

# Paris Saint-Germain FC Business Project

By Edward Graves



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

# History: Foundation Early Years: 1970-1991



- 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.



# History: The Golden Era: 1991-1998



- 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.



# History: Decline & Revival: 1998 - 2012

- 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.

# History: Domestic & European Trophies



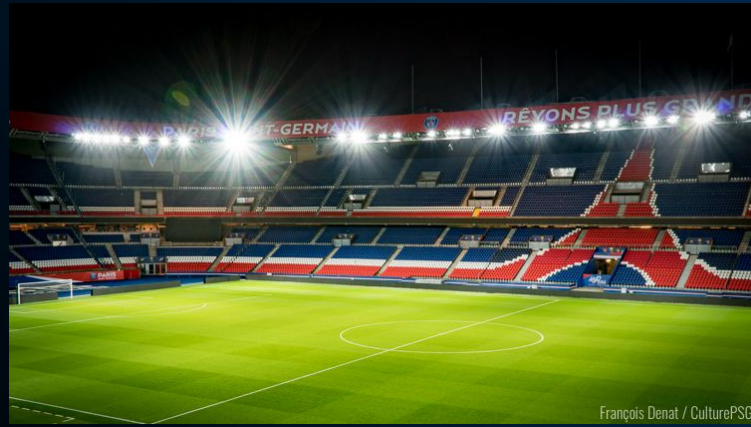
- PSG is currently the most successful club in French football with 34 domestic and continental trophies.

## 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.
- Trophée des Champions (7): '95, '98, '13, '14, '15, '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.



# Stakeholders



## OWNER

Oryx Qatar Sports Investments  
President: Nasser Al-Khelaifi

## SPONSORS

## PARTNERS

## SUPPORTERS

Paris Saint-Germain  
FC

## EMPLOYEES

Executives  
Directors  
Managers  
Coaches  
Players  
Back-Room Staff

## CUSTOMERS

## MEDIA BROADCASTERS

GOVERNING BODIES  
French Football Federation  
UEFA  
FIFA  
Council of Paris

# Asset Identification



PARIS SAINT-GERMAIN FC		
Financial Resources < Revenue Streams >	Broadcasting	Domestic & International Broadcasting Rights
		PSG Premium TV
	Commercial	Official Sponsors & Partners
		Merchandising
		Stadium Tours & Exhibitions
		Club Memberships
	Match-Day	Ticketing
		Corporate Hospitality
		Concessions
Reputation	History	
	Sporting Performance & Success	
	City's Number 1 Sporting Entity	



ASSETS	
Employees	Unai Emery, Coaches, Players & Back-Room Staff
Commercial Sponsors & Partnerships	Nike, Fly Emirates, QNB, Ooredoo
	beIN Sports, Ericsson, PMU, Orange
Reputation	World-Class Players
	Most Successful Team in France
	Strong Competitor in European Competition
Relational	Situated in Capital of France (16th arrondissement)
	La Fondation PSG
Physical	Parc des Princes (capacity: 47929) - in agreement with city of Paris (rental)
	Camp des Loges (Training Facility)
Core Competencies	Recruitment of World Class Talent
	Brand Management & Negotiation
	Performance Management



# Resources



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

<b>2.REPUTATIONAL NO DIRECT PROFIT CENTRE</b>	Relatively Young Club
	Iconic Jersey design
	History of Success
	Large Fan base - highest avg attendance in Ligue 1
	Fondation PSG

<b>3.SOCIAL CAPITAL DIRECT PROFIT CENTRE (TV Broadcasting Rights, Transfers)</b>	Global Exposure
	Top Competitor in UEFA Champions League
	Top Competitor in Ligue 1
	Large Network of Scouts
	Experienced Management Team - Unai Emery, Antero Henrique

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

<b>5.ORGANISATIONAL NO DIRECT PROFIT CENTRE, but receive direct investment from owners</b>	Owners: QSi
	Direct Investor looking to maximise ROI
	Networks used to establish commercial partnerships - QTA.
	Board of Directors
	Sporting Director: Antero Henrique

# 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:



#	Club	Sum	Home Games	Average Attendance
1	Paris Saint-Germain	861,021	19	45,317
2	Olympique Marseille	758,061	19	39,898
3	Olympique Lyon	744,248	19	39,171

- 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





# Financial Analysis: Revenue Streams

Paris Saint-Germain FC's Revenue in Thousand Euros:

	2009	2010	2011	2012	2013	2014	2015	2016	Growth 2009 - 2016	
Broadcasting	37952	32032	44878	47013	90900	83400	105800	123100	85148	324.4%
Commercial	37888	34695	37910	150022	254700	327700	297000	305300	267412	805.7%
Match-Day	24979	15990	18122	25352	53200	63100	78100	92500	67521	370.3%
Total Revenue	100819	82717	100910	222387	398800	474200	480900	520900	422081	516.6%

## 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



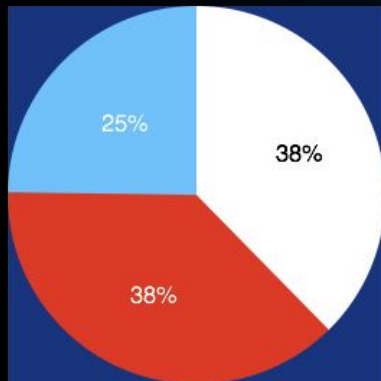
# Financial Analysis: Revenue Breakdown



● Broadcasting ● Commercial ● Match-Day

2009

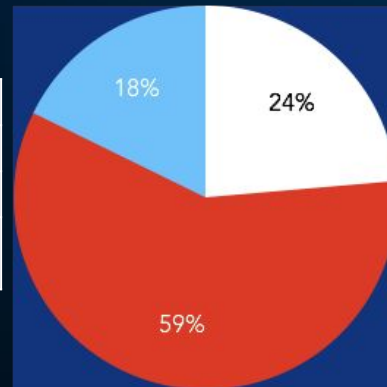
Broadcasting	37,952,000
Commercial	37,888,000
Match-Day	24,979,000
Total Revenue	101.081 million euros



● Broadcasting ● Commercial ● Match-Day

2016

Broadcasting	123,100,000
Commercial	305,300,000
Match-Day	92,500,000
Total Revenue	520.9 million euros



- 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.

Season	Player	From	Fee
2011-12	Javier Pastore	Palermo	€40m
2012-13	Thiago Silva	AC Milan	€42m
2012-13	Lucas Moura	Sao Paulo	€40m
2013-14	Marquinhos	Roma	€31m
2013-14	Edinson Cavani	Napoli	€64m
2014-15	David Luiz	Chelsea	€50m
2015-16	Angel Di Maria	Man Utd	€63m
2016-17	Julian Draxler	Wolfsburg	€38m
2016-17	Grzegorz Krychowiak	Sevilla	€33m
2017-18	Neymar	Barcelona	€222m



# Financial Analysis: Net Transfer Spend



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

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

PSG received 123.1 million Euros from Media Broadcasting Rights contracts in the 2016/2017 season.

## 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

# 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.





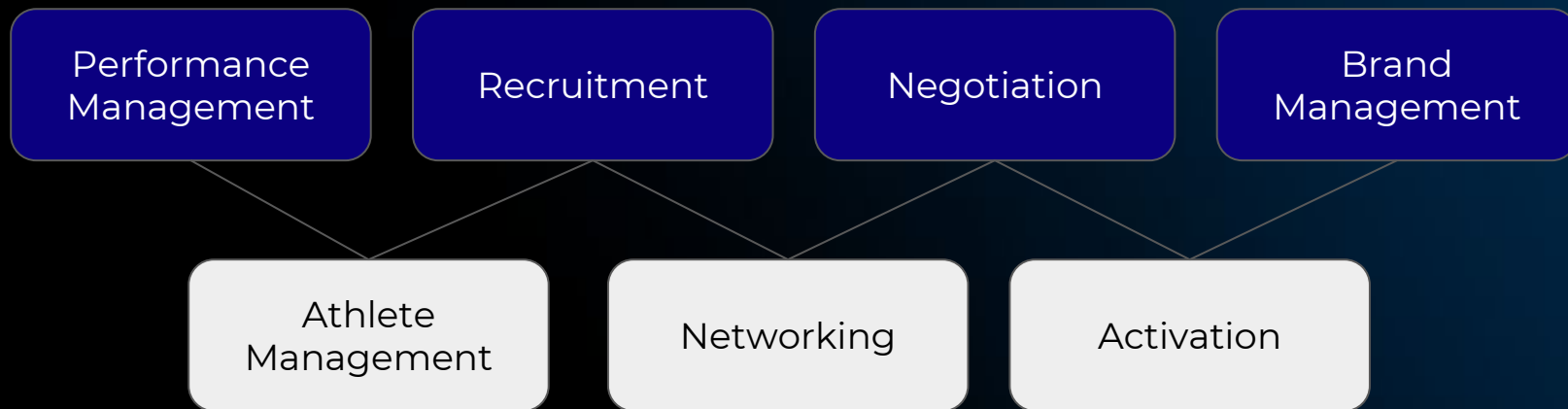
## Developmental Analysis



# Competencies



## Core Competencies



## Potential Competencies





# Asset VRIO



	V	R	I	O	Result
<b>Sponsors &amp; Commercial Partners</b>	Y	Y	Y	Y	<b>Sustainable Competitive Advantage</b>
<b>Networks</b>	Y	Y	Y	N	<b>Under-utilised Competitive Advantage</b>
<b>Stadium</b>	Y	N	N	Y	<b>Competitive Parity</b>
<b>Reputation</b>	Y	Y	Y	Y	<b>Competitive Advantage</b>
<b>Academy &amp; Youth Development</b>	Y	N	N	N	<b>Competitive Parity</b>

# Macro-Environment Assessment

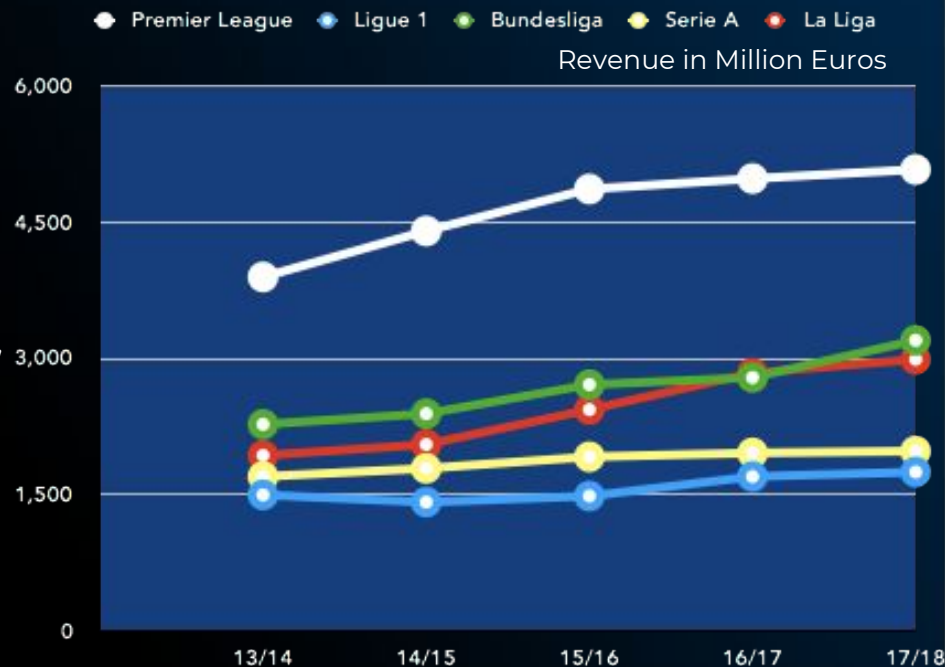


## Political

- 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

## POSITION

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



## COMPETENCIES

Performance Mgmt,  
Recruitment, Negotiation, Brand  
Mgmt

## SINGULARITY

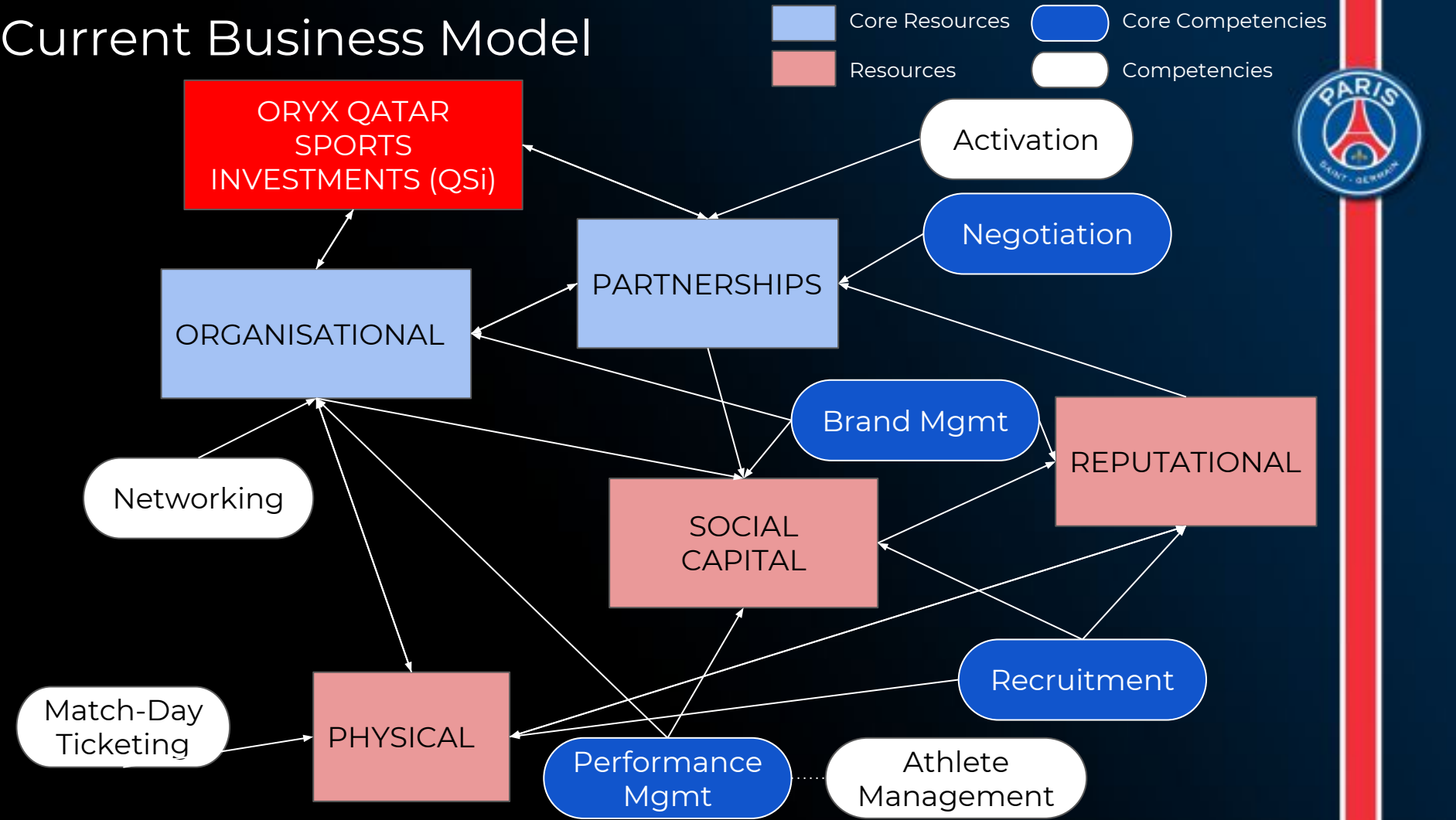
Entertaining Football  
Top Players  
Top Sponsors  
European Elite  
Foreign Investment

## MARKET

France, Europe & International



# Current Business Model



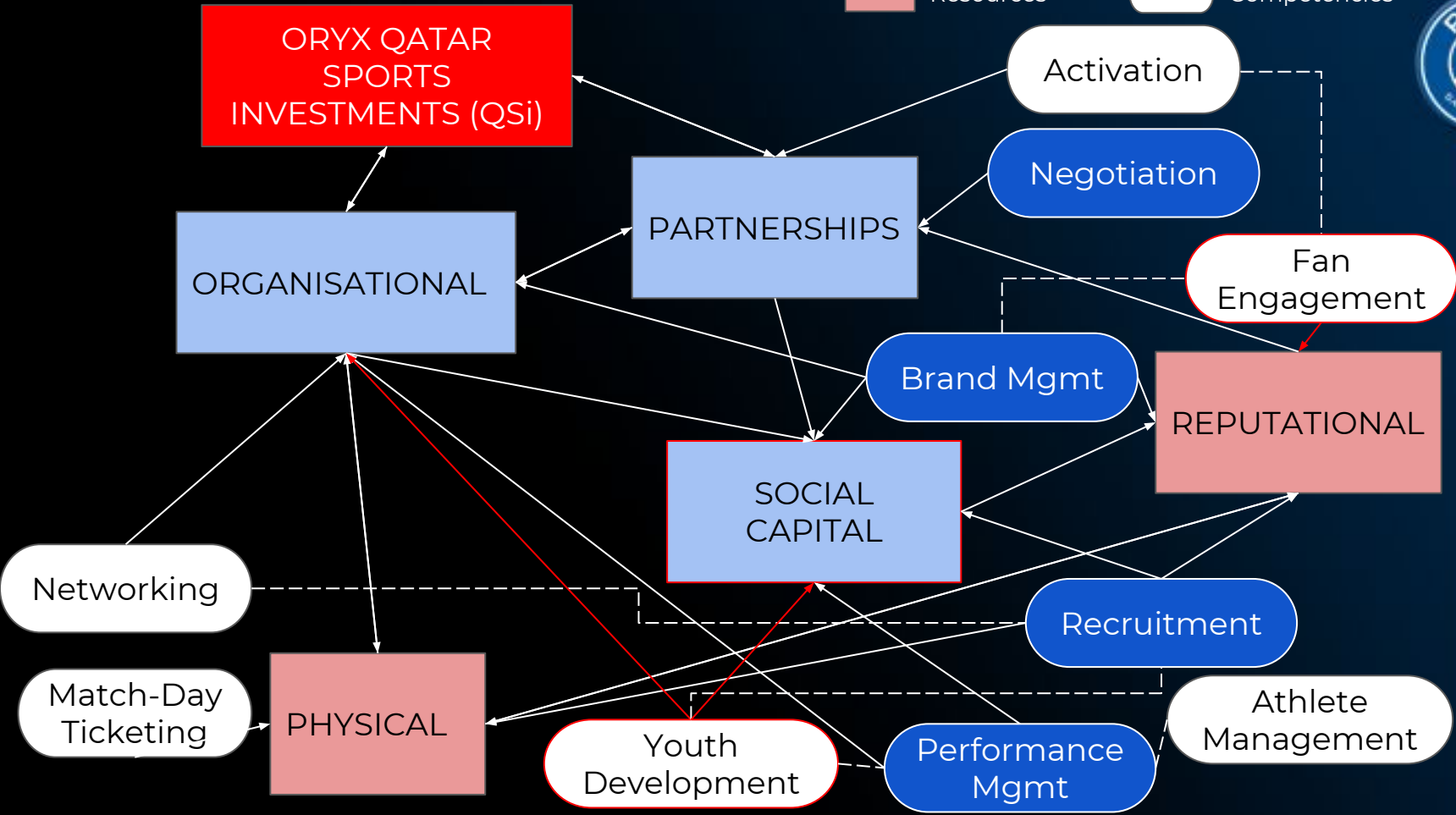
# New Business Model

Core Resources

Resources

Core Competencies

Competencies



# 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 young players 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.



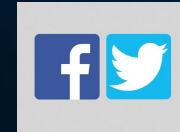


# Development Summary



## 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..?