Paris Saint-Germain FC
Business Project
Presentation Overview

- HISTORY
  - Foundation & Early Years, Golden Era, Decline & Revival, Domestic Dominance to Present Day, Titles

- ORGANIZATIONAL OVERVIEW
  - Goals, Stakeholders, Asset Identification, Resources, Stadium & Training Ground

- FINANCIAL ANALYSIS
  - Revenue Streams & Breakdown, QSi Investment, Transfer Policy, Official Sponsors & Partners, Broadcasting Media, Total Revenue.

- DEVELOPMENTAL ANALYSIS
  - Competencies, Asset VRIO, Macro-Environment Assessment, Micro-Environment Assessment, Key to Business Model, Business Model Analysis

- DEVELOPMENTAL SUMMARY
Towards the end of the 1960’s, a group of Parisian businessmen decided to form a major football club in the nation’s capital.

They decided to merge their virtual side Paris FC with Stade Saint-Germain, after the club situated 15km west of Paris won promotion to Ligue 2.

After a petition was signed by 20,000 people, Paris Saint-Germain FC was founded on 12 August 1970.

Fashion designer Daniel Hetcher took over the club in 1973 & designed their iconic red, white and blue jersey.

The team has played its home matches in the Parc des Princes (capacity: 47,929) in the 16th arrondissement of Paris since 1974.

In 1978, Daniel Hetcher handed control of the club to Francis Borelli, a French businessman, who guided the Parisians to their first taste of domestic silverware - the Coupe de France in 1982 & 1983, and Ligue 1 in 1986.

- PSG entered the ‘Golden Era’ in 1991 following a takeover by broadcaster Canal+ which revitalised the club.

- Now enjoying serious investment, the club introduced the first wave of world-class players including:
  - David Ginola
  - Alain Roche
  - George Weah
  - Vincent Guerin

- PSG’s crowning glory came with triumph in the 1996 UEFA Cup Winners’ Cup against Rapid Wien.

- On the domestic scene, PSG also won another Ligue 1, 2 French Cups, 2 French League Cups & 2 French Champions Trophies.
Mismanagement saw Paris Saint-Germain FC fall into decline. After years of underachievement, Canal+ sold the club to Colony Capital, Butler Capital Partners & Morgan Stanley in 2006.

During this period, PSG still won 3 French Cups, one League cup and the UEFA Intertoto Cup - but the club was renowned from going from one crisis to another, narrowly avoiding relegation to Ligue 2 on several occasions.

Fans at the Parc des Princes were treated to the arrivals of various world-class players like Ronaldinho, Nicolas Anelka & Jay-Jay Okocha.

A defining moment in PSG’s recent history came in 2011, when Oryx Qatar Sports Investments (QSi) purchased the club for a reported $130 million.

QSi pledged to form a team capable of winning the UEFA Champions League and making PSG France’s biggest club.
History: Domestic Powerhouse: 2012-Present

- Led by manager Carlo Ancelotti and star player Zlatan Ibrahimovich, PSG finally brought back the Ligue 1 trophy to Paris in the 2012/13 season.
- It was their first Ligue 1 title in 19 years.

- Despite the departure of Carlo Ancelotti, PSG kept its winning ways under Laurent Blanc. The club secured a maiden domestic treble (Ligue 1, French League Cup and French Super Cup) in the 2013–14 season.

- The club then claimed an unprecedented national quadruple (Ligue 1, French Cup, League Cup and Super Cup) twice in a row in 2015 and 2016.
- Under manager Unai Emery, the club were recently pipped to the title by Monaco in the 2016/17 season.
PSG is currently the most successful club in French football with 34 domestic and continental trophies.

**Main Titles:**
- **Ligue 1** (6): 85/86, 93/94, 12/13, 13/14, 14/15, 15/16.
- **Coupe de France** (11): 81/82, 82/83, 92/93, 94/95, 97/98, 03/04, 05/06, 09/10, 14/15, 15/16, 16/17.
- **Coupe de la Ligue** (7): 94/95, 97/98, 07/08, 13/14, 14/15, 15/16, 16/17.
- **UEFA Cup Winners’ Cup** (1): 95/96
- **UEFA Intertoto Cup** (1): 2001
Organizational Overview
Organizational Goals

Trophies & On-Pitch Success
- Regain the Ligue 1 title & secure domestic dominance.
- Win the UEFA Champions League.
- Establish ‘world-class’ reputation and become Europe's most dominant team playing entertaining & attractive football.

Financial Goals
- Adhere to UEFA Club Licensing & Financial Fair Play Regulations
- Restructure wage bill to ensure long-term performance consistency
- Maintain & renew long term strong commercial partnerships

Marketing & Brand Management Goals
- Develop & grow international fan base.
- Increase exposure in international markets with new partnerships & activations
- Establish a large online community of fans with the use of social media and increase engagement with the use of other digital technology platforms.
## PARIS SAINT-GERMAIN FC

### Financial Resources

<table>
<thead>
<tr>
<th>Revenue Streams</th>
<th>Broadcasting</th>
<th>Commercial</th>
<th>Match-Day</th>
<th>Reputation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic &amp; International Broadcasting Rights</td>
<td>Official Sponsors &amp; Partners</td>
<td>Ticketing</td>
<td>History</td>
<td>Sporting Performance &amp; Success</td>
</tr>
<tr>
<td>PSG Premium TV</td>
<td>Merchandising</td>
<td>Corporate Hospitality</td>
<td></td>
<td>City’s Number 1 Sporting Entity</td>
</tr>
<tr>
<td></td>
<td>Stadium Tours &amp; Exhibitions</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Club Memberships</td>
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</tbody>
</table>

### Core Competencies

- Recruitment of World Class Talent
- Brand Management & Negotiation
- Performance Management

### ASSETS

<table>
<thead>
<tr>
<th>Employees</th>
<th>Commercial Sponsors &amp; Partnerships</th>
<th>Reputation</th>
<th>Relational</th>
<th>Physical</th>
<th>Core Competencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unai Emery, Coaches, Players &amp; Back-Room Staff</td>
<td>Nike, Fly Emirates, QNB, Ooredoo</td>
<td>World-Class Players</td>
<td>Situated in Capital of France (16th arrondissement)</td>
<td>Parc des Princes (capacity: 47929) - in agreement with city of Paris (rental)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>belN Sports, Ericsson, PMU, Orange</td>
<td>Most Successful Team in France</td>
<td>Strong Competitor in European Competition</td>
<td>Camp des Loges (Training Facility)</td>
<td></td>
</tr>
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<td></td>
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</tr>
</tbody>
</table>

### Core Competencies

- Recruitment of World Class Talent
- Brand Management & Negotiation
- Performance Management
### Resources

<table>
<thead>
<tr>
<th><strong>1. PARTNERSHIPS</strong> DIRECT PROFIT CENTRE (commercial, executive boxes, corporate hospitality)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kit Suppliers - Nike</td>
</tr>
<tr>
<td>Kit Sponsors - Fly Emirates</td>
</tr>
<tr>
<td>Concessions - McDonalds</td>
</tr>
<tr>
<td>Media - beIN Sports</td>
</tr>
<tr>
<td>Digital Tech - Ericsson</td>
</tr>
<tr>
<td>Tourism - QTA</td>
</tr>
<tr>
<td>Telecommunications - ooRedoo</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>2. REPUTATIONAL NO DIRECT PROFIT CENTRE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Relatively Young Club</td>
</tr>
<tr>
<td>Iconic Jersey design</td>
</tr>
<tr>
<td>History of Success</td>
</tr>
<tr>
<td>Large Fan base - highest avg attendance in Ligue1</td>
</tr>
<tr>
<td>Fondation PSG</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>3. SOCIAL CAPITAL DIRECT PROFIT CENTRE</strong> (TV Broadcasting Rights, Transfers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Competitor in UEFA Champions League</td>
</tr>
<tr>
<td>Top Competitor in Ligue1</td>
</tr>
<tr>
<td>Large Network of Scouts</td>
</tr>
<tr>
<td>Experienced Management Team - Unai Emery, Antero Henrique</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>4. PHYSICAL DIRECT PROFIT CENTRE</strong> (Commercial, Ticketing, Corporate Hospitality, Merchandising, Concessions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stadium - Parc des Princes</td>
</tr>
<tr>
<td>Training Ground - Camp des Loges</td>
</tr>
<tr>
<td>Associated with Nation’s Capital</td>
</tr>
<tr>
<td>16th Arrondissement of Paris - easy access</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>5. ORGANISATIONAL NO DIRECT PROFIT CENTRE, but receive direct investment from owners</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners: QSi</td>
</tr>
<tr>
<td>Direct Investor looking to maximise ROI</td>
</tr>
<tr>
<td>Networks used to establish commercial partnerships - QTA.</td>
</tr>
<tr>
<td>Board of Directors</td>
</tr>
<tr>
<td>Sporting Director: Antero Henrique</td>
</tr>
</tbody>
</table>
Stadium & Training Ground

- The Parc des Princes stadium, with a seating capacity of 47,929 spectators, has been the home pitch of Paris Saint-Germain FC since 1974.

- Before the opening of the Stade de France in 1998, it was also the home arena of the French national football and rugby union teams.

- PSG maintained the highest average attendance in Ligue 1 for the 2016/17 season:

<table>
<thead>
<tr>
<th>#</th>
<th>Club</th>
<th>Sum</th>
<th>Home Games</th>
<th>Average Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Paris Saint-Germain</td>
<td>861,021</td>
<td>19</td>
<td>45,317</td>
</tr>
<tr>
<td>2</td>
<td>Olympique Marseille</td>
<td>758,061</td>
<td>19</td>
<td>39,898</td>
</tr>
<tr>
<td>3</td>
<td>Olympique Lyon</td>
<td>744,248</td>
<td>19</td>
<td>39,171</td>
</tr>
</tbody>
</table>

- The Paris City Council own the stadium & lease it to Paris Saint-Germain FC.

- PSG train at Camp des Loges, or as it's commercially branded, the ooRedoo Training Centre.
Financial Analysis
Paris Saint-Germain FC's Revenue in Thousand Euros:

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcasting</td>
<td>37952</td>
<td>32032</td>
<td>44878</td>
<td>47013</td>
<td>90900</td>
<td>83400</td>
<td>105800</td>
<td>123100</td>
<td>85148</td>
</tr>
<tr>
<td>Commercial</td>
<td>37888</td>
<td>34695</td>
<td>37910</td>
<td>150022</td>
<td>254700</td>
<td>327700</td>
<td>297000</td>
<td>305300</td>
<td>267412</td>
</tr>
<tr>
<td>Match-Day</td>
<td>24979</td>
<td>15990</td>
<td>18122</td>
<td>25352</td>
<td>53200</td>
<td>63100</td>
<td>78100</td>
<td>92500</td>
<td>67521</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>100819</td>
<td>82717</td>
<td>100910</td>
<td>222387</td>
<td>398800</td>
<td>474200</td>
<td>480900</td>
<td>520900</td>
<td>422081</td>
</tr>
</tbody>
</table>

**BROADCASTING**
- Domestic & International Broadcasting Rights
  - Ligue 1, Coupe de France, Coupe de la Ligue, Trophée des Champions, UEFA Champions League
- PSG Premium TV

**COMMERCIAL**
- Official Sponsors & Partnerships
- Merchandising
- Stadium Tours & Exhibitions
- Club Memberships

**MATCH-DAY**
- Ticketing - Seasonal packages, premium areas & directors boxes
- Corporate Hospitality
- Concessions
Prior to QSi’s takeover of PSG FC, the club’s largest revenue stream was their media broadcasting rights.

Given the influx of Qatari investment into the first team in recent years, PSG have been able to recruit world-class players and have since been consistently successful in domestic competitions.

The club secured a maiden domestic treble in the 2013-2014 season before an unprecedented national quadruple (Ligue 1, French Cup, League Cup, Super Cup) twice in a row in 2015 and 2016.

On-pitch success has opened up various commercial sponsorship and partnership opportunities, as brands attempt to align with PSG’s growing international reputation.
Financial Analysis: QSi Investment in Team

- The Parc des Princes side have been major players in the transfer market since 2011, regularly signing players for €30m or more.

- QSi are purchasing high-profile players with the intention of winning the Champions League and boosting commercial opportunities domestically and abroad.

- Paris Saint-Germain recently smashed the world transfer record by signing Neymar from Barcelona for €222 million.

- Neymar, cost more than Cavani, Di Maria, David Luiz and Thiago Silva combined, emphasising the sheer scale of the move that QSI have made with the intention of finally achieving their organisational goal.

<table>
<thead>
<tr>
<th>Season</th>
<th>Player</th>
<th>From</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>Javier Pastore</td>
<td>Palermo</td>
<td>€40m</td>
</tr>
<tr>
<td>2012-13</td>
<td>Thiago Silva</td>
<td>AC Milan</td>
<td>€42m</td>
</tr>
<tr>
<td>2012-13</td>
<td>Lucas Moura</td>
<td>Sao Paulo</td>
<td>€40m</td>
</tr>
<tr>
<td>2013-14</td>
<td>Marquinhos</td>
<td>Roma</td>
<td>€31m</td>
</tr>
<tr>
<td>2013-14</td>
<td>Edinson Cavani</td>
<td>Napoli</td>
<td>€64m</td>
</tr>
<tr>
<td>2014-15</td>
<td>David Luiz</td>
<td>Chelsea</td>
<td>€50m</td>
</tr>
<tr>
<td>2015-16</td>
<td>Angel Di Maria</td>
<td>Man Utd</td>
<td>€63m</td>
</tr>
<tr>
<td>2016-17</td>
<td>Julian Draxler</td>
<td>Wolfsburg</td>
<td>€38m</td>
</tr>
<tr>
<td>2016-17</td>
<td>Grzegorz Krychowiak</td>
<td>Sevilla</td>
<td>€33m</td>
</tr>
<tr>
<td>2017-18</td>
<td>Neymar</td>
<td>Barcelona</td>
<td>€222m</td>
</tr>
</tbody>
</table>
### Financial Analysis: Net Transfer Spend

<table>
<thead>
<tr>
<th>Season</th>
<th>Transfer Money Received (£million)</th>
<th>Transfer Money Spent (£million)</th>
<th>Net Transfer Spend (£million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 - 2010</td>
<td>5.67</td>
<td>13.95</td>
<td>8.28</td>
</tr>
<tr>
<td>2010 - 2011</td>
<td>6.30</td>
<td>8.10</td>
<td>1.8</td>
</tr>
<tr>
<td>2011 - 2012</td>
<td>8.46</td>
<td>96.39</td>
<td>87.93</td>
</tr>
<tr>
<td>2012 - 2013</td>
<td>4.28</td>
<td>134.95</td>
<td>130.67</td>
</tr>
<tr>
<td>2013 - 2014</td>
<td>23.85</td>
<td>122.31</td>
<td>98.46</td>
</tr>
<tr>
<td>2014 - 2015</td>
<td>1.98</td>
<td>44.55</td>
<td>42.57</td>
</tr>
<tr>
<td>2015 - 2016</td>
<td>20.61</td>
<td>104.49</td>
<td>83.88</td>
</tr>
<tr>
<td>2016 - 2017</td>
<td>53.82</td>
<td>130.14</td>
<td>76.32</td>
</tr>
<tr>
<td>2017 - 2018</td>
<td>58.50</td>
<td>214.20</td>
<td>155.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>183.47</strong></td>
<td><strong>869.08</strong></td>
<td><strong>685.61</strong></td>
</tr>
</tbody>
</table>

Paris Saint-Germain FC's net spending in the transfer market between 2009 - 2017, would suggest that they may need to improve their recruitment strategy.

This might not necessarily be true however, as the recruitment of world-class talent is in alignment with their organizational goals implemented after the acquisition of the club by QSi in 2011.

Goal: To win the UEFA Champions League & become dominant force in Europe.

In order to compete with the likes of Real Madrid, Barcelona, Bayern Munich & Juventus in top-flight European competition, PSG have recruited some of the world's most talented players...and they don't come cheaply.
Financial Analysis: Transfer Policy

Despite experiencing consistent financial losses in the transfer market, Paris Saint-Germain FC’s transfer policy is fundamental to their ongoing success, both on and off the pitch.

The recruitment of world-class players in their prime has led to significant commercial, reputational, and on-pitch success:

- **Zlatan Ibrahimovic**
  - After arriving for 20 million Euros, he, almost single handedly, propelled PSG to their first Ligue 1 title in 19 years after scoring 30 goals in 38 games in 2012/13.
  - Maintains an excellent brand image & helped win PSG numerous titles.

- **David Beckham**
  - One of the most recognised faces in the world of sport, let alone football.
  - Won Ligue 1 title in 2013 & donated his entire salary to Parisian & French Provincial children’s hospitals.

- **Neymar**
  - World Transfer Record signing from Barcelona
  - Great brand image & reputation, captain of Brazilian National Team & allows PSG to activate multiple business units (ticketing, merchandising, sponsorships, TV rights).
Financial Analysis: Official Partners & Sponsors

Top Sponsors

Official Partners

Official Providers
Financial Analysis: Official Partners & Sponsors

- **NIKE**
  - Partnership extended to 2027 season.
  - PSG have secured a significant increase in the amount they pocket every season from the US sportswear manufacturer: from 25 million Euro to 60 million Euro per season. And in the event that PSG win the UEFA Champions League, another 10 million Euro would be paid.

- **FLY EMIRATES**
  - 5 year extension agreed in 2013. The Dubai-based airline's new agreement with the capital club will run through to the end of the 2018-19 season.
  - It is reportedly worth a basic Eur20 million per season, rising to Eur25 million depending on sporting results.

- **QATAR TOURISM AUTHORITY**
  - QTA is reportedly paying PSG around €175M ($197M) per season.
  - The QTA partnership represented around 30% of the ’16-17 season’s provisional budget. As part of the partnership, the club allowed access to its image and several players” to promote Qatar as a tourism destination.
Domestic & International Broadcasters

DOMESTIC BROADCASTERS
- Ligue 1, Coupe de France, Coupe de la Ligue, UEFA Champions League

INTERNATIONAL BROADCASTERS
- Ligue 1 & UEFA Champions League

AMERICA
- ESPN, SporTV, beIN Sports, DAZN, DirecTV Sports, TDN, Tele Rebelde

ASIA
- beIN Sports, Setanta Sports, Tencent, Sony, NewTV, DAZN, Macau Cable TV, SKY Net, Football TV, SPOTV, SCTV

EUROPE
- SuperSport, beIN Sports, Setanta Sports, Sport1, DAZN, Eleven Sports, Arena Sport, Diema Sport, Sport1, Nova Sports, Viasat, Digi Sport, BT Sport, eir Sport, Mediaset Premium, Teleclub, Eurosport, Match TV.

MENA, OCEANIA & SUB-SAHARAN AFRICA
- Sport5, beIN Sports, Canal+, Star Times, FOX Sports

PSG received 123.1 million Euros from Media Broadcasting Rights contracts in the 2016/2017 season.
Financial Analysis: Total Revenue

- From this chart of PSG’s Total Revenue, it is clear to see the significant impact QSi’s takeover bid had on the club’s overall finances and organisational structure.

- Significant & direct investment into the team is attracting world-class players to the French capital.

- Multiple years of on-pitch success has seen considerable commercial opportunities open up for the organisation.

- Commercial revenue now stands as the largest profit centre for PSG.
Developmental Analysis
Competencies

Core Competencies

- Performance Management
- Recruitment
- Negotiation
- Brand Management

Potential Competencies

- Athlete Management
- Networking
- Activation
- Youth Development
- Engagement
## Asset VRIO

<table>
<thead>
<tr>
<th>Sponsors &amp; Commercial Partners</th>
<th>V</th>
<th>R</th>
<th>I</th>
<th>O</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Sustainable Competitive Advantage</td>
</tr>
<tr>
<td>Networks</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td>Under-utilised Competitive Advantage</td>
</tr>
<tr>
<td></td>
<td>Y</td>
<td>N</td>
<td>N</td>
<td>Y</td>
<td>Competitive Parity</td>
</tr>
<tr>
<td>Reputation</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Competitive Advantage</td>
</tr>
<tr>
<td>Academy &amp; Youth Development</td>
<td>Y</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>Competitive Parity</td>
</tr>
</tbody>
</table>
Macro-Environment Assessment

Political
- Council of Paris - might affect negotiation of rent fees for Parc des Princes Stadium.
- Paris 2024 - club might see Olympic Movement as competition in France - could affect match-day ticketing & merchandising. Stadium might even be used for Olympics.
- Threats from terrorism and political extremists from opposing countries - major security concern.

Economic
- Oryx Qatar Sport Investments (QSi) takeover in 2011 & direct financial support and investment overseen by President Nasser al-Khelaifi.
- Relatively high income-tax rates in France might reduce number of foreign players moving to Ligue 1 & PSG.
- In their Annual Review of Football Finance, Deloitte forecast that Ligue 1 will remain the lowest revenue-generating league in Europe’s ‘big five’ throughout seasons 2016/17 and 2017/18, despite the commencement of new domestic broadcast rights deals in 2016/17, worth around €130m more than in the previous rights cycle.
Macro-Environment Assessment

Social/Cultural
- Regular protests & rallies in Paris might affect match-day ticketing & access to Parc des Princes.

Legal
- PSG must comply with UEFA Financial Fair Play regulations.
- FFP rules seek to discount any artificial means by which clubs meet the requirement to approach breaking even. Currently club losses are limited to €5m in total for the 2015-16, 2016-17 and 2017-18 periods, or €30m if an owner is entirely covering the extra €25m.

Technological
- Everchanging landscape and new platforms and applications change the way we consume sports.
- Rumors that tech companies may bid rights to broadcast live sports across Europe.
- Changing social media landscape is allowing clubs to engage international fan-base on a more regular basis.

Environmental
- Climate change - heavy rainfall and minor flooding in metropolitan areas could lead to game cancellations or restricted access to Parc des Princes.
Micro-Environment Assessment

CUSTOMERS
● Highest average attendance in Ligue 1 - match-day ticketing, hospitality, and concessions.
● Long Term Contracts with Nike, Emirates & Qatar Tourism Authority.
● Merchandising - large profit centre - Record shirt sales (Neymar Jr) for September 2017 - Revenue: £7.8 million.
● Networks through QSi & international exposure are creating new, long term partnerships & sponsors.

NEW ENTRANTS
● Highly unlikely given PSG’s financial capability & high costs of founding & organising a successful football club.

UEFA FFP INVESTIGATION 2017
● Under the FFP regulations, wages cannot account for more than 70 per cent of a club’s income.
● In 2016, 54% of PSG’s revenue was being spent on their players’ salaries
● The greater issue for PSG, though, will be their overall expenditure.
● They made a €10m profit in 2016, but having Neymar and Mbappe on their books has now seen their annual expenses rise by approximately €124m (€80m in wages and €44m in amortization of the Neymar transfer fee), and that figure will rise to about €160m from 2018-19, when the annual depreciation of €36m on the €180m that PSG are paying for the Frenchman is taken into account.
● PSG believe that this surge in spending will be offset by the boost in merchandising sales that they have triggered by acquiring two of the most marketable footballers on the planet.

SUBSTITUTES
● Paris FC (Ligue 2)
● Stade Francais - Rugby
● PSG Handball - same franchise.
● Levallois Metropolitans (Basketball)
Key to Business Model

TRADE
Ligue 1, UEFA Champions League, Youth Leagues

SINGULARITY
Entertaining Football
Top Players
Top Sponsors
European Elite
Foreign Investment

POSITION
Domestic & European Leader,
World Class Coach & First Team Squad

COMPETENCIES
Performance Mgmt,
Recruitment, Negotiation, Brand Mgmt

MARKET
France, Europe & International
New Business Model

ORYX QATAR SPORTS INVESTMENTS (QSi)

ORGANISATIONAL

PARTNERSHIPS

SOCIAL CAPITAL

PHYSICAL

Networking
Match-Day Ticketing

Core Resources
Core Competencies
Resources
Competencies

Activation
Negotiation

Fan Engagement
Brand Mgmt

Recruitment
Athlete Management

Performance Mgmt
Youth Development
Development Summary

TRANSFER POLICY & UEFA FFP

- PSG’s recruitment of world-class players (Neymar Jr, Mbappe) has boosted merchandising, match-day ticketing, PSG’s international fan-base and most importantly, commercial sponsorship & partnership opportunities.
- PSG have cleverly persuaded Monaco to allow them to take Mbappe on loan for a season before then paying their Ligue 1 rivals €180m to buy the player outright.
- This has ensured that the deals for Neymar and Mbappe will not appear on the same budget sheet, thus making it far easier for them to meet the FFP guidelines.
- BUT Paris Saint-Germain’s wage bill has increased by 15% to €292m, representing almost 30% of total Ligue 1 wage expenditure - they can’t maintain the same trend of buying marquee players and increasing their wage bill without failing to adhere to UEFA FFP regulations.

SOLUTION - YOUTH DEVELOPMENT

- In order to maintain a high level of competitive performance in the long term, and remain as one of Europe’s elite sides, PSG will have to focus more on their youth development & academy system.
- Paris Saint Germain can utilise its increasingly larger group of networks, and its reputation to scout and recruit talented youngs player to the club at the youth level.
- PSG’s entertaining football, international exposure, and foreign investment will lure the best young footballers from around the world.
- PSG’s new Sporting Director, Antero Henrique, should play a pivotal role in this transition. He is the former director at FC Porto and responsible for their incredibly consistent scouting and youth development system.
- PSG should utilise his network of scouts and coaches, and build on the club’s core competencies: Performance Mgmt, Recruitment & Negotiation to promote Youth Development as a main competency in the long term.
Development Summary

SPONSORSHIP ACTIVATION & FAN ENGAGEMENT

● After Oryx Qatar Sports Investments (QSi) took over the club, Paris Saint-Germain has developed into one of the most marketable sports organisations throughout Europe.
● Commercial partnerships & sponsors make up 59% of PSG's Total Revenue in 2016.
● The club's competitiveness in the UEFA Champions League & their new marquee signings (Neymar & Mbappa) have greatly enhanced PSG's global brand image - thus increasing shirt sales (merchandising) and fueled further commercial partnerships.
● BUT PSG's online & international fan-base is relatively small in comparison with Real Madrid, Manchester United & Barcelona:
  ○ PSG: Only have 5m Twitter followers & 32m likes on their official Facebook page.
  ○ Real Madrid: 27m Twitter followers & 106m likes on their official Facebook page

SOLUTION - FAN ENGAGEMENT

● One of PSG's core competencies is their Brand Management - since QSi's takeover, PSG have effectively marketed themselves as one of Europe's elite footballing establishments.
● In order to be even more marketable to brands and potential sponsors, Paris Saint-Germain FC must find a way to develop strong relationships with their growing international fan-base.
● PSG must utilise new technological platforms on social media to engage with their fans more directly.
● By working directly with their main sponsors, PSG must create a series of campaign activations that benefit the club's sponsors, and also directly target fans outside of Paris and France.
● They currently maintain the highest average attendance in Ligue 1, so the marketing emphasis should be place on international fans - in doing so, they will boost merchandise sales abroad, and they'll indirectly earn more money from international broadcasting rights agreements as their fan-base grows.
Thank You!
Any Questions..?