



Which budgets are needed to successfully compete in the First and Second professional football level in Austria? Is it realistic for First Vienna FC to play at the Second or First level in Austria?

Bachelor Thesis for Obtaining the Degree Bachelor of Science in
International Management

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Affidavit

I hereby affirm that this Bachelor's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

The thesis was not submitted in the same or in a substantially similar version, not even partially, to another examination board and was not published elsewhere.

Floris van Zaanen, May 2021

Abstract

Football is the sport that is most known all over the world. During the last century Football developed from a local sport into one of the biggest entertainment industries of the globe.

In this Thesis it will be explored which revenue budgets are needed to compete at the first and second professional level in Austria. Using a well known benchmarking tool, The Deloitte Football Money League, and looking at real live data it will first be analyzed which budgets are needed to compete at the 2 highest professional levels in Austria.

After that it will be analyzed for an existing Football Club, First Vienna FC what their current budget is and what their potential budget would be at the second and first levels. With the help of the 5 year strategic plan of First Vienna and with the help of several interviews it will be analyzed if the ambition of First Vienna to play at the highest level in Austria is realistic or not.

In order to keep a long term viable financial shape while pursuing to move to the Austrian Bundesliga it was concluded that First Vienna should not revert to extra-ordinary funding and that it should focus on generating revenue from football related activities. Looking at matchday revenues, sponsoring income, broadcasting rights and other commercial activities it was concluded that it is possible for First Vienna to generate the funds needed to get promoted to the Austrian Bundesliga and to stay at this level.

A recommendation to further and faster exploit the potential of the stadium will be key for them to make their ambition come through.

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1.Introduction

1.1 Football in the World

Football is the most well-known sport that is played at the moment in this universe. It is a sport that can be played anywhere, as long as there is a ball, and more than one person. There is no fixed number that proves how many people actually play the game of football in the world, but when the World Cup 2006 was played in Germany more than 3 billion people watched the games. There has never been an event before where half of the planet has done something together¹.

The game of football is not owned by any country or region, neither by any individual. It is a game that anyone is allowed to play. Over the last 100 years football turned from a simple sport into one of the biggest entertainment industries². Billions of Euro's are spent each year on new stadiums, players, coaches, equipment, tickets, jerseys etc. Stadiums with capacities of over 80,000 spectators are being sold out in a matter of hours. Sponsors spent millions of Euro's to have their brand name printed on the players jerseys. Players costing more than 100 million Euro's are not an exception anymore. Football transformed from a simple game into a much more complex business. Modern Football is nowadays very similar to big companies. It has many aspects related to marketing and economics. Football clubs cannot only focus on the sportive results of

¹ Goldblatt, D. (2008). The ball is round: A global history of football. New York: Riverhead Books.

²ibid.

their teams anymore, they have to focus on many more factors outside of the football pitch ³.

1.2 Football in Austria

No other sport moves people in Austria like football, both literally and figuratively. Whether as an active player, as a spectator or as part of any other football-related commitment: week after week, hundreds of thousands of people in Austria take part physically and emotionally in football.

Football is the biggest sport in Austria and statistics from the Austrian Football Association (ÖFB) show the significance of Football with the following numbers: Over 300.000 active players play football in competitions organized by the ÖFB, of which 160.000 are youth players. Around 8250 youth teams are active every week. In total there are 2240 Football clubs in Austria. The ÖFB states that football has big economical implications as well with every 188 th. job in Austria related to football and 0.23 % of the GDP of the country coming from football related economic activities. On top of that the ÖFB estimates that football brings a yearly saving on the costs of Austrian healthcare of around 141 mio. Euro⁴.

All football competitions in Austria are organized by the ÖFB. There are separate competitions for youth teams and for men and women. Austrian football is organized in the Austrian football pyramid. The pyramid consists of the Austrian Bundesliga (first level) at the top where 12 teams compete every year to become Champions of Austria and in total there are 7 different levels. The lower in the pyramid the more teams compete at a

³ Goldblatt, D. (2008). The ball is round: A global history of football. New York: Riverhead Books.

⁴ Mathias. M (2018) www.oefb.at/oefb/Fussball-Aktiv/Breitenfussball/Ueberblick

certain level. By ending first or last at a certain level it is possible to be promoted to the next higher level or to be relegated to the next lower level. In November 1894, First Vienna FC 1894 and the Vienna Cricket and Football Club, the 2 oldest clubs in the country, played the first official football match in Austria. The first competition was held in 1897 with the Challenge Cup, in which clubs from Prague and Budapest took part as well. 17 of the 45 clubs in Vienna at that time merged on January 4 1900 to form the Austrian Football Union (ÖFU), which later developed into the Austrian Football Association (ÖFB)⁵.

1.3 The purpose of this Thesis

Being the biggest sport in the World and in Austria, football is in the focus of the media and of millions of people on a day-to-day basis. Often the discussions and news are about the sportive results of the clubs and the emotional sides of football. In this thesis we will not talk about these aspects. In stead we will focus primarily on the financial aspects of football clubs and we will particularly look at the financial situation and potential of the oldest football club in the country: First Vienna FC. This club has an ambitious vision and strategy and is aiming to promote to the highest level in Austria (the Austrian Bundesliga) within the next 5 years. In this thesis we will explore this ambition and strategy and we will study the financial parameters of the club. We will investigate if it will be possible for First Vienna FC to play at the highest level from a financial point of view. Specifically we will research which turnover is needed to compete at the second and first level of the Austrian football pyramid. We will than look at the current turnover of First Vienna FC and will analyse based on that if it

⁵ Mathias. M (2018) www.oefb.at/oefb/Fussball-Aktiv/Breitenfussball/Ueberblick

is realistic to reach the budgets needed to make their ambition come through.

2. Economic aspects of Football

2.1 Football and Brands

For clubs from both the professional and the amateur sector, economic and sporting success are closely related. Without the sporting success of their teams clubs cannot survive economically. Football companies must be well positioned economically in order to be able to buy good players who, in turn, make sporting success possible in the first place. Other drivers of economic and sporting success are competitiveness and a good positioning of the club brand. A strong brand has a positive effect on the economic relevance of the football club. Furthermore, media exploitation and cooperation with sponsors, which result in higher income for the club, are decisive for economic success. The stadium spectators also form the basis for a good positioning of a club brand. With them, the interest of other market participants can be aroused by the visitors identifying with the club brand and ensuring a corresponding stadium atmosphere. Brand management in football companies is therefore important for economic success and should be carried out professionally. For the club, the spectators are the most important customers and the stadium visit is the most important product.

2.2 Importance of sponsors

Due to the increasing popularity of football clubs, they are increasingly becoming their own brands and thus also more and more attractive for regional and national companies that want to advertise with the club. The interest of possible sponsors and the associated source of income are also linked to the sporting success and attractiveness of the club and are heavily dependent on this. The football club can generate income in this area through for example equipment contracts or perimeter advertising. The largest share of this income comes from jersey advertising, which is usually brought about by the main sponsor. Accordingly, the main sponsor is often the sponsor who generates the highest income for the football club and who enjoys special advantages over other regional or supra-regional so-called co-sponsors, such as a free choice of advertising placement. Co-sponsors, on the other hand, usually only have a small advertising presence and sponsorship contracts tailored to them. The contracts with the individual partners usually have performance-related components or premiums for achieving a certain contractually stipulated target. The services to sponsors and advertising partners and their associated benefits of such cooperation are also essential for such partnerships to come about. Services can include, for example, hospitality measures, special stands and events, support for VIPs or special other rights in the placement of advertisements. The football club can thus increase the income in this segment through certain services to the partners. The more successful and well-known the club is, the better the negotiating position of the club and the better the contractual terms for the club and thus also the income generated from sponsorship and advertising.

3. Literature Review

3.1 Football: from play to big business

Football is worldwide the most known and played sport. All over the world the game of football is played. There are many sources which discuss football and the role it plays in today's society. Football is often underestimated when it comes to the importance and the impact it has on people. Football has drastically changed over the years. It is not just a simple game anymore. Millions and millions of Euro's are spent each year on new players and stadiums. Football has turned into a huge business.

A book written by D.Goldblatt called 'The ball is Round: A Global History of Football' describes football as a game of love. It states that long before stadiums that are filled with over 100,000 people watching the game, football was just played anywhere on streets or parks. People just played because they loved the game. Still today people play football anywhere because of the love for the game. D. Goldblatt writes that it is estimated that around 1 billion people all around the world play the game formally. In 'The People's Game: The History of Football Revisited', a book written by J.Walvin football is described as the game for people all over the world. The book states that the game of football started being played in the late middle-ages and has grown ever since. ⁶

Throughout the years, football transformed from a simple game to an enormous business where millions of Euros are spent on new players, stadiums, sponsors etc. Where most people view football as just a simple

⁶ Goldblatt, D. (2008). The ball is round: A global history of football. New York: Riverhead Books.

game, there is much more behind football clubs. Marketing and economics play big roles in the everyday life of football clubs. M. Desbordes wrote a book called 'Marketing and Football: An international Perspective' describing the importance of marketing in a football club.⁷ It shows what goes on at football clubs and all the economic factors a club has to deal with. It says that it is very similar to operate a business as it is to operate a football club. football clubs have hundreds of people working behind the scenes that are only focusing on the marketing and economic aspect of the club and have very little to do with the sports aspect of the club. Managing a football club is like managing a big company.

3.2 Football and Financials

In this thesis we are not focusing on the societal impact of football or on the tactics of football to be successful on the soccer pitch. Instead this thesis is looking at the financial aspects of a football club and specifically on the financial prerequisites for a club to be promoted to the Austrian Bundesliga and to perform at that level in a sustainable way.

Before we will analyze the specifics of Austrian football and specifically the financials of First Vienna, we will look at financials of football in general and define what we mean by sustainable and viable financials. The European Football Association (UEFA) is the governing body of all professional Football activities in Europe. In the 'UEFA Club Licensing and Financial Fair Play' (FFP) regulations⁸ they outline the rules all football clubs need to follow in order to participate in any professional competition in Europe. Article 2.2 of these regulations as shown in Figure 1 below,

⁷ michel Desbordes (2007), Marketing and Football: An International Perspective

⁸ Thomas S. UEFA. UEFA Club Licensing and Financial Fair Play Regulations. 2018.

describes the financial aims and objectives of these regulations. In 2.2.F the UEFA states that the financials of any football club need to be long term viable and sustainable.

Figure 1: Article 2 of the UEFA Club Licensing and Financial Fair Play regulations:

- ² Furthermore, these regulations aim to achieve financial fair play in UEFA club competitions and in particular:
- a) to improve the economic and financial capability of the clubs, increasing their transparency and credibility;
 - b) to place the necessary importance on the protection of creditors and to ensure that clubs settle their liabilities with employees, social/tax authorities and other clubs punctually;
 - c) to introduce more discipline and rationality in club football finances;
 - d) to encourage clubs to operate on the basis of their own revenues;
 - e) to encourage responsible spending for the long-term benefit of football;
 - f) to protect the long-term viability and sustainability of European club football.

The UEFA Financial Fair Play (FFP) regulations state the following elements of relevant income in Football:

- Matchday receipts,
- broadcasting rights,
- sponsorship,
- advertising and commercial income.

This is very much in line with Deloitte's Football benchmarking tool which will be discussed in more detail in paragraph 4.6, which mentions the following relevant incomes in football: matchday receipts, broadcasting rights, commercial sources (sponsoring, merchandising, stadium tours and others) Any funding beyond UEFA's FFP definition of relevant income from football related activities can be characterized as extraordinary⁹.

⁹ Deloitte Football Money League – January 2021 (page 10)

Extraordinary funding is further divided in ex-ante and ex-post funding. Ex-ante means extraordinary funding which is known and available as budget before the start of a new financial period, whereas ex-post funding is funding which is not planned and only becomes available during or at the end of a financial period. Extraordinary funding can come from private sources, from companies and from local governments and can be divided in 3 categories:

- Capital injections (issue of shares, sporadic donations, regular subsidies)
- 3 rd party ownership
- Subordinate loans¹⁰

A famous example of extraordinary funding by a private source is the funding provided By Roman Abramovics to the premier league football club FC Chelsea. In total R. Abramovics invested over 1 Bio Euro's ¹¹ into this Club. Other examples of companies providing extraordinary funding are BAYER for Bayer 04 Leverkusen (G), FIAT for Juventus (ITA) and Philips for PSV (NL) ¹². In the article from Jakobsen, Kringstad and Olsen, it is analyzed if extraordinary funding can help to reach financial viability for a football club. First of all the article concludes that there are several types of extraordinary funding available for football clubs and extraordinary

¹⁰ Extraordinary Funding and a Financially Viable Football Industry—Friends or Foes? A Norwegian Football League Perspectiv

¹¹ Gibson, O. Chelsea Record Their First Profit of the Roman Abramovich Era". *The Guardian*. 2012.

¹² Hoehn, T.; Szymanski, S. The Americanization of European football. *Econ. Policy* 1999, 14, 204–240

funding is used regularly¹³. In general the article states that extraordinary funding is seen as problematic since it does not stem from football related activities, but that it is important to distinguish between ex-ante and ex-post funding¹⁴. Ex-post funding is found to be negative for Football club's long term financial viability. Ex-post funding is used to a big extent to overcome a desperate financial situation. Often ex-post funding only acts to hide fundamental financial problems, inadequate management accounting and control. Since clubs know that ex-post funding is often available and that they will be bailed out if needed, they tend to take too much risk and do not focus enough on financial viability of their plans¹⁵.

Ex-ante funding is less problematic. Regular subsidies for instance are likely to be part of the financial planning processes and subsequent financial controls. Still, even ex-ante funding is not without problems. Football clubs can become dependent on these and the source of this income is not football related. Stopping the ex-ante funding for whatever reason could still bring football clubs in financial problems.

Looking at the problems with extra-ordinary funding for the longterm financial viability we will not take this type of funding into account in this thesis and we will solely focus at income coming from football related activities. We will also fine tune our research question to: what is needed to compete at the highest Austrian football level in a financially viable way? Financial viability is defined by financial income only coming from football

¹³ Extraordinary Funding and a Financially Viable Football Industry—Friends or Foes? A Norwegian Football League Perspective , (Ase Jacobsen, Morten Kringstad, Tor-Eirik Olsen, *Sustainability* 2021

¹⁴ Ibid.

¹⁵ Franck, E.; Lang, M. A theoretical analysis of the influence of money injections on risk taking in football clubs. *Scot. J. Polit. Econ.* 2014, *61*, 430–454

related activities and not from extra-ordinary activities as discussed in the previous part. Another aspect of financial viability is linked to the financial objectives of the owners of the club¹⁶

Sloane P.J “the economics of professional football and the economics “ explains the difference between objectives of the owners of sports teams in the US vs Europe¹⁷. In the US the owner’s objectives is to maximize profits. This is very much in line with the objectives of owners in any other company. For sport teams in Europe however, he concludes that the owners of sport teams in Europe do not seek profit maximalization but instead focus on utility maximalization. Even more precise, the objectives of the owners is to maximize the win percentage given a financial break even position. This utility maximalization often creates financial difficulties for football teams in Europe. The win percentage can be increased by acquiring more talented players and in order to do that football clubs always try to maximize the amount available for player salaries as opposed to focusing on profit maximalization¹⁸. A further challenge is the possibility to be promoted or relegated in Europe, and the possibility to qualify for the different European tournaments. The revenues coming from participation at a higher level or qualifying for one of the European competitions are huge and many clubs take big risks with the budgets available for players in an attempt to reach a higher league or qualify for one of the European tournaments. Since the objective is to maximize the win-percentage given

¹⁶ Pieper, J. Financial fair play in European football. In *When Sport Meets Business—Capabilities, Challenges, Critiques*; Wagner, U., Storm, R.K., Nielsen, K., Eds.; Sage: London, UK, 2017; pp. 167–185

¹⁷ Ibid.

¹⁸ Sloane, P.J. The economics of professional football: The football club as a utility maximiser. *Scot. J. Polit. Econ.* 1971, 18, 121–146

a financial break-even position the risk is even bigger. Any reduction in revenues will create financial instability almost instantly given the break-even position.

So, in this Thesis we will analyze our research question by taking into account only revenues from football related activities and we will assume that the owners of the club are utility maximizers: they aim to maximize the win percentage given a financial break-even position.

3.3 Football and marketing

Since we will analyze football from a financial and business lens we will also look at the marketing theory and how this applies to a football club. Marketing is the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients and society at large¹⁹. In order to analyze the marketing strategy of a company often the concept of marketing mix is used. The marketing mix can be defined as ‘ a set of tactical marketing tools that the firm blends to produce the response it wants in the target market’²⁰. The marketing mix consists of 4 P’s: Product, Price, Place and Promotion.

- Products are the goods or services which are offered to the market. A product should offer a customer value and represent a certain status and reputation. For a football club the products/services offered are the football match and all kind of merchandise linked to a specific club. Clearly a Football club offers value with these offerings since customers are willing to pay for their offerings and being a fan

¹⁹ Lamb, C., Hair, J. & McDaniel, C. (2011). Marketing. USA: South-Western Cengage Learning.

²⁰ Kotler, P. & Armstrong, G. (2016). Principles of marketing. United States: Pearson Education

and being associated with a club certainly represents a certain status and reputation.

- Price is what customers need to pay to obtain a product/service. For a football club these are the ticket prices when people come to visit a match, the prices customers pay for merchandise and the money people pay to look at club related content via channels like television or internet.
- Place: the distribution strategy that covers the activities to make products available at the right place and the right time for target groups. For football clubs this means the stadium in which the matches take place, but as well the different channels like TV and internet which can be used to make content available for the customers.
- Promotion covers all the activities to ensure the product/service sold becomes/ stays top of mind to the customers. It includes among others advertising, sales promotion or personal selling. For football clubs this means any activities aimed at bringing the matches and other content offered top of mind with their customers.

Over the last decades the importance of traditional channels like TV, radio and newspapers in promotional strategies have become less effective. The traditional Channels have lost range caused by overstimulation and therefore communication tools with lower scattering loss are required. These can be ensured by events in combination with promoting and creating relationships²¹. This last finding is very relevant for football clubs

²¹ Bowdin, G., Allen, J., O'Tolle, W., Harris, R. & McDonnell, I. (2006). Events management. Great Britain: Elsevier.

and is an explanation for the relatively big revenue streams football clubs generate from being sponsored. Since traditional communication strategies have lost effectiveness over time, companies are looking for alternative means to promote their products. As stated above event sponsoring is an effective means to promote your products. Every football match can be seen as an event and hence this explains the huge revenue streams football clubs can generate by being sponsored.

According to Gerritsen and Oldern (2014) ²²the reason why events have become popular marketing tools are the following:

- 1) traditional marketing tools have lost their power to attract people,
- 2) Events offer greater possibilities to create emotions and stay in people's minds. This is especially important since the feeling experienced by the people attending an event will be associated by the brand of the company sponsoring the event.

The events hosted by football clubs (the matches) are highly emotional and indeed create very strong feelings. This explains why sponsoring as a revenue stream for football clubs has increased significantly over the years.

²² Gerritsen, D. & Oldern, R. (2014). Events as a strategic marketing tool. UK: CAB International.

4. Case-study:

4.1 First Vienna FC 1894

First Vienna FC is the oldest football club in Austria and is rich in history and tradition. In 1894 the club was founded and played the first football match ever in Austria against the Vienna Cricket and Football Club. In total First Vienna FC 1894 became champions of Austria 6 times (1931, 1933, 1942, 1943, 1944 and 1955). They have won the Austrian Cup 3 times (1929, 1930 and 1937) and won the Mitropa Cup in 1931. The Mitropa Cup was the, at that time, most prestigious European-Cup. Over the years this Mitropa Cup developed into what is now the Champions League. First Vienna FC 1894 played for the last time in one of the European competitions (UEFA CUP) in 1988 and 1989 and after that the club was relegated to the lower Austrian divisions. At the deepest level the club found itself back at the 5 th division in Austria after being bankrupt in 2017. The club is now finding its place back into the higher Austrian Divisions after 2 consecutive promotions. In the 2021-2022 season the club plays in the Regionalliga which is the 3 rd Austrian level.

Not only the First Vienna Football Club can show a long history, but as well the playground of First Vienna is famous and has a long tradition. The playground 'The Hohe Warte' was build in 1921 and has since been the stadium of First Vienna. In the beginning it was not only the stadium of First Vienna, but as well the national Football Stadium hosting the Austrian national football team. The highest crowd ever seen at a sporting event in

Austria was in 1923 when 85.000 spectators visited the Hohe Warte to watch the match between the Austrian and Italian national Teams. The Hohe Warte nowadays has a capacity of 5.500 places, but the original size and shape can still be easily seen and make the First Vienna home ground an impressive place to visit.

First Vienna FC is situated in Döbling, the 19 th district of Vienna which is one of the richer districts in Vienna. The club has an impressive fanbase and is by far the club with the highest average attendance in the 3 rd league. When First Vienna FC plays the 'Derby of love' against the other tradition Club in Vienna at the 3 rd league the stadium is always sold out with crowds at 5500 spectators. This is higher than the average attendance in the second Austrian Bundesliga.

First Vienna FC is currently playing in the 3 rd division in Austria and has the ambition to return to the Austrian Bundesliga (1 st division). In order to achieve that, the club has an ambitious 5 year plan with 5 pillars to return to the top league in Austria.

4.2 The First Vienna Brand and Marketing strategy:

The brand First Vienna stands for football with Tradition and Passion. As the oldest football club in Austria, First Vienna can show a long history and tradition. Many people will have in mind the long history, successes and disappointments of the club as well as the long history of the home ground Hohe Warte. This is a very valuable asset to have. Not many clubs can show such a long history and this history cannot be acquired by other clubs. First Vienna is both the oldest Football club of the country and its playing ground has the record ever attendance in Austria of any sports

event. This long tradition plays an import role in the brand First Vienna. The second element of what the brand First Vienna stands for is that it is very important for the club and its fans that the club is there for everyone: First Vienna has a large fanbase which is very heterogeneous. They have fans from all economical backgrounds and the club and its fans pride themselves on the high inclusivity of the Club. The different fanclubs are all openly against racism/ sexism/ antisemitism/ homophobia. So, the second pillar of the First Vienna brand is the family friendly/ inclusive nature of the club. For the fans the club is not only a place to watch football, but as well a place to meet long before and after the matches to talk about football and other important aspects of live. This Family friendly and Inclusive nature is shown as well by the importance First Vienna has placed, not only on men's football, but as well on women and youth football.

Thirdly the Vienna Brand stands for professionalism. Clearly the club would like to excel from a sportive point of view and would like to compete at the highest levels in Austrian football in the Youth, Women and Men's leagues.

The slogan of the First Vienna FC 1894 Brand is " Tradition mit Leidenschaft" (Tradition and Passion) and the the 3 main aspects behind the brand are: 1) a long history and tradition 2) a very inclusive/family oriented club and fanculture and 3) a strong professionalism.

The above represents a strong and unique brand and positioning. Unique while the Historic/ traditional aspects cannot be copied or acquired by other clubs. The inclusivity of the club is very much in line with trends

observed in society and the strong professionalism in the club is needed to be successful and to move the club back to the top level in Austria.

4.3 Other assets of First Vienna 1894 FC:

Next to the strong brand and positioning First Vienna has a second big asset which is the ground and stadium where they play and train.

First Vienna has 2 locations in the 19 th district which are used to host the youth academie and the Hohe Warte, the stadium and training ground of the First teams of the Women and Men teams. While the ground and the stadium are owned by the City of Vienna, First Vienna is the sole player and user of these 2 big pieces of land. Although both accommodations need investment over the next few years they both have a lot of potential. The youth academy land is big and has a lot of place to improve the facilities and to increase the number of pitches from the current 2 to 4. The potential of the stadium Hohe Warte is enormous. It is situated in the middle of the 19 th district in Vienna and is well reachable by public transportation. It has an underground parking and the land/stadium are big. Over time the possibilities to extend the stadium and significantly improve infrastructure and the commercial potential of the site are big.

Secondly First Vienna FC has found an excellent main sponsor in Uniqa. Uniqa is the biggest insurer of Austria. The core markets of Uniqa are Austria and Central and Eastern Europe. In total Uniqa has 40 companies in 18 different countries, has 23.000 employees and a Revenue of around 5.4 BEuro. Uniqa serves 15.500,000 million customers, its headquarters

are in Vienna and the company is listed on the Austria Stock Exchange²³. Uniqa was already active in football as a sponsor of the Austrian Football Association (ÖFB) and had been looking for a good club to sponsor. In First Vienna FC they found a good candidate since it shares many of the values of First Vienna FC. It is itself an history rich and traditional company which shares the family and inclusivity values of First Vienna as well as its professionalism. The core business of Uniqa is to provide people with security, so this fits well with the strong tradition and history of First Vienna and its stadium. Uniqa presents itself as a very inclusive company both in terms of its employee base and as well in the customers it aims to serve. “we focus on the core business of providing people with security” “We – the employees- are people from many different countries, with different native languages, ethnic origins and genders. We are a colourfull dedicated team united behind a common objective: offering our customers a degree of security that makes life easier for them and their families.²⁴” The similarities between the above and the tradition, inclusivity & family values and professionalism of First Vienna FC are clear and make the sponsor relationship a good match.

Uniqa is not only sponsoring First Vienna but is as well acting as a partner by bringing in a lot of business experience/ Financial know-how to help First Vienna to reach its goals. Uniqa is paying at the moment 1,500,000 MEuro a year to sponsor the club which is a huge amount for the level the club is acting at. When the partnership with Uniqa started First Vienna was

²³ UNIQA Group, “Uniqa Group,” UNIQA GROUP Website, accessed May 4, 2022, <https://www.uniqagroup.com/gruppe/>.

²⁴Ibid.

playing at the 5 th level and even today at the 3 rd level the 1,500,000 Meuro a year is huge. Uniqa clearly sees the relationship as a long term relationships and has recognized the potential of First Vienna. Like First Vienna , Uniqa would like to see First Vienna play in the first division, but it is very important for Uniqa that this is reached in a sustainable way and with the right values. Together with Uniqa a 5 year plan was developed to develop the club further.

4.4 Research question:

In this thesis we will explore which budgets are needed to successfully compete at the second and first Football level in Austria. We will do that by focusing on one club in particular: First Vienna FC 1894.

- Which budget is needed to play for promotion out of the second Bundesliga?
- Which budget is needed to play for the 6 first places in the Austrian Bundesliga?
- Is the 5 year strategy as laid out by First Vienna, to reach the First level in Austrian Football, Financially realistic?

4.5 Methodology:

In order to answer these questions it will first be explored which budgets are needed to compete at the second and first level in Austria. This will be done by exploring and analyzing public data and publications about current teams playing at these levels. After having established what the budgets are which are needed for the second and first level, the current budget of First Vienna will be analyzed. Based on this it will be analyzed by looking at relevant parameters what is a realistic potential budget for First

Vienna to reach at the second and First level. With the help of interviews of several of the managers of First Vienna we will then focus on the 5 year plan of Vienna to see if their strategies are the right ones to bring them to a place in the Austria Bundesliga.

The collection of information will be done by conducting interviews with the presidents and managers from different departments of Vienna FC. The interviews are an important aspect of this research paper, as the individuals that are interviewed, will have a great amount of knowledge about this topic. They can help the reader visualize what happens inside a club and what the main factors of importance for this club are. These interviews are a crucial part as they will exhibit the opinions of professionals in the field of football.

Following the interviews that are conducted, the answers will be written down and thoroughly analyzed. The main goal of these interviews is, to find out what is exactly needed for a smaller team to promote to a higher division.

4.6 Data Collection & Analyses

What is needed to compete in the second or first division in Austria?

There are many elements which make a football club successful or not and there are many prerequisites in order to be able to be promoted to the next level. Among others these are business capabilities of the management of the club, technical capabilities of coaching/training staff, the location within a country (potential fanbase & are there enough youth players in the close environment to be successful) etc. We will not focus on all of these factors in our analyses. In our analyses we will purely look at the financial

components and we will especially look at the question of how big the revenue of a football club needs to be to successfully compete in the second and first league in Austria.

The below 2 tables (table 1 and 2) show various financial Key Business Parameters for all clubs in the first 2 divisions in Austria for the 2018-2019 season. This season was chosen because it was the last normal season before covid started to have a significant impact on the financial KBP's of the whole football industry. In order to establish which budget is needed to compete successfully in the first or second division in Austria we will particularly focus on the yearly revenue numbers (Erträge).

Table 1: Financial KBP's of Austrian Bundesliga teams - season 2018-2019



Saison 2018/19		Bilanzdaten per 30.06.2019				Gewinn- und Verlustrechnung 01.07.2018-30.06.2019			
Spielklasse	Klub	Anlagevermögen	Umlaufvermögen	Eigenkapital	Fremdkapital	Erträge	Personalaufwand	Jahresergebnis nach Steuern	Zahlungen an Agenten und Spielvermittler
	FC Red Bull Salzburg	33 349	32 113	44 045	24 323	119 061	51 750	23 726	967
	SK Puntigamer Sturm Graz	5 419	5 687	5 362	4 294	18 940	10 757	89	859
	SK Rapid Wien	61 248	10 164	15 106	45 109	50 745	22 278	180	1 391
	LASK	4 416	3 714	213	7 715	15 303	7 704	1 252	405
	FC Flyeralarm Admira	1 929	1 963	-1 148	4 777	6 716	4 597	-389	102
	SV Mattersburg	6 542	5 969	5 978	5 576	11 341	7 493	-44	25
	FK Austria Wien	70 837	19 192	4 309	76 175	38 763	14 576	2 286	1 502
	CASHPOINT SCR Altach	4 530	2 423	1 801	2 631	7 386	4 699	28	123
	RZ Pellets WAC	3 644	1 182	390	2 805	8 337	4 663	-141	179
	spusu SKN St. Pölten	546	2 281	-886	3 748	8 374	5 270	19	79
	FC Wacker Innsbruck	55	1 744	24	1 788	9 217	4 617	489	444
	TSV Proletar Hartberg	1 198	359	-33	543	4 308	2 693	71	67

Table 2: Financial KBP's of Austrian Second divisions teams - season 2018-2019

	SK Austria Klagenfurt*	40	205	-3 640	3 885	642	1 016	-1 858	
	SV Guntatomic Ried	9 198	1 381	-262	4 013	5 484	3 426	-2	
	FC Liefering	930	1 160	1	2 250	17 706	7 005	0	
	SC Austria Lustenau	129	409	-415	955	2 694	1 570	-435	
	WSG Swarovski Wattens	345	832	393	832	4 017	2 801	101	
	KSV 1919	697	1 107	-579	2 384	2 030	967	23	
	FAC Wien	236	309	111	392	1 558	648	57	
	FC Blau Weiß Linz***								
	SV LICHT-LOIDL Lafnitz*	1 218	5	361	654	1 168	746	7	
	SKU Ertl-Glas Amstetten*	1 830	275	669	51	1 444	864	48	
	SK Vorwärts Steyr*	140	101	-326	521	1 138	700	-100	
	FC Juniors OÖ	491	483	717	289	1 750	878	39	
	SV Horn	1 688	575	1 549	613	1 662	750	2	
SC Wr. Neustadt**									

In the second Bundesliga (table 2) we see that the average revenue per club is at 3,400,000 MEuro per year. Since it is the ambition of First Vienna to play at the first level in Austria we are interested not so much in the average budget of the second division but more in what is the budget that is required to become champion in the second division. When we look at the Table we see that there is one big outlier in the second division with a budget of 17,700,000 mEuro. This budget is so big for the second division that this club (FC Liefering) alone is close to 50% of the total budget in the second division and with 17,700,000 MEuro, they even have the 5th biggest budget in the total Austrian football landscape. The reason that the budget of FC Liefering is that high is that it is used as a subsidiary of RB Salzburg with the objective to develop new future players for RB Salzburg. It is not needed to have such a big budget to promote out of the second division. The second biggest club at the second level has a budget of 5,500,00 MEuro, so for this study we conclude that any budget of 5,500,000 MEuro and above will be sufficient to play for promotion to the first level in Austria.

If we take a look at the champions of the last 5 years in the Second Bundesliga we see that most of these teams have a budget of around 5,500,000 MEuro and try to reach a break-even position. For example SV Ried ended the year 2019 with a break-even financial result of -2000 TEuro. As discussed previously we saw that football teams in Europe focus on utility maximalization instead of profit maximalization. This means that the owners of the club want to achieve the highest possible position in the league without running a loss. SV Ried managed this well and were

granted their license to promote to the first league. The champions of 2020/21, FC Blau Weiss Linz, struggled a lot more with this and nearly went bankrupt. The city of Linz helped the team stay financially stable but they weren't allowed to promote to the 1 Bundesliga. This is a good example of the earlier discussed problems with ex post extraordinary funding. WSG Wattens who were champions in 2018/19 managed to get their license but they heavily relied on their main sponsor Swarovski. Swarovski helps the club financially in a significant way by putting a lot of money in the team every year. This is an example of ex ante extraordinary funding with the risk attached to that of becoming very dependent on one source of income only. WSG Wattens was relegated again in the meantime and are planning to play for promotion again this year with a budget of 4,900,000 MEuro. In general we see that clubs tend to take big risks involving their financial situation in an attempt to get promoted to the first League. This is line with the empirical findings we quoted earlier that clubs tend to take on a lot of risk in order to reach potential higher revenues after promotion (for instance promotion to the first bundelisga is rewarded with nearly 2 MEuro in tv rights).

Taking a closer look at one of the champions of the last few years who got promoted to the First Bundesliga SV Ried we see the following: sv Ried promoted to the First Bundesliga in 2019/20 with a budget of 4,900,000 MEuro. Half of this budget, around 2.200,000 MEuro, came from their sponsors. Ried has 1-2 big sponsors but have over 20 more sponsors who contribute to this budget. Schmidt & Raiffaisen bank are good for almost 1 million. The value for the sponsors advertisement is 8.600.000 MEuro, nearly 4 times as much as they invested. The rest of the budget comes from tv rights and the tickets they sell. The sale of VIP tickets makes up

80% of the remaining budget. This year (2021-2022) they are planning with a budget of 7,100,000 MEuro. This is due to the increase in tv money, which is 1.900,000 MEuro extra if you play in the Bundesliga, and an increase in revenue from their sponsors and tickets.²⁵

Champions of the last 5 years in the second bundesliga with the average amount of fans

2020/21	- FC Blau weiss Linz.	(174)
2019/20	- SV Ried	(1.600)
2018/19	- WSG Wattens	(1.100)
2017/18	- FC Wacker Innsbruck	(3.600)
2016/17	-Lask Linz	(2.800)

When we look at the first level in Austria (table 1) we see that the total revenue of all 12 clubs together is at 297,000,000 MEuro. This makes an average of 24.800,000 MEuro per team. Looking at the numbers more precisely we see that the top 3, RB Salzburg, Rapid Wien and Austria Wien, spends 209,000,000 MEuro. (70% of the total budget) and is increasing the average very significantly. The ambition of First Vienna is not to compete for the Austrian Champions Title, but to achieve a safe position in the league and to have a change to reach a position that qualifies to play European Football. Taking out the top 3 and bottom 3 teams, the average of the 6 teams at the middle equates to 11.700,000 MEuro. With this budget the club would have the 6 th biggest budget of the Austrian clubs and should, based on this ranking, participate every

²⁵ Daniel Ringsmuth, "So Hoch Ist Das Budget Von Der Sv Ried in Der Saison 20/21," ligaportal, November 12, 2020,

year in the top half end of the season tournament to compete for the European qualifying places.²⁶

Overall the conclusion is that a football club would need a budget of 5,500,000 MEuro in order to compete for promotion in the second division and would need a budget of 11,700,000 MEuro to make it to the first half of the top league.

Financial Analyses:

In this section we will analyze if a budget of 5,500,000 MEuro in the second Bundesliga and 11,700,000 MEuro in the Bundesliga is possible to achieve for First Vienna FC 1894, the club which is the specific focus of this thesis. In order to do that we will use a well-known framework to analyze and benchmark football revenues developed by Deloitte. Deloitte analyses and benchmarks every year the football clubs from the 5 biggest leagues in Europe and they publish the results in the annual Deloitte Football Money League. *‘Across the football industry, the money league is recognised as a key benchmarking tool, used by clubs to understand how they compare to their peers; by investors and other stakeholders who are keen to learn more and by fans who wish to gain more insights’*²⁷

The Deloitte Football Money League analyses total revenue by looking at:

- Matchday revenue
- Broadcasting rights
- Revenue from commercial sources

²⁶ Offizielle Webseite der Österreichischen Fußball Bundesliga, 2022, <https://www.bundesliga.at/de/>.

²⁷ Deloitte Football Money League – January 2021 page 10)

- Sponsoring
- Merchandising
- Stadium tours
- Other

With matchday revenue all the income coming from match tickets and all hospitality sales before, during and after matches in the stadium are included. Revenue from broadcasting rights includes all income coming from revenue from participation in domestic leagues and cups and UEFA club competitions. Revenue from commercial sources includes all income coming from sponsoring, merchandising (all sales of items with the club logo/ colours), stadium tours or other activities.

We will use this recognised framework to look at the total revenue of First Vienna and we will analyse whether or not it is possible to compete at the second or first division level for First Vienna.

From the annual money league we have as well analyzed what is a good split between the 3 different revenue streams as showed above. The table below shows the revenue splits of the 10 biggest teams in Europe:

Table 3: revenue split for the 2018-2019 season: top 10 teams in Europe

	Barcelona	Real Madrid	Bayern Munchen	Manchester United	Liverpool	Manchester City	Paris Saint Germain	Chelsea	Tottenham Hotspur	Juventus	ZVG
Match Day revenue	18%	15%	11%	17%	15%	9%	17%	13%	24%	11%	15%
Broadcasting rights	36%	31%	32%	28%	42%	39%	28%	44%	35%	42%	36%
Commercial	47%	54%	57%	55%	43%	52%	55%	43%	41%	47%	49%

Analyzing the top 10 clubs in Europe we find on average that 15% of total revenue comes from matchday income, 36 % from broadcasting rights and 49 % from Commercial sources.

Analyses of First Vienna Financials

With the help of the Deloitte Football Money League Framework we will now analyze if it is possible for First Vienna to compete at the second and first levels in Austria. Earlier in this Thesis we reached the conclusion that a total revenue of 5,500,000 MEuro is needed to play in the second division and play for a promotion, and that a budget of 11,700,000 MEuro is needed to compete in the first half of the table of the first division. Using the methodology from Deloitte we will first analyze the Matchday revenue, than we will look at Broadcasting rights and finally we will analyze Commercial revenue. For all 3 categories we will look at what the current revenue situation is for First Vienna at the 3 rd level. After that we will assess what is the revenue which First Vienna can potentially reach at the second and first division.

Matchday Revenue:

Matchday revenue is comprised of revenue coming from ticket sales and from revenue coming from hospitality sales before, during and after the match. The below table gives an overview of the current actual matchday income from First Vienna at the 3 rd level where they currently play, and what they could potentially generate when playing in the second and first division.

Table 4: Current and potential Matchday Revenue of First Vienna FC

	Ticket Revenue				Hospitality Revenue				Total Matchday Revenue
	spectators/match	avg price/ticket	matches	Ticket Revenue	Consumptions	price/consumption	total	Hospitality Revenue	Total Revenue
3 rd level	1000	12,5	16	200000	1	4	4	64000	264000
2 nd level	2500	15	20	750000	2	4	8	400000	1150000
1 st level	5500	20	23	2530000	3	4	12	1518000	4048000

First Vienna currently has an average spectator attendance at the 3rd level of around 1000 people. The entrance price at the 3rd level is at 12.50 Euro and the number of home matches played at the 3rd level is 16. In total this gives a revenue out of ticket sales of 200 kEuro per year. On average First Vienna sells one consumption at 4 Euro per spectator per match so this gives an additional 64 kEuro in Revenue. In total First Vienna generates 264,000 KEuro of total year revenue at the third level.

Following the same approach we have modelled what the Matchday income could be when First Vienna plays at the second level and at the first level. As can be seen the revenue from Matchday Income increases significantly

From 264 kEuro at the 3rd level, to 1,150,000 mEuro at the second level and to 4.048,000 mEuro at the first level. The increase in matchday income is coming from 4 different areas:

- An increase in the average ticket price per match
- An increase in the number of spectators by match
- An increase in the number of matches per season
- An increase in the number of consumptions before, during and after the match.

Ticketprices:

12.50 Euro at the 3rd level is the actual ticket price First Vienna is charging. At the second division we have checked the price of a ticket for the top 3 teams playing in the second division as well as the price at Floridsdorf FC another team from Vienna which plays at the second division. Based on this an average price of 15 Euro per ticket is realistic.

For the First level, based on the actual ticket prices actually charged in the Bundesliga, a ticket price at 20 Euro's for home matches for First Vienna is a realistic one.

Average number of spectators:

In general the potential of First Vienna to draw relatively big crowds is good. At the 4 th level in Austria they already had an average of around 1000 people per match which is not even reached by some second division teams. When First Vienna plays against other traditional rival teams like Wiener Sportclub, their stadium is always sold out at 5500 spectators. Between 2008 and 2013 Vienna played for the last time at the second level in Austria. In that time the average number of spectators was at 1745 people per match. During these 5 years Vienna was always playing against relegation and found itself back at the bottom of the table frequently. If they would play for the top places to earn promotion it is fair to assume that they would draw more spectators and based on the above information an average of 2500 people per match looks realistic.

In The Austrian Bundesliga we have looked at the average number of spectators of all teams in the season 2018-2019 (the last season before covid). This shows that on average the number of spectators was at 7563 spectators per match. Looking at this number and the fact that First Vienna is playing in Vienna with over 2 mio. inhabitants and looking at their big fanbase it is realistic to assume that their average attendance would be at 5500 (sold out every match), especially when they would play at the top 6 places in the Bundesliga. Looking at the data the actual potential for First Vienna is significantly higher than 5500. With Viennese derbies against Rapid, Austria and Admira and teams like Sturm Graz and RB

Salzburg who all draw big crowds where they are playing, we think that the true potential in terms of number of spectators is much higher than 5500 per match. For this analyses we will use 5500 since any bigger crowds would require significant investments in the stadium. We will come back to this point later when we speak about the further potential of First Vienna.

Number of Matches:

The number of matches is the total of league matches, cup matches and friendly matches. The number of matches will increase the higher First Vienna is playing. It will develop from 16 home matches at the third level, to 20 home matches at the second level and 23 home matches in the first division.

Number of consumptions:

We have assumed for this study that the number of consumptions will increase from current 1 in the third division to 2 in the second and to 3 per person when playing at the first level. This increase will come from the fact that people will come to the stadium earlier when playing at the first level and it will come from the upgrade in all hospitality areas which First Vienna is planning.

Broadcasting rights:

The second category of revenue out of the Deloitte analyses tool are broadcasting rights. Broadcasting rights are revenues coming from participation in domestic leagues, domestic Cups and European Cups. This revenue is typically coming from TV contracts and from sponsors who link their names to a certain competition. Revenue from broadcasting

rights will be close to zero at the 3rd level and will be low as well at the second level in Austria. Typically matches at these levels are not on national television and so the commercial value of these matches is very small. This changes significantly when competing at the national level, where a lot of matches are broadcasted at national television, with a lot of watchers. If First Vienna would qualify for any of the European cups, revenue from broadcasting rights would be even higher and will easily reach millions. For this analyses we will not assume that First Vienna will qualify for any of the European Cups.

At the third level First Vienna is not getting any Revenue from broadcasting rights. At the second level First Vienna would get a small revenue of 100 k Euro. At the first level revenue from broadcasting rights would increase exponentially.

In the Austrian Bundesliga the total amount of domestic broadcasting Revenue is at 23,000,000 MEuro per year for all clubs. This money is shared based on several criteria (sportive – place in the ranking- , number of spectators and the number of Austrian players). At the moment the highest pay-out at the 1st level is Rapid at 4.300,000 MEuro per year, with the lowest payout at 1.300,000 mEuro per year. With Vienna aiming around place 6 and with an average attendance of 5500 per match a revenue of around 2.200,000 mEuro per year for broadcasting rights is realistic when playing in the first division. Table 5 Summarizes the revenue coming from broadcasting rights.

Table 5: actual and potential Broadcasting Rights for First Vienna FC

	Broadcasting revenue
3 rd level	0
2 nd level	100000
1 st level	2200000

Commercial sources:

The biggest revenue stream under this heading will be the money which is being received from sponsors. The current sponsor structure from First Vienna is comprised of one main sponsor and one co-sponsor, followed by 6 premium sponsors, 12 business sponsors, 20 team partners and the 1894 Business club. The sponsor at the top of the pyramid -Uniqua, pays 1.500,000 MEuro per year and they have their name displayed on the First Vienna shirt. The bottom level of the pyramid is the 1894 Business club of which you can be a member with a fee of 1894 Euro per year. From bottom to top the sponsor packages are differentiated in the possibilities to attend matches, special areas in the stadiums, special events and the possibilities to display the name of the company. Table 6 below shows the actual income from First Vienna from sponsoring when playing at the 3 rd level in Austria, and the potential income they can generate from this area when playing at the second and first levels.

Table 6: Actual and Potential Revenue from Sponsoring for First Vienna

		main sponsor	cosponsor	premium sponsor	business sponsor	teampartner	business club	Total
3 rd level	number	1	1	6	12	20	79	
	amount/sponsor	1500000	100000	10000	5000	2500	1894	
	total	1500000	100000	60000	60000	50000	149626	1919626
2 nd level	number	1	1	6	12	20	100	
	amount/sponsor	2000000	150000	15000	5000	2500	1894	
	total	2000000	150000	90000	60000	50000	189400	2539400
1 st level	number	1	2	6	20	50	200	
	amount/sponsor	2500000	200000	20000	7500	5000	2500	
	total	2500000	400000	120000	150000	250000	500000	3920000

Table 6 shows that the current income from sponsors is at 1.9 mio. Euro per year. At the second level this would increase to 2.5 mio. Euro and at the first level we see a potential of around 4 mio. Euro revenue from sponsoring.

A second revenue stream within the Commercial part is Revenue coming from merchandising. Merchandising means all items sold which uses the club logo and club colors (an example of Merchandising for First Vienna can be found in Figure 2 below). This can range from First Vienna football shirts to items like shawls or pens with the Vienna logo on it. The potential income from this is judged to be small. For a limited number of teams who have a global fanbase this area can be huge. For a club like First Vienna with a significant, but local fanbase (primarily Vienna) it will be difficult to generate huge income from this.

For this study we have taken the actual Revenue from merchandise for First Vienna in the 3 rd league at 50.000 KEuro per year. This is roughly the average spectator number times 50 Euro. (one or two purchases per average spectator per year). Following this we could assume that in the second division this could increase to $2500 \cdot 50 = 125,000$ KEuro. The potential for merchandising would again increase significantly when

playing at the first level and here we would assume $5500 \cdot 100 = 550,000$ kEuro.

Figure 2: Examples of Merchandising using the Club Logo



Table 7 summarizes the Revenue streams coming from Commercial sources.

Table 7: Actual and Potential Revenue for First Vienna from Commercial sources

	Commercial Revenue	kEuro
3 rd division	sponsor revenue	1919626
	other commercial revenue	50000
	total	1969626
2 nd division	sponsor revenue	2539400
	other commercial revenue	125000
	total	2664400
1 st division	sponsor revenue	3920000
	other commercial revenue	550000
	total	4470000

Summary:

Adding up all the revenue streams which were analyzed in the previous section we arrive at table 8 below:

Table 8: Summary of the total actual and potential revenue of First Vienna

	3 rd level	2 nd level	1 st level
Matchday Revenue	264000	1150000	4048000
Broadcasting Revenue	0	100000	2200000
Commercial Revenue	1969626	2664400	4470000
Total	2233626	3914400	10718000

The table shows the current budget at 2.200,000 MEuro at the third level where First Vienna is playing now. At the second level First Vienna shows a potential revenue of 3.900,000 MEuro. This is 1.500,000 MEuro short of the budget needed to be promoted from the second division, but would place them in the top 3 of the budgets in the second division. The potential budget at the first level of 10.700,000 mEuro is relatively close to the 11.700,000 mEuro budget needed to participate and play for the first 6 places in the Austrian Bundesliga. This result is not uncommon and is seen in many countries across the globe: often it is a bigger challenge to be promoted out of the second level, than to stay and compete at the first level. This in turn is due to the fact that several factors increase exponentially when playing at the first level. Suddenly there is big national interest and coverage, which bring in exponentially higher broadcasting

rights and draws much bigger crowds to the stadiums. This in turn as well significantly increases the potential to attract more sponsors.

Although it appears to be difficult to reach the 5.500,000 mEuro needed to play for promotion out of the second Bundesliga, the 3.900,000 mEuro budget will be sufficient to be in the top 3 in terms of revenue and should be enough to play for promotion to the Austrian Bundesliga.

In the next session of this thesis we will explain the 5 year plan of Vienna and we will judge based on our analyses above if the plans from Vienna are realistic and come with recommendations how the 5 year plan can be further enhanced.

5. The First Vienna FC 1894 5 year plan

In the summer of 2021 First Vienna presented their 5 year plan. The below is compiled out of interviews with Kurt Svoboda (Vice president of First Vienna), Markus Katzer (Technical Manager of First Vienna) and Roland Schmidt (co-sponsor of First Vienna) during the summer of 2021.

The plan was presented in 2021 after several successes in the last few years. In 2017 First Vienna found itself back at the 5 th division in Austria after having been punished because of a bankruptcy in 2017. Since then and with the help of their main sponsor Uniqua, First Vienna has found a way back to success with the women's team promoted to the Bundesliga (the first level in Austria) in the 2021-2022 season and the men's team back at the third level in Austria after 2 consecutive promotions. The five year plan is called 'Neue Wege 2026' (New directions for 2026) and has the aim to develop the club further and to bring the men's team back in the Bundesliga in the season 2026-2027. The 5 year plan consists of 5 pillars.

1) Further Sportive Development

It is the aim of First Vienna to play at the highest level in Austria with both the Women and the Men's team. The club would like to reach this in a realistic step-by step way, in which solid fundamentals are developed along the journey. First Vienna is not only focusing on the success of 1 team (the men's first team) but would like to build strong fundamentals with men's, women's and youth football all at high levels. Secondly the club would like to build on a solid financial basis and would not like to take

financial risks in reaching their goals. This is in line with what we explained in the literature review about having sustainable financials. As explained in that section First Vienna would like to build as well on sustainable financials with revenue coming from football related activities and no extraordinary funding.

Vienna Vice President Kurt Svoboda. "We don't pretend to want to become Austrian champions. We're also not claiming to cause a sensation in the Champions League. That would not be serious. Vienna has a step-by-step plan that stands for economic stability as the basis for sustainable success. First Vienna should grow healthily and gradually develop its excellence with efficient work. Medium-term goal: We would like to be a Football Club which delivers new talents and score both nationally and internationally."

2. Vienna Campus:

The second pillar in the 5 year strategy is the development of a strong and successful youth-academy (Vienna Campus). Next to Austria Wien and Rapid Wien, the 2 Football Clubs out of Vienna which already play at the first level, First Vienna would like to be an attractive partner for the development of talented football players in East Austria. In order to make this vision a reality, significant investments in the development of this Vienna Campus are needed. In total First Vienna is planning to invest 8.5 00,000 mEuro in the Vienna Campus over the next 5-7 years. A first step has by now been completed with the investment of 1.500,000 mEuro to create 2 new and additional football pitches and to upgrade the current youth facilities.

"The aim is to create a scalable educational concept and model for training children, women and men," emphasizes Roland Schmid, who sees the promotion of young talent as the only legitimate basis for sustainable and at the same time affordable professional football"

3. Infrastructure and Digitalisation

Not only the infrastructure of the youth academy needs to be upgraded, but investments are planned as well to constantly upgrade the club and stadium infrastructure. A special focus will be placed on the digitalization strategy with plans in areas like creation of a First Vienna App, mobile ticketing, cash free payments in the stadium, and streaming possibilities for matches of First Vienna. First Vienna and Uniqa strongly believe that by developing the stadium and the area around the stadium further, can hugely increase the revenue streams of First Vienna. The stadium and the areas around it (The Hohe Warte) have a lot of space to create new infrastructure aimed at people spending more time before and after matches. Concrete ideas in this area are for instance to build a large playing ground for children, so that families can spend more time at the Hohe Warte or to invest in a shopping area with catering and merchandise possibilities.

4.Sponsoring

As part of the 5 year plan, First Vienna has developed a new Sponsor pyramid with 1 main sponsor, 1 co-sponsor and a further 6 Premium partner, 12 Business partner and 20 Team partner. The pyramid is completed at the bottom with the Business Club which has at the moment 79 members. Since the summer of 2021 First Vienna has been able to present several new sponsors all in line with their new sponsor pyramid. First Vienna aims as well to actively work together with some of their sponsors and use their know-how in areas which are not the core competences of First Vienna. Examples of this are the sponsoring and partnerships they started with Ottakringer (a beer and other drinks Company), Food affairs (a big caterer in Austria) and the Panther Club (to

help them create a good and high level VIP area). This approach helps First Vienna to focus all their internal resources on their core competencies and to outsource or partner on areas which are not their core competencies.

“The partnership with Ottakringer Brewery, Food Affairs and Planters Club are of great importance to us regarding the service for our fans and guests. With them on board Vienna is not only well positioned in terms of sports and financials but also with Food, Drinks and catering at the highest levels” according to Kurt Svoboda and Roland Schmid.

5.Clubmembers and Fans

First Vienna has a big fanbase which is seen through the high attendances at match days and by several active fan clubs of First Vienna. In the 5 year plan First Vienna would like to further build on this and expand their fanbase. In a step by step approach the sportive development of Vienna should go hand in hand with increasing amounts of members of the club and increases in the numbers of spectators.

6. Conclusions and recommendations:

In this thesis we have explored what is needed to successfully compete at the second and first level in Austria. After that we have looked at the current financial position of First Vienna and at their financial potential to reach the second or first level. After that we have looked at their 5 years strategy to reach a position at the first division in Austria and through several interviews we have further explored the plans and strategies of First Vienna. Coming back to the research questions:

- Which budget is needed to play for promotion out of the second Bundesliga?
- Which budget is needed to play for the 6 first places in the Austrian Bundesliga?
- Is the 5 year strategy as laid out by First Vienna, to reach the first level in Austrian football, financially realistic?

We can conclude the following:

Revenue needed to compete in the second division: Revenue at 5.500,000 mEuro per year. Revenue needed to compete in the first division: Revenue at 11.700,000 mEuro per year. Our analyses has showed that 11.700,000 mEuro in the first division is within reach of Vienna and that the 5.500,000 mEuro in the second division could be a bigger challenge.

The 5 years plan and interviews held have provided qualitative information about the likelihood for Vienna to reach the Bundesliga. From the Interviews and the 5 year plan the following SWOT analyses can be made:

Strengths of Vienna and the 5 year plans:

- A strong partner with Uniqa which gives financial stability and strong management know-how. One of the Management positions at the highest level in First Vienna is taken by a representative of Uniqa and several Uniqa employees have been added to the First Vienna organization. This has allowed them new insights on how to manage the club financially and expand their earnings.
- The brand and positioning of First Vienna as a traditional inclusive football club.
- First Vienna is gaining 2-3 new sponsors every year.
- New training facilities allow youth departments to produce better players

Weaknesses:

- In order to reach their ambitions significant one-off investments are needed in the training grounds and stadium. Generating a certain revenue is one thing (and this was the focus of this study). Investing to create the prerequisites to reach these revenues is another and will require several millions.
- Reliance on one sponsor mainly. Although First Vienna has many sponsors and is currently expanding its sponsor base, they are very

reliant on 1 big sponsor Uniqa. In case Uniqa would decide to stop the sponsorship, First Vienna would face financial difficulties immediately.

Opportunities:

- Develop the First Vienna youth academy (part of the 5 year plan). First Vienna are already working on improving their youth facilities. They added an extra field for the youth teams to train and play their games. They have also started to upgrade the other youth facilities and their training staff of the youth department. By developing more talented players they can boost the quality of their teams and can develop an additional revenue streams in case they would be able to sell talented players.
- Develop stadium the Hohe Warte. The land on which the stadium is build and the stadium itself have a lot of place to generate bigger revenue streams. There are a lot of options to ensure that fans spend more time and money when they visit the stadium.
- To further develop women's football is a big part of the 5 year plan that First Vienna has. In Austria the level of woman's football is not so high yet, meaning it is easier for the teams to promote to higher divisions. The woman team of First Vienna already promoted to the highest division in the last year and are currently battling for the championship. They also created 3 new youth teams for girls aged 10-18. Playing for the Championship would attract more fans to the

stadium and this could potential mean a significant additional revenue stream.

- First Vienna has a big fan community with many people coming to visit their games. However they do not have a lot of possibilities where you can buy merchandise. There is a lot of potential to increase the revenue stream significantly by setting up a more professional on-line shop and more possibilities in the stadium to buy merchandise.

Threats:

- The grounds of both the youth academy and the stadium are not owned by First Vienna. So, good relationships with the City of Vienna who is the owner of the grounds is key. This should be one of First Vienna's main concern. It would be of great benefit if First Vienna would own all the grounds/stadium that they use.
- Rapid and Austria are the two biggest teams in Vienna. They have the biggest fan bases and most sponsors. It could be a potential threat for First Vienna in their ambition to become the 3 rd Football Club at the highest level in Vienna.

Looking at the 5 Year plan and the interviews conducted the main recommendation to increase potential Revenue further is to go faster with the development of the current stadium. Many teams in Austria do not want to promote to the second or first division because the stadium requirements require clubs to invest huge amounts of money. To meet the requirements for the second division should be do-able, but wanting to go

to the first league would require millions. An upgrade of the stadium is needed as well in case First Vienna would like to close the gap between what we calculated is needed to reach the first division and compete for the first 6 places and what we considered to be the potential budget of First Vienna based on the current Stadium. An upgraded stadium would allow First Vienna to grow the amount of spectators further beyond the current maximum capacity of 5500 spectators. It would also allow to increase the price of match tickets and would give many opportunities of increasing the amount people spend during and before the games by offering more shops and food stands. Improving the digital content (instagram, facebook, twitter), should also allow First Vienna to grow as a team and connect with the fans online. Furthermore the relationship with Uniqa as a big sponsor with the financing power to invest in the grounds and stadium will be key. Uniqa is well known in Austria and First Vienna should use them to attract more sponsors and to create more opportunities for them to increase their revenue.

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Appendix:

Interview with Peter Hlinka (Technical Leader of the First Mens team)

The below Interview with Peter Hlinka was held approximately a year before the presentation of the new 5 year plan and gives further insights on the ambitions and how First Vienna would like to reach these.

The below interview was held on July 2021 with Peter Hlinka (technical leader of the first Mens team) :

What role does money play when it comes to a club like First Vienna which competes for promotion?

“When it comes to the football industry money plays a very big role. Especially in the last 10 years money has become a key factor for the teams who want to be successful. Not just in the football industry but in general, money gives people sense of comfort for the future. It is very important for a traditional team like First Vienna that they have a big enough budget that allows them to have this comfort when looking towards the future. At the moment First Vienna has a very good sponsor with Uniqa who takes care of the financial situation. This allows the club and the players to focus on football and getting the results the team needs. For an amateur team to promote to the second or even first Bundesliga is not only about how good the players are and the results they get but more about if the club is in a financial position that they can afford to get promoted to higher divisions. ”

Other than the money and the financial situation of a club, what other factors are important for a club to be successful in Austria?

“It is important for a club to have a good structure inside the club. This means that the club does not only focus on the first team but also makes sure the youth department is been handled well. First Vienna also has many female teams which are being take care of very professionally. The whole image of the club has to be professional. There have been many teams over the last years who have been very successful in Vienna but never made this jump to the second or first Bundesliga because they were too focused on the first team and lacked professionalism in their youth departments. In the short run this might not be a problem, but for the long run the youth department is very important and should be taken care of. It is also important that the club has a clear vision of what they want to achieve in the next years. This allows them to work towards this goal and achieve the goals they have set. Some other factors that are important are the people who are working at the desk behind the scenes making sure everything is handled. Also the people who work on the stadium and make sure the pitch is always looking good and ready to be played on. These are all small factors that play a role when it comes to the success of a club. The whole image has to be right. There needs to be a certain professionalism at the club.”

How important is it for a team like First Vienna to have a sponsor like Uniqa who takes care of the financial situation and makes sure the club handles everything in a professional way?

“The partnership between Vienna and Uniqa is the key to the successes Vienna had over the last 2 years and will be the main factor for success in the future. Uniqa is a very traditional and conservative company that has been doing very well for a long time period already. First Vienna is the oldest football team in Austria and Uniqa is the oldest insurance company in Austria. These two businesses fit very well together and can really make something great out of first Vienna in the future. Uniqa has been looking to sponsor a football team for the last 5 years but did not manage to find a club that fits with their company and history. With First Vienna they found a club that shares this history and philosophy and they created this partnership in which they will help Vienna with their financial situation. This partnership is the base of the club and after establishing a good base they can start working towards their goal of playing second bundesliga in the next 5 years. Uniqa has already plans to improve the stadium and work on making a better youth department with better facilities. After creating this base with Uniqa, the club can start looking in the future and step by step achieve their goals. Uniqa are really working hard in the background to make sure the future for First Vienna will look bright and successful. Uniqa wants to make sure that not only the first team is doing well but that the female section and youth department is also being taken care of. “

Is it important for a team to have one main sponsor or is it better to have multiple income flows from many small sponsors?

“First Vienna has one main sponsor with Uniqa but they also have quit a few small sponsors in the background that also play a significant role for the club. Although Uniqa takes care of most of the financials it is important for a club to have other sources of income as well. To be 100% dependent on one main source of income is always a bit dangerous for football teams. Especially with the history Vienna had the last few years with the sponsors and the money problems. The main decision will always be taken by Uniqa but the other sponsors who are not so big are also an important part of this image and have the same vision for Vienna which is to become one of the biggest football clubs in Austria. Also in tough times like this with corona where it is hard for many teams to stay alive as they don't have a lot of income but still have to pay their players, many clubs are making big losses and are not sure if they can keep operating in the future. Vienna does not have these problems as Uniqa is giving them a lot of freedom with the budget which allows Vienna to keep operating and paying their players. Uniqa is giving Vienna a budget of 1,5 million euros and they are playing in the 4th league. Some Teams that are playing in the Austrian Bundesliga have a yearly budget of 2 million! To see the amount of money Uniqa is putting into this club really shows that they are serious and want to achieve great things with First Vienna. It shows that they are not only putting money into the first team but have as well great plans for the woman teams who are playing in the second Bundesliga and want to promote to the first bundesliga next year. This creates an image for Vienna which shows a great extent of professionalism to the outside world. Another important point is that the last few sponsors Vienna had did not have a great relationship with the Austrian authorities. This was a problem as First Vienna does not own the stadium or any of the pitches their teams train on. Everything is owned by the city of Vienna and First Vienna was just renting this. There were also problems with the electricity bills and other things which were not being paid or taken care of properly. Now with Uniqa they have established this connection again with the authorities which makes it easier for the club to take care of any problems that occur with the stadium or any of the other pitches. Now with Uniqa the authorities are a lot more favourable towards First Vienna which gives Vienna more freedom when it comes to taking care of the stadium or stuff like electricity bills. First Vienna

plays at the Hohe Warte which is a huge piece of ground where they can really do many great things. They have enough space to create small shops for when there are games or activities for smaller kids so that it is more likely for families to come and spend their afternoon at the Hohe Warte when First Vienna is playing their games. The Hohe Warte has a huge potential due to the large amount of space they have which Uniqa is willing to invest in and make the best out of this. They have plans of creating a small shopping center and parks for kids so that people really come there and spend their afternoon at the Hohe Warte where they can do shopping, have their kids entertained and watch a soccer game. Uniqa does not only see a football match taking place there but they really want to create a place where people can relax and have a good time.

Vienna also has a lot of potential when it comes to their fans. Last year they played in the 5th Austrian league and had an average of over a 1000 fans at their games. Many teams in the second bundesliga do not even have these numbers. By improving their stadium and everything around it First Vienna can really boost their number of fans even more when they manage to promote to the higher leagues. This is also one of the main reasons Uniqa decided to sponsor this club as they see a huge potential with the fans that this club can attract when they improve the stadium and the surrounding area.”

What is the importance of having a good management team that does not only know everything about football but that also knows how to deal with the financial situation and knows how to handle money?

“For clubs like First Vienna it is important that they have people who work there that know not only about the football aspects but also about the business aspects. In the end a football team is just another business that is trying to create as much revenue as possible. 5 years ago there were only 2 people working in the management section at First Vienna who took care of everything. Now they have 5 people in the management team and two more people who are working at the desk every day. The management team will keep growing in the next years. There are people who are working on the social media account of the team, people who are working on the merchandise and the online shop. Uniqa is making sure that there are enough people working in the management team so that everything has been taken care of. If First Vienna wants to promote to higher leagues they will need even more people in the management team who are taking care of all these other factors that are maybe not so much related to football. Now a days everyone is on social media, it is important for a team with big plans for the future that they can also address their fans online through Facebook, Instagram and twitter. People want to be updated with new players that are being bought, with videos of the games that have been played. To manage a football club requires a lot more than just good results on the pitch. Having good players just isn't enough now a days. To become a successful club, there has to be a good management team which knows how to handle money and run a business.”

What role does the women section play in the future for First Vienna?

“One of the main goals of First Vienna and Uniqa is to bring forward the women teams and improve them even more. They see a huge potential in the women football and they are trying very hard to promote to the first Bundesliga here in Austria with their women team. Not only do they see huge potential in the sport section but also in the general interest of the people. More and more people are starting to watch and support women teams. One of the first things Uniqa did when they created this partnership with First Vienna was to buy female players who play for the Austrian and German national teams and offer them contracts to come and play at First Vienna. They believe that they can really achieve big things with the women section. They are trying to encourage more girls to start playing football and join Vienna from a

young age already. Now first Vienna has a girls team for every year starting from U12 till the first team. Not many teams in Austria have this many girls teams. This again really shows that Uniqa is trying to create this image for First Vienna which expresses professionalism. The women football in general is growing at a very fast rate and has a lot of potential for the future. Last few years First Vienna did not have anyone that was taking care of the women section. Now they have people that are working at First Vienna who are just there for the women section.”

What are the plans for the youth departments for First Vienna? How can they create even better talents?

“Right now First Vienna has problems already as they do not have enough pitches for all youth teams to train. They are planning to create 2 more pitches so that more teams can train at the same time. However this is not one of the main issues that they are trying to resolve this year. They have plans for the future so that they can attract more young players and better trainers. There is a lot of room where they can make another pitch for the youth departments. The youth department is not training at the same location where the first team is playing”.

Is it a realistic goal for First Vienna to say they want to play in the first Austrian league in the next 5 years?

“The main goal of First Vienna and Uniqa is to make it into the 2nd league here in Austria in the next 5 years. This was one of the requirements that Uniqa had before they decided to sponsor this club, was that they have to be willing to want to promote all the way to the 2nd league. First Vienna has the facilities to make it into the second league. To make the jump from the 2nd to the first league is a very big one and requires a lot of new infrastructure. First Vienna is also trying to get the youth teams of Austria to come and play in their stadium. This would allow even more people to come and visit the stadium and maybe some of the games.”

In what ways can First Vienna create more revenue?

“The main sources of income for a football club usually come from selling kits or other merchandise, tickets and selling players. For an amateur club selling players often does not create a great amount of revenue as the players do not earn as much money meaning the club is also not allowed to sell their players for a lot of money. It also is not very common for a non professional team to sell their players to teams who play in higher divisions. Occasionally a good player gets bought but this will not bring the club a great amount of income.

The second factor which can help create more revenue is by selling merchandise. This can be done through an online shop or through small stands that are available to the fans during a game day. Often many fans come 1-2 hours before the game starts. By creating small shops that sell stuff like hats, scarfs or even lighters can allow a club to create another stream of income. Food and drink shops are also helpful to generate more revenue. At First Vienna at home games more than 1000 people come and watch the games. If every person would buy one drink and one snack the club would make approximately 7000 to 8000 euro just from selling food and drinks.

First Vienna is a traditional football club with a lot of potential for its fans. They are operating in the 4th division now and have more people come and watch their games than some teams playing in the second league. If they would promote to the third league their fans base would already hugely improve. They could average 2-3000 fans if they manage to go up a division which would create huge income flows. A ticket costs 12 euro so if 2500 people come and watch the game they would make 30,000 euro just from

selling tickets. First Vienna has a lot of potential with the stadium and the surrounding that they could improve and which would lead to more people visiting the games. They have a huge terrain where they can make more shops and events to entertain the fans. First Vienna has to try and keep the people at their stadium for as long as possible. By creating more things to do before or after the game, fans will stay longer and spend more money. Uniqa already has big plans for the future to create these shops and even make a small shopping center where fans can buy merchandise and food. They are also planning to create a huge playground so that families can come with their kids where they can play. This will attract more people to come and the kids will also be entertained.

A factor that could help First Vienna in the long run is the improvement of their youth department. If they can create more pitches and attract more young players they have a higher chance of developing players that can later be sold to bigger clubs for more money. If they improve the youth department, meaning they get better trainers and better training equipment. First Vienna already has a partnership with nearby schools that allows the kids to come and join the team if they are good enough.”



