

Analysing the value of football to Greater Manchester

**A final report submitted to
New Economy**

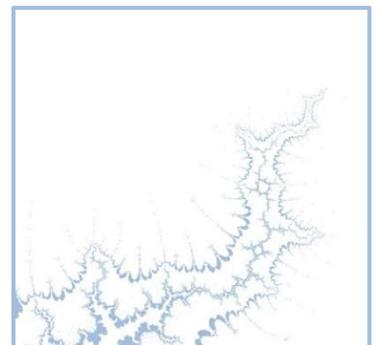
28 June 2013

Sport Industry Research Centre
Sheffield Hallam University
Collegiate Crescent Campus
Sheffield
S10 2BP

0114 225 5921
c.gratton@shu.ac.uk
www.shu.ac.uk/research/sirc

Cambridge Econometrics
Covent Garden
Cambridge
CB1 2HT

01223 533100
js@camecon.com
www.camecon.com



Cambridge Econometrics Limited is owned by a charitable body,
the Cambridge Trust for New Thinking in Economics.
www.neweconomicthinking.org



Authorisation

Date	Authorised for submission by
28/6/13	R Lewney



Contents

	Page
Executive Summary	vi
1 Introduction	9
2 Literature review	11
2.1 Introduction	11
2.2 Economic importance of sport	11
2.3 Literature on the economic benefits of hosting major sports events	13
2.4 Major sporting events in Greater Manchester	16
2.5 Longer-term benefits of hosting major sport events	19
2.6 The economic importance of football	20
3 The economic costs and benefits football brings to Greater Manchester	21
3.1 Methodology	21
3.2 Results for Greater Manchester	23
4 The tourism benefits that football brings to Greater Manchester	30
4.1 Volume of tourists	30
4.2 Length of stay	31
4.3 Average spend	31
4.4 Origins	31
4.5 Tourism policy	31
4.6 Non-match-day tourism	32
5 The wider benefits football brings to Greater Manchester	33
5.1 Economic spillovers	33
5.2 The exposure of the Manchester 'brand'	35
5.3 Trade missions	40
5.4 Direct inward investment	41
6 The social and community benefits that football brings	42
6.1 Community activities of the clubs	42
6.2 Football participation in Greater Manchester	45
7 Areas of opportunity	47
7.1 Marketing and promotional opportunities	47



	7.2 Football supporting community initiatives	47
	7.3 Developing a media cluster	48
Annex A	Bibliography	49
Annex B	Sources	52
Tables	Table 2.1 Legacy tourism benefits of the Barcelona Olympics.....	19
	Table 3.1 Consumer spending on football in Greater Manchester	24
	Table 3.2 Employment in football in Greater Manchester in 2010/11.....	25
	Table 3.3 Gross value added in football in Greater Manchester in 2010/11 ..	26
	Table 3.4 Number of Football Pitches in Greater Manchester, by type, 2011	28
	Table 3.5 Non-professional football clubs' financial statistics, 2011.....	29
Figures	Figure 3.1 The football ecosystem of Greater Manchester	23
	Figure 5.1 Number of Twitter followers of well-known footballers and Mancunians	35
	Figure 5.2 Origins of Google searches for 'Manchester'	36
	Figure 5.3 Total TV revenues in European leagues, £m per annum.....	38
	Figure 5.4 Pre-season tour destinations of Greater Manchester's Premier League Clubs, 2010/11-2012/13	40
	Figure 6.1 Percentage of the population volunteered in football in the previous 4 weeks	46



Executive Summary

Manchester is the most famous football city in the world – Manchester United is the world’s most valuable club and one of the world’s biggest sporting brands; Manchester City is the world’s richest football club. Given the importance of football to the Greater Manchester economy, this study was undertaken to identify the main benefits the sport brings to the conurbation and to identify what further actions could deliver additional benefits for Greater Manchester.

Football represents a key element of the culture of Greater Manchester. In the 2011/2012 season, the conurbation had four Premier League clubs (Bolton Wanderers FC, Manchester City FC, Manchester United FC and Wigan Athletic FC), three Football League clubs (Bury FC, Oldham Athletic and Rochdale AFC), a number of semi-professional clubs and a large number of amateur clubs. Greater Manchester effectively hosts a large sporting event at least once a week during the football season, the equivalent of an Olympic and Paralympic Games every 4 seasons.

Using the Sport Industry Research Centre’s (SIRC) economic impact assessment model, we have been able to estimate the direct economic impact of football upon Greater Manchester. The headline figures are:

- football supports 5,000 full time equivalent jobs¹ in Greater Manchester; and
- the gross value added (GVA)² associated with footballing activities was £330m per annum in 2011, 0.7% of total GVA for the conurbation.

These figures dwarf those from comparative studies for Merseyside, Glasgow and Swansea amongst others, both in absolute and relative terms, highlighting the significant direct impact of football upon the Greater Manchester economy.

The employment is dominated by people working for the professional clubs (2,100 FTE) and those working in head offices of other organisations that are related to football such as sports clothing manufacturers Umbro and Kitbag. In GVA terms the contribution of commercial sport (i.e. mainly the clubs) significantly outweighs all other contributions, at £229m. This figure is overwhelmingly attributable to the wages paid by the clubs; as many clubs make a loss (in 2011/12, only Manchester United FC made a profit amongst the professional clubs, and that was outweighed by the losses incurred by the others. Other commercial activities, such as the activities of sports clothing manufacturers outlined above, retailers and broadcasters contribute £89.4m to overall GVA.

¹ Employment is measured as ‘full time equivalent’; meaning that each job is measured in terms of total hours worked, and the aggregate total of hours worked divided by the average hours worked by a full time employee to create an estimate of the equivalent number of full time jobs. On a headcount basis the impact is estimated to be around 8,500 part- and full-time jobs.

² Gross value added is a measure of the total value of goods and services produced in an economy, measured as the value created at each stage of production.



The tourism generated by the presence of the professional football clubs in the conurbation (particularly Manchester United FC and Manchester City FC) is significant. Hotel occupancy rates in the Greater Manchester area are considerably higher than normal when the teams play (85% on match-days compared to 70% on non-match-days), while national studies suggest that substantial numbers of football tourists come to visit Old Trafford - around 15% of all international tourists that attend a football match during their visit to the UK do so at Old Trafford. The same studies also highlight that the average spend of football tourists is considerably higher (and over a shorter period) than the average tourist. The National Football Museum has reported increased visitor numbers since its move to Urbis in Manchester in mid-2012, and visitor numbers are expected to reach 500,000 in its first year, well in excess of the initial target of 350,000. This fact, along with the continued success of the Manchester United Museum (which attracted over 315,000 visitors in 2011) highlights the scale of football tourism in Greater Manchester.

Despite the expertise required for the day-to-day running of professional football clubs, there is little evidence of spillovers or the development of clusters in the local economy around the football clubs. Many of the activities carried out by or for the clubs are not place-dependent, particularly among the elite clubs (for example, professional services).

Manchester gains substantial media exposure through the elite football clubs. Three and a half billion people globally watched a Premier League football match during the 2011/12 season, and it is estimated that around half of these spectators watched a Manchester United game, giving the Manchester name exceptional global exposure. This is highlighted by the use of football in trade missions, some of which are timed to coincide with tours operated by the clubs themselves, but all of which use football (and typically an interest in Manchester United) as an ice-breaker in conversations and negotiations across a range of platforms. We estimate that the value of the advertising that Manchester receives from having two major Premiership clubs bear its name could be worth over £100m a year on an advertising-equivalency basis. Given the rapidly expanding profile and media exposure of both the Premier League and both Manchester United and Manchester City (and the prospect of their continued success in both domestic and continental football), it is likely that the advertising value of the clubs to Brand Manchester will increase further in the future; over the next 20 years this could be worth in excess of £2.5bn.

The community activities undertaken by clubs perform a key role in Greater Manchester. Schemes are targeted at particular socio-demographic groups, most typically those that are difficult to reach through government-run schemes. These schemes cover a range of purposes, from Kickz³, which aims to keep young disaffected youths in activities in the evenings, to the Bolton Wanderers FC Institute of Sport, which provides a formal education for those that have difficulty in more mainstream educational institutions.

Football participation is above the UK average in Greater Manchester; participation rates are above those for other comparable urban areas, as is the provision of facilities such as pitches. Football community schemes run in

³ See <http://www.premierleague.com/en-gb/creating-chances/2011-12/kickz.html> for further details



Manchester are among the most successful in the country in engaging the population and attaining positive results.

This analysis has highlighted three potential areas for further policy development:

- marketing and promotional activities; particularly adopting a wider strategic approach where key markets are shared across several bodies
- football supporting community initiatives; using sports (and particularly professional clubs) to promote further initiatives tackling deprivation, improving the quality of life of residents of Greater Manchester and the productivity of the workforce
- developing a sports-focussed media cluster; building on the presence of BBC Sport, ITV and others to develop a sport- and football-based pitch for inward investment to take advantage of the natural advantages already placed within the conurbation.



1 Introduction

This is the technical report for the project 'Analysing the value of football to Greater Manchester'. This project has been commissioned by New Economy, and guided by a project steering group, which comprised New Economy, Manchester City Council, Bolton Metropolitan Borough Council, Marketing Manchester and UK Trade & Investment, to identify the main benefits that football brings to the conurbation of Greater Manchester, and to give insight into what actions could deliver additional benefits. It provides the full analysis and evidence base upon which the Short Report *Analysing the value of football to Greater Manchester* (2013) is based.

Football has played a major role in the development of Greater Manchester. The conurbation has two of the world's largest clubs on the edge of its urban centre (Manchester United and Manchester City) alongside other established Premier League and Championship clubs (Wigan Athletic and Bolton Wanderers) contributing to economic and social programmes in their specific locales and across Greater Manchester more widely.

Sport can play an important role in a city's economic development, not least through the publicity gained. Cities compete to host major sporting events because of the economic and reputational benefits that they bring. The 2012 Olympics and Paralympics brought considerable international attention to London, while significant urban regeneration was a hallmark of the successful hosting of the Commonwealth Games for Manchester in 2002.

The presence of four Premier League clubs (Manchester United, Manchester City, Bolton Wanderers and Wigan Athletic) during the 2011/12 season (to whom can be added the remaining three Football League clubs and five Conference clubs) resulted in a large number of visitors to the conurbation: Greater Manchester effectively hosts a large sporting event at least once a week during the football season, adding up to the equivalent of an Olympic and Paralympic Games every four seasons.⁴ This not only attracts significant visitor spend to the conurbation but also provides substantial national and international media coverage and recognition which the conurbation would not otherwise get. Alongside this, the clubs play a major role in supporting and running social and community projects and educational initiatives, such as Kickz⁵. Greater Manchester's high levels of volunteering and provision of football facilities are clear indicators that football, at all levels, is an important part of many people's lives.

Football has also supported notable regeneration projects in Greater Manchester. For example, Manchester City's involvement in the regeneration of Eastlands, the area in which the Etihad Stadium and Etihad Campus are situated, and their involvement on developing and expanding the the Commonwealth Games investment, have been important projects within

⁴ Total ticket sales for the 2012 London Olympic & Paralympic Games were 10.99m, while total Premier League ticket sales for the four Greater Manchester Premier League clubs in 2011/12 were 3.13m.

⁵ See <http://www.premierleague.com/en-gb/creating-chances/2011-12/kickz.html> for a fuller description



Greater Manchester, while the Middlebrook development where Bolton Wanderers' Reebok stadium is located is another example of a successful collaboration between the club, businesses and the local council to create a new employment site.

This report begins with a brief review of relevant literature and then assesses the impact in four distinct areas:

- the economic costs and benefits of football to Greater Manchester
- the tourism benefits that football brings
- the wider benefits attributable to football
- the social & community benefits of football

The report concludes with a number of policy recommendations that build upon the economic analysis and desk research that has been undertaken and suggests possible ways to enhance these benefits.



2 Literature review

2.1 Introduction

There are a very small number of research studies that have examined the economic importance of *football*. These studies are reviewed in Section 2.6 below. We begin by reviewing broader studies of the economic importance of sport and the economic importance of sports events.

2.2 Economic importance of sport

European studies were first carried out in the 1980s

Many European countries first tried to estimate the economic importance of sport in the 1980s as part of a coordinated Council of Europe project (Jones 1989). Belgium, Denmark, Finland, France, Germany, the Netherlands, and the UK all carried out economic importance of sport studies as part of this project in the 1980s, with some of these countries repeating the exercise in the 1990s (Andreff, 1994). Within these countries for the first time sport was shown to be an important part of the national economy, accounting for between 1% and 2% of both GDP and employment. Given this finding, some governments continued subsequently to update their economic importance of sport studies. The UK, for example, carried out studies in 1985 and 1990 as part of the Council of Europe project. The Sport Industry Research Centre (SIRC) devised a model to estimate the economic importance of sport and this was used to produce estimates for England, Scotland, Wales and Northern Ireland, as well as for the UK, using data for 1995. These have all been updated at regular intervals to provide a time series from 1995 to the present. In addition, since 2005 SIRC has been set up by Sport England as a Collaborating Centre for Sport and the Economy. As part of this arrangement, SIRC produced estimates of the economic importance of sport for England as a whole and for each of its nine regions. These showed that the share of GDP and employment accounted for by sport rose steadily from 1985 to 2004.

In the early Council of Europe studies, the overall definition of sport and the methodology used to estimate its importance varied from country to country, which meant that it was not possible to make meaningful international comparisons. The studies proved an important first step in establishing the importance of sport economically in an individual country but were not useful in comparing results across countries.

Since 2006 a European initiative has sought to use a common methodology...

None of these early studies had formally used the so-called 'satellite account' methodology to estimate the economic importance of sport. However, this methodology became the centre of a new European initiative in the economics of sport which began in 2006.

On 11 July 2007, the European Commission adopted the White Paper on Sport, in which it announced that:

'The Commission, in close cooperation with the Member States, will seek to develop a European statistical method for measuring the economic impact of sport as a basis for national statistical accounts for sport, which could lead in time to a European satellite account for sport.'



Prior to this announcement there was an initiative of the Austrian EU Presidency in 2006 to develop a framework for sport satellite accounts and to establish an EU Working Group on Sport and Economics (WG).

The decision to set up the WG was taken by EU Sport Directors at their meeting in Vienna in March 2006, as an initiative of the Austrian Presidency. The first meeting of the group took place in Vienna in September 2006 at the invitation of the Austrian authorities.

There was consensus in Vienna that the activities of the WG would have three main purposes:

- to measure the sport sector as a percentage of GDP and the effects of sport on employment, value added, and purchasing power in the Member States as well as at EU level
- to measure the dynamics of the sport sector over time, and
- to have reliable data as a basis for future decision-making with a bearing on the sport sector

In most EU member states, the contribution of sport to the economy is still greatly underestimated. Basic statistical publications of many Member States contain no information on the sport sector at all, yet studies indicate that sport makes a considerable and growing contribution to European economies. Since national statistics focus on a small fraction of what is generally understood as sport, the contribution of sectors other than those covered are generally left unaccounted for. For instance, sport-related value added plays an important role in retail trade and tourism. As a result, there is a discrepancy (whose size varies by country) between what is covered in sport economic statistics and the common understanding of sport activities. For this reason, the WG set out to encourage both Member States and the EU as a whole to have better economic and statistical data on sport at their disposal. To achieve this aim, it was decided that it would be useful to set up a sport satellite account in each of the Member States and, at a later stage, at EU level.

... and this has borne fruit in 'sport satellite accounts' in five countries

Further meetings of the WG took place and a common methodology for creating a sport satellite account was developed. Seven countries (Austria, Cyprus, Germany, the Netherlands, Hungary, Poland and the UK) agreed to fund research to produce a sport satellite account. Five countries have completed the process: Austria, Cyprus, the Netherlands, Poland and the UK. Since 2004 the estimates from the UK's sport satellite account have been the official UK measure of the economic importance of sport. For the home countries though, the old methodology is still used to provide a continuous time series from 1995. The latest estimates were produced for 2010 for Scotland and Wales. The latest estimate for England and Northern Ireland is for 2008.

The figures for the countries that have completed their sports satellite account illustrate that Austria has the highest percentage of their economy dedicated to sport, with 4.9% of GVA and 6.4% of employment generated in the sports sector. However, the UK has the largest sports sector in absolute terms, although this accounted for a much lower proportion of GVA and employment - 2.3% and 2.5% respectively.



In establishing a common definition of sport and common methodology for producing a sport satellite account that allows comparisons across countries, the European project on the economic importance of sport has set a global standard that is likely to generate further development of sport satellite accounts outside of the EU. New Zealand which produced its study of the economic importance of sport in 2011 (Dalziel, 2011) is considering following the European approach because the methodology used in its own study produced estimates that could not be compared to other countries.

2.3 Literature on the economic benefits of hosting major sports events

Cities compete to host major sporting events, motivating analysis of the benefits

The study of hallmark events or mega-events became an important part of tourism literature in the 1980s. Since then the economics of sports tourism at major sports events has become an increasing part of this event tourism literature. Many governments around the world have adopted national sports policies that specify that hosting major sports event is a key objective. A broad range of benefits has been suggested for both the country and the host city from staging major sports events, including: urban regeneration legacy benefits, sporting legacy benefits, tourism and image benefits, social and cultural benefits (DCMS/SU (2002)), as well as the economic benefits which are the main focus this report. It is well known that cities and countries compete fiercely to host the Olympic Games or the FIFA World Cup™. However, over recent years there has been increasing competition to host events in a wide range of other sports where spectator interest is less assured and where the economic benefits are not so clear cut. In this section we analyse the benefits generated across a wide range of sports events from large spectator events staged as part of domestic professional team sports to World and European Championships. In this review, we will concentrate on the economic benefits generated but will also consider the economic and tourism implications of the broader benefits outlined above.

Early studies examined the benefits and costs to the host city

The literature on the economics of major sports events is relatively recent. One of the first major studies in this area was the study of the impact of the 1985 Adelaide Formula 1 Grand Prix (Burns, Hatch and Mules, 1986). This was followed by Brent Richie's in-depth study of the 1988 Calgary Winter Olympics (Richie, 1984; Richie and Aitken, 1984, 1985; Richie and Lyons 1987, 1990; Richie and Smith, 1991). In fact, immediately prior to these studies it was generally thought that hosting major sports events was a financial liability to host cities following the large debts faced by Montreal after hosting the 1976 Olympics. There was a general change in attitude following the 1984 Los Angeles Olympics which made a clear profit.

Mules and Faulkner (1996) point out that even with such mega-events as Formula 1 Grand Prix races and the Olympics, it is not always an unequivocal economic benefit to the cities that host the event. They emphasise that, in general, staging major sports events often results in the city authorities losing money even though the wider city itself benefits greatly in terms of additional spending in the city. Thus the 1994 Brisbane World Masters Games cost the city A\$2.8m to organise but generated A\$50.6m of additional economic activity in the State economy. Mules and Faulkner's basic point is that it normally



requires the public sector to finance the staging of the event and incur these losses in order to generate the benefits to the local economy. They argue that governments host such events and lose taxpayers' money in the process in order to generate spillover effects or externalities.

It is not a straightforward task, however, to establish a profit and loss account for a specific event. Major sports events require investment in new sports facilities and often this is paid for in part by central government or even international sports bodies. Some of this investment expenditure represents a net addition to the local economy since the money comes in from outside. Also such facilities remain after the event has finished, acting as a platform for future activities that can generate additional tourist expenditure (Mules and Faulkner, 1996).

Sport as part of a tourism strategy

Sports events are increasingly seen as part of a broader tourism strategy aimed at raising the profile of a city, and therefore success cannot be judged on a narrow profit and loss basis. Often the attraction of events is linked to a re-branding process, and in the case of many cities, is usually linked to strategies of urban regeneration and tourism development (Bianchini 1991, Bramwell 1995, Collins 1996, Loftman & Spirou 1996, Roche 1992a). Major events if successful have the ability to project a new image and identity for a city. The hosting of major sports events is often justified by the host city in terms of long-term economic and social consequences, directly or indirectly resulting from the staging of the event (Mules & Faulkner 1996). These effects are primarily justified in economic terms, by estimating the additional expenditure generated in the local economy as a result of the event, in terms of the benefits injected from tourism-related activity and the subsequent re-branding of the city following the success of the event (Roche 1992b).

Cities staging major sports events have a unique opportunity to market themselves to the world. Increasing competition between broadcasters to secure broadcasting rights to major sports events has led to a massive escalation in fees for such rights, which in turn means broadcasters give blanket coverage at peak times for such events, enhancing the marketing benefits to the cities that stage them.

In the US, sport-orientated economic regeneration strategies have been developed ...

In the US, Indianapolis, Cleveland, Philadelphia, Kansas City, Baltimore and Denver are examples of cities that have adopted sports-orientated economic regeneration strategies. Most of these strategies have been based on attracting sports events associated with the main professional team sports, in particular, American football, baseball, ice-hockey, and basketball. Unlike the situation in most of the rest of the world, professional teams in the USA are franchises, and are more likely to move from city to city and so cities often compete to attract a team. Over the last decade cities have offered greater and greater incentives for these professional teams to move by offering to build new stadia to house them, costing hundreds of millions of dollars. The teams either move to the city offering the best deal or they accept the counter offer invariably put to them by their existing hosts. This normally involves the host city building them a brand new stadium to replace their existing one which may only be ten or fifteen years old.



This use of taxpayers' money to subsidise profit-making professional sports teams seems surprising in a country with a reputation for an emphasis on the role of the private sector. The justification for such public expenditure is an economic one: the investment of public money is considered worthwhile since it is clearly outweighed by the stream of economic activity that is generated by having a major professional sports team resident in the city.

The amount of stadium construction in the United States in the 1996-2000 period exceeded the level of any five-year period in US history. It is estimated that the total cost of stadium construction in the US in the 1990s alone could have exceeded \$9bn. At the end of the 1990s, there were thirty major stadium construction projects in progress, around one-third of the total professional sports infrastructure, but around half of all professional teams in the US expressed dissatisfaction with their current facilities (Baade, 1999). Stadium construction costs increased substantially during the 1990s. Escalating construction costs have also generated an increase in the size of public subsidies to stadia.

**... prompting
debate over
whether public
subsidy is
justified**

As cities compete to use public money to satisfy the demands of these professional teams in terms of more state-of-the-art facilities, there has been much controversy in recent years over whether the economic benefits generated justify such high levels of public subsidy to professional sport (Baade, 1999). Crompton's (2001) criticism of the misapplication of multiplier analysis in the estimation of the economic impact of sports events related to professional team sports in the USA. He argued that in many cases external consultants carrying out economic impact studies to demonstrate the economic benefits of investing in a new stadium to hold major professional team sports events considerably overestimate such benefits. These overestimations may be the result of a genuine misunderstanding of the procedure for calculating economic impact but Crompton suggests that on many occasions it is a deliberate attempt to mislead by generating very high values for economic impact in order to provide advocacy for those arguing for the need to invest in a new stadium. It is certainly the case that most sports economists in the United States have taken the view that the economic benefits associated with staging major professional team sports events do not justify the level of investment in new stadia to host such events that has taken place over the recent past.

Outside of the United States research has concentrated on estimating the benefits associated with major sports events such as World or European Championships that move from country to country and city to city. Cities compete to host such events again mainly driven by the argument that they will generate sufficient economic benefits to justify government funding of the hosting of the event. Although it is generally accepted that for two events, the summer Olympic Games and the FIFA World Cup™, the benefits do exceed the costs, it is not clear that this will be true of other major sports events, even at World Championship level.



2.4 Major sporting events in Greater Manchester

2002 Commonwealth Games

The organisation of the 2002 Commonwealth Games, which were won after two previous failed bids for the 1996 and 2000 Olympics, was a major undertaking for Manchester City Council which provided the basis for Etihad Campus and generated a considerable community involvement through volunteering programmes, which the Council has tried to sustain. The main physical legacy for Greater Manchester from the Commonwealth Games lies in the world class sports facilities that were built. These include major facilities at Etihad Campus and the Manchester Aquatics Centre. Manchester City Council endeavoured to produce a strategy for long-term benefits at local, regional and national level. Objectives at the core of the strategy included enhancing employment opportunities, education and skills of local people, addressing social exclusion and promoting economic growth in the local economy. Manchester is the only city which has increased the capacity of the main sporting facilities following a major sporting event: the number of seats in the COM Stadium was increased from 37,000 to 48,000, the number in the Regional Arena was increased from 500 seats to 6,000 and the Velodrome was expanded to accommodate additional activity.

According to the Legacy analysis of the 2002 Manchester Games, the estimated benefits of the Games within Greater Manchester include the following:

- 4,494 total direct permanent jobs
- 988 net additional permanent jobs
- 40 hectares of land reclaimed
- 51,223 sq. m. of floor-space developed
- £36.7m of development and related private sector investment, and
- on a cumulative basis, accounted for a £110m increase in GVA between 1998 and 2009

Other research by Cambridge Policy Consultants estimates the number of full time equivalent jobs generated through the Commonwealth Games to be 6,300 (the equivalent of 10 jobs for each £1m of public investment). According to this research, Manchester benefited from 300,000 new visitors per year, spending £18m within the local economy.

The Games created further opportunities for inward investment. MIDAS, Manchester's inward investment agency, led efforts to maximise investment opportunities linked to the Games. The Games attracted £150m of Lottery funding and was largely successful in regenerating East Manchester and in developing Sportcity (since renamed Etihad Campus) at Eastlands and the Ashton Canal Corridor. At the centre of this effort are the City of Manchester Stadium, the North West Regional English Institute of Sport and the National Cycling Centre, which has recently seen the addition of the new state of the art £24m National Indoor BMX Centre and MTB Trails, as well as the Manchester Regional Arena and National Squash Centre. The continued development and expansion of Etihad Campus has resulted in the largest



concentration of sports facilities in the UK. The 200-acre Campus now features:

- a complete Velopark and a number of mountain bike trails
- Manchester City Football Academy, including a youth academy, global headquarters and first-team training facilities, which is due to be completed in 2014
- Beswick Community Hub opening September 2014, with Phase 2 planned to include Institute of Sports Science & Sports Medicine
- Associated commercial development opportunities

There are long-term plans to expand the stadium to host up to 70,000 people, while there remains an option to develop a railway station on-site.

In cultural terms, Manchester City Council, together with the North West Arts Board and Marketing Manchester have identified three areas of long-term benefits:

- education - programmes within schools to raise awareness and understanding of the various Commonwealth cultures
- environment - street dressing during the period of the Games, and on a long-term basis, through public art commissions, and
- social and community - the development of cultural activities within Commonwealth communities, increased mutual understanding of cultural diversity

The development of Eastlands

Overall, research has shown (e.g. by Portsmouth University) that starting from a high level of deprivation, Manchester developed into an entrepreneurial city, a prosperous location for living and investing. The immediate local area of Eastlands showed much transformation after the Commonwealth Games, but very little in the period preceding the event, suggesting that the investment associated with the Games underpinned a long-term transformation of the area.

Two important aspects in the legacy policy must be emphasised:

- to maximise the sustainable legacy of the Games, the facilities were promoted actively to the local community and became the base of several local sport clubs; in its turn, this policy encouraged volunteering, and
- the legacy was fully exploited in the commercial and sporting sense by attracting major sport events to Etihad Campus and national governing bodies such as British Cycling and British Squash..

According to New East Manchester's 'New Evaluated Manchester' report, this policy had tangible economic results for the city. For example, during the period 1999-2004, employment in Manchester increased by 11%, compared to 4.4% across England as a whole. East Manchester benefited in areas other than sport (but related to the sport-induced regeneration) through the creation of a regional retail centre, a four star hotel, new offices and housing developments.



The relocation of Manchester City Football Club (MCFC) to the area has further enhanced its potential. One of the greatest success factors of the 2002 Commonwealth Games was the decision to secure Manchester City Football Club as the anchor tenant for the City of Manchester Stadium. Under the terms of this agreement Manchester City Council retains the ownership of the stadium and the Club rents the ground with the income utilised to fund the development of sport in East Manchester and the operational costs of the Commonwealth Games facilities. These terms were renegotiated with the Football Club in 2011 with the Club now paying the Council a fixed fee of £2.8m per annum for the ground lease plus a contribution for naming rights and royalties on European match ticket sales.

This arrangement has enabled Manchester to lead the way in the delivery of major sports events since 2002, with the hosting of 216 major sports events that have delivered an economic value of £92m to the city (£23m in 2008 alone) and brought inward investment of £37m through organisations such as UK Sport and other commercial partners. Over 1.6m visitors attended these events and in addition to these commercial impacts, more than 14,000 volunteers worked on these events. Manchester's strategy delivered major global recognition at the SportBusiness 2008 Awards, in categories for Event Look, Legacy, Marketing campaigns and an overall award for Sports City. These accolades have been followed with 'Ultimate Sportcity Gold Awards' in 2010 and 2012, further SportBusiness event awards for the Track Cycling World Cup 2011, and at the Sport Industry Awards 2012 for the Great Day of Sport.

The investment in Etihad Campus and from MCFC has triggered the broader development of sport in East Manchester. In 2011 the Council approved the establishment of an 'Eastlands Development Partnership' with MCFC aiming for the continuous regeneration of the area. Some suggestions for implementation include:

- Manchester City FC Academy in Openshaw West
- a proposed new sixth form institute meeting the needs of 550 members of the public and 50 MCFC scholars
- a proposed Institute of Sports Science and Sports Medicine
- a proposed Sports National Governing Body Office Base – "The Regional Sports Hub"
- a swimming pool and leisure hub on Grey Mare Lane, Beswick
- Clayton Vale Mountain Bike Trails as part of the National Cycling Centre, and
- Belle Vue Sports Village, including the National Basketball Centre, National Speedway Stadium and regional rugby league facilities
- Taekwondo and Martial Arts Centre

These facilities, if built, will integrate with existing community assets already present, such as the East Manchester Academy, the Beswick Library and St Brigid's Primary school, enhancing their value.



2.5 Longer-term benefits of hosting major sport events

Many studies concentrate on the economic benefits generated by major sports events at the time the events are staged. It is often argued, however, that such events generate a longer-term legacy of economic benefits. One example that is often quoted to support this argument is the case of the Barcelona Olympics in 1992.

Sanahuja (2002) provided evidence on the longer-term economic benefits of hosting the Olympics in Barcelona in 1992. The paper analysed the benefits to Barcelona in 2002, ten years after hosting the games. Table 2.1 below shows an almost 100% increase in hotel capacity, number of tourists, and number of overnight stays in 2001 compared to the pre-Games position in 1990. Average room occupancy also increased from 71% to 84%. In addition the average length of stay had increased from 2.84 days to 3.17 days. In 1990, the majority (51%) of tourists to Barcelona were from the rest of Spain, with 32% from the rest of Europe, and the remainder (17%) from outside Europe. By 2001, the absolute number of Spanish tourists had actually risen by 150,000 but given the near doubling in the number of tourists overall this higher total only accounted for 31% of the total number of tourists.

Overall infrastructure investment prior to the Games was \$7.5bn compared to a budget of around \$1.5bn for the Olympic Committee to stage the games. The Olympics in Barcelona were the most expensive ever staged. However, Barcelona's use of the Games as a city marketing factor is generally regarded

Table 2.1 Legacy tourism benefits of the Barcelona Olympics

LEGACY TOURISM BENEFITS FROM THE BARCELONA OLYMPICS		
	1990	2001
Hotel Capacity (beds)	18,567	34,303
Number of Tourists	1,732,902	3,378,636
Number Overnights	3,795,522	7,969,496
Average Room Occupancy	71%	84%
Average Stay	2.84	3.17
Tourist by Origin		
Spain	51.2%	31.3%
Europe	32%	39.5%
Others (USA, Japan, Latin America)	16.8%	29.2%

Source: Turisme de Barcelona (Barcelona's Tourist Board) and Sanahuia (2002)

as a huge success. Barcelona's rise in Cushman and Wakefield's European Cities Monitor of the best European cities in which to locate a business, from 11th in 1990 to 6th in 2002 suggests that this marketing, both around the Olympic Games specifically and as part of a wider advertising strategy aimed at improving the attractiveness of the city, was successful. The proportion of tourists from the rest of Europe went up from



2.6 The economic importance of football

The study has identified five published research projects into the economic importance of football: three in the UK (one in Liverpool, one in Glasgow and one in Swansea), one in Spain and one in Germany.

The first study of the economic importance of football was Johnstone et al (2000). The approach taken in this study of the economic importance of both Liverpool and Everton on the Merseyside economy focussed on club suppliers and the businesses around the stadia. It was an unusual methodology but the results suggested that about 3,000 full-time jobs in the Merseyside economy were dependent on the football industry with a further 1,400 part-time jobs generated by those working for Everton and Liverpool on match days.

The second study was Allan et al (2007). This paper used the Scottish input-output tables to assess the direct, indirect, and induced effects of the expenditure of supporters of Celtic and Rangers on the economy of Glasgow. The study estimated the effect in Glasgow of the two clubs as an increase in GDP by £45.68m and an increase in employment of 2,423 jobs. The percentages of the total Glasgow GDP and employment are not given in the paper, but based on our estimates the two clubs account for less than half a percent of the city's employment and under 0.3% of the city's GDP.

The third UK-based study (Cardiff Business School, 2013) estimated the impact upon the local economy of Swansea City's promotion to the Premier League, in the form of the increased footprint of the football club and the impact of additional spending (from both home and away fans) of the club's presence in the Premier League. The study estimated the additional benefits to be around £58.6m in terms of additional GVA and 420 additional jobs across Wales.

The fourth study, by Banos-Pino et al (2007), attempted to estimate the impact of Real Oviedo and Real Sporting de Gijon on the Spanish regional economy of Asturias. The overall analysis showed that the activity of the clubs was small relative to the overall economy of the region, accounting for 0.12% of regional employment and 0.3% of regional gross value added.

The final study by Preuss et al (2010) attempted to measure the economic impact of a German sports club, on its home region. The results were relatively modest with only €25.8m euros generated in a full season by the club FC Kaiserslautern on the local economy.

These studies highlight the scale of economic impact that is typical of elite football clubs, and provides a useful context for evaluating the economic impact of the two globally-renowned elite clubs in Greater Manchester and five other professional clubs. The high density of professional clubs in Greater Manchester has created the potential for a footballing ecosystem to develop, as highlighted by the research done in other multi-club cities such as Liverpool and Glasgow.



3 The economic costs and benefits football brings to Greater Manchester

3.1 Methodology

The SIRC model of economic impact assessment uses economic variables from official statistics as its basic input. Hence, there is generally no need for collection of primary data, although such data if available can be used to improve the estimates. National income accounting provides the framework for this model, which is consistent with the UK National Accounts. It allows for a division of the sports economy into the seven sectors below:

- **Consumers**, including the household sector. This is dominated by sport-related expenditure, for example spending on sports clothing and footwear. Consumer income is presented net of income tax and National Insurance contributions.
- **Commercial Sport**, including spectator sport clubs, sports good manufacturers and retailers. In this sector, we classify companies such as Nike, JJB and professional football clubs. We also include a section of the media where a sport product/service is produced such as sport TV, sport publications etc. Spending from the Consumer sector to the Commercial sector is recorded net of VAT (directed to central government).
- **Commercial Non-Sport**, including suppliers for the production of sport-related goods and services. This sector includes all companies of the commercial sector that do not provide a sport product, but they assist through supply of inputs or revenue in its production. The sponsorship revenue received by the club often represents a flow from the commercial non-sport to the commercial sport sector, while purchases from suppliers represent a flow in the other direction. Examples include the Manchester United shirt sponsorship from the insurance company AON (£20m).
- **Voluntary**, including non-profit making sport organisations such as amateur clubs run by their participants.
- **Local Government**, including income from local government sport facilities, sport-related grants from Central Government and rates from the commercial and voluntary sector. The sector has expenses such as wages for labour (a flow towards consumers) and grants to the voluntary sector.
- **Central Government**, including taxes, grants and wages on sport-related activities. For example, a person buying a ticket for a football match records two flows: one towards the Government sector as VAT, and another towards the commercial sport sector for the remainder of the price.
- **Outside the Area Sector**: this includes all transactions with economies outside of Greater Manchester.

We record income and expenditure flows between the seven sectors above. As a result we can draw up a set of income and expenditure accounts for each sector. The 'double entry' accounting principle is applied, so every



expenditure flow from sector A to sector B is also an income flow in the sector B accounts. The income and expenditure accounts are then used to derive estimates for the following economic impact indicators of the sport economy:

- sport-related consumer expenditure
- sport-related employment, and
- sport-related value added

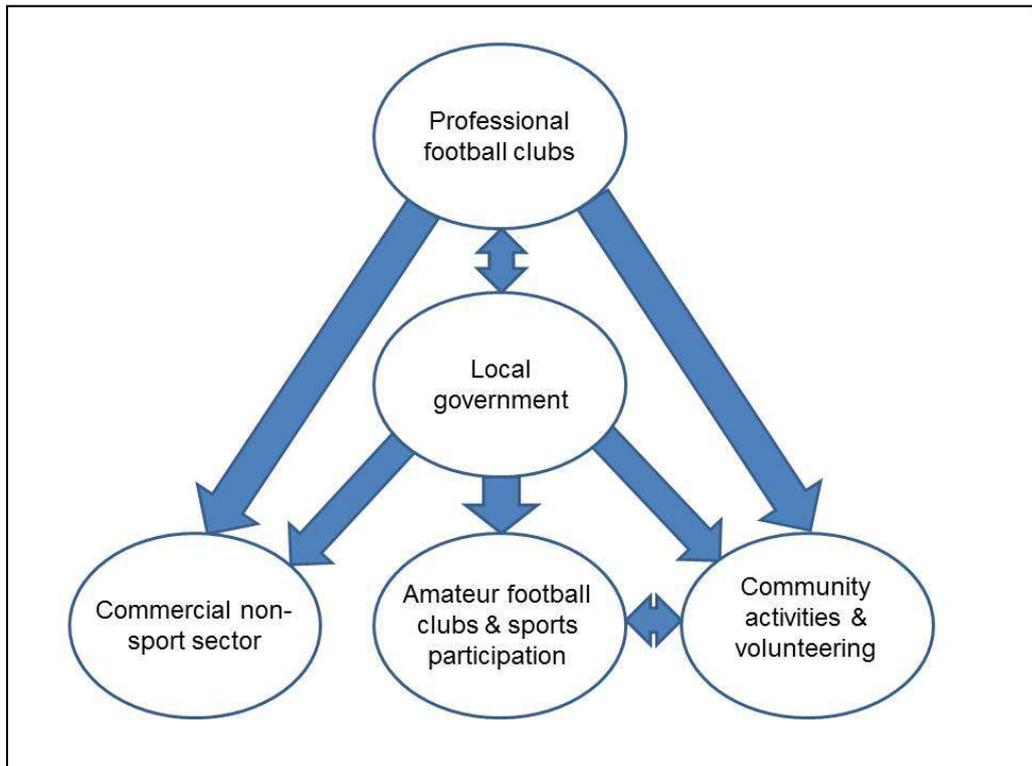
Sport-related value added is the most comprehensive statistic of economic value as it is a contributor to the gross value added (GVA) of the economy as a whole. We measure it as the sum of wages and profits/surplus in the sector, adjusted for the inclusion of value contributed from National Lottery projects. We use profit in the sense of factor surplus, ignoring transfer income and expenditure.

Inflation adjustment has been used for comparisons of the year 2010 with past data. When used together with average wages per sector and profit margins, the estimate of GVA contributes towards determining estimates for sport-related employment. Following the abolition of the New Earnings Survey, which used to be the basis of calculating average wages, historical employment figures have been re-estimated to be consistent with the Annual Survey of Hours and Earnings. Some assumptions and estimates used to connect the football economy to the sport economy are discussed in the results section below.

For the present study, the SIRC model has been tailored to focus on the flows of income, spending, value added and employment associated with football in Greater Manchester. As a result, the seven sectors in the model are slimmed down to five when considered in the context of the urban conurbation of Greater Manchester (see Figure 3.1 The football ecosystem of Greater Manchester).



Figure 3.1 The football ecosystem of Greater Manchester



3.2 Results for Greater Manchester

Consumer spending on football

In the year 2010/11, total spending on football in Greater Manchester was some £279m. By far the most important item was match day spending (£109.1m), representing 39% of total football consumer spending. It also represents 70% of football clubs' total match day income; 30% of which is assumed to be spent by non-GM residents (and therefore treated as exports), based upon past surveys and interviews with club advisors). Table 3.1 Consumer spending on football in Greater Manchester illustrates the pattern of football-related consumer spending in GM. Outside match day spending, the largest elements are: TV cable and satellite subscriptions (£77.1m), gambling (£35.4m) and participation subscription and fees (£16.1m) to football clubs (mainly directed towards the c700 amateur clubs and commercial venues in Greater Manchester).



Table 3.1 Consumer spending on football in Greater Manchester

CONSUMER SPENDING ON FOOTBAL IN GREATER MANCHESTER	
	£m
Match day	109.0
Sports goods	3.1
Participants sports subscriptions & fees	16.1
Clothing sales	12.7
Footwear sales	5.7
Travel	10.6
Newspapers	6.0
TV and video rental, cable & satellite subscriptions	77.1
Gambling: football pools	3.8
On/off course betting	31.6
Other	3.2
Total consumer spending	278.9

Match day spending is derived from the annual accounts of the football clubs for the year 2010/11. In the case of the League one and two clubs we assumed that match day revenues equalled half of total revenues, as expressed in the average case of the Deloitte Annual Review of Football Finance. In the case of on/off course betting we used the latest distribution estimates by MINTEL assuming that 28% of sport betting is associated with football. Finally we assumed that the percentages of football-related spending on equipment, footwear and clothing out of sport-related spending are 5%, 7.5% and 9% correspondingly, where better data was not available; in the case of sports companies with headquarters in Greater Manchester, more accurate estimates were used. These shares are close to the ones found in recent KEYNOTE reports.

Football employment

Table 3.2 shows that the number of football-related full-time equivalent jobs in Greater Manchester is some 5,000. This corresponds to 8,500 full- and part-time jobs on a headcount basis.

The professional football clubs have total employment (full time equivalent) of 2,100. This is divided into 1,500 full time employees and 3,800 part time employees that are employed on match days only, a total of 5,300 jobs (on a headcount basis).



Within Greater Manchester, there are 2,100 people working in head offices of sport companies. Assuming a football contribution analogous to sales, the football related element in employment is around 350 people. For this reason the head offices of the football related firms have been considered explicitly. This includes: Adidas, Umbro, JD, the online retailer Kitbag and JJB (which was still active in the year under consideration). The numbers were verified via telephone interviews.

Table 3.2 Employment in football in Greater Manchester in 2010/11

EMPLOYMENT IN FOOTBALL IN GREATER MANCHESTER IN 2010/11	
	Employment, 000s fte
Commercial Sport	
Spectator clubs	2.1
Participation clubs	0.1
Retailers	0.2
Company headquarters	0.3
TV and Radio	0.2
Other non sport	1.5
Subtotal	4.4
Voluntary sport	0.2
Local Government	
Sports facilities	0.2
Education	0.1
Transport/police	0.1
Subtotal	0.4
Total	5.0
Total Greater Manchester full time equivalent employment	826.5
Percentage of total employment in football	0.6%

In two cases we departed from the national and regional methodologies, obtaining the full-time equivalent (FTE) wages by known statistics of annual wages, employee numbers and sales of major companies. This happened in the case of spectator clubs on the basis of their annual reports, and in the case of participation clubs, using Powerleague's (the main operator of 5-a-side football in Manchester) financial statistics. In the second case, the result for average wages was significantly lower than the ones reported in the Annual Business Survey under Sports services, which boosted the estimate for employment. By comparison note that the football employment in Liverpool was estimated by the Football Industry Group to be 3,000 full time jobs and 1,400 jobs working for the clubs on match days.

In Manchester the commercial sector was partly boosted by the complex commercial structure of Manchester United, generating substantially more jobs than is on average the case. In 2010/11, in terms of turnover, the most general case we may consider is Red Football Shareholder Ltd (UK) or



Manchester United Ltd (£331.4m). The football club itself, in terms of operations, is represented by Manchester United FC Ltd, generating revenue of £213.1m that corresponds to 64% of total turnover (£331.4m). Within it, its commercial part (£2.9m) corresponds to 3% of total commercial revenue (£103.4m). Manchester United Interactive Ltd, a company focusing on exploiting media rights through the internet, generates turnover of £1.3m. Manchester United Merchandising Ltd focuses on retailing of the Manchester United branded and Nike co-branded merchandise through owned retail outlets, licensing manufacture and 'soccer schools'. It generates a turnover of £19.5m (6% of total), which is divided into retail, licensing and soccer schools. MUTV Ltd is centred on TV broadcasting, generating £8.6m of revenue. Finally Alderley Urban Investment Ltd generates £1m of revenue from property investments. We did our analysis using Red Football Shareholder Ltd (UK) and Manchester United Ltd Accounts.

Football value added

Table 3.3 Gross value added in football in Greater Manchester in 2010/11 shows that in the year 2010/11 total value added associated with football in GM is estimated to be £330m. This is equivalent to 0.7% of Greater Manchester GVA.

Table 3.3 Gross value added in football in Greater Manchester in 2010/11

GROSS VALUE ADDED IN FOOTBALL IN GREATER MANCHESTER IN 2010/11	
£m	
Commercial sport	
Wages	448.4
Surplus	-219.5
Lottery projects	0.1
Total	229.0
Voluntary sector	
Wages	3.6
Surplus	1.7
Lottery projects	0.3
Total	5.6
Commercial non-sport	
Wages	44.8
Surplus	44.6
Total	89.4
Local Government	
Wages	5.2
Lottery projects	0.8
Total	6.0
Total	330.0
GVA in Greater Manchester	47,293.0
Football GVA as percentage of total GVA	0.7%



As before the biggest contribution comes from the Commercial sport with wages of £448m. However the professional clubs have a negative 'surplus': only Manchester United reported a pre-tax profit for the year 2010/11. Assuming that in the long-term the clubs will typically break even, estimated GVA would exceed £500m. This represents the long-term potential contribution of football to Greater Manchester's economy.

In the estimation of GVA we made two critical assumptions: Firstly that only 8% of broadcasting income is related to the internal Greater Manchester economy. This was derived according to the number of BSkyB employees in its offices in the region. Secondly that 80% of the professional clubs' commercial income is associated with activities located outside the Greater Manchester economy. This is estimated on the basis of the international appeal of the football clubs in question; the smaller clubs are almost exclusively GM based.

A part of the Commercial non-sport GVA is generated by foreign visitors of the international football matches. Other than the football tickets, their contribution includes accommodation for overnight stays and other spending such as food and drink. Similarly the spending of domestic fans contributes to GVA in their international travel through spending on transport. Here we assumed similar patterns of spending by Manchester-based and visiting fans.

In a survey of visiting German fans travelling for the match Manchester City – Borussia Dortmund we found that, on average, each visitor stayed one night in Manchester, spending £40 on accommodation, £90 on travelling (this is not spent in the UK) and £100 on other items. Assuming a similar pattern of spending for domestic fans (with transport costs retained within the UK), we have a significant boost to the economy through the Commercial non-sport sector. Spending by international visiting fans (other than admission) is estimated at £4.02m (treated as export income, since the fans are foreign tourists).

Finally the voluntary sector was estimated through a combination of GIS software (used to identify facilities) and the Survey of Sports Clubs 2011. According to the geographical analysis (see Table 3.4 Number of Football Pitches in Greater Manchester, by type, 2011), Greater Manchester has a total of 1,586 pitches divided into synthetic (116), grass pitches for seniors (1,018), and grass pitches for juniors (452).

Within Greater Manchester there are 700 football clubs classified within the Voluntary Sector. The income and expenditure per club is derived from the Survey of Sports Clubs 2011 (see Table 3.5 Non-professional football clubs' financial statistics, 2011).



Table 3.4 Number of Football Pitches in Greater Manchester, by type, 2011

		Bolton	Bury	Manchester	Oldham	Rochdale	Salford	Stockport	Tameside	Trafford	Wigan	Greater Manchester
STPs	3G	1		10	4	6	4	2	4	2	7	40
	2G	6	5	11	5	2	6	13	4	10	11	73
	Water			2						1		3
	Commercial			1				1				2
	Sports club									4	3	7
	Local authority	1	1	3	3	1	5	2	1	1	1	19
	Community organisation	1										1
	Academies			3	1	1		1	1			7
	Community club	3	4	5	5	2	3	6	3	1	8	40
	Community special school											0
	Foundation school					1			1	5		7
	Voluntary Aided School	2		4		2		2	1	1	5	17
	Voluntary Controlled School											0
	Other Independent School			3					2			5
	Further Education			1		1	1	1	1	1	1	7
	Higher Education Institution			2			1					3
	Industry (for employees)											0
Other			1								1	
												106
Grass Football - Senior	Commercial	1		2		2		1		1		7
	Sports Club	7	4	10	6	2	2	4	3	2	4	44
	Local Authority	56	43	80	35	53	70	67	61	59	73	579
	Community Organisations		2	1								3
	Academies	4		9	3	4	4		5			29
	Community club	19	20	17	13	17	8	15	12	7	22	150
	Community special school							1	2	1	2	6
	Foundation school					3			1	15		19
	Voluntary Aided School	13	3	3	4	7	2	1	6	1	13	53
	Voluntary Controlled School	1									1	2
	Other Independent School	4	6	5	2		1	11		4		33
	Further Education	2	2	4		6	1	3	3		5	26
	Higher Education Institution			32				6				38
Industry (for employees)									1		1	
Other	1	1	1				3			3	9	
												1018



Table 3.4 Number of football pitches in Greater Manchester, by type, 2011 (contd.)

	Bolton	Bury	Manchester	Oldham	Rochdale	Salford	Stockport	Tameside	Trafford	Wigan	Greater Manchester
Commercial		5	2								7
Sports Club	4	1							2		7
Local Authority	20	19	21	8	7	14	24	11	28	28	180
Community Organisations		2									2
Academies			6		2			5			13
Community club	16	7	1	1	20	6	36	13	15	17	132
Grass	1						2	2			5
Football -					4				5		9
Junior	10	3	6	2	4	1	6	5	7	21	65
Voluntary Aided School					4	1	3	2		2	12
Voluntary Controlled School					1	1	4				11
Other Independent School	2		3								3
Further Education	1						2				3
Higher Education Institution							3				0
Industry (for employees)											1
Other										1	1
											452

Table 3.5 Non-professional football clubs' financial statistics, 2011

NON-PROFESSIONAL FOOTBALL CLUBS' FINANCIAL STATISTICS, 2011	
per club	Income, £
Total income	18,539
Fees	13,915
Bar	1,410
Tickets	1,085
Grants, lottery	465
Donations, lottery	407
Couching	252
Hire of facilities	595
Sponsorship	205
Other	205
per club	Expenditure, £
Total expenditure	17,774
Staff costs	4,799
Hiring costs	3,377
Equipment, kit	2,488
Bar	2,133
Utilities	1,777
Match fees	1,422
other	1,777



4 The tourism benefits that football brings to Greater Manchester

Due to the high-profile presence of Manchester United and Manchester City in the area, one of the main drivers of tourism in Greater Manchester is football. Clubs from the area have an increasingly global fan-base, and as such play an important part in attracting visitors from overseas to the city.

4.1 Volume of tourists

The strongest evidence for the impact football has on visitor numbers can be gained from the occupancy rates of hotels on match days relative to other days. In 2009 occupancy⁶ on the night after match days reached 85% (or 89% if the night before Sunday afternoon games is included) compared to an average occupancy rate of 70%. This is an impressive rise, and illustrates the pull that football has in the city. The figure is highly influenced by Manchester United games – once the effect of these games is excluded, the occupancy rate on match days declines to 68% (below the average).

However, football-related visits to Manchester are not solely related to matches. The National Football Museum moved to the city's Urbis centre in 2012 from its original home in Preston, and is on track to receive half a million visitors this year (exceeding its original target of 350,000 by some margin). While many of these visitors will not have based their decision to visit Greater Manchester solely on the presence of the museum, there is a conscious effort to encourage visitors to the area to extend their stay in order to visit it. This has seen joint advertising campaigns run with Manchester United's museum, as well as billboard campaigns in the city and advertising in the programmes at matches. The museum believes that these measures have been successful in extending the stay of some visitors, and so is continuing to pursue this line of marketing.

A study released by Visit Britain of attendance by visitors from outside the United Kingdom in 2010 indicated that of the three quarters of a million people who went to a football match, 114,000 (over 15%) did so at Old Trafford. International visitors to Manchester in this year totalled a little over 800,000, so the fact that one in eight visitors visited Old Trafford is striking. It also contrasts with the national experience, which saw one in forty international visitors to the UK go to a football match. Old Trafford was the most visited stadium in the UK in 2010, attracting 15% of the international visitors who attended a football match and substantially more than Liverpool and Arsenal (90,000 international visitors each) and Chelsea and Tottenham (90,000 international visitors between them).

While Manchester City Football Club's support is more centred on the Greater Manchester area than Manchester United's, the club's involvement in the Champions League is likely to attract greater numbers of visitors from other countries.

⁶ Based on an LJ Forecaster sample of hotels in the city centre, airport and Quays.



4.2 Length of stay

While there are no specific figures on the length of stays in Greater Manchester that are related to football, information is available at a national level. This data shows that the average length of a stay that incorporates a visit to a football match was 10.6 days for 2010. However, once the underlying reason for the visit is considered, this figure changes considerably. When the primary reason for the visit is specified as going to watch sport, the average length of stay is two nights. However, holiday visitors who also watched a football match stayed an average of 9 nights, and those visiting friends or relatives who also went to a football match stayed an average of 15 nights.

4.3 Average spend

Football tourism not only impacts positively on the conurbation by attracting visitors who would not otherwise have come, but also by attracting higher-spending visitors – visitors who watched a game of football spent an average of around £800 compared to the average international visitor to the UK who spent only £600, a boost in expenditure of a third.

4.4 Origins

Of the total 776,000 visitors to the UK that attended a football match in 2010, 164,000 came from the Republic of Ireland. This is likely due to the proximity and quality of transport links, as well as the wide level of support for English clubs in Ireland. Second in absolute terms is Norway, with 77,000 visits that incorporated a football match. Norway has the highest percentage of both holiday (around 7½%) and business (over 4%) visits involving attendance at a football match. Overall 12% of visitors to the UK from Norway in 2010 attended a football match while they were here. The Scandinavian Manchester United Supporter's club has over 40,000 members, indicating that a significant proportion of these visitors will have come to Manchester. The USA, the Netherlands, and Germany follow in terms of football-watching visitor numbers. Foreign fans, visiting Greater Manchester in order to watch their team play one of the local clubs, come from a diverse range of locations, including over the last few years cities such as Amsterdam, Bilbao, Barcelona, Dortmund, Istanbul, Lisbon, Madrid, Milan, Munich, Naples, and Valencia.

A high proportion of visitors from the UAE also attended football matches while they were here, but these figures are somewhat skewed by the fact that many of these visits will be expatriates rather than native Emiratis. Almost 5% of Chinese visitors visiting friends and family also attended a football match, one of the highest percentages. This figure is likely to include a significant number of trips to Greater Manchester, and specifically Old Trafford, given Manchester United's popularity in China.

4.5 Tourism policy

Efforts have been made to encourage visits to Greater Manchester to either be extended, or to provide interesting and engaging attractions to encourage repeat visits. The National Football Museum has attempted, through advertising in match-day programmes, joint campaigns with the Manchester United Museum, and advertising in local hotels, to attract visitors who are also



attending either a match or a stadium tour in Greater Manchester. Marketing Manchester seeks to encourage visitors on Saturday to stay an additional night.

4.6 Non-match-day tourism

The football-related attractions in Greater Manchester stretch beyond attendance at a football match. The National Football Museum is on track to receive 0.5 million visitors in its first year, while the Manchester United Museum receives around 0.3 million visitors per annum. These anticipated visitor numbers comfortably place both museums in the top 10 most attended attractions in Greater Manchester, and as the 24th and 46th most visited museums in the UK.⁷ The presence of world-class football-related attractions in Greater Manchester is an encouragement to some football visitors to extend their visit. The increasing popularity of non-match-day football locations is likely to be a key driver in expanding the engagement of football fans with the conurbation. This greater engagement can lead to further economic benefits from greater tourist spending and raising the profile of Greater Manchester around the world.



⁷ Based upon data from Visit England, *Annual Survey of Visits to Visitor Attractions 2011*

5 The wider benefits football brings to Greater Manchester

In this chapter the key wider benefits of football are considered. The primary area of investigation is the exposure of Manchester as a city and a destination for investment as a result of the activities of the football teams. Amongst the professional clubs, our interest focuses most on Manchester United and Manchester City, reflecting their relative importance in attracting media coverage and the fact that they are the clubs most immediately associated with Greater Manchester.

5.1 Economic spillovers

Medical sector Despite the presence of world-class football clubs in Greater Manchester, the feedback we received from talking to those involved in the provision of sports-based medical services suggested that the level of specialisation in sports-related medicine is not greater than the national average. The four large private hospitals in the city offer services for footballing medicine, but these services are primarily aimed at amateur sports injuries. Manchester United is planning on developing its own health centre on the same site as its training ground in Carrington, but whether this results in knowledge spillovers into the local economy or is merely an isolated small-scale concentration of expertise remains to be seen.

Legal expertise As is the case with medicine, the presence of football clubs has not had a major effect in developing specialist sport-related legal knowledge. This is because the vast majority of the legal needs of clubs are identical to the needs of other businesses. Performing legal work for sporting institutions on a day-to-day basis, while occasionally high profile, is not very lucrative. The few large deals have tended to be takeovers of clubs, and the majority of legal work in these cases has been done by London-based firms.

Conferences The fact that Greater Manchester is recognised throughout the world as a centre of football excellence has also proved useful in attracting football-specific conferences to the city. There are now a number of these that regularly occur in the city, including Soccerex's European Forum which has been held in the city since 2010, with the Global Convention to follow in 2014. Manchester will also host the StadiumBusiness Summit in 2013, the largest dedicated conference relating to stadiums and sporting venues.

However, looking at non-football related business tourism the brand recognition of the two major clubs in Greater Manchester highlights Manchester as a potential destination. This effect is further enhanced by the fact that both Manchester United and Manchester City have very strong corporate hospitality offerings (both on match days and non-match days), and prove a very attractive proposition for attendees at conferences and other networking events. This is a growing industry for the city – the economic impact on the city from conferences for international associations has doubled



in the past two years, although still only accounts for 3% of the £822m⁸ generated from conferences and business events in Greater Manchester. If Manchester United and Manchester City continue to cement their position as the top two teams in the Premier League, and their reputation in markets around the world continues to grow, then this can only help Manchester further develop its position in the international market for business tourism.

Business tourism is particularly significant because these visitors tend to contribute more to the host economy, spending three times the amount that the average leisure tourist spends, and encouraging collaboration and new business ideas and partnerships with the host.

The possibility of including a football event in a business trip can also make a visit to the conurbation more likely, and can be used by Greater Manchester companies and agencies to set a firm date for when a current or potential client is going to visit.

The majority of the conferences in Greater Manchester are focused on the biomedical and healthcare industries, two areas in which Greater Manchester has considerable strengths due to local businesses and academic departments. As well as the more immediate benefits conferences and other forms of business tourism bring to the economy of Greater Manchester, they can also encourage collaboration and investment in the area, which can have further positive effects on innovation, economic growth and employment.

Media BBC Sport has, along with a number of other BBC departments, relocated from London to Salford in Greater Manchester. This has seen the transfer of 2,500 jobs so far, with a further 2,000 expected to follow. Of the first 2,500, a significant proportion are members of the BBC Sport team.

As well as hosting these BBC departments, MediaCityUK is home to some ITV programme teams and Satellite Information Services (SIS) Limited, the latter operating the largest fleet of satellite uplink and outside broadcast units in Europe. This has helped the conurbation to develop one of the largest sports media clusters in the UK and there may be scope to develop this further over the coming years.

There is the potential for key partners, particularly MIDAS, but also MediaCityUK and The Sharp Project, to include a specific football and sports related pitch to their inward investment attraction activities. Greater Manchester is already a major media cluster with significant sports expertise, and the presence of the big football clubs can be used as a hook to try to attract other UK and international sports media organisations into the conurbation. As football and sport as a business globalises, Greater Manchester can be an ideal entry point into the European market for media companies.

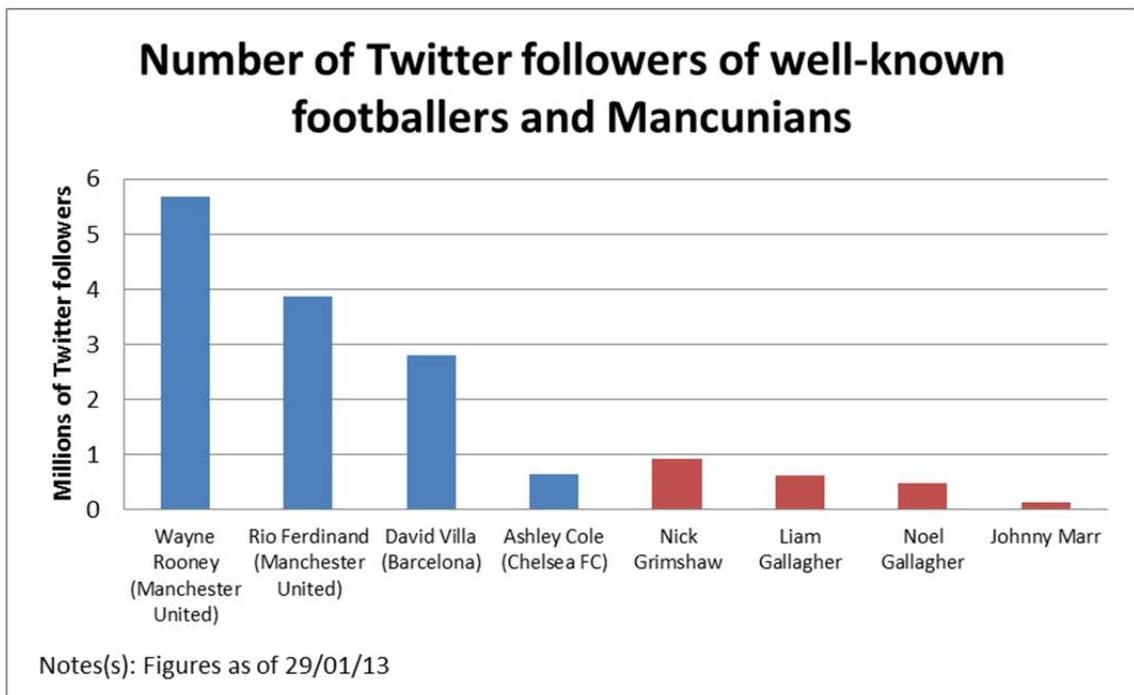


⁸ see Visit Manchester, *Conference Value & Volume 2012*

5.2 The exposure of the Manchester 'brand'

Social networks Numbers of Twitter followers can be used to gauge the popularity of clubs and individuals (although caveats, discussed in more detail below, must be taken into account). While Manchester United has no official Twitter account, its players have large followings on Twitter: for example Wayne Rooney and Rio Ferdinand have over 5.4m and 3.5m followers respectively, more than their counterparts at many other large football clubs such as Barcelona FC (David Villa, 2.4m followers) and Chelsea FC (Ashley Cole, 0.5m followers), and significantly more than other famous Mancunians (see Figure 5.1 Number of Twitter followers of well-known footballers and Mancunians). This demonstrates the global exposure of Manchester (the name if not specifically the city) gained through the social networking associated with Manchester United.

Figure 5.1 Number of Twitter followers of well-known footballers and Mancunians



While Manchester-based footballers are high-profile examples, a similar pattern can be seen at other clubs in comparable cities across Europe. For example, Barcelona players Dani Alves and David Villa have over 1.4m and 2.4m followers respectively whilst Real Madrid player Sergio Ramos has over 2.8m followers. These players are well known as a result of their ties to globally famous football clubs. Their association with a football club brings exposure to the name of the cities whose names are included in the club name.

It is worth noting that not all parts of the world have equally high exposure to Twitter. The country with the most Twitter users is the US, while the UK ranks fourth. The list of countries in which it is most popular suggests that it is most prevalent in the English-speaking world, with India sixth and Canada eighth.

But despite the English language barrier and the barriers associated with accessing certain websites in some countries, Manchester United players

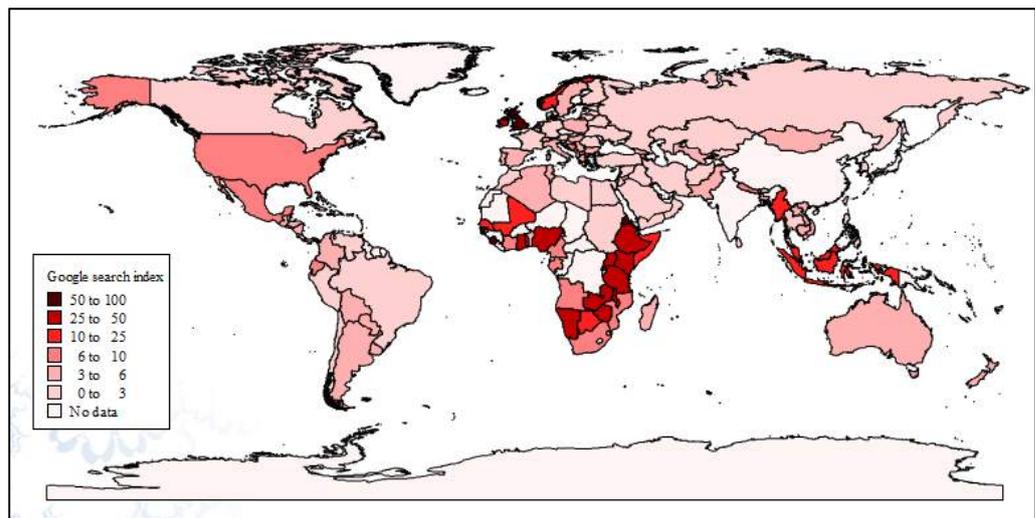


attract significant levels of attention beyond the English-speaking world. Weibo is a service similar to Twitter which is very popular in China. As Twitter cannot be accessed in China, Weibo is the dominant equivalent in the Far Eastern markets. Footballers have become increasingly aware of this and Manchester United's Rio Ferdinand and Real Madrid's Cristiano Ronaldo have set up accounts on the Chinese microblogging website. To date, Rio Ferdinand has over 1.6m followers (while Cristiano Ronaldo has over 9m followers). This level of exposure in China is strong evidence that the Manchester name has exposure well beyond Europe and the English-speaking world.

Search engine data

We also undertook analysis of the term 'Manchester' in Google Trends data. These data provide indices for the level of interest in a search term over time, as well as the regions of the world in which the term is being searched for and related search terms. The search data highlight the role that football plays in the wider perceptions of Greater Manchester. Internet searches for 'Manchester' correlate very strongly with major football events involving one of the two Manchester clubs (e.g. Manchester United FC playing in the Champions League Final or Manchester City FC winning the Premier League title); conversely, significant economic or social events have very little impact on search traffic. The origins of these searches demonstrate the global nature of Greater Manchester's football appeal (see Figure 5.2 Origins of Google searches for 'Manchester'). While searches for Spanish clubs are dominated by Spanish-speaking countries, and searches for Italian clubs are dominated by countries geographically close to the clubs concerned, searches for Manchester come from a wide range of destinations, including a number of

Figure 5.2 Origins of Google searches for 'Manchester'



African countries, and Asian states such as Burma, Malaysia and Indonesia.

Almost all peaks in popularity of the term 'Manchester' in recent years have been at points when Manchester United or Manchester City have been successful or played in a game with a large exposure, for example the Champions League Final or winning the Premier League title. Searches for the term 'Manchester' hit their peak in May 2011 when the Champions League Final between Manchester United and Barcelona took place – this game was



the most-watched annual sporting event in the world with 178.7m television viewers, overtaking the US Superbowl.

Surprisingly, outside of the UK the majority of searches were conducted in African countries, for example Eritrea and Sierra Leone.

The top two search terms related (meaning that individual users who searched for the term also searched for these “related” terms) to Manchester are the football clubs Manchester United and Manchester City and the sixth and ninth most popular related search terms are Liverpool and Chelsea. This demonstrates how the presence of the football clubs has given the name ‘Manchester’ a level of exposure that would be unattainable (or at least very expensive) without them.

Similar trends are found in searches for “Liverpool” where the peak in search occurred when Liverpool FC won the Champions League in 2005; again outside of the UK the majority of searches for Liverpool occur in Africa. Clearly having a Premier League football club in your town or city gives it greater exposure globally; as a counter-example, Bristol is a major UK city but does not have a Premier League football club within it. Google Trends shows it is seldom searched for outside of the UK and the related search terms do not bring up either of the two football clubs. The results for “Blackpool” (even allowing for the smaller size of the urban conurbation when compared to Manchester or Bristol) show that searches for the town spiked significantly in 2010 when Blackpool FC were promoted to the Premier League and were thus exposed to a global audience for the first time. Since 2011, when Blackpool were relegated from the Premier League, the number of searches has declined significantly.

The related searches (listed in the Google Trends results) highlight one further key determinant in the impact of professional football clubs on perceptions of urban conurbations – their relative level of success. In the case of Manchester, both “Manchester United” and “Manchester City” are highly-ranked related search items. However in the case of “Liverpool”, “Everton” did not appear as a related search term. This highlights the importance of the club sharing the name of the city in which they are based; people looking for football clubs search only for the name of the club, rather than the city in which they are based.

The results also suggest that the success of a league’s ability to market itself determines how well exposed a city and its constituent football clubs are globally. Manchester not only attracts interest from Africa, but also from a range of Asian countries such as Burma, Malaysia and Indonesia. This suggests that the English Premier League and the constituent clubs have marketed themselves well across the world, particularly when compared to other top European leagues. When one looks at the search trends for Barcelona, outside of Spain six of the top ten countries which show the strongest interest in Barcelona are Spanish speaking countries in South America. This suggests that the Spanish league has been more successful in marketing itself to Hispanic markets than to other global markets. The same is true of Serie A in Italy; outside of Italy, Milan is mostly searched for in eastern European countries which are in close geographical proximity to Italy.



However, like Manchester, the top two related search terms were indeed the city's two major football clubs.

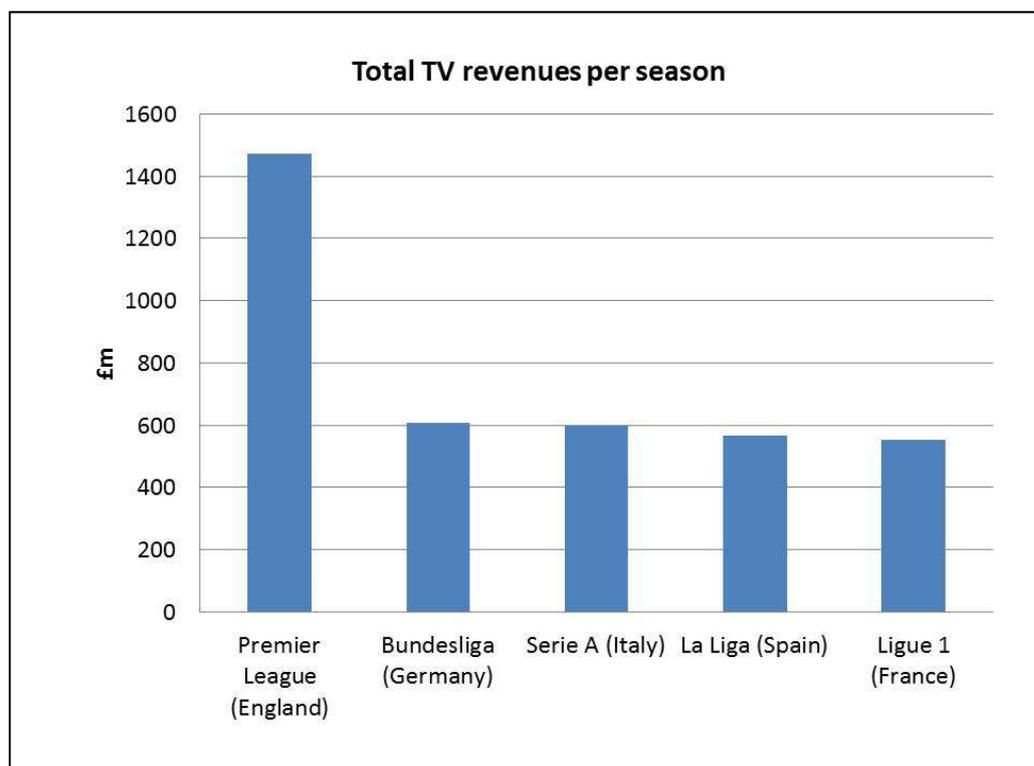
Overall, the evidence suggests that the name 'Manchester' gains a global exposure that is simply unattainable to many UK cities, purely on the basis of its association with Manchester United and Manchester City. What is more, Manchester is gaining exposure in growth markets, for example in Africa and Asia, that are key markets for wider Manchester and UK business interests.

The key question is the extent to which the Greater Manchester economy benefits from the global interest in the name 'Manchester' when this is driven by interest in the football clubs. By its nature, this is very difficult to quantify, but the importance of familiarity with a name, even when this is unconscious, in contributing to a more favourable assessment in comparisons has been recognised by behavioural economists⁹. Whether this can be turned into material benefit, for example, in attracting inward investment or trade relationships, depends on the success of marketing activity (we review the case of trade missions below).

Media exposure

The audience for Premier League football is the largest of any football competition in the world; the total TV audience for the Premier League in 2010/11 was 4.7 billion, compared to 3.2 billion for the 2010 World Cup; and this is reflected in the scale of the revenue secured by the Premier League for the television broadcasting rights (see Figure 5.3 Total TV revenues in European leagues, £m per annum). Should the next set of overseas broadcasting deals be as lucrative as expected, this figure will increase to

Figure 5.3 Total TV revenues in European leagues, £m per annum



⁹ See, for example, Kahneman D (2011) *Thinking Fast and Slow*, Penguin: London.



almost £1.7 billion per season.

This media coverage, and the revenues that are associated with the broadcasting agreements, are of significant value to the football clubs. Equally, the loss of the global coverage (and television revenues) of the Premier League once relegation occurs can prove very significant to a club. Bolton Wanderers estimate that the difference in television revenue between being in the Premier League and Championship in 2012/13 was around £58.3m (at £60m and £1.7m respectively). Even taking account of parachute payments given to relegated clubs (which were £16m in 2012/13), the impact upon revenues is severe.

A number of studies¹⁰ have been carried out that illustrate the percentage Manchester United has captured of the global audience for Premier League football. Most estimates place this at around half of total game views, suggesting that the club is the most internationally followed in the UK. This is supported by the fact that Old Trafford is the most visited stadium by international visitors to the UK¹¹. While comparable figures are not available for Manchester City, the club's recent success has clearly raised its profile in both domestic and overseas markets and further reinforced the strong association that Brand Manchester has with elite football. The May 2012 Manchester derby was the most-watched Premier League game ever in the UK; the same game also had 1 million viewers in the US, beating the previous record for a single game by almost 400,000. The total global audience for this game was estimated at 600 million people. A more recent Premier League fixture between Manchester United and Liverpool in January 2013 was estimated to have attracted a similar global viewing audience.

Brand Manchester therefore benefits from global name recognition which is consistently reinforced. How much is this worth? For comparison, Chevrolet is reported to be paying £50 million per year to Manchester United for the name recognition associated with shirt sponsorship. The forms in which Brand Manchester is advertised probably have lower 'efficacy' (the name gains less recognition per exposure): but the number of exposures is far greater (mentioned by commentators, in football scores, league tables etc.). Taking these together, the value of the advertising that Manchester receives from having two major Premiership clubs bear its name could be worth over £100m a year on an advertising-equivalency basis. The historical dominance of Manchester United (in particular) over the Premier League since its inception in 1992 has placed Brand Manchester at the centre of the expanding media profile of the league, and the legacy effects of this advertising are likely to have been worth in excess of £1 billion over the 21 years of the Premier League. Given the rapidly expanding profile and media exposure of both the Premier League and both Manchester United and Manchester City (and the prospect of their continued success in both domestic and continental football), it is likely that the advertising value of the clubs to Brand Manchester will

¹⁰ See, for example, <http://www.sportingintelligence.com/2011/10/28/exclusive-manchester-united-attract-half-of-premier-leagues-entire-global-tv-audience-281001/> (accessed at 9:28 on the 25th of October 2012)

¹¹ VisitBritain (August 2011, Issue 94) *FORESIGHT*



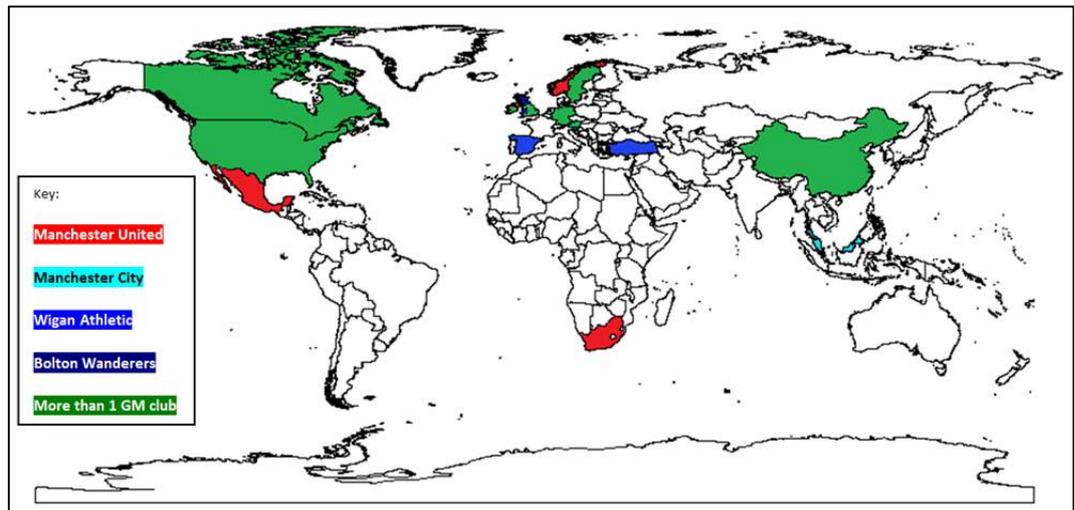
increase further in the future; over the next 20 years this could be worth in excess of £2.5bn.

5.3 Trade missions

Missions looking to attract trade and investment to the Greater Manchester area use football in a number of ways. The most direct method is co-ordinating mission dates with Manchester United and Manchester City on their summer tours to major overseas markets. During these missions the participants can invite potential or existing clients to the matches played and to networking events supported by the clubs. These are often a significant draw, either because of the presence of current or former players, or (when relevant) due to the presence of the Premier League trophy. Some missions from the North West have also raffled off Manchester United football shirts, which have seen considerable interest from the attendees at events.

In 2010 and 2011, Manchester United FC, Manchester City FC and Bolton Wanderers FC all took part in pre-season tours to the United States (see Figure 5.4 Pre-season tour destinations of Greater Manchester's Premier League Clubs, 2010/11-2012/13), which has in recent years been host to an increasing number of Premier League teams as the clubs seek to increase the popularity of football in the country and extend their own brand. In 2012, both Manchester United FC and Manchester City FC played pre-season games in China. The clubs also played games in other markets where they have already established their brand (Malaysia in the case of Manchester City FC, and South Africa and Scandinavia in the case of Manchester United FC).

Figure 5.4 Pre-season tour destinations of Greater Manchester's Premier League Clubs, 2010/11-2012/13



Interviews with individuals at both UKTI and MIDAS have shown that football is a very useful way of attracting attention to trade and investment in Greater Manchester. Anecdotal evidence suggests that people in markets around the world (particularly in India, the Middle East and South East Asia) have a strong level of brand recognition in relation to the Manchester clubs (particularly United). This benefits Greater Manchester both in terms of recognition of Manchester in general and also because it results in some of the aura of success surrounding the clubs to transfer to Manchester.



It should be stressed however that in terms of trade relationships, the recognition of Manchester only acts as a way to break the ice and engage a potential client – whenever it comes down to the actual completion of a deal it is the competitiveness of the offering that matters. Greater Manchester’s football clubs are brands, and these brands generate positive externalities for other businesses in Manchester in terms of their marketing capabilities abroad. It is up to the business themselves to secure the additional orders or investment. Having said that, the value of the football exposure to Manchester’s brand is indicated by the lack of evidence that other regions of the UK use football as a marketing tool to the extent that Greater Manchester does.

5.4 Direct inward investment

One key area in which football does play a clear role in attracting investment to Greater Manchester is through the involvement of corporate sponsors in the city. These sponsors have two major incentives to invest in the city – firstly, they can attract a higher calibre of worker due to the brand recognition generated by their sponsorship deal. Secondly, real investment in the area can transform an otherwise artificial relationship, involving just the purchase of the right to put their brand onto a shirt, into a relationship with the club, the area in which it is based, and its fans. An obvious example of this in Greater Manchester is Etihad’s investment in Greater Manchester – the company plans to make the city the base for its European headquarters, and already employs over 200 people in a call centre in the city. AIG, a past sponsor of Manchester United, also planned to open a large office in the city, before the financial crisis led these plans to be abandoned.



6 The social and community benefits that football brings

6.1 Community activities of the clubs

Community contributions vary depending on the size of the club...

It is important to distinguish between the community involvement of the larger clubs (i.e. Manchester United, Manchester City, Bolton Wanderers and Wigan Athletic) and the involvement of the smaller clubs. The larger clubs have the resources to engage in a wide range of initiatives and can use their public recognition and brand appeal to attract participants. Due to this, they see their community involvement as a means of protecting and enlarging their brand appeal. The smaller clubs engage mainly in local initiatives related primarily to football. However, some, for example Stockport County and Bury FC, are involved in a wider range of initiatives related to health, active lifestyles and assistance to young people, the disabled and the over-60s.

Manchester outstrips other major cities in terms of the community involvement of its football clubs, large and small. One main reason for this is that there is a large number of football clubs across the whole range of sizes, from top-flight professional to small amateur clubs, drawing on the demographic, economic and social diversity of Manchester. As a result there is a broad base for social and community involvement. This involvement is encouraged by the local councils, who provide facilities for many football clubs to play and train on throughout the area.

Through Manchester City FC's CITC programme, over £250,000 was invested into new football facilities at the Tennis Centre. The £4m rental paid by Manchester City FC for use of the Etihad Stadium covers all the operational costs of the National Squash Centre, EIS, the National Cycling Centre, the Manchester Tennis and Football Centre, the Manchester Gymnastics Centre, Belle Vue Hockey Centre and the Regional Athletics Arena. These facilities are therefore provided to Manchester's tax payer at no additional on-going cost, ensuring that the venues can remain community focused rather than used for only elite sport or commercially driven.

...which allows a hierarchy of community activities relating to football to be provided

The advantage of having Premier League clubs in Greater Manchester from the point of view of community activities is key. Premier League clubs gain access to a larger pool of money from which to fund community activities (the Premier League Charitable Fund rather than the Football League Trust) and, while the services could be provided through an organisation other than the football club, utilising the brand of the football club, who are well known and popular in the local community, has significant benefits in securing engagement with the community. This was supported in our research by comments from the FA, suggesting that Manchester was (due to the extent to which football, and football clubs, were ingrained in the culture) a location where funding (and the resultant community schemes) was particularly effective.



The professional clubs offer a broad range of community engagement

The professional clubs provide community engagement in the forms of sporting opportunities (provided through schools, and to encourage participation amongst older people, women and the disabled); raising awareness about leading healthy lifestyles; encouraging employment opportunities and personal skills (particularly for those not in employment, education or training (NEETs), individuals in pupil referral units (PRUs) and at-risk young people); and encouraging inclusive and safer communities. The precise nature of these programmes differs across different clubs and leagues, with (as mentioned above) smaller clubs tending to focus on activities more directly related to football.

All of the major clubs run their community engagement through a financially independent charity. The independence of the charity in this arrangement is stressed in order to help prevent variations in cash flow to the community programmes depending on the financial condition of the club. However, this independence is not advertised at the point of interaction with the community - as far as this goes, the charity and the football club are one and the same. This helps with the marketing of community activities, as it enables the strong club brand to be applied to them.

Manchester City's community engagement is considerable, and covers a variety of target groups.

The club also pays Manchester City Council a ground rent of circa £4m per year for use of the Etihad Stadium as the club's home. Under the terms of this agreement Manchester City Council retains the ownership of the stadium and the Club rents the ground with the income utilised to fund the development of sport in East Manchester and the operational costs of the Commonwealth Games facilities. These factors support Manchester's vision to establish itself as the world leading sport city, with the Etihad Campus at its heart.

This arrangement has enabled Manchester to lead the way in the delivery of major sports events since 2002, with the hosting of 216 major sports events which have delivered an economic value of £92m to the City (£23m in 2008 alone) and brought inward investment of £37m through organisations such as UK Sport and other commercial partners. Over 1.6m visitors attended these events and in addition to these commercial impacts, more than 14,000 volunteers successfully worked on these events. Manchester's strategy delivered major global recognition at the SportBusiness 2008 Awards, in categories for Event Look, Legacy, Marketing campaigns and an overall award for Sports City. These accolades have been followed with 'Ultimate Sportcity Gold Awards' in 2010 and 2012 and further SportBusiness event awards for the Track Cycling World Cup 2011 and at the Sport Industry Awards 2012, for the Great Day of Sport.

The investment from the Stadium and from MFCF has triggered the broader development of Sport in East Manchester. In 2011 Manchester City Council approved the establishment of an 'Eastlands Development Partnership' with MFCF aiming the continuous regeneration of the area.

The Manchester Velopark, completed in November 2012, has the Manchester City Football Academy on site. This will provide training facilities and the global headquarters for the club. Work is also being taken forward on the



Beswick community hub, a 16-acre site adjacent to Manchester City's £100m Etihad Campus, which will include a leisure centre with swimming pool, sports research centre and a 7,000-seat stadium for youth matches. The football club has future plans to expand its stadium, and further commercial opportunities surrounding the site are under consideration, as well as enhanced transport links. Manchester City is not the only club in Greater Manchester to be at the centre of a major regeneration project. The building of Bolton Wanderers' Reebok Stadium was one of the driving factors behind the regeneration of the Middlebrook site on the outskirts of Bolton. The regeneration saw employment in Horwich and Blackrod, two areas of Bolton close to the development, rise by 6½% between 1998 and 2000, while employment in Bolton as a whole rose by only ½% over the same period. Today, 3,000 people are employed on the development. The regeneration has also succeeded in attracting not just out-of-town retailers, but also demand from a number of professional firms. Indeed, the price per foot of office space in Middlebrook is the highest in Bolton.

While the clubs undoubtedly provide significant inputs into promoting economic development within Greater Manchester, the role played by local government in facilitating and promoting the clubs must also be recognised. Without the assistance provided by these organisations (such as the opportunity to purchase land at Eastlands), the football clubs would face additional challenges to their ongoing operations. The provision of good infrastructure, in the form of road, light and heavy rail, and air links within Greater Manchester and to other parts of the country and the wider world, greatly facilitates access to the stadia, and allows the football clubs to attract visitors from further afield and participate in an increasingly global sporting market. Policing around the stadium is also provided by the public sector, without which the clubs would face severe additional costs and difficulties in staging matches. The public sector clearly recognises the significant positive impact of football clubs on local economies; continued efforts from local service providers in Greater Manchester and closer interaction between the clubs and the public sector can be expected to be a key driver of economic and sporting success in the future.

Amongst the larger clubs (Manchester United, Manchester City, Wigan Athletic, Bolton Wanderers and Oldham Athletic) schemes such as Kickz, run across a total of 42 Premier League and Football League clubs which aims to reduce crime and disorder rates through giving young people engaging activities to do in the evening, use the reputation of the clubs in the local community to access social groups that would be difficult to reach through standard government schemes.

Bolton Wanderers runs an Institute of Sport which sees young people come into the club for a combined programme of football and professional coaching. This has seen very high success rates (almost 95% of the first class of young people went from the scheme into further education or employment), despite working with some of the most troubled young people in Bolton. Indeed, the success of the scheme has raised the possibility of this scheme being extended to locations as far afield as Ghana and Thailand.



Clubs, and fans, see community engagement as a key responsibility

In our research, both Bolton Wanderers and Manchester City highlighted that running successful community programmes was a key part not only of their social responsibilities to their area, but also their business plan. This is because these clubs are reliant on a predominantly local fan base, and successful community engagement will lead to stronger support for the clubs, which obviously provides considerable benefits for the clubs themselves.

Greater Manchester benefits from the enthusiasm with which its clubs approach community activities. In a poll run by the Premier League of the fans of Premier League clubs, Manchester City was voted the club in which community played the biggest role in the club's culture, and also the club in which the fans were most proud of the community efforts of the club. Bolton Wanderers has led a committed effort towards working with the young people of Bolton to encourage employment and reduce crime.

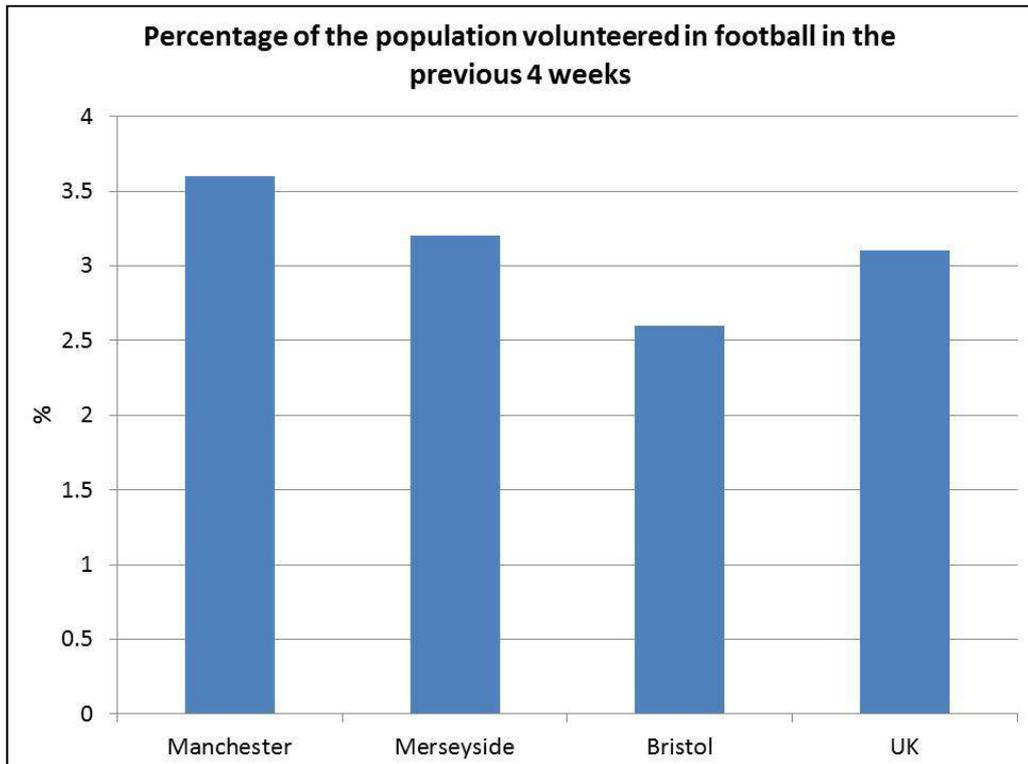
6.2 Football participation in Greater Manchester

Football participation, as with participation in any sport, offers health benefits to participants, allowing them to lead longer and more enjoyable lives while also reducing the burden of problems relating to poor fitness on the health service. Due to the team nature of football, it can also encourage greater social interaction in communities. Football participation rates in Greater Manchester are higher than the average for the rest of the country. A number of our sources have made the point that they do not believe that having world-class football clubs in the area greatly affects participation rates (at least for those above the age of 16), and so we attribute this to a cultural affinity within Manchester for football. However, this affinity does seem to be changing: while football is still the dominant sport in Greater Manchester, it is increasingly having to compete with a number of other sports. Even within football, the previous dominance of 11-a-side has been eroded, with five-a-side now the most popular way to play football in Greater Manchester. The popularity of 11-a-side football has declined nationally due to several factors, such as an increase in Sunday trading and a decline in pub teams. The growth in five-a-side football is linked to ease of access and a more flexible, year-round format, with less commitment required from players. Women's and girls' football is also the fastest growing sport in Greater Manchester, with more people now playing it than netball.

The amount of participation in volunteering related to football is higher in Greater Manchester than the UK average, as well as comparable conurbations such as Merseyside and Bristol (see Figure 6.1). The high rate of community involvement (equivalent to just under 15,000 people in the urban conurbation) in a range of footballing projects is indicative of the degree to which football is a common ground for communities in Greater Manchester, and further moves to develop the footballing culture will enhance these positive spillovers.



Figure 6.1 Percentage of the population volunteered in football in the previous 4 weeks



According to the Football Association, Greater Manchester has a high number of clubs at all levels, varied demographics, and a high “intensity of offer” (a strong presence of the football clubs in the heart of their communities). These factors contribute to making Greater Manchester one of the areas of the UK in which the Football Association believes it can generate the highest return on its investment in community projects.

While participation rates may be relatively high in Greater Manchester, there are differences between different age and income bands. For instance, volunteering in football is below the UK average for the 16-19, 20-24 and 65+ age brackets. This may suggest that the declining dominance of football as a sport in Greater Manchester may be driving down rates among younger people. Policy initiatives aimed at diversifying the range of sports available to people in Greater Manchester may therefore be finding the greatest level of traction with younger people. Obviously this would require further investigation regarding the participation rates in other sports before any strong conclusions can be drawn.

One key factor that determines participation rates is the availability of suitable facilities. Greater Manchester has a considerable advantage in this respect, given that the area has almost 400 full-size grass pitches within 10 miles of Manchester itself. This is more than double the number in the same radius around Liverpool and Bristol, and considerably ahead of the figure for 10 miles around Newcastle. While (as mentioned above) the influence of 11-a-side football in Greater Manchester is falling, these figures still indicate a high level provision football-related facilities in Greater Manchester.



7 Areas of opportunity

Football is woven into the cultural fabric of Greater Manchester, and has played a significant role in the development of the conurbation. The success of Manchester United and Manchester City has given massive global exposure to Brand Manchester and associated it with success. This exposure is continuing to grow in the world's fastest-growing economies, and is promoted hugely through social media. While many conurbations are struggling for attention across a growing number of advertising channels, Greater Manchester is getting name-checked globally on a frequent basis, and at no direct cost.

Our analysis has highlighted some areas of opportunity for further work, to raise further the economic impact of football in Greater Manchester and these are summarised below.

7.1 Marketing and promotional opportunities

Greater Manchester has already begun to look at opportunities to further develop the off-field tourist opportunities of the clubs, including the prospect of packaging the stadium and museum tours with the National Football museum, and of promoting the conurbation's football credentials to new markets (for example in Japan, where the 'Kagawa effect' is already having an impact since his signing for Manchester United). However, there are certainly opportunities for Marketing Manchester and MIDAS to work more closely with the clubs on a strategic approach to international promotion where priority markets overlap. Many individual initiatives take place, such as coordinated events around the club summer tours, but there may well be an opportunity to learn from the way that other European cities work in partnership with their clubs on the wider promotion of their destination.

In particular there may be potential for Greater Manchester and the clubs to work together to access matched funding for promotional activity from national agencies such as Visit England and Visit Britain. Often these funding programmes need to identify significant levels of marketing resource in order to supplement them with matched funding; however, if there was a way to establish a collective marketing pot, there could well be the opportunity to attract the funding to immediately double it.

7.2 Football supporting community initiatives

There has been much success in using the football clubs to run and support community initiatives. The presence of the clubs represents a hugely valuable resource for these kinds of initiatives. Schemes such as Bolton Wanderers' Institute of Sport highlight the success that the clubs can have in engaging with and motivating people, Manchester City's community engagement is considerable, and covers a variety of target groups. Other initiatives such as the Street Soccer Academy work with some of the most deprived sections of society, and through football, training and mentoring give people the



confidence to turn their lives around and become productive members of society.

This sort of approach aligns well with the Greater Manchester Public Service Reform programme, which is developing better and more integrated ways of working across public, private and third sector organisations. The aim is to provide more targeted preventative interventions in order to save money in the medium and long-term, e.g. through reduced police, social care or health costs.

Programmes such as supporting troubled families, reducing re-offending, and improving skills for the workplace can all be assisted by sports, particularly football, programmes which have can particular engagement with marginalised groups that other initiatives do not, whilst also providing greater health, confidence and discipline for the participants and their families.

Additional support for these types of initiative, especially if supported by the large clubs, offers the prospect of making a real difference to the life chances of young people in Greater Manchester, with knock-on benefits to deprivation, the broader quality of life of residents, and the productivity of the workforce. It would also strengthen public support and appreciation for the clubs, promoting further a climate in which football and Greater Manchester can flourish together.

7.3 Developing a media cluster

Football-related media activities have already clustered in Greater Manchester, and there may be opportunities to develop critical mass further in some of these areas. For example, Greater Manchester's status as a football and wider sports city made it an obvious place to which to relocate BBC Sport with the wider move of the BBC to MediaCityUK, even at a time when the Olympics were due to be hosted by London. As well as the BBC, MediaCityUK is home to companies such as ITV and Satellite Information Services (SIS) Limited, the latter operating the largest fleet of satellite uplink and outside broadcast units in Europe. This has helped the conurbation to develop one of the largest sports media clusters in the UK and there may be scope to develop this further over the coming years.

There is the potential for key partners, particularly MIDAS, but including MediaCityUK and Sharp, to include a specific football and sports-related pitch to their inward investment attraction activities. Greater Manchester is already a major media cluster with significant sports expertise, and the presence of the big football clubs can be used as a hook to try to attract other UK and international sports media organisations into the conurbation. As football and sport as a business globalises, Greater Manchester can be an ideal entry point into the European market for media companies.



Annex A Bibliography

Allan, G, Dunlop, S, and Swales, K (2007), The Economic Impact of Regular Season Sporting Competitions: The Glasgow Old Firm Football Spectators as Sports Tourists, University of Strathclyde Discussion Papers in Economics, No 07-03.

Andreff W (1994), Economic Importance of Sport in Europe: Financing and Economic Impact, Committee for the Development of Sport, Council of Europe: Strasbourg.

Baade,R (1999) An analysis of why and how the United States Judiciary has interpreted the question of professional sports and economic development,in Jeanrenaud C (Ed), The Economic Impact of Sports Events, CIES: Neuchatel.

Bailey, Thomas (2007) The effects of the 2002 Manchester Commonwealth Games on socio-economic conditions, housing regeneration and the provision of new sports facilities in East Manchester. BA dissertation, University of Portsmouth

Banos-Pino. J, Dominguez, J,P,C, and Guerrero, P,R, (2007), The economic impact of football on the regional economy, International Journal of Management and Marketing, Vol 2, Nos 5/6, 459-474.

Bianchini, F and Schwengel H(1991) Re-imagining the City, in Comer J and Harvey S (Eds) Enterprise and Heritage: Crosscurrents of National Culture. Routledge: London pp 214-234.

Bramwell, B (1991) Sheffield.: tourism planning in an industrial city. Insights. March. 23-28

Bramwell, B (1995) Event Tourism in Sheffield: A Sustainable Approach to Urban Development? Unpublished paper. Centre for Tourism. Sheffield Hallam University.

Burns, JPA, Hatch, JH, Mules, FJ(eds) (1986) The Adelaide Grand Prix: the impact of a special event, The Centre for South Australian Economic Studies, Adelaide

CCPR; Survey of Sports Clubs 2010

Commission of The European Communities (2007), White Paper on Sport, COM(2007) 391 final, Brussels 11 July.

Crompton, J (2001) Public subsidies to professional team sport facilities in the USA in Gratton C and Henry I (Eds), Sport in the City: the role of sport in economic and social regeneration, Routledge: London.

Dalziel, P (2011), The Economic and Social Value of Sport and Recreation to New Zealand, Lincoln University Agribusiness and Economics Research Unit (AERU) Research Report No 322, September.

Deloitte, New rules, narrow margins, Annual Review of Football Finance; Sports Business Group; May 2012



Dobson, N, Gratton, C, and Holliday, S (1997) *Football Came Home: The Economic Impact of Euro 96*, Leisure Industries Research Centre: Sheffield.

Getz, D (1991) *Festivals, special events, and tourism*, Van Nostrand Reinhold, New York

Gratton C, Shibli S, and Dobson N (2000) *The Economic Importance of Major Sports Events*, *Managing Leisure*, Volume 5, No 1, January, pp17-28.

Hall, CM (1992) *Hallmark Tourist Events: Impacts, Management and Planning*. Belhaven Press. London

Jones H (1989), *The Economic Impact and Importance of Sport: A European Study*, Strasbourg: Council of Europe.

Johnstone S, Southern A, and Taylor R (2000), *The Midweek Match: Premiership Football and the Urban Economy*, *Local Economy*, 15:3, 198-213.

KEYNOTE, Sportswear 2010

Loftman, P & Spirou, (1996) *Tourism and Culture: Towards the 21st Century*. Conference; Centre for Travel & Tourism. Durham.

Manchester Council website, accessed 24th October 2012 at 18:30: http://m2002.thecgf.com/Manchester/A_Lastig_Legacy/default.asp

MCC, *The Impact of the Manchester 2002 Commonwealth Games*, Cambridge Policy Consultants

MINTEL, *Football Business*, November 2011

Mules, T & Faulkner, B (1996) *An Economic Perspective on Major Events*. *Tourism Economics*. Vol 12. (2).

New East Manchester, 'New Evaluated Manchester' – an Interim evaluation on New East Manchester. A report by the European Institute for Urban Affairs; Liverpool John Moors University

Preuss, H, Konecke, T, and Schutte, N (2010), *Calculating the Primary Economic Impact of a Sports Club's Regular Season Competition: A First Model*, *International Council of Sport science and Physical Education Bulletin*, No 60, October, 17-23.

Ritchie, JRB, (1984) *Assessing the impact of hallmark event: conceptual and research issues*, *Journal of Travel Research*, 23(1):2-11

Ritchie, JRB, Aitken CE (1984) *Assessing the impacts of the 1988 Olympic Winter Games: the research program and initial results*, *Journal of Travel Research* 22(3):17-25

Ritchie JRB, Aitken, CE, (1985) *OLYMPULSE II - evolving resident attitudes towards the 1988 Olympics*, *Journal of Travel Research*, 23(Winter):28-33

Ritchie, JRB, Lyons, MM, (1987) *OLYMPULSE III/IV: a mid term report on resident attitudes concerning the 1988 Olympic Winter Games*, *Journal of Travel Research* 26 (Summer):18-26 Ritchie

Ritchie, JRB, Lyons, MM, (1990) *OLYMPULSE vi: a post-event assessment of resident reaction to the XV Olympic Winter Games*, *Journal of Travel Research*, 28(3):14-23



Ritchie, JRB, Smith BH, (1991) The impact of a mega event on host region awareness: a longitudinal study, *Journal of Travel Research*, 30(1):3-10

Roche, M (1992a) Mega-Events and Urban Policy. *Annals of Tourism Research* Vol. 21. (1).

Roche, M (1992b) Mega-event Planning and Citizenship: Problems of Rationality and Democracy in Sheffield's Universiade 1991. *Vrijetijd en Samenleving*, Vol. 10, (4), 47-67.

Sanahuja, R (2002), Olympic City - The City Strategy 10 years after The Olympic Games in 1992. Paper delivered to the International Conference on Sports Events and Economic Impact, Copenhagen, April 2002.

VisitBritain (August 2011, Issue 94), *FORESIGHT* – “Inbound visitors who go to a football match during their visit”



Annex B Sources

The project team are very grateful to all of the stakeholders who contributed data, information and opinions to this work. All omissions and errors are the responsibility of the project team.

- Ackerley, Pete – the Football Association
- Combie, Rachel – Marketing Manchester
- Creaney, Leon – Consultant in Sport & Exercise Medicine, Queen Elizabeth Hospital Birmingham
- Dransfield, Don – Manchester City Football Club
- Gartside, Phil – Bolton Wanderers Football Club
- Green, Phil – Bolton Council
- Hagon, Gavin – Spire Manchester
- Hall, Daniel – Eversheds LLP
- Jacobson, Charles – UKTI
- Land, Neil – BBC Sport
- Moore, Kevin – National Football Museum
- Newns, Tim – MIDAS
- O'Rourke, Eamonn – Manchester City Council
- Saunders, Richard – Greater Sport
- Small, Steven – Marketing Manchester
- Smith, Eddie – Manchester City Council
- Smith, Mike – Stockport County Football Club
- Veal, Jackie – Bury Council
- Wright, David – Soccerex

