
| 2013/14      | 44.6         | 34.7         | 26.3         | 23.7         | -           | -           |
| 2014/15      | 49.9         | 33.5         | 28.6         | 28.9         | 10.5        | 7.6         |
| 2015/16      | 64.4         | 14.3         | 29.3         | 10.0         | 50.3        | 27.2        |
| <b>Total</b> | <b>255.6</b> | <b>162.0</b> | <b>117.1</b> | <b>101.1</b> | <b>60.8</b> | <b>39.3</b> |

Prepared by @SwissRamble

Note: Champions League and Europe League combined

In the case of the German clubs in the Champions League, the allocation works as follows:

1. half depends on the position that the club finished in the previous season's Bundesliga with the team finishing first receiving 40%, the team finishing second 30%, third 20% and fourth 10%;
2. half depends on the progress in the current season's Champions League, which is based on the number of games played, starting from the group stages.

| UEFA Champions League: Distribution to clubs 2012-13 (Final: FC Bayern Munich vs Borussia Dortmund), Self made table |                    |                   |                    |                   |                   |                   |                   |                    |
|--|--------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| All amounts in €   | Group Stage Fee    | Performance bonus | Market- Pool       | Round of 16       | Quarter-finals    | Semi-finals       | Final             | Total              |
| <b>Group A</b>   |                    |                   |                    |                   |                   |                   |                   |                    |
| FC Dynamo Kyiv   | 8.600.000          | 2.000.000         | 884.000            |                   |                   |                   |                   | 11.484.000         |
| GNK Dinamo   | 8.600.000          | 500.000           | 1.400.000          |                   |                   |                   |                   | 10.500.000         |
| FC Porto   | 8.600.000          | 4.500.000         | 3.163.000          | 3.500.000         |                   |                   |                   | 19.763.000         |
| Paris Saint-Germain  | 8.600.000          | 5.000.000         | 23.690.000         | 3.500.000         | 3.900.000         |                   |                   | 44.690.000         |
| <b>Group B</b>   |                    |                   |                    |                   |                   |                   |                   |                    |
| FC Schalke 04  | 8.600.000          | 4.500.000         | 11.380.000         | 3.500.000         |                   |                   |                   | 27.980.000         |
| Montpellier SC   | 8.600.000          | 1.000.000         | 22.752.000         |                   |                   |                   |                   | 32.352.000         |
| Arsenal  | 8.600.000          | 3.500.000         | 15.823.000         | 3.500.000         |                   |                   |                   | 31.423.000         |
| Olympiacos FC  | 8.600.000          | 3.000.000         | 11.646.000         |                   |                   |                   |                   | 23.246.000         |
| <b>Group C</b>   |                    |                   |                    |                   |                   |                   |                   |                    |
| Anderlecht   | 8.600.000          | 2.000.000         | 3.206.000          |                   |                   |                   |                   | 13.806.000         |
| Malaga CF  | 8.600.000          | 4.500.000         | 11.607.000         | 3.500.000         |                   |                   |                   | 32.107.000         |
| FC Zenit St. Petersburg  | 8.600.000          | 2.500.000         | 6.074.000          |                   |                   |                   |                   | 17.174.000         |
| AC Milan   | 8.600.000          | 3.000.000         | 36.257.000         | 3.500.000         |                   |                   |                   | 51.357.000         |
| <b>Group D</b>   |                    |                   |                    |                   |                   |                   |                   |                    |
| Manchester City  | 8.600.000          | 1.500.000         | 18.677.000         |                   |                   |                   |                   | 28.777.000         |
| Borussia Dortmund  | 8.600.000          | 5.000.000         | 21.761.000         | 3.500.000         | 3.900.000         | 4.900.000         | 6.500.000         | 54.161.000         |
| Ajax   | 8.600.000          | 1.500.000         | 9.798.000          |                   |                   |                   |                   | 19.808.000         |
| Real Madrid CF   | 8.600.000          | 4.000.000         | 23.541.000         | 3.500.000         | 3.900.000         | 4.900.000         |                   | 48.441.000         |
| <b>Group E</b>   |                    |                   |                    |                   |                   |                   |                   |                    |
| FC Juventus  | 8.600.000          | 4.500.000         | 44.815.000         | 3.500.000         | 3.900.000         |                   |                   | 65.315.000         |
| FC Shakhtar Donetsk  | 8.600.000          | 3.500.000         | 1.387.000          | 3.500.000         |                   |                   |                   | 16.987.000         |
| FC Nordsjaeland  | 8.600.000          | 500.000           | 11.302.000         |                   |                   |                   |                   | 20.402.000         |
| Chelsea FC   | 8.600.000          | 3.500.000         | 18.677.000         |                   |                   |                   |                   | 30.777.000         |
| <b>Group F</b>   |                    |                   |                    |                   |                   |                   |                   |                    |
| Valencia CF  | 8.600.000          | 4.500.000         | 13.405.000         | 3.500.000         |                   |                   |                   | 30.005.000         |
| Lille  | 8.600.000          | 1.000.000         | 12.447.000         |                   |                   |                   |                   | 22.047.000         |
| FC BATE Borisov  | 8.600.000          | 2.000.000         | 290.000            |                   |                   |                   |                   | 10.890.000         |
| <b>FC Bayern Munich</b>  | <b>8.600.000</b>   | <b>4.500.000</b>  | <b>19.146.000</b>  | <b>3.500.000</b>  | <b>3.900.000</b>  | <b>4.900.000</b>  | <b>10.500.000</b> | <b>55.046.000</b>  |
| <b>Group G</b>   |                    |                   |                    |                   |                   |                   |                   |                    |
| SL Benfica   | 8.600.000          | 3.000.000         | 2.284.000          |                   |                   |                   |                   | 13.884.000         |
| FC Barcelona   | 8.600.000          | 4.500.000         | 20.108.000         | 3.500.000         | 3.900.000         | 4.900.000         |                   | 45.508.000         |
| FC Spartak Moskva  | 8.600.000          | 1.000.000         | 4.490.000          |                   |                   |                   |                   | 14.090.000         |
| Celtic FC  | 8.600.000          | 3.500.000         | 8.070.000          | 3.500.000         |                   |                   |                   | 23.670.000         |
| <b>Group H</b>   |                    |                   |                    |                   |                   |                   |                   |                    |
| CFR 1907 Cluj  | 8.600.000          | 3.500.000         | 5.202.000          |                   |                   |                   |                   | 17.302.000         |
| Manchester United FC   | 8.600.000          | 4.000.000         | 19.455.000         | 3.500.000         |                   |                   |                   | 35.555.000         |
| Galaasaray   | 8.600.000          | 3.500.000         | 5.282.000          | 3.500.000         | 3.900.000         |                   |                   | 24.782.000         |
| SC Braga   | 8.600.000          | 1.000.000         | 1.581.000          |                   |                   |                   |                   | 11.181.000         |
| <b>Total Distribution</b>  | <b>275.200.000</b> | <b>96.000.000</b> | <b>409.600.000</b> | <b>56.000.000</b> | <b>31.200.000</b> | <b>19.600.000</b> | <b>17.000.000</b> | <b>904.600.000</b> |

## **3.2.2 – Structure of Expenses**

### **3.2.2.1 – Player contracts**

The cost of player contracts constitutes the largest cost of a football club. This cost is measured as transfer fees paid to sales. Examining the development in cost of player contracts over time we observe that companies invested significantly more in player contracts.

According to the 17<sup>th</sup> Monthly Report of the CIES Football Observatory, it seems that investments on transfer fees by teams from the five major European leagues has grown almost continually year after year to reach a new record of €4.2 Billion in 2016.

The Premier League is the competition whose clubs spend the most on new players. Investments increased from €475 Million in 2010 to almost €1.8 Billion in 2016. The explosion of revenues from the sale of TV-rights for the period 2016-19 will undoubtedly reinforce this process.

Italy's top division clubs have invested the second highest amount for the signing of new players between 2010 and 2016: €4.3 Billion. The strong recent increase of the proportion of investments by the three top spending clubs reflects the split between FC Juventus and the other teams.

The amounts paid in transfer fees by clubs of the Spanish Liga have also risen between 2010 and 2016. The very high percentages in the level of spending of the three clubs having invested the most for each period taken into account is reflection of the economic dominance of Real Madrid, Barcelona and Atlético Madrid. The more equitable sharing of television rights put into place for the 2016-17 season contributed towards a more even playing field.

The increase in transfer fee observed in France since 2010 is principally linked to the means invested by Paris Saint-Germain since the club was purchased by Qatari investors in 2011.

The spending by Chinese clubs on international players over the past four years has been eye-catching, with the influx of foreign talent helping to drive global awareness of the Chinese Super League and make it more attractive to international broadcasters. This season, for the first time, Sky Sports has committed to live broadcasts of Chinese Super League matches.

According to FIFA's Transfer Matching System, spending by Chinese clubs on international transfer rose by 60.5% year on year between 2014, 2015 and 2016.

| <b>Chinese Super League Transfers by <i>Transfermarkt</i></b> |                  |            |                      |                  |                                 |
|---|------------------|------------|----------------------|------------------|---------------------------------|
| <b>Rank</b>   | <b>Player</b>    | <b>Age</b> | <b>Moving from</b>   | <b>Moving to</b> | <b>Transfer fee (£ million)</b> |
| 1   | Oscar            | 25         | Chelsea              | Shanghai SIPG    | 51.00                           |
| 2   | Hulk             | 29         | Zenit St. Petersburg | Shanghai SIPG    | 47.43                           |
| 3   | Alex Teixeira    | 26         | Shakhtar Donetsk     | JS Suning        | 42.50                           |
| 4   | Jackson Martínez | 29         | Atlético Madrid      | GZ Evergrande    | 35.70                           |
| 5   | Ramires          | 28         | Chelsea              | JS Suning        | 23.80                           |
| 6   | Odion Ighalo     | 27         | Watford              | CC Yatai         | 19.81                           |
| 7   | Chengdong Zhang  | 27         | BJ Sinobo Guoan      | HB CFRC          | 17.37                           |
| 8   | Axel Witsel      | 27         | Zenit St. Petersburg | TJ Quanjian      | 17.00                           |
| 9   | Elkeson          | 26         | GZ Evergrande        | Shanghai SIPG    | 15.73                           |
| 10  | Gervinho         | 28         | AS Roma              | HB CFRC          | 15.30                           |
| 11  | Alexandre Pato   | 27         | Villareal CF         | TJ Quanjian      | 15.30                           |
| 12  | Yuhao Zhao       | 23         | HZ Greentown         | HB CFRC          | 15.13                           |
| 13  | Graziano Pellè   | 30         | Southampton          | SD Luneng        | 12.97                           |

| <b>Chinese Super League Transfers by <i>Transfermarkt</i></b> |  |   |
|---|--|---|
| <b>Manager - Trainer</b>                                      | <b>Team Managed</b>                                  | <b>Club</b>   |
| Roger Schmidt   | Red Bull Salzburg,<br>Bayer 04 Leverkusen            | Beijing Guoan (Current)   |
| Fabio Capello   | AS Roma, FC Juventus                                 | Jiangsu Suning (Current)  |
| Andrés Villas-Boas  | Porto, Chelsea, Zenit St. Petersburg                 | Shanghai SIPG (Current)   |
| Manuel Pellegrini   | Real Madrid,<br>Manchester City                      | Hebei CFFC (Current)  |
| Felix Magath  | FC Bayern Munich,<br>Schalke 04, VfL Wolfsburg       | Shandong Luneng (Current)   |
| Fabio Cannavaro   | Guangzhou Evergrande,<br>Al-Nassr                    | Tianjin Quanjian (Current)  |
| Luiz Felipe Scolari   | Cruzeiro, Portugal,<br>Chelsea, Palmeiras,<br>Brazil | Guangzhou Evergrande (Current)  |
| Ciro Ferrara  | FC Juventus, Italy U21,<br>Sampdoria                 | Wuhan Zall (2016-17)  |
| Sven-Göran Eriksson   | AS Roma, Lazio,<br>England, Manchester City          | Shanghai SIPG (2014-2016) and Shenzhen (2016-17)  |
| Marcello Lippi  | Napoli, Inter, FC Juventus                           | Guangzhou Evergrande (2012-2014), Guangzhou Evergrande's Director (2014-15) and China National Team's Manager (Current) |
| Alberto Zaccheroni  | AC Milan, FC Juventus,<br>Japan                      | Beijing Guoan (2016)  |

Chinese Super League clubs have shown their ability not only in spending heavily on transfer fees but also a willingness to pay players substantial salaries which has only served to increase the chances of top talent moving to China.

However, we should keep in mind that expensive players can in turn increase revenue of the club in several ways. The first and most obvious is a successful game helping win the match. The second source of income, which is associated directly to the player, is selling T-shirts with player's name, which is especially relevant for such stars as Messi, Cristiano Ronaldo, Neymar and Lewandowski. Finally, the purchase of popular player can be used to enter the markets of the regions that these players represent. For example, buying Arturo Vidal and James Rodriguez allowed FC Bayern Munich to increase sales in Chile and in Colombian and Xabi Alonso drew the attention of the Spanish fans to Bundesliga. However, Real Madrid is the most successful in this regard. Stars from across the continent are playing for this club, and thus this assures the support (including financial) in many countries of the world. Sometimes it's not enough to buy only one player to win new markets, and to achieve the desired results the club deliberately makes appropriate emphasis in the transfer policy. But, of course, the main purpose of each acquisition is to strengthen the team, and only secondarily selling T-shirts with player's name.

A strong increase in investments on the transfer market was also recorded in Germany. The level measured in 2016 was four times greater than that observed in 2010: €698 Million compared to €176 Million.

| <b>Bayern Munich Players Salaries 2016-17 by <i>Calcio e Finanza</i> (Million €)</b> |                         |                     |                     |                    |
|--|-------------------------|---------------------|---------------------|--------------------|
| <b>Team 2016-17</b>  | <b>Accounting Value</b> | <b>Amortization</b> | <b>Gross Salary</b> | <b>Annual Cost</b> |
| Manuel Neuer   | 0                       | 0                   | 16,4                | 16,4               |
| Sven Ulreich   | 2,3                     | 1,2                 | 6                   | 7,2                |
| Tom Starke   | 0                       | 0                   | 1,1                 | 1,1                |
| Jerome Boateng   | 0                       | 0                   | 9,9                 | 9,9                |
| Mats Hummels   | 35                      | 7                   | 16,4                | 23,4               |



|                    |            |             |              |              |
|--------------------|------------|-------------|--------------|--------------|
| Medhi Benatia      | 9          | 3           | 0            | 3            |
| Holger Badstuber   | 0          | 0           | 8,8          | 8,8          |
| David Alaba        | 0          | 0           | 9,9          | 9,9          |
| Juan Bernat        | 6          | 2           | 7,1          | 9,1          |
| Philipp Lahm       | 0          | 0           | 17,5         | 17,5         |
| Rafinha            | 0          | 0           | 8,2          | 8,2          |
| Javi Martínez      | 8          | 1,6         | 12           | 13,6         |
| Xabi Alonso        | 0          | 0           | 13,1         | 13,1         |
| Joshua Kimmich     | 6,8        | 1,7         | 9,9          | 11,6         |
| Arturo Vidal       | 27,8       | 9,3         | 16,4         | 25,7         |
| Renato Sanches     | 35         | 7           | 6,6          | 13,6         |
| Thiago Alcantara   | 9,4        | 3,1         | 9,9          | 13           |
| Arjen Robben       | 0          | 0           | 17,5         | 17,5         |
| Franck Ribery      | 0          | 0           | 17,5         | 17,5         |
| Julian Green       | 0          | 0           | 1,1          | 1,1          |
| Kingsley Coman     | 0          | 0           | 7,7          | 7,7          |
| Douglas Costa      | 24         | 6           | 11           | 17           |
| Thomas Müller      | 0          | 0           | 16,4         | 16,4         |
| Robert Lewandowski | 0          | 0           | 17,5         | 17,5         |
| <b>Total</b>       | <b>163</b> | <b>41,9</b> | <b>257,9</b> | <b>299,8</b> |

| <b>Average First-Team Pay, Bundesliga, 2016-17 season by <i>Transfermarkt</i></b> |                         |                                 |                                  |
|---|-------------------------|---------------------------------|----------------------------------|
| <b>Rank</b>   | <b>Team</b>             | <b>AVG Annual per player, £</b> | <b>AVG Annual per player, \$</b> |
| <b>1</b>  | <b>FC Bayern Munich</b> | <b>4.165.600</b>                | <b>5.498.592</b>                 |
| 2   | Borussia Dortmund       | 2.008.603                       | 2.651.357                        |
| 3   | Schalke 04              | 1.768.125                       | 2.333.925                        |
| 4   | Wolfsburg               | 1.707.584                       | 2.254.011                        |
| 5   | Bayer 04 Leverkusen     | 1.410.513                       | 1.861.877                        |
| 6   | Borussia M'Gladbach     | 975.093                         | 1.287.123                        |
| 7   | Hamburg                 | 889.700                         | 1.174.404                        |
| 8   | Hoffenheim              | 813.411                         | 1.073.702                        |
| 9   | Hertha Berlin           | 787.341                         | 1.039.290                        |
| 10  | RB Leipzig              | 758.542                         | 1.001.275                        |
| 11  | Werder Bremen           | 617.894                         | 815.620                          |
| 12  | FC Cologne              | 616.625                         | 813.945                          |
| 13  | Eintracht Frankfurt     | 601.607                         | 794.121                          |
| 14  | Mainz                   | 504.573                         | 666.037                          |
| 15  | Augsburg                | 453.050                         | 598.026                          |
| 16  | Freiburg                | 332.113                         | 438.390                          |

|    |                  |         |         |
|----|------------------|---------|---------|
| 17 | FC Ingolstadt 04 | 330.208 | 435.874 |
| 18 | SV Darmstadt 98  | 299.300 | 395.076 |

### 3.2.2.2 – Football Managers

Soccer coaches are key in setting out the right platform for players to develop skills that they can perform under pressure.

Throughout the world soccer clubs deem the role of the coach as extremely important. Clubs spend a lot of time identifying good coaches and bringing them to their club. Professional clubs will go world wide in search of coaches who they believe are the most successful. This can be shown through the amount of foreign coaches who work in countries not of their origin.

Soccer coaches develop the skills of individual players and help teams to win games.

Choosing the football coaches of a great team like FC Bayern Munich is a complicated and delicate choice. Many aspects of sports and culture need to be considered. In recent years, seeing the sporting results, FC Bayern Munich has done a great job in choosing its coaches. Jupp Heynckes, thanks to the results achieved in 2013, with the victory of the UEFA Champions League in Final against the rival Borussia Dortmund at Wembley Stadium, is surely one of the most important coaches in the FC Bayern Munich's history. After Heynckes, FC Bayern Munich opted for a radical change, also cultural, by choosing Pep Guardiola. Considered one of the best midfielders of his generation, Guardiola is a highly creative, hard-working and elegant coach. The football style of the Spanish coach

is unique, characterizes by creativity, technique and ball movement. In his first season as coach, Guardiola led Barcelona to a treble, winning Liga, the Copa del Rey and the UEFA Champions League and, doing so, he became the youngest coach to win the UEFA Champions League. In his first season at FC Bayern Munich, Guardiola won the Bundesliga, the DFB-Pokal, the UEFA Super Cup and the FIFA Club World Cup. He finished his term at FC Bayern Munich with seven trophies won, winning the Bundesliga all three seasons he was there, including two domestic doubles.

On 20 December 2015, Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer, confirmed that Carlo Ancelotti would replace Pep Guardiola as coach for the 2016-17 season, signing a three-year contract. Carlo Ancelotti is the only coach who won the UEFA Champions League three times and reached four finals (three finals and two victories with Milan and one victory with Real Madrid). As coach, he trained FC Juventus, Milan, Chelsea, Paris Saint-Germain, Real Madrid and FC Bayern Munich, and won domestic titles in Italy, England, France, Spain and Germany. On 29 April, Carlo Ancelotti led FC Bayern Munich to their fifth consecutive Bundesliga title and their 27<sup>th</sup> overall. Carlo Ancelotti is one of the best and most successful coaches of the football history.

| <b>Highest Paid Football Managers in 2016-17 Season (Self made table)</b> |                        |                         |  |
|---|------------------------|-------------------------|--|
| <b>Rank</b>   | <b>Manager</b>         | <b>Team</b>             | <b>Salary (£ million)</b>                                |
| 1   | Pep Guardiola          | Manchester City         | 15.00 (3 year deal set to start in 2016-17 season)       |
| 2   | Jose Mourinho          | Manchester United       | 13.80 (3 year deal with option to extend to fourth year) |
| <b>3</b>  | <b>Carlo Ancelotti</b> | <b>FC Bayern Munich</b> | <b>9.00 (signed a 3 year deal to remain till 2019)</b>   |
| 4   | Arsene Wenger          | Arsenal                 | 8.30 (signed a 3 year deal in May 2014)                  |
| 5   | Zinedine Zidane        | Real Madrid             | 8.00 (2 and half year deal)                              |

|    |                      |                   |  |
|----|----------------------|-------------------|--|
| 6  | Jurgen Klopp         | Liverpool         | 7.00 (3 year deal)   |
| 7  | Antonio Conte        | Chelsea           | 6.50 (3 year from 2016-17 season)                              |
| 8  | Luis Enrique         | FC Barcelona      | 7.00   |
| 9  | Mauricio Pochettino  | Tottenham         | 5.50 (signed 5 year extension till 2021 season)                |
| 10 | Unai Emery           | Paris St. Germain | 5.65   |
| 11 | Ronald Koeman        | Everton           | 6.00 (signed a 3 year deal)                                    |
| 12 | Rafael Benitez       | Newcastle United  | 4.50 (signed a three year deal after Newcastle were relegated) |
| 13 | Diego Simeone        | Atlético Madrid   | 4.40 (signed a new three year deal)                            |
| 14 | Massimiliano Allegri | FC Juventus       | 3.50   |

### 3.2.2.3 – Operating Expenses

Football clubs, like any other company, face operating expenses, which are formed by office rent, salaries of administrative staff, payments for different consulting services (sport and finance, including insurance), support of the second team and youth academy, security costs, which include monetary sanctions for the illegal behaviour of fans, the cost for flights and accommodation, rental of stadium and training centres.

| <b>FC Bayern Munich's Departments by <i>fcbayern.com</i></b> |  |
|--|--|
| Media, digital and communication                             | Director: Stefan Mennerich                       |
|  | Club spokesperson: Dieter Nickles                |
|  | Head of digital projects and CRM: Benjamin Steen |
|  | Head of IT: Michael Fichtner                     |
|  | Head of publications: Hans-Peter Renner          |
|  | Head of public affairs, CSR: Christopher Keil    |
| Finance and controlling                                      | Director: Rolf Riemhofer                         |
|  | Head of group accounting: Petra Maier            |

|  |   |
|--|---|
|  | Head of business information and Controlling: Reinhard Scheible- Schölß           |
|  | Head of financial accounting: Birgit Schindler                                    |
| Legal affairs  | Director: Dr. Michael Gerlinger   |
| Merchandising and licensing  | Director: Kürsad Bostan   |
|  | Head of Outlets: Hans Pflügler  |
|  | Head of e-commerce: Christian Seidel  |
| Corporate partnerships   | Director: Benjamin Hoeneß   |
|  | Head of partnership relations: Adrian Reuter                                      |
|  | Head of new business: André Maerz   |
| Fan and fan club liaison   | Director: Raimond Aumann  |
| Brand leadership, Allianz Arena marketing and events, FC Bayern Erlebniswelt | Manager, brand strategy and brand leadership: Philipp Mokrohs                     |
|  | Manager, FC Bayern Erlebniswelt: Petra Leufstedt                                  |
|  | Manager, Allianz Arena marketing: Alexander Blank                                 |
|  | Manager, events: Doris Kintrup  |
| Internationalization and strategy  | Head of international relations: Dr. H. c. Martin Hägele                          |
|  | Head of international business and international strategy: Dr. Daniel Högele      |
|  | Head of international brand management: Andreas Kufner                            |
| Board of directors' secretariat  | Karl-Heinz Rummenigge: Constanze Kersten  |
|  | Jan-Christian Dreesen: Bettina Farago, Gabriele Grill                             |
|  | Andreas Jung: Daniela Jope  |
|  | Jörg Wacker: Aika Schugg  |
| FC Bayern München Service AG & Co KG   | Director of ticketing service, security and facility management: Oliver Meßthaler |
| FC Bayern München Fanshop AG & Co KG   | Manager: Hans Pflügler  |
| FC Bayern München LLC  | Managing director: Rudolf Vidal   |
| Allianz Arena München Stadion GmbH   | CEO: Jürgen Muth  |
| FC Bayern Tours GmbH   | CEO: Robert Ostermeier  |

| <b>FC Bayern Munich Professional football department by <i>fcbayern.com</i></b> |                  |
|---|------------------|
| <b>Function</b>   | <b>Name</b>      |
| Head coach  | Carlo Ancelotti  |
| Assistant coaches   | Davide Ancelotti |

|                            |   |
|----------------------------|---|
|                            | Willy Sagnol                                    |
| Goalkeeping coach          | Toni Tapalovic                                  |
| Technical director         | Michael Reschke                                 |
| Head of scouting           | Marco Neppe                                     |
| Medical team               | Dr. Volker Braun (orthopaedist)                 |
|                            | Dr. Roland Schmidt (internist and cardiologist) |
| Head of health and fitness | Dr. Holger Broich                               |
| Fitness                    | Giovanni Mauri                                  |
|                            | Francesco Mauri                                 |
| Rehab coaches              | Thomas Wilhelmi                                 |
|                            | Gerry Hoffmann (physiotherapist)                |
| Physiotherapists           | Christian Huhn (Head)                           |
|                            | Helmut Erhard                                   |
|                            | Stephan Weickert                                |
|                            | Gianni Bianchi                                  |
|                            | Bernd Schosser                                  |
| Match analysis             | Michael Niemeyer (Head)                         |
|                            | David Rosenkranz                                |
|                            | Vitus Angerer                                   |
|                            | Maximilian Schwab                               |
| Nutritionist               | Mino Fulco                                      |
| Team manager               | Kathleen Krüger                                 |

| <b>FC Bayern Munich Junior team by <i>fcbayern.com</i></b> |                    |
|--|--------------------|
| Manager  | Jochen Sauer       |
| Sporting director  | Hermann Gerland    |
| Head of scouting   | Timon Pauls        |
| Match operations manager                                   | Sebastian Dremmler |

#### **3.2.2.4 – Analysis of the contents of trainings camps of FC Bayern Munich**

Training infrastructure of FC Bayern Munich is a vital part of the improvement of the team. More and more funds are directed to creating and improving conditions in training centres. Apart from improvement of training infrastructure there are also new modern technologies, which through sensors evaluate skills of footballers, their movements and dynamics.

In Germany, most of the clubs have built their main facilities in their training centres. Säbener Strasse Performance Centre is the training centre of FC Bayern Munich, in which all teams train, from Bundesliga seniors to players younger than 8. It has 5 grassy fields and two of them have underfloor heating. Training centre is 80.000 m<sup>2</sup> large and it includes two fields with artificial grass of the third generation, volleyball courts and halls for different sports. A characteristic of this centre is that some trainings, including Bundesliga, are open to public whether you are a member of the club or not.

The FC Bayern Munich Performance centre contains a gym, fitness areas, massage department, new locker rooms, the office for coaches and conference hall. In addition, the centre hosts a restaurant, where you can eat typical Bavarian food, and a Paulaner brewery, sponsor of FC Bayern Munich.

In 2008, a new service centre was completed with 250 m<sup>2</sup> fan shop and an underground car park. The new building is 95 meters long, 16 meters wide and 10 meters high. The garage holds 270 parking spaces. Next to

the new building can be found a new field with seats on one side, where the home games of the B-youth teams are played.

The purpose of the new youth academy “FC Bayern Campus” at Ingolstädter Strasse 272, recently inaugurated, is to help the German record champions to “*optimise the development of young talent*”, according to Uli Hoeness.

The new FC Bayern Campus, a €70 Million project in terms of construction cost alone, was built in 22 months. The 30-hectare facility incorporates a sports hall for basketball, handball and table tennis, eight football fields for youth teams from the U-9s to U-19s and the women’s and girls’ teams, and a 2.500 capacity stadium, where the U-17 and the U-19s contest their Bundesliga matches. In the *Allianz FC Bayern Akademie* there are also offices for coaches and staff as well as 35 apartments for talents who don’t live in the Greater Munich area. Currently a staff of 75 work at the German record champions’ youth academy at Ingolstädter Strasse 272, which is headed by Jochen Sauer and Hermann Gerland.

«We see a chance to generate lots of success with this campus», Hoeness told around 300 invited guests and 100 journalists at the sports facility. Horst Seehofer spoke of a «very good day for FC Bayern’s magic triangle along with the Säbener Strasse facility and the Allianz Arena. I congratulate our Bavarian figurehead. It’s another milestone in FC Bayern’s great history.» The Major of Munich Dieter Reiter rates the new academy as «the right decision and investment in the future», adding that “FC Bayern will strengthen the importance of Munich as a sports centre with this flagship campus.»



Training centre has the important role in FC Bayern Munich not only in development of players or sense of security, but in marketing and financial benefit. Performance Centre at Säbener Strasse has separate campus in which the latest technology from the field of training, fitness, medicine, nutrition and robotics is implemented. Therefore, we can conclude that strategic planning of sport facilities on all levels, in order to become competitive and to increase quality work in sports, is necessary.

### **3.3 – Corporate Social Responsibility of FC Bayern Munich**

Germany is one of the leading football markets, and the Bundesliga is one of the most successful sports leagues in the world. In the 2016-17 season, a total of 12.707.433 (TRANSFERMARKT, 2017), an average of 45.000 per game, made the Bundesliga the second most watched professional sports league after the National Football League (NFL).

A part from their performance on the field, all the 18 Bundesliga clubs are also working to make an impact on the society. However, launching Corporate Social Responsibility (CSR) programmes is a relatively new strategy in the Bundesliga. For example, the revenue of the charity matches was dedicated to local institutions such as hospitals, to victims of major disasters or to support injured players. But in addition to short-term emergency aid, clubs have developed a more strategic approach to their societal contributions. They have created administrative responsibilities for their societal work and identified priorities, working within a long-term framework.

To better structure their social work, the clubs have founded specific institutions; most of these are foundations. The foundations are usually

named after the club, for example, Werder Bremen Foundation, Schalke Helps, FCB Helps (FC Bayern Munich), Hertha Foundation. Some clubs have named their foundations after former players: 1. FC Kaiserslautern has named its foundation Fritz Walter Foundation, after one of the club's legendary players and the captain of the German national team that won the World Cup in 1954. Bayer 04 Leverkusen is the only club that has established a subsidiary enterprise (Sport Promotion) that coordinates the club's social activities.

Most of the clubs' social organizations focus on regional projects, for example, Mainz, Leverkusen, Schalke, Berlin, Freiburg and Cologne. However, we have foundations that promote not only domestic projects, but also projects for international understanding. When it was first established, the foundation FCB Helps mainly helped tsunami victims in Southeast Asia. Usually, the idea behind foundations is that they exist in perpetuity. Therefore, their assets are fixed and the foundations' work is mainly financed from the interest rate as well as donations. Other organizations such as Mainz Helps offer their fans the opportunity to become members and finance the association's work with their membership fees.

A new trend in the Bundesliga is the common realization of CSR measures in cooperation with sponsors.

Allianz, top sponsor and shareholder by FC Bayern Munich have adopted numerous CSR initiatives with the German champions. For example, the Allianz free shuttle service to visitors with reduced mobility, seniors and families with small children seen above.

Clubs are recognizing more and more their potential to serve as role models in the society, to spread values and raise awareness among their

supporters. Professional football is not simply a form of mass commercial entertainment, it is an important community activity, which expresses and reinforces the cultural identities of large numbers of people. A majority of the clubs' social projects focus on children. Apart from the school projects, there are other projects supporting children in emergency situations, fighting youth unemployment, encouraging children to be more physically active and redeveloping pitches.

Children are potential future customers as supporters who buy tickets and products of the clubs and as members who pay membership fees. If they decide to be fans of a specific club, they often remain loyal to that club their whole lives.

With CSR measures, the football clubs create an environment to make the clubs more attractive for sponsors and to offer additional sponsoring opportunities around the clubs' CSR activities.

According to a study, the Bundesliga is much more attractive for green businesses than the English Premier League. There are two reasons: First, many Bundesliga clubs have worked on their ecological image with EMS's stadiums, installing photovoltaic plants on their arenas' roofs, providing their stadiums with green electricity and carbon offsetting. With these measures, the Bundesliga clubs are in a position of being credible partners for green companies. Unlike the social measures of the Bundesliga clubs, their environmental programmes were highly influenced by the government. Germany is the most important PV market in the world. The reason for the German success in solar energy is highly attractive support scheme by the government.

Apart from the governmental incentive programmes, the ecological measures of the Bundesliga clubs were strongly influenced by the

environmental programme Green Goal for the FIFA World Cup 2006 in Germany. Green Goal was developed by the Organizing Committee (OC) in close cooperation with the Federal Ministry of Environment.

Germany used the opportunity of hosting the 2006 World Cup to project an image of the country as environmentally friendly.

Some Bundesliga clubs have implemented EMSs in their stadiums. Two different systems are in place: EMAS (Eco-Management and Audit Scheme) and Ecoprofit.

The Eco-Management and Audit Scheme is a voluntary environmental management tool for companies and other organisations that need to evaluate, report and improve their environmental performance. EMAS promotes continuous evaluation and improvements in the environmental performance of participating organisations. The scheme has been operative since April 1995 and the latest revision came into effect on 11 January 2010. Furthermore, a 2009 study from the European Commission, “Study on the Cost and Benefits of EMAS to Registered Organisations”, analyses the costs and benefits of EMAS registrations.

There are different benefits arising from EMAS registration, including reduced costs for resources and waste management, risk minimisation, regulatory compliance, regulatory relief, improved relations with internal and external stakeholders and achieving competitive advantage.

Ecoprofit was developed by the municipality of Graz in Austria in 1991 and adopted by many others. Both systems are voluntary environmental management instruments with the goal of protecting the environment and reducing costs (e.g. for energy and water consumption) at the same time.

| <b>EMSs in Bundesliga stadiums (Self made table)</b> |   |
|--|---|
| <b>Clubs</b>   | <b>Year of introduction/System in place</b> |
| Schalke 04   | 2002 Ecoprofit                              |
| <b>FC Bayern Munich</b>                              | <b>2006 EMAS</b>                            |
| 1. FC Cologne  | 2011 Ecoprofit                              |
| 1899 Hoffenheim                                      | 2011 Ecoprofit                              |
| Bayer 04 Leverkusen                                  | 2011 Ecoprofit                              |
| Borussia M'Gladbach                                  | 2011 Ecoprofit                              |
| Hertha BSC Berlin                                    | 2011 Ecoprofit                              |
| VfL Wolfsburg  | 2011 Ecoprofit                              |

Another environmental measure in German professional football is the so-called combined ticket. It can be used for entry to the stadium as well as for the free use of public transport on match days. Combined tickets are not only an ecological social measure designed to reduce emissions from individual motorcar traffic but also a social measure that saves fans money on travelling to the matches. 17 of 18 clubs have introduced combined tickets and have a long history, starting in the 1980s. FC Bayern Munich is the only club without a combined ticket because this would make all tickets more expensive but only one third of FC Bayern's fans go by public transport to the stadium. FC Bayern Munich has decided not to accept because this would penalize two thirds of Bayern's fans.

| <b>Combined tickets in the Bundesliga (Self made table)</b> |                             |
|---|-----------------------------|
| <b>Clubs</b>  | <b>Year of introduction</b> |
| 1. FC Cologne   | 1983                        |
| Borussia M'Gladbach   | 1987                        |
| Borussia Dortmund   | 1991                        |
| SC Freiburg   | 1993                        |
| Hertha BSC Berlin   | 1997                        |
| Hamburger SV  | 1998                        |
| Bayer 04 Leverkusen   | 2001                        |
| Schalke 04  | 2001                        |
| Hannover 96   | 2002                        |
| VfL Wolfsburg   | 2002                        |
| Werder Bremen   | 2003                        |
| 1899 Hoffenheim   | 2008                        |
| <b>FC Bayern Munich</b>                                     | <b>Not introduced</b>       |

In addition, more teams in the Bundesliga have installed solar energy in their stadiums. For example, FC Bayern Munich has signed a three-year sponsorship contract with Chinese PV manufacturer Yingli Green Energy. Yingli Solar was founded by Liansheng Miao - a pioneer in Chinese solar manufacturing - is one of the world's leading solar panel manufacturers. Yingli is headquartered in Baoding, China, and has more than 30 regional subsidiaries and branch offices and has distributed more than 15 GW solar panels to customers worldwide. Sponsoring FC Bayern Munich allows Yingli to promote solar energy to 10 million FC Bayern supporters in Germany and 20.7 Million supporters across Europe, as well as football fans around the world.

The sponsorship includes the support the FCB Youth Cup, an international competition for talented young football players from around the world. The initiative gives children from ages 14 to 16 the opportunity to experience football at an international level. In 2014, Yingli expanded its sponsorship of the Youth Cup to Southeast Asia by hosting events in Thailand and Myanmar that mirrored the events in China and Japan. The final of the 2014 FCB Youth Cup took place at Säbener Strasse.

«Football unifies diverse people across nations, cultures and families. At Yingli, we believe in the power of football – and solar energy – to positively impact communities in need, and to bring awareness to environmental issues», said Mr. Liansheng Miao, Chairman and Chief Executive Officer of Yingli Green Energy.

Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer commented: «we would like to welcome Yingli Solar to the FC Bayern family. It truly marks a historical moment in FC Bayern's history to have a leading renewable energy company to become our Official Premium

Partner. This is also a partnership to further enhance FC Bayern's dedication to society and a more sustainable future. Both our club and Yingli Solar share a common goal: be socially and environmentally responsible in every decision we make for a better and greener world. We also look forward to utilizing Yingli Solar's expertise in the renewable energy area to see how we could make FC Bayern greener<sup>56</sup>».

Another important partnership is that between FC Bayern Munich and the global leader in lighting, Philips.

In terms of sustainability and efficiency, the new Philips system in Allianz Arena represents a technological revolution. The LED used save more than 60 per cent on electricity and some 362 tons of CO<sub>2</sub> compared with the previous technology based on fluorescent lamps. The maintenance and operating costs are also lower: the LEDs have an average lifetime of 80.000 operating hours and the system is extremely robust, even under extreme weather conditions with temperatures as low as -50 degrees Celsius. This system from the global leaders in lighting delivers detailed reports in real time, facilitates maintenance and simplifies content management. In this respect too, the Allianz Arena is at the forefront of technology.

FC Bayern Munich wants to play a pioneering role in climate protection. Therefore, the German *Rekordmeister* joined "*The Bavarian Climate Alliance*". The goal of the initiative is to aid the Bavarian state government to reduce greenhouse emissions to less than two tonnes per person until 2050.

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<sup>56</sup> [ir.yinglisolar.com/phoenix.zhtml?c=213018&p=irol-newsArticle&ID=1959302](http://ir.yinglisolar.com/phoenix.zhtml?c=213018&p=irol-newsArticle&ID=1959302)

The Bavarian Climate Alliance consists of 33 partners from environmental and community organisations, churches, youth schemes, education, economy and science.

«We can only be successful in climate protection if we convince as many people as possible to join in. We have to inspire emotions for climate protection, just like in football», declared Bavarian environment minister Ulrike Scharf. With 290.000 members and a huge fan base, FC Bayern Munich is the ideal partner to «give climate protection a face», added Scharf.

«The Bavarian Climate Alliance has set up a laudable initiative. We all have to make sure that environmental and climate protection is observed in the future. We have a social responsibility and FC Bayern can set a good example», commented Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer.

Recently, Adidas has released environmentally friendly football kits for two of its biggest teams in FC Bayern Munich and Real Madrid as part of its on-going partnership with ocean conservation group Parley.

Parley for the Oceans is an organisation of creators, thinkers and leaders and their goal is to raise awareness about the condition of our oceans and to launch projects to protect and preserve the oceans. Adidas, co-founder of Parley for the Oceans, supports the organisations in terms of education and communication as well as their Ocean Plastic Programme to put an end to the pollution of the seas. In cooperation with Parley, Adidas develops methods to make premium yarns and fibres from plastic waste.



«I'm a child of the beaches of Spain, so I'm really happy to wear a shirt entirely made of recycle ocean waste. It's a great opportunity to raise awareness about the importance of protecting the oceans», said Xabi Alonso, FC Bayern Munich midfielder, who presented the new shirt.

According to the FIFA, football clubs use the power of football as a tool for social and human development, by strengthening the initiatives around the globe to support local communities in the areas of peace building, health, social integration and education. Recently, most German football clubs have invited refugees to their games or offered material help. The plight of people fleeing conflict in their own countries such as Syria, as well as other escaping poverty, has become a major political and social issue in Europe and the Bundesliga champions have responded with an initiative.

«FC Bayern Munich see it as its social responsibility to help those fleeing and suffering children, women and men, to support them and accompany them in Germany», said Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer. For this reason, FC Bayern Munich has donated €1 Million to help refugees and have made it available own training camps, free food, German courses and football kits.

A the DFB Cup first round match against Preußen Münster on 17 August 2014, FC Bayern Munich learned of the fate of a number of social institutions that were badly damaged by heavy recent storms over Münster and the surrounding area. FC Bayern Munich Hilfe e.V. wants to support and expedite the reconstruction work of the parental initiatives “Die Glühwürmchen e.V.” and “Kindergruppe Grünhaus e.V.” with a total donation of €10,000 and of “Gut Kinderhaus“ with a further €10,000.

«It was immediately clear to FC Bayern Munich that we would help quickly and without red tape. We received an incredibly friendly welcome at our game in Münster, and we want to say thank you for the warm hospitality by making the two donations», commented Karl-Heinz Rummenigge, FC Bayern Munich Chief Executive Officer.

### **3.3.1 – Corporate Social Responsibility in the light of FC Bayern Munich’s internationalization strategy**

FC Bayern Munich is the only German football club that can be considered as a global branch, similar to clubs like Manchester United, Real Madrid, FC Barcelona and Paris Saint-Germain, the five leading in the Football Money League. When FC Bayern Munich made a trip to China in 2017 for friendly games, the club’s Chairman Karl-Heinz Rummenigge said that «the Asian market is for us the most important one in the world».

FC Bayern Munich, following a perfect internationalization strategy, opened two offices overseas in the world: one in New York City and the other one in Shanghai. The goal of this choice is to intensify the contacts with the Chinese fans, the clubs and other institutions. FC Bayern Munich has a large fan base in China with more than 136 Million followers and the Chinese market offers the right solutions, particularly in youth football.

To make the best Corporate Social Responsibility strategy, a football club needs to take into consideration also inputs and feedbacks that come from school and university. In this sense, China is investing a lot in youth

football, school and university sectors. FC Bayern Munich is to become a strategically partner of the Tsinghua University Centre for Development of Sports Industry (TUDSI) in Beijing, one of China's most renowned universities. Examples of components of the partnership include the assignment of guest lecturers, joint examination of case studies and a variety of events. Simultaneously, Rouven Kasper, Managing Director of FC Bayern Munich (Shanghai) Co., Ltd since its foundation in September 2016, will be appointed to the Supervisory Board of the elite university's sports faculty.

«This partnership with the top university in China is both an honour and a commitment for FC Bayern Munich», said Jörg Wacker, FC Bayern Munich AG Director of Internationalisation and Strategy. «FC Bayern enjoys an excellent reputation in China: as a football team, as a business but also as a partner with social responsibility. We'll bring all of these elements into the development of the sports institute. Our work with Tsinghua University underlines our commitment to long-term and sustainable activity in China».

Yang Bin, Vice-President of Tsinghua University, is looking forward to working together the German record champions: «FC Bayern Munich is one of the most successful clubs in the world with a huge number of national and international titles. It is a world-famous club with a uniquely sustainable approach to management, which has helped FC Bayern achieve positive financial results in the last 26 years despite significant economic and sporting pressures. Together we will apply their experience in both theory and practice to further develop the sports industry in China and inspire it with modern ideas».

The partnership with the city-owned Shenzhen Investment Holdings Company and the agency China Sports Futurity covers an on-going exchange of experiences, regular and intense visits by FC Bayern Youth coaches and the assistance and training of Chinese coaches and player in Munich.

Shenzhen is a metropolis of 12 Million, located near Hong Kong and was the first area in China to be declared a special economic zone in 1980. It went on to become one of China's most economically powerful cities with the highest income per capita nationwide. The electronic and telecommunication industries are the pillars of the local economy.

Hu Guobin, Director of the city-owned Assets Supervision and Administration Commission in Shenzhen, thanked the club for the partnership: «not only does the FC Bayern Football School Shenzhen strengthen the friendly relationship between Germany and China, it will also play a decisive part in terms of supporting the training of local youths and coaches».

Jörg Wacker, FC Bayern Munich AG Board member for Internationalisation and Strategy commented in front of numerous Chinese media representatives: «our goal is clear-cut. We aim to reinforce and promote FC Bayern's presence and values in China in the coming years. Our FC Bayern Football School Shenzhen is a maker for the implementation of our international strategy in China».

Referring to the Football School Qingdao, years ago, FC Bayern Munich and Sino-German Ecopark Qingdao agreed a comprehensive partnership at the Chinese embassy in Berlin. The deal included the establishment of the FC Bayern Football School in Qingdao, regular exchanges, a constant

presence of FCB development coaches and the support and training of Chinese players and coaches in Munich.

Qingdao has a population of around 9 Million and is one of five cities to be named a “football city” by the Chinese government.

Jörg Wacker, the Head of Internationalisation and Strategy at FC Bayern Munich, said alongside the Chinese Ambassador Mingde Shi and the President of the Sino-German Ecopark Shiyu Zhao, «we want to be actively involved and make a contribution to the development of football in Chia. It’s also strengthens the presence of the FC Bayern brand in China and is yet another important component of our international strategy».

The Chinese Ambassador Shi enjoyed the benefits of the partnership, «the collaboration between FC Bayern and the Ecopark Qingdao has a great future because of the potential from both sides». From this collaboration, Ecopark president Zhao expects a new level in terms of sporting and cultural exchange and hopes this project will set an example for sporting exchanges between China and Germany.

FC Bayern Munich has signed a partnership with Columbia University, one of the world’s most prestigious academic institutions, to support the curriculum of Columbia’s Sports Management Master of Science program.

Vince Gennaro, Director of the Columbia Sports Management program commented: «our students in the Sports Management program are privileged to be able to learn from FC Bayern’s successful global business strategy. We strive to offer compelling real-world curriculum that helps our students secure top careers after graduation».

Rudolf Vidal, Managing Director of FC Bayern Munich US, said: «through this partnership, we will help shape the brightest minds in the sports industry. As we continue to grow our roots in the States, and around the globe, Columbia's international appeal and network will be key in providing early access to gifted professionals embarking on careers in the sports world».

### **3.3.2 – Corporate Social Responsibility relationships with German Football Association, UEFA and FIFA**

The Bundesliga clubs are also influenced by the social responsibility activities of football clubs from other countries. For example, FC Barcelona spends in the CSR activities much more of any sporting organization in the world. In 1994, the club founded the FC Barcelona Foundation and the club devotes the 0.7% of its operating revenue to UNICEF, the children charity of the United Nations.

Moreover, some top players have their own foundations that promote social initiatives. From Germany's squad at the Euro 2012 in Poland and Ukraine, five players have their own foundations, all of them supporting children, most of them in their home city. FC Bayern Munich goalkeeper Manuel Neuer supports with his foundation children in his region of origin, Ruhr. Germany and FC Bayern Munich's captain Philipp Lahm has a more global approach than his colleagues and supports with his foundation children in the areas of sport and education in Germany and South Africa. There are other players who are socially active, using volunteering public support to different charities. For example, Thomas Müller (FC Bayern Munich) promotes the project YoungWings that

supports children who lost their parents, and Holger Badstuber supports Bettermarks, a foundation that promotes the mathematical skills of children.

Sports organizations need to demonstrate that they are taking care of all customers, including those with disabilities, guaranteeing them access to European stadia and arenas.

The Bundesliga has also incorporated the issue of accessibility to stadia as part of its culture. As part of its commitment, the German Football Association (DFL) states that ‘no one is excluded from the game’.

The German association of disabled football fans and disability officers within the club, created in 1999, developed guidelines to promote access to their stadia in 2001. Seven years later, in 2008, the Bundesliga has published the policy directions for fans with disabilities in their stadia in a document known as the *Accessible Stadia – Barrierefreiheit im Stadion*.

The Allianz Arena is the most disability-friendly stadium in Germany. FC Bayern Munich is proud to offer wheelchair users and mobility impaired people the opportunity to explore the Allianz Arena on non-matchdays as well as matchdays.

The DFB has developed its own mission statement based of this definition: Sustainability in football means to use responsibly different potentials, while maintaining a fair society and healthy environment. Grassroots and top-tier football are safeguarded as a result and a contribution is made to maintaining and reinforcing the democratic, ecological and ethical foundation of a liberal society. Sustainability means organising football to be both stable and successful in the long-term. Creating football clubs in almost every community has made a significant

contribution to society by providing a unique range of sporting activities that are affordable for all sport and football enthusiasts. Football activities aims at supporting socio-political aspects form the third dimension and the fourth dimension represents charitable and humanitarian measures.

The sustainability report demonstrates how seriously football assumes responsibility in the individual areas of activity on many different levels. After the Italian Football Association, the DFB is thus the second European Football Association to publish a sustainability report. The report explains how organised football in Germany makes an important social contribution through amateur football, talent development and top-tier football, which currently leads the field in Europe. For social integration, health and the environment.

The union of European Football Associations (UEFA) is the governing body of football on the continent of Europe. More precisely, the UEFA is an umbrella body of 53 European associations based on representative democracy. Its core mission is to safeguard the development of European football at every level of the game and to promote the principles of unity and solidarity. To serve this purpose, the UEFA redistributes the main portion of income in the form of solidarity payments, tournament participation awards and prize money.

According to the European Commission's definition, we divide the CSR projects into social and environmental projects. I consider those projects as social that contain some form of anti-racism, humanity, health, peace, reconciliation, solidarity, diversity, community, charity or volunteer efforts. Environmental projects are those projects that consider the reduction of greenhouse gas, the use of renewable energy and the reforestation projects.



Both the social and environmental projects are divided into partnership and independent projects. Partnership projects are those CSR projects that involve charitable organizations as partners. On the other hand, the independent projects are founded and implemented by the leagues themselves.

FIFA's first step in addressing social development issues through football saw the introduction of campaigns such as "My Game is Fair Play" (1997) and "Say No to Racism" (2002), as well as the dedicated efforts that took place with the UNHCR and UNICEF to improve the living conditions of refugees in the Kosovo region (1999). The latter project signalled the start of a new relationship between FIFA and the United Nations.

This new era also required an adapted approach to FIFA's organisation of the FIFA World Cup – the largest single-sport tournament in the world. FIFA recognises that organising an international sporting event of such scale can have a negative impact on society and the environment. Starting in 2006 in Germany, FIFA and the 2006 FIFA World Cup LOC jointly established official social and environmental campaigns: Green Goal. A first step to carbon reduction and offering programme in which FIFA invested €400.000.

The social campaign was called "6 villages for 2006", which saw the construction of six villages for orphans in each continent by FIFA and the charitable organisation SOS Children's Villages.

## **IV. CHAPTER THEORETICAL AND MANAGERIAL CONTRIBUTION**

### **4.1 – Theoretical contribution**

As a part of the theoretical framework, this Thesis aims to contextualize and implement the concept of Corporate Social Responsibility. The theoretical foundation is based on previous research in the field of Corporate Social Responsibility by Carrol (1991) and Porter and Kramer (2006).

Through the economical perspective of Carrol (1991) and subsequently Porter and Kramer (2006), Corporate Social Responsibility ultimately refers to the philanthropic aspect of corporate activity. With this basis, the aim of the current chapter is to demonstrate the relationship between the philosophical, methodological and practical levels of the research. Thanks to the Stakeholder Theory Diagram (R. Edward Freeman, Jeffery Harrison & Andrew Wicks, 2007), I try to analyse the relations between corporations and other groups of interest, such as customers, communities, financiers and suppliers.

We have argued that the stakeholder theory is “managerial” and recommends the attitudes, structures and practices that, when consolidated, constitute a stakeholder management philosophy. The role of sports in the Corporate Social Responsibility indicates large forms of environmental and ethics strategies, salaries elaboration and extensive marketing investments. Based on the early research around social responsibilities (Bowen, 1953), businesses exist for the pleasure of the society and their actions and methods of operation must fall within the guidelines of the society itself.

The continued corporate support of sports organizations will continue to be a major topic of discussion. As we face a financially challenging global society, leaders must confront the issues of strong corporate support for sports while neglecting basic social needs such as youth education, health disparities, poverty and crime. Therefore, as a conceptual work of my Thesis, I provided a new framework to measure the contribution of sport to business and society and to justify the roles, resources of and benefits to major actors such as corporations, non-government organizations and sport organizations in the various forms of sport-based collaboration. With this framework, the first objective was to develop a standardized, quantifiable, systematic and efficient instrument to measure the intangible social values of sport in society in terms of social capital, collective identities, health literacy, well-being and human capital. The second objective of this Thesis was to examine how the societal value measurement of sport could be leveraged to enhance the economic and social performance of multiple sponsor/partner organizations involved in cause-oriented sport sponsorship and Corporate Social Responsibility practices.

Finally, this study gathered materials in the field of CSR, sport and CSR indicators, adopting research from Sheth and Babiak (2010), Tsai et al. (2012), Tu (2009), and Turker (2009).

| <b>Original CSR indicators</b>                                   |   |                       |
|--|---|-----------------------|
| Dimensions/major indicators                                      | Sub indicators  | Sources               |
| <b>1. Economic responsibility</b>                                |   |                       |
| 1.1. Enhance performance of professional sport organization      | 1.1.1. increase income and revenue                      | Tsai et al. (2012)    |
|  | 1.1.2. map out financial plan                           | Tsai et al. (2012)    |
|  | 1.1.3. strengthen cost-benefit                          | Tsai et al. (2012)    |
|  | 1.1.4. save cost  | Tsai et al. (2012)    |
|  | 1.1.5. build financial auditing system                  | Tsai et al. (2012)    |
|  | 1.1.6. build job rotating system                        | Tsai et al. (2012)    |
|  | 1.1.7. practice management by objectives                | Tsai et al. (2012)    |
|  | 1.1.8. map out risk management plan                     | Tsai et al. (2012)    |
| 1.2. maintain competitiveness of professional sport organization | 1.2.1. map out organization development plan            | Tsai et al. (2012)    |
|  | 1.2.2. stabilize merchandise quality                    | Tu (2009)             |
|  | 1.2.3. retain employees                                 | Tu (2009)             |
|  | 1.2.4. build extraordinary team culture                 | Tu (2009)             |
|  | 1.2.5. innovate training method                         |                       |
|  | 1.2.6. perfect player trading system                    |                       |
|  | 1.2.7. build interior performance evaluation            | Tsai et al. (2012)    |
| 1.3 protect stakeholders' benefits                               | 1.3.1. disclosure financial information                 |                       |
|  | 1.3.2. disclosure employees salary range                |                       |
|  | 1.3.3. disclosure government grant                      |                       |
|  | 1.3.4. perfect communication channels with stakeholders | Tu (2009)             |
|  | 1.3.5. perfect the official website                     | Tsai et al. (2012)    |
| <b>2. Legal responsibility</b>                                   |   |                       |
| 2.1. obey law, regulations and policy                            | 2.1.1. obey law and regulations                         | Sheth & Babiak (2010) |
|  | 2.1.2. prevent occupational injuries                    | Tu (2009)             |
|  | 2.1.3. trade player by fair negotiation                 |                       |
|  | 2.1.4. crackdown on corruption and unethical behavior   |                       |
|  | 2.1.5. map out punishments on                           |                       |

|  |   |                       |
|--|---|-----------------------|
|  | infringement of a treaty                          |                       |
| 2.2 conform international labor standards        | 2.2.1. process employees' affairs fairly          | Tu (2009)             |
|  | 2.2.2. pay reasonable wage                        | Turker (2009)         |
|  | 2.2.3. provide safe and health working conditions | Turker (2009)         |
|  | 2.2.4. value labor rights                         | Tu (2009)             |
| 2.3. environmental protection                    | 2.3.1. reduce carbon emissions                    | Tu (2009)             |
|  | 2.3.2. reduce waste                               | Tu (2009)             |
|  | 2.3.3. reduce exhaustion of natural resources     | Tu (2009)             |
| 2.4. provide safe merchandise and service        | 2.4.1. build standard operating procedure         |                       |
|  | 2.4.2. control competition quality                | Tu (2009)             |
|  | 2.4.3. maintain safety equipment on time          |                       |
|  | 2.4.4. control merchandise quality                | Tu (2009)             |
| <b>3. Ethical responsibility</b>                 |   |                       |
| 3.1. assist domestic sport development           | 3.1.1. foster sport talent                        |                       |
|  | 3.1.2. provide professional guidance              | Tu (2009)             |
|  | 3.1.3. assist sport technique development         |                       |
| 3.2. assist employees' career development        | 3.2.1. assist employees' career development       | Tu (2009)             |
|  | 3.2.2. encourage employees study further          | Tu (2009)             |
|  | 3.2.3. provide life assistance                    | Tu (2009)             |
|  | 3.2.4. provide legal consultation                 |                       |
| 3.3. value stakeholders' rights                  | 3.3.1. honest advertise                           | Tu (2009)             |
|  | 3.3.2. protect consumer privacy                   | Tu (2009)             |
|  | 3.3.3. deal with stakeholders' appeal             | Tu (2009)             |
|  | 3.3.4. avoid unethical behavior                   | Sheth & Babiak (2010) |
| <b>4. Philanthropic responsibility</b>           |   |                       |
| 4.1. promote sport, education and health program | 4.1.1. promote sport in school                    | Sheth & Babiak (2010) |
|  | 4.1.2. hold sport camp or activity                | Sheth & Babiak (2010) |
|  | 4.1.3. assist education activity in school        | Sheth & Babiak (2010) |
|  | 4.1.4. promote health program                     | Sheth & Babiak (2010) |
| 4.2. assist charity or social vulnerable groups  | 4.2.1. donation                                   | Tu (2009)             |
|  | 4.2.2. engage in charitable event                 | Sheth & Babiak (2010) |
|  | 4.2.3. form a charity                             | Sheth & Babiak (2010) |
|  | 4.2.4. encourage employees to be a volunteer      | Turker (2009)         |

|                                       |   |           |
|---------------------------------------|---|-----------|
| 4.3. enhance community's life quality | 4.3.1. concern with community development | Tu (2009) |
|                                       | 4.3.2. hold community cultural event      | Tu (2009) |
|                                       | 4.3.3. hold cultural exhibition           | Tu (2009) |

## 4.2 – Managerial contribution

My analysis reveals that there is a level of Corporate Social Responsibility that maximizes profits while satisfying the demand for Corporate Social Responsibility from multiple stakeholders. The ideal level of Corporate Social Responsibility can be determined by cost-benefit analysis. To maximize profit, FC Bayern Munich should offer precisely that level of Corporate Social Responsibility for which the increased revenue (from increased demand) equals the higher cost (of using resources to provide Corporate Social Responsibility). Doing so, FC Bayern Munich or any important football club, meets the demands of relevant stakeholders – both those that demand Corporate Social Responsibility (players, fans, sponsors, consumers, employees, community) and those that own the club (i.e., Adidas, Allianz, Audi). Managers have to evaluate the possibility of product/service differentiation.

In this Thesis, I presented the determinants of FC Bayern Munich's Corporate Social Responsibility efforts. I found that the primary drivers of Corporate Social Responsibility in these organizations were external pressures (context, control and cause) on the organization as well as internal resources that are rare, valuable and inimitable. I proposed a framework that concurrently considers external pressures and internal resources to explain the adoption and focus of professional sport

organizations' Corporate Social Responsibility initiatives. It conceptualizes the "3S-Model" of strategy-stakeholder-structure as the enabler of furthering the integration of strategic Corporate Social Responsibility.

However, the description of the state of Corporate Social Responsibility in German football also shows that much territory remains under-researched. Strategic management literature suggests focusing on political, institutional, cultural and rhetorical perspectives in order to mature management research fields and provide theory-driven descriptions of business/organizational reality.

This Thesis examines also how Corporate Social Responsibility is implemented through social partnerships. An exploratory case study of the social responsibility partnership program at FC Bayern Munich has been conducted. The case study draws on economic data and documentary sources of evidence gathered from FC Bayern Munich and other organizations that comprise its Corporate Social Responsibility portfolio.

## CONCLUSION

Sport contributes to business and society in a various ways both tangibly and intangibly. Many different kinds of organizations and entities including corporation, non-profit organizations, non-government organizations, governments, sport organizations, athletes and celebrities have been utilizing sports to enhance their competitive advantage or performance as well as improve societal well-being through various forms of commitment including sponsorship, partnerships or Corporate Social Responsibility practices. The number of organizations and entities (e.g., FC Bayern Munich, UEFA, FIFA, the United Nations, IOC, Siemens, Yingli Solar, Allianz) that have been engaging in sport-related Corporate Social Responsibility programs have been drastically increasing for the past two decades. The social outcomes to beneficial from sport, however, are frequently difficult to measure, typically in areas related to health, well-being, societal equity, education, gender equality, disability, environment, sustainability and peace.

This study has outlined an initial categorization of the ways in which sport is being employed as a vehicle for Corporate Social Responsibility programs and initiatives. As corporations develop their Corporate Social Responsibility portfolios, it is likely that sport will continue to play an important role. The desire (or pressure) for football clubs corporations to increase the engagement with society provides an opportunity for the sports industry to think strategically about their external relationships. Sponsorship remains the dominant way for sport to engage with business because represents opportunities to provide additional revenues for engagement.



The main goals were to promote active life style, enable young people to do more physical activity and encourage people to make healthier choices in their lives. Promoting physical activity towards children and youth is a good way to create well-being, support children and youth's physical activity and act as a unifying point between community and the sport firm. Sport companies have adopted varying practical ways in order to implement their sport-based Corporate Social Responsibility efforts. Best-practice examples based on case study were multi-purpose sport facilities for children and youth, partnerships decisions aligned with environmental values, academy scholarships for physical activity and sport events hosted by the company.

Surprisingly, companies have not set measurable and quantitative goals towards their sport-based Corporate Social Responsibility actions. These measures could be used to positively assess financial fair play, not just as expenses to be excluded from the break even result and involve, for example, how much money can be raised for the cause, how many participants the sport program can attract and in how many countries the sport-related action happens.

Finally, companies should give more attention to negative or challenging issues that might appear in the sport-based Corporate Social Responsibility work. They should still have more clear opinion what happens if there is bad conduct of sport teams, if violent or winning at any price attitudes become stronger, or if the bureaucracy of the sport institution is too heavy. The transparency in agreements and common goals should be clear and measurable in any case.

## APPENDIX

Records of FC Bayern Munich:

German championship:

- Winners: (27) 1931-32, 1968-69, 1971-72, 1972-73, 1973-74, 1979-80, 1980-81, 1984-85, 1985-86, 1986-87, 1988-89, 1989-90, 1993-94, 1996-97, 1998-99, 1999-2000, 2000-01, 2002-03, 2004-05, 2005-06, 2007-08, 2009-10, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 (Record)

DFB-Pokal:

- Winners: (18) 1956-57, 1965-66, 1966-67, 1968-69, 1970-71, 1981-82, 1983-84, 1985-86, 1997-98, 1999-2000, 2002-03, 2004-05, 2005-06, 2007-08, 2009-10, 2012-13, 2013-14, 2015-16 (Record)

DFB/DFL-Supercup:

- Winners: (5) 1987, 1990, 2010, 2012, 2016 (Shared record)

DFL-Ligapokal:

- Winners: (6) 1997, 1998, 1999, 2000, 2004, 2007 (Record)

UEFA Champions League/European Cup:

- Winners: (5) 1973-74, 1974-75, 1975-76, 2000-01, 2012-13

UEFA Europa League/UEFA Cup:

- Winner: 1995-96

UEFA Cup Winners' Cup:

- Winner: 1966-67

UEFA Super Cup:

- Winner: 2013

Intercontinental Cup:

- Winners: 1976, 2001

FIFA Club World Cup:

- Winner: 2013

Regionale Meisterschaft Bayern (Oberbayern) (I), Münchner Stadtmeisterschaft:

- Winners: (6) 1902, 1903, 1904, 1905, 1906, 1908

Kreisliga Bayern – Level 1 (1909 – 1923):

- Winners: (4) 1910, 1911, 1920, 1923

Bezirksliga Bayern – Level 1 (1923 – 1933):

- Winners: (7) 1925-26, 1927-28, 1928-29, 1929-30, 1930-31, 1931-32, 1932-33 (Record)

Gauliga Bayern – Level 1 (1933 – 1945):

- Winner: 1943-44

Southern German football championship – Level 1:

- Winners: (2) 1925-26, 1927-28

Southern German Cup:

- Winner: 1957

Regionalliga Süd (1963 – 1974):

- Winner: 1964-65

German Sportsteam of the Year:

- Winners: (3) 1967, 2001, 2013

IFFHS World Club Team of the Year:

- Winner: 2013

IFFHS World Club Team of the Month:

- Winners: (9) Feb. 2000, Oct. 2001, Aug. 2002, Feb. 2008, Apr. 2010, Sept. 2012, Feb. 2013

FIFA Fair Play Trophy:

- Winner: 2013

UEFA Respect Fair Play ranking:

- Winners: (2) 2007, 2013

World Soccer Team of the Year:

- Winner: 2013

Globe Soccer Awards Best Club of the Year:

- Winner: 2013

Laureus World Sports Award Team of the Year:

- Winner: 2014

Silver Bay Leaf:

- Winner: 1967

Ballor d'Or:

- Winners: (3) Müller (1970), Beckenbauer (1972, 1976), Rummenigge (1980, 1981)

FIFA Footballer of the Year:

- Winner: Matthäus (1991)

UEFA Footballer of the Year:

- Winner: Effenberg (2001)

UEFA Best Goalkeeper:

- Winner: Kahn (1999, 2000, 2001, 2002)

UEFA Best Player in Europe:

- Winner: Ribéry (2013)

Onze d'Or:

- Winner: Rummenigge (1980, 1981)

### Bravo Award:

- Winners: Hargreaves (2001), Müller (2010)

### FIFA Golden Ball:

- Winner: Kahn (2002)

### World's Best Goalkeeper:

- Winners: Pfaff (1987), Kahn (1999, 2001, 2002), Neuer (2013, 2014, 2015, 2016)

### German Footballer of the Year:

- Winners: Beckenbauer (1966, 1968, 1974, 1976), Müller (1967, 1969), Maier (1975, 1977, 1978), Rummenigge (1980), Breitner (1981), Matthäus (1999), Kahn (2000, 2001), Ballack (2003, 2005), Ribéry (2008), Robben (2010), Schweinsteiger (2013), Neuer (2014), Boateng (2016), Lahm (2017)

### Austrian Footballer of the Year:

- Winner: Alaba (2011, 2012, 2013, 2014, 2015, 2016)

### Austrian Sports Personality of the Year:

- Winner: Alaba (2013, 2014)

Croatian Footballer of the Year:

- Winners: Olić (2009, 2010), Mandžukić (2012, 2013)

Croatian Sportsman of the Year:

- Winner: Mandžukić (2013)

Dutch Sportsman of the Year:

- Winner: Robben (2014)

France Footballer of the Year:

- Winner: Ribéry (2008, 2013)

England Player of the Year:

- Winner: Hargreaves (2006)

Danish Football Player of the Year:

- Winner: Laudrup (1992)

Swedish Footballer of the Year:

- Winner: Andersson (2001)



Polish Footballer of the Year:

- Winner: Lewandowski (2014, 2015, 2016)

Polish Sportspersonality of the Year:

- Winner: Lewandowski (2015)

Paraguayan Footballer of the Year:

- Winner: Santa Cruz (1999)

Asian Footballer of the Year:

- Winner: Daei (1999)

Ghanaian Footballer of the Year:

- Winner: Kuffour (1998, 1999, 2001)

BBC African Footballer of the Year:

- Winner: Kuffour (2001)

## Bundesliga:

### All-time

- Most Bundesliga titles won: 27
- Most consecutive Bundesliga titles won: 5 (2013 – 2017)
- Most Bundesliga games won (1032) and points achieved (3488)
- Most match-days at the first place of the Bundesliga table (727)
- Most average points per game in the Bundesliga: 1.99
- Most Bundesliga goals scored: 3806
- Most consecutive wins in the Bundesliga (matchday 9 to 27 of 2013 – 14 season): 19
- Most games won in a club's first Bundesliga season (1965-66): 20
- Earliest point of time in a year for a team to be crowned champions: (25 March of 2013-14 season)
- Highest number of games left when becoming champions: 7 by FC Bayern Munich (2013-14 season)
- Biggest lead over second-place finisher (2012-13): 25 points
- Championship with fewest points under the 3-point rule (2000-01): 63
- Championship with the most losses in a season (2000-01): 9
- Record Bundesliga victory: 11 – 1 v. Borussia Dortmund (27 November 1971)
- Record Bundesliga defeat: 0 – 7 v. FC Schalke 04 (9 October 1976)

### Per season:

- Most points at the end of a season (2012-13): 91
- Most won games in a single season (2012-13 and 2013-14): 29
- Fewest lost games in a single season (1986-87 and 2012-13): 1
- Most goals in a single season (1971-72): 101
- Fewest goals against in a single season (2015-16): 17
- Most clean sheets in a single season (2012-13): 21
- Started season with most consecutive won games (2015-16): 10

### Other national records:

- Most championship won: 27
- Most cups won: 18
- Most league cups won: 6
- Most doubles won: 11
- Only club to win the treble (UEFA Champions League, Bundesliga and DFB-Pokal) in 2012-13
- Only club to win the double (Bundesliga and Cup) twice in a row, two times. Once in the (2004-05 and 2005-06) seasons and one more time (2012-13 and 2013-14) seasons
- Only club to win five consecutive times the Bundesliga, in 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 seasons
- Only club to win a championship and a cup with both men's and women's football department

### International record:

- Last club to win the Champions League/European Cup three times in a row: 1974-76
- Fastest goal in Champions League history: after 10 seconds by Roy Makaay on 7 March 2007 against Real Madrid
- Managed to score at least two goals in each match of the group stage: 2010-11 UEFA Champions League group stage by beating Basel 3 – 0 in the last games
- Highest aggregate win in the UEFA Champions League knockout stage: 12 – 1 on February 2009 (5 – 0) and 11 March 2009 (7 – 1) against Sporting CP
- The largest margin of victory in the knockout stage in the current Champions League format: FC Bayern Munich 7 – 0 Basel in 2011-12
- FC Bayern Munich holds the record for the biggest win in a quarter final in Champions League era: FC Bayern Munich 6 – 0 1. FC Kaiserslautern (2 – 0, 4 – 0) in 1998-99
- Highest aggregate win in the UEFA Champions League semi-final: 7 – 0 (4 – 0 and 3 – 0) against Barcelona (2013)
- The largest margin of victory in a final: 4 – 0 Atlético Madrid 1973-74 (replay)
- FC Bayern Munich hold the record of consecutive wins in the Champions League: 10 consecutive wins
- FC Bayern Munich hold the record of consecutive home wins in the Champions League: 16 consecutive home game
- FC Bayern Munich hold the record of consecutive away wins in the Champions League: 7 consecutive away game

- Longest home undefeated run: 31 games; run began with a 0 – 0 draw against Borussia Dortmund in 1997-98 and ended with a 2 – 3 loss to Deportivo La Coruña in the group stage in 2002-03

At the end, FC Bayern Munich is the first team in Europe to have completed all available Trebles (continental treble, domestic treble and European treble):

- Continental Treble (Bundesliga, DFB-Pokal, UEFA Champions League)
  - 2012-13
- European Treble (European Cup Winners' Cup, European Cup, UEFA Cup)
  - 1966-67 European Cup Winners' Cup, 1973-74 European Cup, 1995-96 UEFA Cup
- Domestic Treble (Bundesliga, DFB-Pokal, DFB-Ligapokal)
  - 1999-2000

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