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INVESTMENT ATTRACTIVENESS OF FC "BARCELONA": THE HISTORY OF REVIVAL

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The article is devoted to economic and management policy of football club «Barcelona». The article considers the issues of income and expenses of the club, strategies for dealing with contact audience and the promotion of the club as a brand.

For anybody it is not a secret, that worldwide football has long gone beyond the purely sports activities, football clubs become profitable, and sometimes unprofitable business projects. And the essence of each normal business is to gain a profit, so the owners of football clubs hope at the end of each season to get profit from their investments.

Any club is eager to have in its team the best players in the world, trying to raise them from its football schools or buy from its rivals, but clubs are extremely reluctant to part with their best players and try to get for such players the maximum possible amount of money.

If a club wants to have the best players, they need to pay them a salary corresponding to their playing skills, it is indicative that the highest-paid footballer is Lionel Messi who has been recognized three times the best player in the world [1].

FC Barcelona for a long time has been one of the most recognizable and popular football brands. In recent years, the club has been able to get financial benefits out of its support worldwide and to rise from the thirteenth to the second place in the "Money League" with the annual income of 259.1 million euros. In this way an outstanding growth of the club welfare can be noted.

Many football commentators remember the summer of 2003, when the purchase of «Chelsea» by Roman Abramovich dramatically changed the idea of the football business. Changes occurred in Catalonia, which led to achieving the second place in the "Money League" and winning the titles in La Liga and the UEFA Champions League.

After winning in the Primera in the 1998/99 season the club was desperately fighting, both on the field and outside it. Four consecutive, unsuccessful in the sense of trophies seasons ended quite sadly in 2002/03, when Barcelona finished in the sixth position in La Liga, and it was the worst place from the 1987/88 season, moreover they were admitted to the UEFA Cup only in the last round of the championship.

Financial position of the club was the same, if not even more depressing. Annual income was equal to 123.4 million euros, which was only half of the income of Manchester United and Barcelona was only the 13th in the "Football Money League". On the salary of players 109.3 million euros was spent, which already constituted 88% of the turnover, and costs equaled 88 million euros. Over the years, losses were growing, and eventually turned into 186 million euros of the debt. The club faced serious financial difficulties [3].

"Barcelona" is an "organization of mutual responsibility" (i.e. all its members that belonged to it at a certain period of time share the same profits and losses and cannot receive income without paying off their shares, in the form of dividends, interest), managed by the members of the club. The motto "more than a club" reflects the philosophy and the status of the club, as a symbol of Catalan pride and the obligation on observance of democracy and freedom. In addition to the football team, Barcelona has a basketball, a handball and a hockey clubs as well as other teams in other sports.

Club members have the right to choose the head, and in June 2003, Joan Laporta, who was supported by a group of young entrepreneurs, became the club President. Laporta won with the agenda, which included a radical program of improvement of the financial situation in the "Barcelona" and the team's performance on the football field, meanwhile two key principles were retained and maintained – beautiful football and the fulfillment of social obligations.

One way was an approach that included a radical reduction of costs, coupled with moderate investment into the players in the short term, which would be financially secure, but risky in the sense of performances on the field. Instead, the Laporta strategy included significant immediate investments in the team, it was created for the immediate result achievements on the field, that should lead to a growth in annual income. Cost reduction led to budget balance in the 2003/04 season, the first for FC Barcelona, starting from the 1999/00 season. Although there were huge financial risks, this choice gave good prospects to "Barcelona" on the football field.

After the elections in 2003, seven out of the nine former managers left the club, and re-selected Board of Directors started to implement the strategy, day by day, gaining a club staff. Also a review of all operations was conducted to determine opportunities and implement annual income growth, while controlling costs [3].

Economics

In the first year there have been several important changes in the team, Frank Rijkaard became the trainer, as well as Ronaldinho, Rafael Marquez and others appeared in the "Barcelona", while a few well-paid players left the club.

Stronghold of the strategy to control costs was the introduction of the dependence of a player's salary from their performance, thereby players were encouraged, and the business was protected from the impact of the results of the team's performance. All contracts now include fixed payments and bonuses, which depend on the performance of the team and a player. As a result 18 per cent of the players' salary in the 2005/06 season depended on the success of the team on the field, and the other 18% depended on the performance of a player.

The debt situation of the club was solved in the average time in accordance with the financial agreement signed in January 2004 with several financial institutions, which allowed to borrow up to 150 million euros.

This policy led to immediate improvements in the financial sector. In the 2003/04 season incomes increased by 37%, while expenditure on players reduced to 85.2 million euros, the players' salaries constituted only 50% of the turnover, which led to revenue of 6.7 million euros. Since then income only have been growing, in 2005/06 they amounted to 259.1 million euros and the profit – to 17 million euros. «Barcelona» as «the organization of mutual responsibility» does not have to spend their revenue on keeping owners, as it happens at other clubs. Profit only at the expense of football is much higher, about 53 million euros, which enables to join other kinds of sports, cultural and public affairs, including the FC Barcelona Fund – a cultural project of the club.

The situation has also changed on the field, in the 2003/04 season FC Barcelona finished the second in the championship, and in the next season La Liga was won, in the 2005/06 Catalans added to the victory in the Primera a triumph in the Champions League.

From the 2002/03 season to the 2005/06 season revenues for the games have grown by 83% reaching the total of 76.6 million euros – only Manchester United and Chelsea have achieved more at the expense of this indicator in the 2005/06 season. Revenue growth for the matches is associated with two sources: an increasing number of members of the club and revenue growth due to attendance [3].

In 2003 "Barcelona" has launched the program "Great Challenge", the aim of which was to increase the number of members of the club up to 105,000. It was successful, the number of members of the club grew by 20%, reaching the figure 130,000. This figure is growing now, at the moment it is 155,000.

Ticket prices initially were rising by 20-40%, but later were increasing only due to inflation. But they are still quite acceptable – the most expensive seats at the Noy Camp cost 900 euros. Attendances of La Liga matches increased by 11% as compared with the season of 2002/03, in 2005/06 it averaged 73,000.

Now "Barcelona" provides 85,000 season tickets. Their owners do not attend every game and therefore a program was introduced which allows you to resell the tickets. Intermediaries sell up to 5,000 tickets for the match, the club receives 50% of the sale. There are also tickets, which include the costs for the hotel that serves to help the visiting fans [3]. These changes will make the status of the members of the club more valuable. This will make a balance between the number of seats in the stadium and the possibility of filling [4]. Other profits from the stadium increased from 4 million euros in the same season 2002/03 to 21 million euros in 2005/06, the stadium and its premises are advertised as an excellent venue for conferences and meetings, and the profits from the tour around the stadium continue to grow [3].

In 2004/05 36 new VIP seats were created, and all of them were sold over the last two years. The club is examining the ways to enlarge corporate opportunities of the stadium and stadium capacity in general.

The huge profit increase also owes to the broadcasts, which in 2005/06 amounted to 94 million euros – this is the greatest income from broadcasts, if not to consider Italian teams. Spanish clubs sell their rights to broadcast, and in the 2003/04 season a five-year deal was concluded with Catalan TV, which expired in 2007/08, according to which the minimum amount for the season amounted to 54 million euros.

In addition, the club gets profits from the audience of "Pay Per View" TV (i.e., first pay and then watch). This adds from 50 to 120 thousand euros for each game. And the matches Barcelona – Real Madrid cause a great interest, they are watched by more than 120 million people worldwide, out of them Spanish residents are only a quarter. Each meeting with Real Madrid brings about 700 thousand euros from «PPV».

In June 2006 the club signed new contract with "Mediapro", according to which during the past two years of the expiring contract the club received 250 million euros. And the 2008/09 season agreement with "Mediapro" brought the club 750 million euros. Club channel "Barca TV" has got 25 thousand subscribers and is profitable.

Commercial revenues are about 88.4 million euros, of course, they lag behind the income leader in this sphere – Madrid "Real", but "Barcelona" earns more than "Manchester United" does from this, despite its profitable contracts for advertising on t-shirts [3].

The main aspect of Laporta revolution was the first sponsorship agreement to advertise on t-shirts as a method of immediate income increase. However, after several unsuccessful negotiations managers decided that the increasing income of FC "Barcelona" in other areas makes advertising on t-shirts not so important. Instead of the usual advertising deal the club announced about an agreement with "Unicef" in September 2006.

"Unicef" and "Barcelona" believe that their views and goals are similar, and during the next five years the blue-and-pomegranate will be advertising "Unicef", meanwhile "Unicef" receives 0.7% of the income – 1.5 million euros per year as support projects helping children living in humanitarian crises.

Agreement of the club with "Nike" also differs from the traditional deal, but it is similar to the agreements of "Nike" with other clubs-leaders of "Money League". Nike has a contract on 50:50 basis, in addition, the company manages all trading operations of "Barcelona", while being a technical sponsor. Relations of Nike with Barcelona began in 1998, and in October 2006 the partnership was renewed for five years, the price amounted to 30 million euros per season. Barcelona also has a commercial agreement with "Coca Cola", "Audi", "Estrella Damm" and "La Caixa".

But "Barcelona" has not stopped at this. The club has invested in a new practice area – the "Ciutat Esportiva Joan Gamper", which was opened in June of 2006, it totaled 42.4 million euros. It includes 9 training fields, multi sports pavilion and many other facilities used for training youth team and many of the other teams of the club.

FC "Barcelona" also has set the strategic task to increase the number of supporters abroad. In addition to the annual tours, football schools were opened in Mexico, Egypt and it is also planned to open them in Argentina and other countries.

Barcelona budget in the 2006/07 season has revenues of 300 million euros and the profit is EUR 20 million, the increase was primarily due to the revenue from the broadcasts. Revolution of "Barcelona" is a catchy story, which, undoubtedly, will continue and will leave the Blaugrana in the higher echelons of "Money League" [3].

"Barcelona" is a multi sports club. Besides the football players, there are teams in basketball, handball and even hockey, there represent nine sports. Barcelona keeps up with the times, and to develop the popularity uses modern technologies. Social networks registered almost 350 million fans; about 50 million of them are active. If each of them pays one euro a year, the club will get great profits. But it is difficult to achieve this, so the popularity in social networks is considered in the first place as an opportunity to get a good sponsor.

Academy of "Barcelona" cooperates with 250 schools worldwide that have no purpose to prepare the players of the main staff of the team. But when a talented player is detected, he is reviewed and invited to the Academy. There a young footballer trains and lives according to the principles of the club, and if he is not suitable, he is asked to leave. If a player managed to finish the whole course, he is considered to join the main team. Not pupil player will be able to play for Barcelona without having completed the full course in the Academy [2].

"Barcelona" is much more than just a football club. "Barcelona" is owned by 200 thousand members, and not one person. Every six years elections for the leadership of the club take place and any member can take a leadership position, such as President or Vice-President. This is similar to the scheme of management of a city or a country. Of course, this involves some difficulties, but it provides many opportunities.

"Barcelona" is rich in inner values and power, but they are focused on the market and people's demands. Owners decide what the club needs, which way to develop, but the leaders always observe the basic principles. First of all, this is the way the game is played – about forty years "Barcelona" is trying to play attacking football, in any match the task is to win.

Secondly, the club honors its inner values: respect, teamwork, modesty and ambition. These qualities are cultivated in players from early years, and if they do not accept them, the club parts with them.

The third component of success is the Academy. The desire to raise its players is a strategically-economic goal. Barcelona cannot afford to spend huge sums on players, as many top clubs do. Therefore, Barcelona invests money in its Academy. It gives one of the main secrets of success of the team: players and coaches work equally, both in the Academy and in the main team. Therefore, when a young player comes into the squad, he already knows what to do, because he has played in that style for ten years. That is why Barcelona is experiencing a change of the main coach easily [2].

The club's management believes that football needs more legalization. Then popularity will grow as compared to other sports. Football matches will be watched by more and more people around the world, even where this is not the most popular sports, in the United States, India and Asia.

In the world there will be several clubs that will become global brands, such as the «Barcelona» has already become. But at the same time the popularity of the less known clubs will reduce. As practice shows, the consumer is able to memorize five clubs and not twenty.

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THE MAIN PRINCIPLES OF TRANSPORT SERVICE OF TOURIST FLOWS

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The article is devoted to the transport service of tourist flows. The basic principles of transport service of this flows are distinguished. The authors offer to create The Center of Transport Service of Tourist Flows as innovative approach to the organization of the tour transport block. The main functions of CTSTF are given.

According to the data presented by EMIS (table 1), tourist's packages to foreign countries dominated in the structure of tourist's packages, sold to the population. Thus growth of this indicator was noted both at national and regional levels. The number of the tourist's packages, sold to the population of Russia, decreased by 3%. If to speaking about Saratov region, the interest in packages is quite stable, so in 2012, the figure in the overall structure of tour packages implemented as Russian citizens in foreign countries and on the territory of Russia, was 0.31 % in 2011, 0.34 % in 2010 – 0, 34%.

Thus on the one hand, there is a steady demand for such packages, but on the other hand the development of tourism in our country is complicated by bad quality of transport services.

Table 1 – The number of tour packages soled to the population

		2010 year	2011 year	2012 year
In total	Russian Federation	4 238 717	4 255 384	4 642 316
	The Volga Federal District, including:	498 185	554 122	596 663
	Saratov region	29 128	31 293	33 541
To citizens of Russia in foreign countries	Russian Federation	3 366 762	3 325 933	3 737 682
	The Volga Federal District, including:	281 312	328 101	404 063
	Saratov region	14 682	16 625	19 338
To citizens of Russia on the territory of Russia	Russian Federation	871 955	929 451	904 634
	The Volga Federal District, including:	216 873	226 021	192 600
	Saratov region	14 446	14 668	14 203

Improvement of tourists transport service quality is a necessary condition of the activization of the demand for tourist product. Major factor during the formation and sale of a tourist's product is the technology of different types of tourist transportations and also specifics of the contractual relations in the sphere of tourist travel.

Transport as one of the most important components of the tourist industry and an integral part of a tourist product belongs to the most difficult technological blocks of the tour, because vehicle is a source of the increased danger.

Lack of uniform transport tourist system leads to the fact that carriers in the transport travel market determine the prices of tourist services. If in 1990 transport expenses were 20 – 25%, now the share of these expenses reached 40 – 50%, and taking into account introduction of new boundary collecting will increase even more.