

PLAY THE GAME CONFERENCE JUNE 8th 2009

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MANCHESTER UNITED : IT'S ALL ON THE SHIRT...

ABSTRACT

This short paper will look at the commercialization and globalization of the English Premier League from 1992 to present through a very simple device-the Manchester United shirt. The major sponsors pay for naming rights on the shirt, the kit sponsors for the right to sell the uniform . The Club helps by ‘changing’ its home and away kit with regularity to increase sales and revenue for the sponsor and for themselves. This one simple artifice-the shirt-encapsulates the modern club’s relationship to commerce on a global level and to the commercial nexus with their ‘fans’ and their wallets.

Last week AON Corp-the world’s largest insurance broker-signed a deal to pay 20 million pounds a year from next year to have their name on the Manchester United shirt. Aon described it as ‘one of the top deals in sports sponsorship’.It is.

Manchester United FC have just won the English Premier League (EPL) and two other major competitions this season. They are top of their game. ‘Manchester United PLC’ though no longer public are thriving. Football and the EPL are now big business; Manchester United is **the** money making machine par excellence. Last pre tax profits reported in April 2009 were 66 million pounds They can afford to buy the best players in the world to perform in ‘The Theatre of Dreams’ Old Trafford. Recently, Man Utd. were said to be ready to buy Franc Ribery for a world record sixty three million pounds from Bayern Munich. You can see the rise and rise of the commercialization and globalization of football and the Man U brand on one simple artifice-the shirts they wear, the kit makers and the sponsors of the same. Their story is, literally, all on the shirt.

The English Premier League in now THE world league. Watched on television all over the world. The big clubs like United are as popular in Canton as they are in Chorlton, in Hangzhou as much as Hyde. Since its formation in 1992 , revenue of the EPL has catapulted from 200 million to 1.93 billion in pounds a year in season 2007-2008 –an average of 100 million pounds per club thanks largely to television exposure and rights worldwide. Manchester United’s revenue has risen from 20 million to 200 million plus in the same period (Chart 1).

There are twenty clubs in the EPL yet Man U’s share of the total revenue of the League rose to nearly 20% of the EPL total in 1996.Now it is at 14.00%-one seventh coming from just one of the twenty clubs(Chart 2).They are the big beasts in the English football jungle. The most commercial of the lot as well.

Where do Man U get their income from? Some, but only some, comes through the turnstiles. No longer wearing cloth caps as in the past and more likely to have come in SUVs from all over Britain. The capacity of Old Trafford is now 75,000 and that generates over one hundred million pounds per year through the turnstiles. TV revenue follows success and is now worth over 90 million pounds a year for the club. Some income comes from other commercial activities such as profits on transfers (21.8 million pounds in 2008) but many millions simply comes from the shirt.

The big global sportswear companies vie to have the right to 'own' the red shirts and their huge worldwide sales in replica kits. Nike is believed to have paid 23 million pounds a year from 2002 to today for putting their swish on the United kit replacing Umbro. At peak, that sponsorship provided one in seven of the pounds coming into United's coffers. Today it is closer to one in eight. Still, today, Nike in United's biggest single commercial contract. The Club and the Sportswear company's subsequent ways of milking that contract with young fans worldwide by having annual, sometimes very minor, strip changes and many change 'away' strips are too well known to bear examination in this paper.(Chart 3)

But the red shirt is just the canvas on which the main sponsor paints its' logo. Today that costs AIG 14 million pounds a year. Next year it will const AON twenty million a year. In the pre-history-1992- at the start of the EPL, Sharp paid just 1.5 million pounds a year for the privilege. Sharp had been MUFC shirt sponsors since 1982 and survived through to 2000.They were a home town electronics company with factories in Manchester when Manchester had factories. The fans could relate to the company and its localness(It was in reality a Japanese company with a Manchester branch).Sharp were succeeded by Vodaphone the British mobile phone company in 1999.The mobile market was just getting very crowded and what better way to reach a mass audience than on the chests of the David Beckhams and Ryan Giggs all over the world. The privilege that time round cost Vodapahone 9 million pounds a year.

The Glazers, Manchester United 's new American owners who bought the club in 2005 in a very highly leveraged deal (for which the club still paying huge interest payments-45m pounds in 2008) felt the shirt franchise(as they would call it) was worth more. So they hawked it around. AIG-the American Insurance Group-agreed to a deal from 2006 that is said to be worth 14 million pounds a year for shirts plus 5million on top to run MU Finance-19 million pounds a year in total. Good business for United.

These figures and never published openly especially since the Glazers unquoted Manchester United PLC from the Stock Exchange and took ownership to two private companies (Red Football and Red Football Joint Venture) based in Arizona,USA. Quite whether the Stretford Enders in Manchester ever knew who Red Football was and what AIG did and sold is another question.

What is true is that AIG nearly went under in the Great Wall Street Crash Mark Two in the Autumn of 2008. They had to seek urgent deals to raise \$10-20B in equity to shore up balance sheet that was leaking more red ink than the red shirts. United and their shirts became a luxury too far for a near bankrupt company. They opted out at the end of the contract next year. In the process the MU sponsorship had moved them from number 84 to number on the Barron's list of most respected companies. Money well spent if they still they had it.

United are always looking at the new markets (for football and finance) in Asia. The deal with AON will help United and them achieve more 'traction' in Asia and all over the world

What is beyond doubt is the commercial importance of that shirt. At peak, one in five pounds coming into the Manchester United Cash machine came from the shirt.

To understand the commerce of modern professional football ,you first have to understand the importance of King Red Cotton.

Throughout this paper, I have used figures obtained from Deloitte/ARFF the most respected analyst of the English game and its' finances

1200 words; 10 minutes