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Teneo Insights

Bread and Circuses: The Return of Professional Sports in Europe

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Across Europe, professional athletes are limbering up to begin competitions behind closed doors – will history judge their employers kindly?

In our household, we spent Saturday afternoon watching a live broadcast of the German Bundesliga for if not the first time, one of the few in living memory. In the post-apocalyptic landscape of the global professional sporting calendar, laid waste by COVID-19, many people had the same idea. Initial reports from Germany alone suggested that between 3.7m and 6m people watched live Bundesliga matches or compilation shows on Saturday afternoon – roughly twice the average viewing figures and including a staggering 60% share of viewing among 14-49 year olds.¹ While the viewing scores have yet to be reported from international TV audiences, over 70 global broadcasters carried the live feeds, including BT Sport in the UK, in a move that will surely help stem Covid-induced losses of paid TV subscribers. The UK government had even waived its long-standing ‘blackout’ of live broadcasting of fixtures in the middle of Saturday afternoon, aimed at protecting revenues from live attendances of domestic matches (of which of course there are none). German football is, at the moment, simply the only show not just in town, but in the world of professional sports broadcasting.

This was certainly a strange viewing experience: a wag on social media

branded the Revier derby between Borussia Dortmund and FC Schalke 04 the ‘reverb’ derby, as the shouts of players and coaches echoed around Dortmund’s otherwise empty cavernous 80,000-seater Westfalen stadium. It was also an event which will have drawn envious glances from major clubs and leagues in professional sports across the world, anxious to protect revenues, as well as the ‘integrity’ of their competitions. On Monday evening, in England, the Premier League’s 20 member clubs voted to recommence training under social distancing guidelines, targeting a ‘Restart’ to the domestic football season some time in June. The Championship, England’s 2nd tier football competition, swiftly followed suit (the UK government has said that no professional sporting events can take place, even behind closed doors, until 1st June; the European club football season should have climaxed with the UEFA Champions League final on 30th May).

All, and Nothing

Herein lies the dilemma: in the midst of a global pandemic, sport can be everything, and yet nothing. In the normal course of things, sport provides the punctuation and rhythm to the working week, and the signposts to the seasons – the water cooler moments (in a time where there are no offices, let alone water coolers) for colleagues and friends to coalesce around. A way to both let off steam and form societal bonds. For all the strangeness of Saturday’s



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¹ Source: DWDL.de

viewing experience, our joy at watching a real-life goal, scored in real time by teenage Dortmund goalscoring sensation Erling Braut Haaland, was genuine and unbridled. The return of unscripted drama – at least that not directly COVID-19 related – to life. This is why some national governments have been so keen to see the return of professional sports – if the central banks have acted swiftly to guarantee the bread that people receive with their furlough schemes, there is still a need for circuses.

Will History Judge the Bundesliga – or the Premier League, or Spain’s La Liga - Kindly?

As with much of the political response to COVID-19, there has been no supra-national consensus nor leadership in the response. The suspicion has been therefore that as the money-go-round of international sports has stopped, the fragility of the financial ecosystem and relationship in all sports, but particularly in football, between broadcast rights revenues, matchday revenue, sponsorship and commercial revenue on one side of the ledger, and player wages and transfer fees on the other, has been exposed. Are commercial considerations being prioritised over public safety? Some countries, such as France, Holland, Belgium, and Scotland, have ended their competitions prematurely; indeed France, already emerging from COVID-19 lockdown, has postponed all major sporting events until September at the earliest, including the Paris Open tennis tournament at Roland-Garros and cycling’s Tour de France. Yet there is a sense that other European competitions may be played to a bitter end chiefly to avoid defaulting on broadcast rights payments – much of the proceeds of which may already have been spent in anticipation.

Consider also that the global formal and informal sports betting market is estimated to be worth over \$1 trillion per annum – 80% of which is estimated to be bet on football matches² - and it would be easy

to see that it is not just the leagues themselves that have a vested interest in restarting (27 of the 44 clubs in England’s top two football divisions currently have shirt sponsorship deals with bookmakers or gambling firms). For now, all bets are off. And for all the horse racing industry’s protestations around the need for race horses to race behind closed doors for their own fitness and welfare, it seems unlikely that history will judge kindly the decision to proceed with the Cheltenham Festival welcoming over 250,000 punters over four days between 16th and 19th March, just before the UK entered full lockdown.

Sometimes there is a myth of exceptionalism about the sports industry – but it has much in common with other industries. As I have written before judgment of who has acted well and who has not in the time of COVID will in the final reckoning be seen through three perspectives on trust:

- **Sensitivity to Trust**

Have events organisers acted too quickly to reopen, potentially jeopardising public health in favour of protecting commercial vested interests? Clearly sporting events without live spectators create less of a pressure on capacity in public health systems, but even so, most professional sports teams come with large entourages who all need to be tested regularly (Spain’s La Liga reckons on 200 people per fixture). Even one player or coach testing positive could reset the whole restart process (indeed it was the Arsenal first team coach Mikel Arteta testing positive that arguably spurred the Premier League shutdown in the first place). Where there is the perception that leagues, clubs or owners have acted venally in the past, trust will be even more brittle.

- **Visibility of Trust**

What are the values of a sportsperson, club, league or sport? How have they supported their fans and members through COVID-19, and what is their

² Sportradar, as cited in BBC and also David Goldblatt, The Age of Football.

response to their wider community? And in team sports such as football that must also apply to the wider system of lower league, community and grass roots clubs, who rely on either gate revenue or player subscriptions to survive. Without solidarity payments from larger clubs, leagues, or governing bodies, many of these valuable community organisations may never reopen.

- **Capability for Trust?**

While they have professionalised rapidly in the past 20 years, many sports clubs are still run as much on love as on sound business sense. Several professional English teams were also quick to access funds to furlough non-playing staff while continuing to play their payers handsomely, only to have to backtrack once public opinion turned against them. With many smaller clubs across Europe at risk of insolvency, and billions of private equity money raised as ‘dry powder’ globally, it seems that some opportunists may seek to finance one of the many proposals for reformulation of European sporting competitions – including in club football – that have been circulating over the past 20 years. While this may present commercial opportunity, and could be argued to be inevitable, any changes would need to be handled sensitively, however superficially compelling the commercial logic. Even in terms of rescheduling existing pan-European competitions, how to do this satisfactorily when there is no agreement on restarting measures among national governments?

Considerations for Reopening

An inexhaustive check-list for sporting organisations, clubs and events organisers balancing the commercial and litigation risk with reputation risk, and commercial upside, would include at the minimum:

- **Player Safety** – How are employers (clubs) and regulators (leagues and governing bodies) insured, both against players, club officials or their families contracting COVID-19 and also against any injuries and loss of earnings stemming from elite players being rushed back to match fitness (to follow the race horse analogy). In the natural cycle, many players’ contracts also naturally end on 30th June, whereupon they become free agents. Some BAME players have showed concern at the unexplained data showing much higher Covid morbidity among BAME communities. Some 77% of football fans surveyed sympathise with individual players’ rights to abstain from restarting.³
- **Pressure on Public Health Services** – One of the reasons Germany can restart is the scale and spare capacity of COVID-19 Testing, Tracking and Tracing in its healthcare system. Any sense that frontline services, from policing to healthcare, are being diverted to the circus will face public condemnation.
- **Shutdowns and Second Peaks** – What is the escalation protocol, and who decides? The first lockdown was a disorderly stumble of sports and leagues toward the exit door. Any second peak must be met more decisively.
- **Fan Compensation for Tickets/ Season Tickets** – Do clubs keep their cash, rebook them for a future date and/or offer them a choice? How is past fan loyalty recognised, particularly for those suffering economic hardship from COVID-19, or key workers.
- **How to Manage Fans When They Return?** And this would seem irresponsible to even contemplate live spectator events until we have a vaccine available at scale.

³ The Athletic, 12th May 2020.

Calibrate any of these variables incorrectly, and the only winners from a premature return of pro-sports will be the lawyers.

What Positive Lessons Can be Learned from COVID-19?

The mushrooming of interest in esports, and effective fan engagement through digital channels (often bringing them closer to players and administrators), is not something that should be discarded upon the return to normality. Almost certainly broadcast production costs will collapse, as broadcasters innovate remote programme production from their pundits' living rooms. And likely the hitherto relentless inflation of players' wages and transfer fees will be checked.

U.S. sports of course have longer to get this right, with the resumption of the NFL and NHL and seasons not until the autumn at least... but the same issues apply. And naturally it will be harder to social distance on a basketball court or ice hockey rink than on a football (soccer), or cricket pitch or baseball field.

The Final Score - Does Any of This Really Matter?

In some senses not at all. In some senses – improved social cohesion, morale, mental health– sport matters more than ever. And will we be watching 'Der Klassiker' (Borussia Dortmund vs Bayern Munich), with tens of millions of others around the world, next Tuesday? You bet we will.



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