

The bountiful game

Roger Blitz

*Abu Dhabi's purchase of Manchester City comes as the latest sign of a sprint by the global super-rich to land trophy clubs that they can populate with star players. An unrivalled TV reach helps make for ever more valuable brands, writes **Roger Blitz***

Late on Monday, a Real Madrid official telephoned Robinho, its Brazilian star striker, to tell him he had been sold. "You're on your way to Manchester," Robinho was told.

But when the 24 year-old arrived at the airport to meet his new employers, he was said to be confused. The welcoming party were sporting the blue of Manchester City rather than the red of United.

It may be an apocryphal story, but then again much of the reality of what happened that day in football seemed a lot stranger than fiction. Manchester City, a middling Premier League club struggling for decades in the shadow of its illustrious and infinitely more successful rival, had just announced that it was being bought for £210m (\$370m, €260m) by Abu Dhabi United Group, a group of investors who, it turns out, are acting for a member of the emirate's ruling family.

In a stroke, City had been transformed into the richest-backed club in the biggest league of the biggest sport in the world. Like the kid sporting shiny new boots on his first day back at school, the club was also kicking lumps out of the big boys in the playground by announcing it had broken the British transfer record, paying £32.4m for the temperamentally suspect Brazilian and giving him a salary of £160,000 a week.

This was giddying, even by the exalted standards of the English Premier League, whose television reach extends to 660m homes in more than 200 countries. "This has become a club for the tril-lionaires," says Jon Smith, one of the longest-serving football agents in the business. "If you are a serious brand player, it's the only thing on this planet that gives you a quarter of the world's population every week."

The power of the brand is such that the super-rich club owners are now jostling with the dynasties of petrodollar-filled kingdoms. Not for the first time, the question arises: is the Premier League's money bubble full to bursting point?

It certainly looks unreal. Armed with its new-found riches, City toyed with its fiercest rival on the way to securing Robinho, mounting an audacious £30m-plus bid for Tottenham Hotspur's moody but talented Dimitar, a striker Manchester United had been trying to buy for months. United got their man in the end but City was tweaking its rivals' noses. City had not just outbid Chelsea for Robinho. Sulaiman al-Fahim, the front man for Sheikh Mansour bin Zayed al-Nahyan, brother of Abu Dhabi's ruler, casually listed the players City would bid for in the next transfer window. Among them was Cristiano Ronaldo, United's disenchanted Portuguese maestro, who Mr al-Fahim thought would be worth £135 m.

Even allowing for the frenetic pace of modern-day football deals, this week's events were breathtaking. Robinho did not even have time for a medical (and it is understood only £3 m of his transfer fee has actually changed hands because the City takeover is by no means complete). Two things are clear, though. First, football's ability to court big money, even in times of hardship, is undimmed. Kevin Keegan and Alan Curbishley resigned this week as respective managers of West Ham United and Newcastle United - clubs of similar stature to Manchester City - because their owners wanted to control spending. But while these clubs tighten belts, others loosen theirs. The transfer window that has just closed saw a record £500m in deals.

Second, investor interest in the Premier League has reached a level that threatens the established order of England's footballing elite. Until Monday, Roman Abramovich, Chelsea's Russian billionaire owner, ruled the footballing transfer merry-go-round. His personal wealth,

derived from energy interests in Siberia and estimated by Forbes at £11.6bn, had for five years given the associate of Vladimir Putin, Russia's prime minister, first pick of world talent. Players such as Didier Drogba, Michael Ballack and Deco were lured to west London where they received huge salaries.

Manchester United, the most valuable club in the world, was happy to compete with Chelsea for trophies. Arsenal and Liverpool, the other powerhouses in English football, made up the "big four" that for three seasons running have taken up the four prized places in Europe's Champions League. But the arrival of "ultra-rich" investors such as Abu Dhabi signals that wealthy individuals including Mr Abramovich and families such as the Glazers, Manchester United's US-based owners, are about to face competition from rivals with far greater assets at their disposal.

All of them are bent on exploiting the formidable brand of the Premier League and its clubs. "They are like diamonds," says one person close to the Abu Dhabi takeover. Premier League clubs are cherished for a perceived immunity to economic squalls, according to Dan Jones from Deloitte, the consultancy: "It's not about making yield year-on-year or a regular dividend stream - it's about making a return on capital growth."

Against this background, profitability is relegated to second place. "It requires some suspension of your normal economic belief, but football is not unique," adds Mr Jones. "People buy wine, paintings, restaurants and hotels. They don't make them a lot of money but, should they want to sell them, they make their money back and more."

Under the current three-year contract, the Premier League commands domestic TV revenues of £1.7bn from the broadcasters Sky and Setanta and £625m for overseas rights. With 90,000 hours of coverage available across 380 matches, no sporting series can touch it for its penetration in so many markets over a timespan that stretches across 10 months of the year.

The Manchester City deal demonstrates how the Premier League is floating up and away from rival leagues. Nearly 20 years ago, England's top clubs saw they were struggling against more classy and appealing leagues such as Italy's Serie A and La Liga in Spain. The creation of the Premier League in 1992 and the collective sale of TV rights changed the landscape, to the extent that sports such as American football and US basketball, which have reached maturity in their home market, look with envy at the Premier League's global reach.

The Americans themselves have made a land grab at the Premier League. Over the past few years, overseas investors have plucked the best clubs from the hands of family interests or local British entrepreneurs and US sports franchise owners have snapped up Liverpool and Aston Villa as well as Manchester United. They are not alone. A Russian entrepreneur owns Portsmouth, an Icelandic banking consortium bought West Ham United and Abu Dhabi's investors took Manchester City from Thaksin Shinawatra, former prime minister of Thailand, who paid £81m for the club last year.

Is there money to be made in football? The American investors still think so, believing that they can bring sophisticated marketing to clubs that have global name recognition but little idea how to profit from it. But some in the business note that interest from the US has stalled as the credit squeeze has taken hold. Sovereign wealth funds with different objectives are stepping in. Mr al-Fahim says one of the objectives of the Manchester City deal is to position Abu Dhabi as a "sports and cultural hub".

Abu Dhabi can expect to be joined at the Premier League's high table by Dubai, which wants to host global sports events. Dubai's ruling family nearly bought Liverpool two years ago and remain determined to prise it from its US owners. But these are by no means going to be the only new moguls in the Premier League. Rumours have in the last year linked Manchester United and Tottenham to interest from Asia. These and other clubs can safely assume that their values shot up this week.

Fifa and Uefa, football's world and European governing bodies, fret about such concentration in wealth and the imbalance between English and continental European clubs. But the signs are that some of the latter are ready to ape rather than disparage their English counterparts, and put themselves up for sale.

None of this inflation worries the Premier League's gatekeepers. "People said we were a bubble going to burst," says Richard Scudamore, the league's chief executive. "They said it eight years ago, six years ago, four years ago. From all the indicators we've got, we don't think interest is lessening."

Willing sellers are still to be found. Bill Kenwright, long-suffering chairman of Everton, told supporters this week he wanted a foreign investor to enable the club to compete on the pitch and in the transfer market. He has hired Keith Harris, chairman of stockbroker Seymour Pierce, to find him a billionaire.

Mr Harris expects the knock-on effects of the Manchester City deal will keep him busy. "Some of it is going to be crazy spending, but there is a bandwagon beginning to roll again," he says.

Fonte: Financial Times, London, September 6 e 7 2008, Primeiro Caderno, p. 8.

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