

---

## Impact of COVID-19 Pandemic and Lockdown on the Activities of European Football Companies

---

Submitted 01/08/21, 1st revision 12/08/21, 2nd revision 20/09/21, accepted 10/10/21

Artur Grabowski<sup>1</sup>

**Abstract:**

**Purpose:** This paper aims to show the impact of the COVID-19 pandemic and lockdown on selected football companies' economic, financial, and sports situations.

**Design/Methodology/Approach:** The first part of this research study discusses some particular points of the business strategy and risk management in the context of football companies' management. Four football companies' economic and financial situation is presented, namely: Borussia Dortmund, Juventus Turin, Manchester United, and Olympique Lyonnais. The focus is on sports, economic and financial criteria to assess the standing of football companies. This paper combines the conclusions from secondary data analysis, content analysis of web-sites as well as qualitative and quantitative analysis. The study also employs a comparative analysis.

**Findings:** The COVID-19 pandemic and lockdown have become a new reality for all football companies. It is thought that limiting essential financial sources of football companies might be a good lesson for the future. Football companies without economic rationality will have more and more problems. The crisis revealed weak economic foundations of football companies – some of them have even received public aid.

**Practical Implications:** Football companies need to take several actions: a) strengthen cooperation with shareholders, b) continuously search for new sources of financing, c) conclude extended sponsorship agreements, d) increase online sales of goods. Building a solid financial foundation and looking to the future can help football companies get through times of crisis and the COVID-19 pandemic.

**Originality/Value:** Contemporary football companies (especially in Poland) need recommendations and guidance in the area of financial management. The conducted research provides material that may be helpful in the better financial management of football clubs.

**Keywords:** Competition, financial situation, football companies, revenue.

**JEL Codes:** D24, G32, L26.

**Paper Type:** Research Paper.

---

<sup>1</sup>Department of Economics, University of Economics in Katowice, Poland,  
[artur.grabowski@ue.katowice.pl](mailto:artur.grabowski@ue.katowice.pl);

## **1. Introduction**

“Covid-19 has taken a terrible toll all over the world. Our business sector has been and continues to be among the hardest hit by the crisis, from all perspectives. This season, one of the most difficult in the history of sport...” Andrea Agnelli (CEO of Juventus Football Club S.p.A.) (Juventus, 2020).

The total revenues of football clubs in Europe amounted to €23 billion. According to UEFA forecasts, with the ongoing COVID-19 pandemic, the turnover will drop to €20.7 billion in 2020 and €20.4 billion in 2021. The structure of revenues was as follows: domestic broadcasting €8.3 billion, sponsorship €5.1 billion, gate receipts €3.3 billion, income from UEFA €2.8 billion, commercial €1.8 billion, other €1.7 billion. The following are the top Leagues in Europe by revenue: 1) England Premier League €5.864 billion, 2) Germany Bundesliga € 3.454 billion, Spain La Liga €3.344 billion, Italy Serie A €2.595 billion, and France Ligue 1 €1,892 billion.

From January to July 2020, 27 (6 top division and 21-second division) football clubs experienced financial difficulties (UEFA, 2021). We can find references to the COVID-19 pandemic and professional football in Europe in the economic research literature. Various issues are discussed, e.g., the great social importance of football in England and the subordination of health protection over sports competitions (Moore, 2021), or the demand for public events – football matches (Reade and Singleton, 2020). There are also hurdles to the operation of the personal and business networks in the global football ecosystem (Parnell, Bond, Widdop, and Cockayne, 2021).

Furthermore, Beiderbeck, Frevel, von der Gracht, Schmidt, and Schweitzer (2021) carried out a Delphi-based scenario analysis and identified three different clusters of projections. They discussed the potential threats, ambiguous effects, and opportunities of the COVID-19 pandemic for European football. The threats were related to the reduction of revenues of European clubs with the simultaneous need to keep players and club employees on contracts (Muñoz and Meyer, 2020).

The publicly traded football clubs, which focus on product diversification, fared better during the COVID-19 pandemic. At the same time, geographic diversification of football clubs brought some adverse effects, e.g., it referred to the large share of international sponsors and conducting overseas marketing tours (Fühner, Schmidt, and Schreyer, 2020). The development of sport entrepreneurship turned out to be an essential phenomenon for football clubs during COVID-19 (Hammerschmidt *et al.*, 2021).

However, a research gap concerns the impact of the COVID-19 pandemic and lockdown on the functioning and economic situation of football companies. The paper presents a case study about four stock companies from different markets and countries in Europe: Borussia Dortmund (Germany), Juventus Football Club S.p.A (Italy), Manchester United (England), and Olympique Lyonnais (France).

---

## 2. Literature Review

Football companies have three important sources of financial revenue streams: 1) commercial (sponsorship; retail, merchandising, apparel and product licensing, mobile content); 2) matchday (tickets, VIP seats, including hospitality, catering, derivative products, parking); 3) broadcasting (distribution of live football content). Individual football companies have various kinds of business strategies. For example, Manchester United is one of the leading football enterprises in the world. The critical elements of Manchester United's design are 1) sponsor portfolio expansion; 2) global presence; 3) development of retail, merchandising; apparel and product licensing business; 4) exploitation of new media and content opportunities; 5) enhancement of the reach and distribution of the broadcasting rights.

Juventus Turin has a development plan, which considers the following objectives: 1) maintaining sporting competitiveness, 2) increasing operating revenues and foster Juventus brand visibility in the international markets, and 3) consolidating economic and financial stability. Olympique Lyonnais's strategic development is underpinned by a "Full Entertainment" concept based on an integrated complex of shows and entertainment organized around core football activities.

The strategic goal of Borussia Dortmund (BVB) is to become a modern football company and to establish itself at the top level of the German national league. In all its actions, BVB is guided by maximizing sporting success without piling up new debts. BVB aims to achieve its business objectives by increasing the revenue and business results and keeping its social responsibilities towards the fans, club members, Dortmund, and the region in mind. The business strategy of the BVB concern consists of four main goals: 1) sustainable adjustment of athletic prospectus; 2) intensified promotion of up-and-coming talent; 3) increase in fan involvement; 4) utilization and maintenance of the Borussia Dortmund brand (Grabowski, 2021).

At the same time, the surveyed football companies faced an array of risk factors: competitive, financial, liquidity, personnel, process, macroeconomic, strategic (Grabowski, 2019). During the COVID-19 pandemic and lockdown, the risks were particularly acute and associated with running sports and economic activities. First, the risk related to employees' health resulting from the possibility of being infected with the SARS-CoV-2 virus. This was especially true of players, coaches, and staff members. On the other hand, the critical factor was reducing essential venues (especially from such sources as media rights, sale of tickets/hospitality, stadium events, stadium visits, sponsors). The lockdown reduced the proceeds from the sale of players' correct registration. Players' proper movement in the transfer market. It is thought that perhaps the number of players' transfers and the number of transfer fees would decrease. The epidemic showed very strongly that the financial result relied on the smooth running of the football season. The adverse economic effects resulted from disturbances in the functioning of the economy of individual countries and the world economy.

Consequently, further involvement of sponsors in the sport was put into question. For now, no forecasts can be made. Various liquidity scenarios are possible. The overall situation posed a new challenge; the clubs operated in a volatile environment and framework conditions. Economic restrictions compound this; an additional factor of uncertainty is politicians who decide to introduce lockdowns. Breaks in playing games or premature ending of games (France) influenced the situation of the clubs. The restrictions imposed by the authorities also had a negative impact on financial results. The uncertainty about public decision-making regarding rules might negatively have impacted the business, prospects, and economic, equity, and financial position of the football companies in Europe.

Along the mentioned factors, new phenomena (not yet known on this scale) directly hit football companies, namely, suspension of football competitions (national and international), postponement of football season matches, stadiums closed for the public, and the necessity to renegotiate sponsorship contracts, restrictions in public life.

### **3. Research Methodology**

This paper aims to present the impact of the COVID-19 pandemic and lockdown on the European football companies from different countries: England, France, Germany, and Italy. The research focuses on the four football companies: Borussia Dortmund, Juventus Turin, Manchester United, and Olympique Lyonnais.

The research problem, which will allow the researcher to attain the study goal, is to find an answer to the following question: What is the economic and financial impact of the COVID-19 pandemic and lockdown on football companies? The sources of research data are reports from the mentioned football companies and press releases. In addition, some data originated from scientific journals and online sources. The research process was conducted in two major stages. The first stage was a search query and an analysis of available data on football companies' economic, financial, and sports situations in the 2018/2019 – 2019/2020 season. The second stage comprised an analysis of the present condition of football companies in Europe and a presentation of statistical methods adopted for the study and results.

### **4. Discussion**

*Financial Situation of Football Enterprises in the Covid-19 pandemic and Lockdown Times*; “The Board of Directors, the entire Olympique Lyonnais organisation and its Foundation immediately swung into action right from the start of the crisis. In many cases, the pandemic merely exacerbated existing vulnerabilities (...) I’m so proud of the efforts made by Olympique Lyonnais’ employees as they all got involved, demonstrated tremendous flexibility and worked very hard to help people get through the crisis. We are emerging stronger from this test and believe now more than ever that the business model we have chosen gives us the stability we need in this world of

rapid change.” Jean-Michael Aulas (CEO of Olympique Lyonnais) OL Group, Financial Year 2019/2020.

The activity cycle of football companies consists of factors influencing competitiveness which, in turn, affects the risk of running the business. The sports result depends on the risk, and the financial consequence of football companies depends on it (Grabowski, 2014). The outbreak of the COVID-19 pandemic and the subsequent lockdown were phenomena that have not taken place to such an extent so far. They put tremendous strain on the functioning of the football industry in Europe. The adverse effects were visible, among others, on the European transfer market of football players. The COVID-19 pandemic impacted the value of players' transfers in European football. Total aggregate player transfers decreased in England from €1.649 billion (2019) to €1.492 billion (2020); Germany from €776 million to €333 million; France from €755 million to €474 million; Italy from €1.246 billion to €667 million. Changes in the financial situation of the individual football companies are presented below.

*Borussia Dortmund:* During the reporting period (season 2019/2020), Borussia Dortmund generated sales of €442.126 thousand (previous year €446,03 million). Income from TV marketing reached €169,836 million (+ 2,487 million), transfer deals amounted to €123,732 million (+3,528 million), advertising €98,038 million (+ 1,192 million), match operations €32,51 million (-12,149 million), conference, catering, miscellaneous €18,01 million (+ 1,038 million). Borussia Dortmund generated a net loss of € 49,662 million compared to the previous year, net income of €25,884 million (Borussia Dortmund, Geschäftsbericht 2019/2020).

To sum up, the financial situation of Borussia Dortmund from July 1, 2020, to March 31, 2021 deteriorated, revenue € 276.1 million (prior-year period € 431.8 million). Consolidated EBITDA amounted to € 35.2 million, and the prior-year period € 83.2 million (Borussia Dortmund, IR-News).

*Juventus Turin:* The economic impact for the football company resulted in (season 2018/2019 to season 2019/2020): a) reduction in revenues from ticket sales by 30.4% (from €70.7 million to €49.2 million), other revenues (membership, Stadium Tour & Museum, camp) decreased by 28.2% (from €34.1 million to €24.5 million), from sales of products and licenses by 28% (from €44 million to €31.7 million), television/radio and media rights by 19.5% (from €206.7 million to €166.4 million); b) sponsorship and advertising growth by 19.1% (from €108.8 million to €129.6 million), players registration rights increased by 9.4% from €157.2 million to € 172 million (Juventus, 2020).

At the end of March 2020, Juventus understood with the players and the coach of the First Team on the reduction of the compensation for an amount equal to the monthly wages of March to June 2020. The economic and financial effects of the understanding

reached generated a positive outcome for about €90 million in the 2019/2020 financial year (Juventus, Press Release).

The COVID-19 pandemic and lockdown times also resulted in some positive phenomena, for example: on July 1, 2019, Juventus opened the Hong Kong branch, and in February 2020, Juventus reached a sponsorship agreement with Allianz S.p.A. and extension of the Allianz stadium naming rights for seven sporting seasons, from July 1, 2023, to June 30, 2030. The total agreement consideration amounted to €103.1 million.

According to the latest data of the 2020/2021 season – the first half-year (July 1 – December 31, 2020) to 2019/2020 revenue and income of Juventus decreased by 19.9%, operating income plummeted by 175.9%, and profit for the period was reduced by 126%.

*Manchester United:* Commercial revenue for the season of 2019/2020 amounted to £279 million, an increase of £3.9 million, or 1.4%, over the prior season (sponsorship revenue increase of £9.7 million over the prior season and retail, merchandising, apparel and product licensing revenue was £96.3 million, a decrease of £5.8 million). Broadcasting revenue for the season of 2019/2020 was £140.2 million, a decrease of £101.0 million, or 41.9%, over the prior year (as a result of non-participation in the UEFA Champions League postponed national and international competition at the start of 2021 fiscal year. Matchday revenue for the season of 2019/2020 was £89.8 million, a decrease of £21.0 million, or 19.0%, (postponed matches, and matches were played behind closed doors over the prior season). Cash generated from operations (sale of tickets, hospitality, other Matchday revenues, broadcasting revenue from the Premier League and UEFA, and commercial revenue) for the year ended June 30, 2020, was £17.6 million, a decrease of £246.0 million from £263.6 million for the year ended June 30, 2019 (Manchester United, Press Release October 21, 2020).

Manchester United agreed on, among others, a strategic partnership with 1) Alibaba Group to open a channel on Alibaba's video-streaming platform – Youku; 2) Harves Entertainment for the creation of a series of Manchester United Experience Centers in China (Beijing, Shanghai, Shenyang); 3) TeamViewer as a new principal shirt partner (Manchester United, Press Release March 19, 2021, and June 12, 2019, Manchester United, Form-20F).

*Olympique Lyonnais:* Ligue de Football Professionnel (LFP) decided to halt the championship on the 28th matchday (no other major premier league in Europe has done it). Consequently, depriving all clubs, and particularly the biggest among them, of TV revenue (€300 million in 2019/20). The opportunity cost for Olympique following this decision amounted to over €110 million. Revenue and earnings went down in all financial sources: ticketing (from €41.8 million in 2018/2019 season to €35.5 million in 2019/2020 season), media and marketing rights (from €122 million to €97.6 million), sponsoring – advertising (from €31.3 million to €27.2 million),

brand-related revenue (from €16 million to €13.6 million), events (from €9.7 million to € 6.7 million). The only increase occurred in sales of players from €88.2 million in season 2018/2019 to €90.9 million in season 2019/2020 (OL Group, Press Release, October 6, 2020).

OL implemented an innovative program for players, coaches, and staff of men's and women's professional teams to improve the cash position and strengthen shareholders equity. They converted part of their remuneration into Olympique Lyonnais Groupe's share from 5% to 25% of salary from February to June 2021. The planned size of the program predicted a minimum of €0.7 million and a maximum of €6.5 million in savings (OL Groupe, Press Release, April 1, 2021).

**Table 1.** Financial situation of football companies (season 2018/2019 and 2019/2020)

		Borussia Dortmund	Juventus Turin	Olympique Lyonnais	Manchester United
Revenue <sup>a</sup>	2019	446.3	621.5	309	700.43
	2020	442.126	573.4	271.6	521.76
Net income/loss <sup>a</sup>	2019	17.39	-39.9	6.2	21.1
	2020	-43.95	-89.7	-36.5	-23.78
Equity <sup>a</sup>	2019	389.518	31.242	266.4	467.7
	2020	334.337	239.204	230.1	360
Current Liabilities <sup>a</sup>	2019	86.094	360.215	157.7	479
	2020	172.547	403.604	295.2	408.3
Cash flow from operations activity <sup>a</sup>	2019	-48.718	-3.622	2.6	273.4
	2020	4.737	-58.65	-43.386	-3.895
Cash flow from investing activities <sup>a</sup>	2019	-23.509	-137.733	20.221	-180.2
	2020	-50.769	-135.304	81.93	-218.2
Cash flow from financing activities <sup>a</sup>	2019	-8.8	151.445	-19.965	-30.24
	2020	-9.448	157.365	-17.604	-51.82
Basic EPS	2019	0.19	-0.04	0.11	0.12
	2020	-0.48	-0.08	-0.63	-0.144
Closing rate in Stock Exchange <sup>b</sup>	15.3.2019	7.655	1.376	2.94	17.58
	21.6.2021	6.26	0.7195	2.29	13.03

**Source:** Own study based on Annual Reports of Manchester United, Juventus, Olympique Lyonnais, Borussia Dortmund. <sup>a</sup>Amounts in EUR millions, <sup>b</sup> Amounts in EUR.

Financial results from the first nine months of the 2020/2021 season (period from July 1, 2000, to March 31, 2021) showed the direct and indirect effect of the COVID-19 pandemic on Olympique Lyonnais. The total revenue came down to €150 million by 44% from €265.7 million in the first nine months of 2019/2020. The financial losses included: a) ticketing of which French Ligue 1 and other matches (-92%) and of which European competitions (-100%) b) UEFA media rights (-61%); c) brand-related revenue (-16%); d) major events (-100%) and seminars and stadium tours (-89%). Olympique Lyonnais estimated the negative financial impact of the pandemic on its total revenue at €135 million (excluding players trading). The revenue from the sale of player registration recorded a shortfall of 39%. Only (domestic League) media

rights showed an increase of 10%. OL has two PGE government-guaranteed loans: the first loan for €92.6 million was arranged on July 23, 2000, and the second one for €76.4 million was arranged on December 18, 2020 (OL Groupe, Press Release, May 12, 2021).

We choose nine economic and financial variables describing four football clubs in the 2018/2019 and 2019/2020 seasons for statistical analysis. We can see that four football companies (Borussia Dortmund, Juventus, Olympique Lyonnais, Manchester United) decrease revenue your activity in the 2019/2020 season. Three football companies: Borussia Dortmund, Olympique Lyonnais, and Manchester United, profit from their activities in the 2018/2019 season. However, they recorded losses in the 2019/2020 season (like Juventus Turin). Three football companies Borussia Dortmund, Olympique Lyonnais, and Manchester United, have suffered a reduction in equity. Only Juventus Turin reported increases in equity because the share capital increased on 2 January 2020.

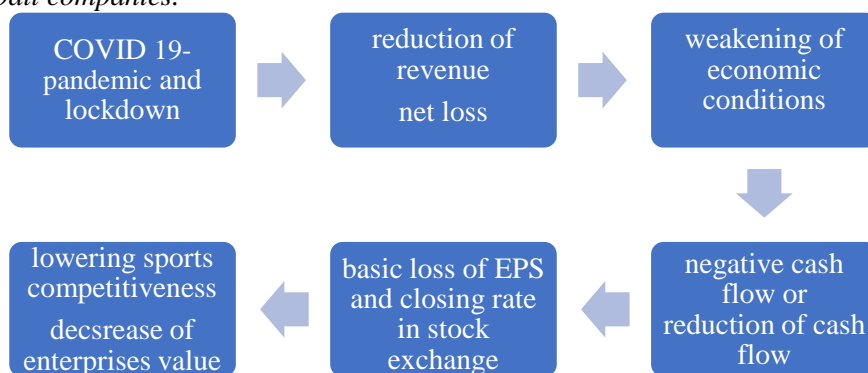
In the same season, Manchester United reduces its current liabilities. In contrast, debt increased significantly in Borussia Dortmund, Olympique Lyonnais, and Juventus Turin. There has been a substantial adverse change at Manchester United regarding cash flow from operating activities, investing, and financing activities. Borussia Dortmund, Olympique Lyonnais, and Manchester United had negative cash flow from financing activities in 2018/2019 and 2019/2020. The share prices for each of the analysed football companies fell between March 2019 and June 2021. The closing rate per share from positive values (Borussia Dortmund, Olympique Lyonnais, Manchester United) in 2019 turned into negatives at the end of June 2021. Basic EPS from Juventus Turin decreased from -0.04 in 2018/2019 to -0.08 in the 2019/2020 season. Enterprise's value decreased for Borussia Dortmund from € 1.281 billion to € 1.22 billion, Juventus Turin from € 1.735 billion to € 1.48 billion, Olympique Lyonnais from € 543 million to € 489 million, and Manchester United from € 3.342 billion to € 2.661 billion (KPMG, 2021).

Based on the research results, the impact of the COVID-19 pandemic and lockdown on the financial situation of football companies was determined as follows. The sequence of economic cause-and-effect events ultimately affects the competitiveness of the entire football enterprise.

Most of the football companies experienced a reduction in revenue and reported a net loss from the operation. Such phenomena weakened the economic condition of football companies, which was observed in the example of: reduction or negative cash flow from operations activities, investing activities, and financing activities. Basic loss of EPS and share price (in Borussia Dortmund, Juventus Turin, Olympique Lyonnais, and Manchester United) in various stock exchanges (Deutsche Börse, Borsa Italiana, Euronext Paris, and New York Stock Exchange) was observed. Capital restrictions and reduction of operating revenues may reduce the competitiveness of football companies and enterprises' value.



**Figure 1.** Impact of COVID-19 pandemic and lockdown on financial situation of football companies.



*Source:* Own elaboration.

The phenomenon of uncertainty will undoubtedly accompany football companies because, depending on the further course of COVID-19, pandemic and political decisions about lockdown will force broadcast and commercial partners to think about the amounts they will allocate to football (Deloitte 2021).

## 5. Conclusions

The events of the COVID-19 pandemic, economic slowdown, lockdown, and business cycles turned out to be beyond the control of football companies. However, these events had and have had a significant impact on their functioning. This applies to the economic and financial situation, which affects maintaining the sport's potential. They are also associated with reducing sports competitiveness during domestic and international competitions (Champions League or European League seasons). Football companies from Europe will feel the effects of the COVID-19 pandemic and lockdown for a long time to come.

## References:

- Beiderbeck, D., Fravel N., von der Gracht, H.A., Schmidt, S.L., Schweitzer V.M. 2021. The impact of COVID-19 on the European football ecosystem - A Delphi-based scenario analysis. *Technological Forecasting & Social Change*, 165, 120577.
- Borussia Dortmund. 2020. Geschäftsbericht [Annual report] 2018/2019.
- Borussia Dortmund. 2020. Geschäftsbericht [Annual report] 2019/2020.
- Borussia Dortmund. 2020. IR-News, 10th May 2020.
- Deloitte Sports Business Group. 2021. Testing Times, Football Money League.
- Fühner, J., Schmidt, S.L., Schreyer, D. 2020. Are diversified football clubs better prepared for a crisis? First empirical evidence from the stock market. *European Sport Management Quarterly*, 21(3), 350-373.
- Grabowski A. 2019. *Ekonomia sportu. Zagadnienia metodologiczne i wybrane doświadczenia* (Economics of sport. Methodological issues and selected experiences). Wydawnictwo Naukowe PWN. Warszawa.

- Grabowski, A. 2014. Przedsiębiorstwa sportowe w gospodarce rynkowej. Na przykładzie FC Bayern Monachium SA (Sports enterprises in a market economy. On the example of FC Bayern Munich SA). Wydawnictwo WNT, Warszawa.
- Grabowski, A. 2021. Implementation of sustainable development in Borussia Dortmund GmbH & Co. KgaA. *Journal of Physical Education and Sport*, 21(2), 1084-1090.
- Hammerschmidt, J., Durst, S., Kraus, S., Puumalainen, K. 2021. Professional football clubs and empirical evidence from the COVID-19 crisis: Time for Sport entrepreneurship? *Technological Forecasting & Social Change*, 165, 120572.
- Juventus. 2019. Annual Financial Report 2019.
- Juventus. 2020. Annual Financial Report 2020.
- Juventus. 2020. Press Release, 28 March 2020.
- KPMG, The European Elite 2021. 2021. Football Clubs' Valuation: Dribbling around COVID-19.
- Manchester United. 2019. Form 20-F.
- Manchester United. 2019. Press Release 12.6.2019.
- Manchester United. 2020. Form 20-F.
- Manchester United. 2020. Press Release 21.10.2020.
- Moore, K. 2021. Football is not a matter of life and death. It is far less important than that. *Football and the COVID-19 pandemic in England. Soccer & Society*, 22(1-2), 43-57.
- Muñoz, D., Meyer, T. 2020. Infectious diseases and football—lessons not only from COVID-19. *Science and Medicine in Football*, 4(2), 85-86.
- OL Group. 2019. Financial Year 2018/2019.
- OL Group. 2020. Financial Year 2019/2020.
- OL Group. 2020. Press Release, 6.10.2020.
- OL Group. 2021. Press Release, 12 April 2021.
- OL Group. 2021. Press Release, 12 May 2021.
- Parnell, D., Bond, A.J., Widdop, P., Cockayne, D. 2021. Football Worlds: business and networks during COVID-19. *Soccer & Society*, 22(1-2), 19-26.
- Reade, J.J., Singleton, C. 2020. Demand for public events in the COVID-19 pandemic: a case study of European football. *European Sport Management Quarterly*, 21(3), 391-405.
- UEFA. 2021. The European Club Footballing Landscape. Club Licensing Benchmarking Report Football during the pandemic.