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The Budget's Influence in Football Management - Does the brand's success rely on a big budget?

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Master in International Management

Supervisor:

PhD, Álvaro Augusto Rosa, Associate Professor

Iscte – Instituto Universitário de Lisboa

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Acknowledgments

Another step in my academic career, with me reaching one of the longest awaited objectives and what a feeling this is. This dissertation represents my perseverance and my strength to face new things with confidence, even when the universe tells you not to do it. I want to thank everyone that was involved in this process.

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Abstract

Football is a world-known sport, but it stopped being just a sport years ago. Since being invented, this Britain-born sport has gained a lot of reputation and interest. It has proven to us that, prior recent technology and mass media, the sport moved an entire population just for a match. Whenever a certain team played, the respective city would stop just to watch/hear the game. And now that we live in an age that can generate data and pass information so quickly, football has generated a wealthy industry around it that justifies the interest. Everyone wants to be connected somehow to the sport, when it comes to brands and sponsors, just because of the amount of notoriety/publicity that it can bring. And there are clubs that take advantage of that and use the best strategy to reach their objectives the best way possible.

With this study, we will make a connection between the budget of a football club and their success/downfall, while we analyse their performances, their marketing strategies and the comparison between their goals and the reality. We will focus on the Premier League's 2013/2014 – 2017/2018 seasons, as well as the Portuguese League. We will also make a quick note on the pandemic era.

When it comes to the study's conclusion, we noticed an evident correlation between the amount of money that a football club has and its success, as proven in prior studies. This work relies on data on football club's/leagues' budgets provided by different organizations (how that budget is reached (strategies, sales, views, followers/fans)).

Keywords: Football Industry, Budget's Influence, Performance, Success

JEL Classification: L8 Industry Studies: Services – L83 Sports

M1 Business Administration – M10 General

M3 Marketing and Advertising – M30 General

M4 Accounting and Auditing – M40 General

Resumo

O futebol é um desporto mundialmente conhecido, mas deixou de ser apenas um desporto há muitos anos. Desde que foi inventado, na Grã-Bretanha, este desporto ganhou muita reputação e interesse. Provou-nos que, antes de tecnologia avançada e dos *mass media*, o futebol movia um país inteiro apenas com uma partida. Sempre que uma determinada equipa jogava, a respetiva cidade parava só para assistir/ouvir o jogo. E agora que vivemos numa era em que existe um enorme e rapidíssimo fluxo de informação, o futebol gerou uma indústria abastada ao seu redor que justifica todo o interesse nele colocado. Todos querem estar, de alguma forma, conectados ao futebol: quando se trata de marcas e patrocinadores, devido à quantidade de notoriedade/publicidade que a indústria pode rebuscar, havendo clubes que tiram proveito disso e usam a melhor estratégia para alcançar seus objetivos da melhor maneira possível.

Com este estudo, faremos uma correlação entre o orçamento de um clube de futebol e o seu sucesso e/ou fracasso, enquanto analisamos as suas performances, as suas estratégias de marketing e a comparação entre os seus objetivos e a realidade. Iremos focar-nos nas temporadas da Premier League de 2013/2014 – 2017/2018, bem como na Liga Portuguesa. Também faremos uma breve anotação sobre a era pandémica da COVID-19 e a adaptação da indústria.

Quanto à conclusão do estudo, notámos uma evidente correlação entre a quantidade de dinheiro que um clube de futebol possui e o seu sucesso, conforme comprovado em estudos anteriores. Este trabalho baseia-se em dados sobre os orçamentos de clubes/ligas de futebol fornecidos por diferentes organizações (como esse orçamento é alcançado (estratégias, vendas, visualizações, seguidores/fãs, entre outros.)).

Palavras-chave: Indústria do Futebol, Influência do Orçamento, Performance, Sucesso

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1. Introduction

1.1. Background

Football is not only a sport but also a major global industry, with top leagues like the English Premier League (EPL) generating substantial revenue through multiple channels, including broadcasting rights, sponsorships, and ticket sales. According to Deloitte's *Annual Review of Football Finance* (2022), the Premier League reached a record-breaking revenue of £5.1 billion in the 2021/22 season. This financial success is largely driven by broadcasting deals, with the league's recent three-year contract valued at over £9 billion, accounting for more than half of the total revenue for many Premier League clubs. This concentration of resources enables English clubs to attract elite talent, invest in state-of-the-art facilities, and expand their fan base worldwide (Deloitte, 2022).

In contrast, leagues like Portugal's Primeira Liga operate within much tighter financial constraints. The UEFA *Club Licensing Benchmarking Report* (2022) highlights that the revenue for Portuguese clubs in the same season was only a fraction of the Premier League's. Portuguese clubs depend heavily on alternative income sources, particularly player development and sales, with some clubs generating over 40% of their revenue from transferring players to wealthier leagues (KPMG, 2020). This financial model has led to the Primeira Liga becoming a 'selling league,' where clubs scout and develop young talent to sell for profit, thus enabling financial stability despite limited broadcasting and sponsorship revenue.

Moreover, KPMG's *Football Benchmark Reports* emphasize the role of fan engagement and brand value in sustaining club finances. While top Premier League clubs, such as Manchester United and Liverpool, leverage global fan bases and extensive digital marketing strategies to boost merchandise sales and secure high-value sponsorships, Portuguese clubs focus on local fan loyalty and community engagement. However, digital platforms have somewhat leveled the playing field by allowing even smaller clubs to reach global audiences, with fan engagement metrics rising significantly across digital platforms during the pandemic (KPMG, 2021). This shift has enabled clubs to monetize fan interactions, although the financial impact remains less pronounced in smaller leagues.

1.2. Problem Statement

The financial inequality between leagues like the Premier League and Primeira Liga has grown considerably, driven by differences in revenue streams and the varying ability of clubs to capitalize on global fan engagement. Premier League clubs benefit from substantial broadcasting revenue and high commercial value, positioning them as dominant players on the European stage. Conversely, clubs in the Primeira Liga operate with limited budgets, making it challenging to retain top talent or compete with the financial powerhouses of European football. According to UEFA, broadcasting revenue contributes to over 50% of the income for Premier League clubs, whereas player sales constitute a large proportion of revenue for Primeira Liga clubs (UEFA, 2022).

This research addresses the question of whether budget size is the primary determinant of a football club's success or whether strategic management and talent development can offset financial disadvantages. By comparing the Premier League and the Primeira Liga, this study aims to uncover whether financially constrained clubs can compete effectively through alternative revenue models, such as player development and digital fan engagement.

1.3. Research Objectives

This dissertation aims to:

This study seeks to:

1. Analyze the correlation between club budgets and on-field performance within both the Premier League and Primeira Liga from 2013 to 2021, using metrics such as league position, points earned, and goals scored.

2. Evaluate the role of strategic management and talent development in the success of financially constrained clubs, focusing on Portuguese clubs' approach to player development and transfer sales.
3. Assess the financial impact of the COVID-19 pandemic on club revenue, examining how clubs with diversified revenue sources—such as broadcasting and sponsorship—managed to withstand financial pressure.
4. Provide actionable recommendations for football clubs on achieving sustainable financial models by optimizing resource allocation and maximizing fan engagement.

1.4. Research Questions

This study addresses the following research questions:

1. Is there a measurable correlation between a football club's budget and its on-field success in the Premier League and Primeira Liga?
2. What strategies do financially constrained clubs use to remain competitive, and how effective are these strategies in offsetting budget limitations?
3. How did the COVID-19 pandemic influence financial stability and management strategies within clubs in the Premier League and Primeira Liga?
4. What role does fan engagement, branding, and digital strategy play in strengthening a club's brand value, especially in financially limited leagues?

1.5. Methodology

This research adopts a mixed-methods approach, combining quantitative and qualitative data to explore the relationship between football club budgets and performance outcomes. To gather first-hand data on public perceptions, a structured questionnaire was distributed to football fans and enthusiasts. The questionnaire was designed to collect both quantitative and qualitative data related to football budgets, success, management strategies, and the financial impact of the COVID-19 pandemic.

The survey targeted an audience of football fans, focusing on capturing diverse perspectives from both casual supporters and more engaged enthusiasts. Through a series of questions, the survey seeks to assess how football fans view the influence of club budgets on success and the importance of management in mitigating financial limitations. Additionally, the survey examines fan opinions on how clubs have managed the financial strain caused by the pandemic. This data will be critical in understanding the wider public view of how budgets and management strategies impact football club performance.

- **Data Collection:**
    - **Primary Data:** A structured questionnaire distributed to football fans to gauge public perceptions of budget importance, management strategies, and the financial impact of the COVID-19 pandemic on football clubs. The responses will help further understand the relationship between budget size, strategic decisions, and football success;
    - **Secondary Data:** Financial reports, performance statistics, and budget data from a sample of Premier League clubs between 2013 and 2021.
- **Data Analysis:**
    - A comparative analysis will be conducted between clubs in the Premier League and the Portuguese League, focusing on the correlation between their budgets and performance over the 2013-2017 period and during the pandemic (2018-2021).

1.6. Significance of the Study

The insights gained from this study have practical implications for football club managers and stakeholders. Understanding how clubs with different budget capacities achieve success can inform financial planning and strategic management decisions. For larger clubs, the research highlights the importance of revenue diversification and branding, while for smaller clubs, it emphasizes the value of talent development and digital engagement. Additionally, this study contributes to the academic literature on sports finance by examining how budget disparities impact competitive balance and brand sustainability across European football leagues.

1.7. Structure of the Dissertation

This dissertation is structured as follows:

- **Chapter 1: Introduction** – Introduces the background, research problem, objectives, and research questions.
- **Chapter 2: Literature Review** – Reviews the relevant literature on the economics of football, focusing on budget-performance correlation, talent development, and financial management.
- **Chapter 3: Methodology** – Describes the research design, data collection methods, and analytical approach used in the study.
- **Chapter 4: Discussion of Results** – Presents the quantitative and qualitative data, followed by an in-depth analysis of the results. Interprets the findings, compares them with existing literature, and explores their implications for football management.
- **Chapter 5: Conclusion and Recommendations** – Summarizes the key findings and provides actionable recommendations for football clubs.

2. Literature Review

2.1. The Impact of Football on the Global Economy

Football's economic impact is substantial and multifaceted, contributing not only to the sport itself but also significantly affecting local and global economies. Football clubs in the top leagues operate as powerful economic entities, generating substantial revenue from multiple streams, including broadcasting rights, sponsorships, ticket sales, and merchandise. Deloitte's *Annual Review of Football Finance* (2022) reports that the English Premier League (EPL) generated a record £5.1 billion in the 2021/22 season, a figure that underscores its financial strength and global appeal. A considerable portion of this revenue comes from the Premier League's highly lucrative broadcasting rights, which amount to over £9 billion across recent three-year cycles, with international deals significantly boosting revenue (Deloitte, 2022). Broadcasting revenue alone accounts for more than 50% of the total income for many EPL clubs, highlighting the league's dependency on global viewership and media contracts for sustaining its financial model.

The EPL's global financial success has had ripple effects across industries. According to KPMG's *Football Benchmark Report* (2021), EPL clubs' brand value and global visibility translate into high merchandise sales and lucrative sponsorship deals, further enhancing the league's financial dominance. This economic model positions top EPL clubs as key contributors to the UK economy, benefiting not only the clubs themselves but also related sectors, such as retail, hospitality, and tourism. The cities where prominent clubs like Manchester United, Liverpool, and Chelsea are located benefit significantly from the tourism and consumer spending associated with matchdays. Manchester United alone generates millions in tourism revenue annually, as fans travel from around the world to attend games and visit club-affiliated sites, illustrating how a single club can contribute to a city's economic landscape (KPMG, 2021).

However, the financial structure of European football is far from uniform. Smaller leagues, such as Portugal's Primeira Liga, face significant financial constraints due to their limited access to broadcasting and sponsorship revenue. UEFA's *Club Licensing Benchmarking Report* (2022) indicates that the revenue generated by Portuguese clubs is a fraction of that earned by EPL teams, with broadcasting income accounting for a minor percentage of their budgets. Instead, Primeira Liga clubs rely heavily on player development and sales, with approximately 40% of revenue for some clubs originating from transfer fees (UEFA, 2022). Top clubs in Portugal, such as SL Benfica, FC Porto, and Sporting CP, have developed sustainable models by focusing on talent scouting and player development, enabling them to generate income through the transfer market by selling players to wealthier leagues. This strategy has allowed Portuguese clubs to remain competitive domestically and occasionally on the European stage, despite significant budget limitations.

Research by Barros and Leach (2006) highlights the reliance of Portuguese clubs on the "selling club" model, where young players are scouted, developed, and eventually sold to larger clubs across Europe. This model is exemplified by transfers like João Félix from SL Benfica to Atlético Madrid for €126 million, a transaction that brought financial stability to Benfica while highlighting the disparity between budget structures in different leagues. While profitable, this approach also has inherent risks; clubs in financially constrained leagues are vulnerable to market fluctuations, which may affect their ability to consistently develop and sell players (Barros & Leach, 2006).

Clubs often rely on investments from abroad. Ownership structures have become a significant factor in club management efficiency and financial performance, particularly as European clubs see a rise in foreign investments. Rohde and Breuer (2018) clarify that while foreign ownership increases clubs' financial resources, it may compromise efficiency by prioritizing high investment over optimized management practices. This finding is particularly relevant to clubs with mid-tier budgets aiming to maximize their competitive outcomes through optimized management rather than sheer investment (Rohde & Breuer, 2018).

The economic contributions of football are not limited to direct revenue generation. According to Morrow (2013), football clubs play an essential role in local economies by creating jobs, boosting local business, and contributing to infrastructure development. For instance, matchday activities support a wide array of industries, from transportation to food and beverage services, all of which benefit from the influx of fans attending games. Cities with high-profile clubs, such as London, Manchester, and Liverpool, experience increased tourism and consumer spending linked to football events. As noted in KPMG's *Football Clubs Valuation Report* (2020), these clubs contribute significantly to local economies through various sectors, with activities beyond the stadium impacting retail, hospitality, and entertainment industries. The economic footprint of these clubs extends to regional and national levels, making them key contributors to the economic fabric of their respective countries (KPMG, 2020).

The inequality is further exacerbated by UEFA’s Financial Fair Play (FFP) regulations, which, while designed to promote financial responsibility, have also been criticized for unintentionally reinforcing the advantages of already wealthy clubs. This has led to a scenario in which smaller clubs, lacking substantial broadcasting or sponsorship income, have limited opportunities to catch up, creating an economic divide that restricts mobility within European football leagues.

2.2. Premier League’s Financial Structure and its Global Influence

The English Premier League (EPL) is widely recognized as the world’s wealthiest football league, a status achieved through its advanced financial structure, extensive global reach, and sophisticated commercial strategy. At the core of the EPL's financial success are its lucrative broadcasting rights, which have fueled significant growth in recent decades. According to Deloitte’s *Annual Review of Football Finance* (2022), the EPL’s broadcasting deals represent over 50% of its total revenue, with its most recent three-year deal valued at £9 billion. This agreement, covering both domestic and international rights, underscores the league’s popularity on a global scale, with international deals now accounting for a substantial portion of the total (Deloitte, 2022). These broadcasting revenues allow EPL clubs to maintain competitive rosters, fund modern facilities, and attract top global talent, reinforcing the league's position as an economic powerhouse in the sports world.

KPMG’s *Football Benchmark Report* (2021) further notes that the EPL’s branding strategy has turned individual clubs, such as Manchester United, Liverpool, and Arsenal, into global brands with significant followings in markets across Asia, the Americas, and the Middle East. This extensive fan engagement translates into commercial opportunities through merchandise sales and international sponsorships. In 2021, Manchester United generated hundreds of millions in commercial revenue from sponsorships alone, a figure bolstered by the club's strong digital presence and targeted marketing strategies (KPMG, 2021). Additionally, the widespread use of social media and digital streaming platforms has helped EPL clubs reach fans directly, creating new revenue streams and fostering deeper connections with a global audience.

Beyond direct club earnings, the EPL has significant economic impact on the UK economy through job creation, infrastructure investment, and tourism. Nauright and Ramfjord (2010) explore how EPL matchdays drive local economies, particularly in cities with popular clubs. Manchester, for example, sees a significant economic boost from Manchester United and Manchester City home games, where local businesses in hospitality, transportation, and retail sectors benefit from increased consumer spending by both domestic and international fans. Matchday tourism is a critical factor, as high-profile matches attract international visitors who contribute to the local economy through spending on hotels, restaurants, and other services associated with tourism (Nauright & Ramfjord, 2010).

Further reinforcing this inequality are UEFA's Financial Fair Play (FFP) regulations, which, while designed to promote responsible spending, have been criticized for inadvertently protecting wealthier clubs. FFP requires clubs to spend within their means based on revenue, limiting excessive expenditure.

Dietl, Franck, and Lang (2008) highlight the risk of overinvestment as clubs strive to keep up financially, leading some teams to operate at unsustainable spending levels. These financial pressures have, in some cases, resulted in debt accumulation, as clubs outside the elite attempt to compete through increased expenditure. The authors argue that the league's intense commercial focus may ultimately compromise its sustainability if clubs continue to prioritize short-term success over financial stability. This risk is particularly pronounced in the context of FFP regulations, which limit sudden financial influxes while encouraging consistent revenue generation. This model, while successful for top clubs, creates challenges for mid- and lower-tier clubs that rely heavily on broadcasting revenue and face difficulties diversifying income sources.

Despite these criticisms, the EPL remains the gold standard for football's commercialization, attracting top global talent and generating substantial income across multiple sectors. The Premier League's brand strength continues to drive viewership and fan loyalty, making it a key player in the global sports market. The league's financial dominance is a model for other European leagues attempting to replicate its success, as seen in the growing commercialization efforts within La Liga and Serie A. The Premier League’s ability to sustain financial growth while expanding its international reach highlights the effectiveness of its revenue model, even as debates surrounding competitive balance and financial equity persist. As the EPL continues to navigate these complexities, its global influence on the economics of football remains a defining feature of its structure and operations (Dietl, Franck, & Lang, 2008; KPMG, 2021).

2.3. Financial Constraints in Smaller Leagues

In contrast to the financial powerhouses of the English Premier League and other major European leagues, smaller leagues like Portugal’s Primeira Liga operate within more restricted financial environments. Due to limited broadcasting rights and sponsorship revenue, clubs in the Primeira Liga rely heavily on alternative revenue sources to stay financially viable. The *UEFA Club Licensing Benchmarking Report* (2022) shows that Portuguese clubs generate a fraction of the income achieved by top EPL clubs, with broadcasting revenue constituting only a small portion of their total income. Instead, Primeira Liga clubs depend on player transfers, with player sales contributing as much as 40% of annual revenue for some teams (UEFA, 2022). This revenue model requires clubs to invest in talent development and scouting, as the sale of homegrown players to wealthier leagues is often their most viable path to financial stability.

Barros and Leach (2006) discuss how the “selling club” model has become a staple for Portuguese teams like SL Benfica, FC Porto, and Sporting CP, which rely on nurturing young talent to generate income. This approach allows these clubs to remain competitive both domestically and occasionally in European competitions, despite their smaller budgets. FC Porto’s transfer policy exemplifies this model, with notable sales of players such as Falcão, James Rodríguez, and Éder Militão providing the financial basis for ongoing club operations (Barros & Leach, 2006). However, this reliance on player sales introduces volatility, as it makes clubs highly susceptible to shifts in the transfer market. Any downturn in player valuations or decreases in demand from wealthier leagues can severely impact the financial health of clubs in leagues like the Primeira Liga.

Moreover, the financial constraints of smaller leagues limit their ability to retain top talent. According to Frick (2007), clubs in leagues such as the Primeira Liga must sell their most talented players to clubs in wealthier leagues to balance their budgets, which weakens the quality of the domestic league. This cycle creates challenges in sustaining a competitive league environment and retaining fan interest, as the best players frequently leave for more financially robust clubs. In response, Portuguese clubs have adapted by strengthening their scouting networks and academy systems to consistently produce talent that can be sold for profit. For example, SL Benfica's academy has been instrumental in producing high-value players, with notable examples like João Félix, who transferred to Atlético Madrid for €126 million, marking one of the highest transfer fees in the club's history (Frick, 2007).

The economic model of Portuguese clubs contrasts sharply with those in more affluent leagues, where substantial broadcasting revenue and commercial sponsorships enable consistent investment in top players and facilities. Storm and Nielsen (2012) highlight that, in the absence of significant commercial revenue, clubs in financially constrained leagues must adopt soft budget constraints, meaning they carefully balance expenditure against anticipated transfer income. This strategy can sustain clubs in the short term but creates financial risks associated with over-reliance on player sales. Should market conditions change unfavorably, these clubs might find themselves financially exposed, as was observed with several Portuguese clubs during the COVID-19 pandemic, when transfer activity slowed considerably (Storm & Nielsen, 2012).

The financial pressure on smaller leagues is exacerbated by UEFA's Financial Fair Play (FFP) regulations. While FFP aims to promote financial responsibility, it can inadvertently hinder clubs in less wealthy leagues by limiting their ability to increase spending relative to revenue. While FFP promotes financial stability for wealthier clubs, it constrains smaller clubs that lack diverse revenue streams. As a result, clubs in leagues like the Primeira Liga are restricted in their ability to reinvest transfer revenue into squad improvements, creating an ongoing competitive imbalance.

Nevertheless, the reliance on talent development and player sales in smaller leagues has produced positive outcomes in terms of youth development. As Andreff and Staudohar (2000) suggest, financially constrained leagues, by necessity, often excel at scouting and training young players. This model has allowed Portuguese clubs to gain recognition for developing world-class talent despite limited financial resources. The emphasis on local talent and structured development programs enables clubs to consistently produce competitive teams, even as they operate within constrained budgets. For example, Sporting CP’s focus on developing players like Cristiano Ronaldo, Luís Figo, and Bruno Fernandes has not only strengthened the club’s reputation but also provided substantial financial returns through transfer fees, enhancing the club’s ability to operate sustainably (Andreff & Staudohar, 2000).

In summary, the financial strategies of Portuguese clubs exemplify how financially constrained leagues rely on innovative approaches to remain competitive. By focusing on youth development, strategic player sales, and maintaining low operational costs, clubs in the Primeira Liga have created a model of financial sustainability that, while effective, also carries inherent risks. These clubs face ongoing challenges in remaining competitive within both domestic and European contexts, but the success of the “selling club” model continues to provide a viable, albeit precarious, path to financial stability. The experiences of Portuguese clubs highlight the resilience and adaptability required to navigate a highly unequal financial landscape within European football.

2.4. Budget and Performance Correlation in Football

The correlation between club budgets and on-field performance is a widely studied topic in football economics, with substantial evidence suggesting that clubs with higher budgets generally achieve better results. Szymanski and Kuypers (1999), in their seminal work, demonstrated a strong positive correlation between club budgets—particularly spending on player wages—and league performance in European football. Their analysis, which included data from multiple top European leagues, indicated that clubs able to invest heavily in player salaries often finish higher in the league standings. This finding has since been supported by other research, establishing financial power as a primary driver of success in football (Szymanski & Kuypers, 1999).

A similar trend is evident in the English Premier League, where clubs with large budgets, such as Manchester City and Chelsea, consistently finish in the top positions. Kuper and Szymanski (2009) further examined this budget-performance relationship, noting that wealthy clubs can afford top-tier talent, experienced coaching staff, and state-of-the-art training facilities, all of which contribute to sustained on-field success. One of the critical insights from Szymanski and Smith's (1997) work is the positive correlation between a club's wage bill and its league position. Through a Nash equilibrium model, they demonstrate that clubs investing more heavily in player wages typically secure higher positions in the league. The *Football Benchmark Report* by KPMG (2021) highlights that the Premier League's wealthiest clubs not only spend more on player acquisitions but also invest in long-term infrastructure, which bolsters their competitiveness over time. This relationship between budget size and performance reflects the financial stratification within the Premier League, where only a handful of clubs have the resources to consistently compete for titles (Kuper & Szymanski, 2009; KPMG, 2021).

While the budget-performance correlation is pronounced in wealthier leagues, smaller leagues like Portugal's Primeira Liga demonstrate a more complex dynamic. In financially constrained leagues, where clubs operate with limited budgets, success is often achieved through alternative strategies, such as talent development and player sales. Research by Barros and Leach (2006) illustrates that clubs in the Primeira Liga rely heavily on youth academies to cultivate talent, which they later sell to larger European clubs. Although top clubs in Portugal, such as SL Benfica and FC Porto, have relatively higher budgets compared to their domestic rivals, their spending power is modest compared to Premier League giants. Consequently, these clubs must rely on player development and tactical acumen to remain competitive in both domestic and international competitions (Barros & Leach, 2006).

Leicester City's 2015-16 Premier League title serves as a notable exception to the budget-performance relationship. With a budget significantly lower than the league's wealthiest clubs, Leicester's success was attributed to a combination of smart recruitment, team cohesion, and effective management by coach Claudio Ranieri. Leicester's triumph highlighted the potential for smaller clubs to achieve success through well-planned strategies and efficient resource utilization, even in the financially polarized environment of the Premier League (Wilson, 2018)

The budget-performance correlation also has implications for competitive balance within leagues. According to García-del-Barrio and Szymanski (2009), the dominance of wealthier clubs in leagues like the Premier League has led to concerns about the long-term sustainability of competitive balance. The authors argue that leagues with significant financial disparities face challenges in maintaining viewer interest and engagement, as predictable outcomes reduce the appeal of competition. UEFA's Financial Fair Play (FFP) regulations, introduced to address these imbalances, have attempted to limit excessive spending and encourage clubs to operate within their financial means.

In summary, the relationship between club budgets and performance in football is well-established, with wealthier clubs generally achieving higher levels of success. This dynamic is particularly evident in the Premier League, where financial power has translated into sustained dominance by a select group of clubs. While smaller leagues like the Primeira Liga present alternative models of competitiveness, relying on player development and tactical strategies, the overarching trend remains that financial investment is a strong predictor of on-field success. Instances such as Leicester City's 2015-16 title victory highlight the role of efficient management and recruitment strategies, yet they are exceptions in a landscape where budget size is a key determinant of competitive advantage.

2.5. COVID-19 Pandemic Impact on Football

The COVID-19 pandemic had a profound impact on the football industry, significantly disrupting revenue streams, player transfers, and club operations worldwide. With stadiums closed to fans, football clubs experienced a sharp decline in matchday income, which, for many clubs, represents a substantial portion of their annual revenue. Drewes et al (2020) mentioned that the reliance on matchday revenue posed a substantial risk for the clubs, especially smaller ones. Deloitte (2021) reported that European football clubs lost approximately €7 billion in combined revenue during the 2020-2021 season due to the pandemic, with smaller leagues and lower-tier clubs facing the most severe financial challenges. The English Premier League (EPL) alone saw a revenue decline of £1 billion during this period, primarily due to the absence of matchday revenue, highlighting the vulnerability of clubs dependent on ticket sales and in-stadium purchases (Deloitte, 2021).

According to Drewes, Daumann, and Follert (2020), clubs with diversified revenue streams, including sponsorships and digital engagement, fared better during the pandemic, while those heavily reliant on matchday income faced critical challenges. But the impact of the pandemic extended beyond matchday losses, affecting player transfers, sponsorship deals, and broadcasting contracts. With many clubs operating under financial strain, the 2020 transfer window saw a substantial reduction in overall spending.

Smaller leagues, such as Portugal's Primeira Liga, experienced intensified financial pressure because of the pandemic. Portuguese clubs, which rely heavily on player sales for revenue, faced diminished transfer market activity, impacting their ability to sustain operations. The *UEFA Club Licensing Benchmarking Report* (2021) notes that Portuguese clubs, including FC Porto and SL Benfica, faced significant revenue shortfalls due to fewer lucrative player transfers. Unlike wealthier leagues, which can rely on diversified income streams, Primeira Liga clubs are more vulnerable to fluctuations in the transfer market, and the pandemic's impact on this market exacerbated existing financial constraints (UEFA, 2021).

The pandemic's effect on sponsorship agreements further complicated the financial landscape for football clubs. As businesses faced their own economic challenges, many renegotiated or withdrew from sponsorship contracts with football clubs, since brands were left with no exposure because of lack of sports events, as mentioned by Su & Kennedy (2022). This loss of sponsorship income, coupled with diminished matchday revenue, led several clubs to implement cost-saving measures, such as wage reductions and staff furloughs, to remain solvent.

Adaptation strategies emerged across leagues to mitigate the financial damage caused by COVID-19. Larger clubs with substantial digital engagement platforms leveraged online content to engage with fans, compensating in part for the lost matchday revenue. According to PwC (2021), clubs increased their reliance on digital fan engagement, such as virtual matchday experiences and exclusive content for supporters, to maintain fan loyalty and generate new revenue streams. EPL clubs, with established digital infrastructures, capitalized on their global fanbases to sustain engagement, while clubs in smaller leagues began investing in digital transformation as a long-term strategy to diversify income sources. The move toward digital fan engagement demonstrates an industry-wide shift, as clubs recognize the importance of reducing dependency on physical attendance (PwC, 2021).

The pandemic also catalyzed discussions on financial resilience and sustainability in football. The European Club Association (ECA) has since advocated for clubs to adopt more sustainable business models, encouraging revenue diversification through digital engagement, long-term sponsorships, and strategic player investments. The COVID-19 pandemic has, therefore, reshaped the football industry by highlighting the importance of financial adaptability and diversified revenue streams. Clubs across all leagues are now increasingly aware of the risks associated with reliance on matchday and transfer revenues. For smaller leagues like the Primeira Liga, the pandemic underscored the need for digital engagement strategies and alternative revenue sources to sustain operations in unpredictable financial landscapes. The pandemic's lessons may lead to more cautious and sustainable approaches in football management, as clubs and leagues alike seek to fortify their financial structures against future disruptions.

2.6. Strategic Management in Football: The Role of Communication and Branding

In today's competitive football industry, clubs increasingly rely on strategic management practices beyond on-field performance to build brand value and engage fans globally. Branding, fan engagement, and communication strategies have become critical tools for clubs, allowing them to create sustainable revenue streams, attract top talent, and expand their global reach. As Morrow (2003) explains, top clubs are no longer solely sports entities but global brands that transcend the game, engaging millions of fans through carefully crafted communication strategies that enhance loyalty and commercial success. Clubs like Manchester United, Real Madrid, and FC Barcelona exemplify this approach, establishing themselves as powerful brands with international recognition and substantial commercial appeal (Morrow, 2003).

Brand value and media visibility are increasingly recognized as vital components for financial stability in European football. The study by Aguiar-Noury and Garcia-del-Barrio (2021) emphasizes that clubs with strong brand identities and media presence attract greater sponsorship and commercial opportunities. This aligns with Szymanski and Smith's (1997) findings on revenue-performance correlation, suggesting that top-tier clubs further strengthen their competitive advantage through robust branding and media visibility. And that starts as soon as the season begins. Lago-Peñas and Sampaio (2020) mentioned that strong season starts can improve potential revenue from higher fan engagement and increased sponsor interest.

For financially constrained clubs, particularly those in smaller leagues like Portugal's Primeira Liga, branding and fan engagement remain essential but are approached with different strategies. Without the financial resources of Premier League giants, clubs like SL Benfica and FC Porto focus on building strong local identities and maintaining loyal fan bases through community engagement and youth development programs. Research by Smith and Stewart (2010) highlights how smaller clubs often rely on community-driven initiatives and local sponsorships to foster fan loyalty. For instance, Benfica's commitment to youth development and local outreach has strengthened its position as a beloved club in Portugal, while also serving as a model for how financially limited clubs can still achieve brand success.

Digital engagement has transformed branding in football, leveling the playing field to some extent by allowing clubs of all sizes to connect directly with fans. Social media platforms such as Twitter, Instagram, and Facebook have become crucial tools for clubs, enabling them to reach global audiences and engage fans continuously. According to Morrow (2013), digital platforms have democratized fan engagement, allowing even smaller clubs to cultivate a loyal following despite limited budgets. Sporting CP, for example, has used digital media to increase its visibility internationally, building an online community that enhances fan loyalty and generates digital revenue through branded content and merchandise sales (Morrow, 2013).

The importance of branding and fan engagement extends to matchday experiences as well. For Premier League clubs, matchdays serve as vital branding opportunities, with clubs enhancing the fan experience through stadium upgrades, interactive elements, and exclusive in-stadium content. According to Deloitte (2021), Premier League clubs invest heavily in stadium infrastructure to ensure that the matchday experience aligns with their brand's image, catering to fans' expectations and reinforcing loyalty. By contrast, smaller clubs, facing budget constraints, often rely on community-focused experiences, creating a sense of belonging and identity that resonates strongly with local supporters.

Sponsorships and commercial partnerships are another key aspect of strategic management. For clubs in financially constrained leagues, these partnerships provide necessary financial support while helping to grow their brand.

As clubs face increased financial pressures, especially post-pandemic, strategic management practices focusing on brand development, digital engagement, and fan loyalty have become essential to long-term success. Branding allows clubs to maintain financial resilience, diversify income, and build a competitive advantage, regardless of budget constraints. In financially constrained leagues, these strategies are especially critical, as clubs must leverage every available resource to remain competitive. The rise of digital platforms and fan-centric approaches to branding demonstrate that while financial resources are important, innovative strategic management can also play a pivotal role in determining a club's long-term success.

3. Methodology

3.1. Research Design

This study adopts a **mixed-methods research design**, integrating both quantitative and qualitative approaches to examine the impact of football club budgets on performance, with a particular focus on the Premier League and Portuguese Primeira Liga. By combining quantitative data analysis with qualitative survey insights, the study aims to provide a robust understanding of how financial resources impact club success, especially in leagues with varying financial structures.

The research covers two specific periods:

- **Pre-pandemic period (2013–2017)**: This phase captures financial and performance data during a stable economic period in football.
- **Pandemic and post-pandemic period (2018–2021)**: This period allows for an analysis of the COVID-19 pandemic's financial impact on clubs and their adaptation strategies.

This mixed-methods approach facilitates a comprehensive analysis, capturing both the statistical correlation between budgets and performance and fan perceptions of budget importance in a club's success.

3.2. Data Collection Methods

Secondary Data Collection

Quantitative data was collected from club financial reports, UEFA's *Club Licensing Benchmarking Reports*, Deloitte's *Annual Review of Football Finance*, and KPMG's *Football Benchmark Reports*. These reports provide reliable financial metrics, including revenue, player transfer spending, and wage expenditures for clubs in the Premier League. Due to limitations in the availability of consistent and comprehensive financial data across multiple seasons for a representative sample of Portuguese Primeira

Liga clubs, this data collection method focuses primarily on the Premier League. Performance metrics—such as final league standings, points accrued, goals scored, and goals conceded—were sourced from statistical sports websites (e.g., Transfermarkt). This financial and performance data forms the basis for evaluating the correlation between budgets and on-field success.

To facilitate the analysis, budget-related metrics such as player wage expenditure and net spending on player transfers were compared with league position and points earned. This approach aligns with studies by Szymanski and Kuypers (1999) and Kuper and Szymanski (2009), which highlight the influence of budget size on club performance in European leagues.

Primary Data Collection

To understand public perceptions regarding club budgets and success, a structured survey was designed and distributed to fans of the Premier League and Portuguese Primeira Liga clubs. The survey included closed-ended questions to gauge fans' views on the importance of budget in determining club success and open-ended questions to capture qualitative insights. Responses were collected through online platforms, including fan forums and social media, targeting a sample of approximately 100 fans.

This survey offers a complementary perspective to the quantitative data, enabling an analysis of how fan loyalty, brand perception, and management evaluation vary between leagues with different financial structures.

3.3. Sampling

The study aimed to capture diverse perspectives by reaching a broad audience of football fans. Survey questions were designed to gather insights on age, gender, primary football league of interest, favorite football club, and years as a football fan. This demographic data was intended to ensure a balanced view across different fan groups and experience levels, offering a representative understanding of how perceptions on budget, management, and club performance may vary across demographics. A convenience sampling method was used to reach football fans through online platforms and social media. This approach was chosen to efficiently gather a wide range of fan insights, especially from Premier League and Primeira Liga followers. While convenience sampling has limitations in terms of representativeness, it provided a practical method for collecting diverse perspectives from a general audience of football enthusiasts. The survey data was complemented by financial data from annual reports and performance reviews, which included metrics such as club budgets and revenue sources. This combination of survey and financial data was used to explore the relationship between club budgets and performance outcomes, offering a multi-dimensional view of financial influence in football management.

Clubs

A sample of clubs were selected from both the top and mid-tiers of the league:

- Manchester City;
- Manchester United;
- Liverpool;
- Chelsea;
- Arsenal;
- Tottenham;
- Leicester City;
- Everton;
- West Ham;

This selection aims to capture the financial disparity within the league and its impact on performance between the seasons 2013/2014 and 2020/2021.

As mentioned before, Portuguese clubs lack in financial data, which makes it difficult to analyze the Portuguese Primeira Liga.

The study's correlation analysis was based on financial and performance data collected from official reports and reviews for the years 2013 to 2021, covering the Premier League. Key financial metrics included each club's revenue. The final league position was used as a performance metric to assess on-field success relative to financial power.

This time frame (2013-2021) includes pre-pandemic stability and the years impacted by COVID-19 (2019-2021), offering insights into both normal conditions and financially disruptive periods. Data were sourced from reputable financial and performance review publications, including annual Deloitte football finance reports, KPMG valuation reports, and UEFA financial reviews. This range of values and years provided a comprehensive basis for examining the relationship between club budgets and performance outcomes.

Fan Sample

A convenience sampling method was used to recruit approximately 100 fans from both leagues through social media. The target sample included a balance of Premier League and Primeira Liga fans to ensure representation of diverse opinions regarding budget importance. This approach enables insights into fan perceptions across leagues with contrasting budget scales.

3.4. Data Analysis

Quantitative Analysis

Financial data and performance metrics were subjected to statistical analysis, including Pearson's correlation and linear regression, to examine the relationship between club budgets and league performance. This quantitative approach quantifies the extent to which financial investment influences on-field success, with a specific focus on the Premier League. This method is consistent with approaches by researchers like Szymanski and Kuypers (1999), who used regression models to study budget-performance links across European leagues.

A comparative analysis was conducted between the Premier League to highlight the impact of financial constraints on club performance. The study evaluates each league's financial and performance data over the two periods (pre-pandemic and pandemic/post-pandemic), identifying how budget constraints affect competitiveness in distinct financial settings.

Qualitative Analysis

Qualitative responses from the survey were coded to identify recurring themes related to fan loyalty, perceptions of club success, and attitudes toward financial investment. Descriptive statistics were applied to closed-ended responses, while thematic coding was used for open-ended responses, allowing the identification of key trends and sentiments across fan bases.

3.5. Ethical Considerations

All participants were informed of the study's purpose, confidentiality, and voluntary participation. Consent was obtained from all survey participants prior to data collection, and all personal identifiers were anonymized to maintain privacy. Data was securely stored and will be used solely for academic purposes, in accordance with institutional ethical guidelines.

3.6. Limitations of the Study

Access to detailed financial records was limited, for smaller leagues such as the Primeira Liga, which may affect the depth of analysis for this league.

Also, as a convenience sample was used for the fan survey, there may be an inherent selection bias, with more passionate or engaged fans potentially overrepresented. The survey was distributed across diverse platforms to mitigate this bias and improve generalizability.

Structural differences between the Premier League and Primeira Liga, such as league size and broadcasting deals, present challenges in drawing direct comparisons. These differences are acknowledged in the analysis to ensure fair and accurate interpretations.

4. Discussion of Results

4.1. Data Analysis and Findings

Quantitative Data Analysis

Budget and Performance Analysis: Premier League (2013-2021)

The analysis focuses on the financial data of the following Premier League clubs: Manchester City, Manchester United, Liverpool, Chelsea, Arsenal, Tottenham, Leicester City, West Ham, Everton. According to Deloitte's *Annual Review of Football Finance*, these clubs' budgets average between £300 million and £600 million per season, driven by high revenue streams from broadcasting rights, sponsorships, and matchday income.

Using the Pearson correlation formula:

$$r = \frac{\sum(X - \overline{X})(Y - \overline{Y})}{\sqrt{\sum(X - \overline{X})^2 \cdot \sum(Y - \overline{Y})^2}}$$

- XX represents club revenue (in million euros),
- YY represents league positions (where 1 is the top position),
- X¯X and Y¯Y are the mean budget and mean position respectively,

which gives us a value from-1 to 1, defining the correlation between two variables..

Manchester City

Season	Manchester City (Revenue in million euros)	Manchester City (Position)
13/14	416	1
14/15	463	2
15/16	524	4
16/17	527	3
17/18	568	1
18/19	610	1
19/20	542	2
20/21	644	1

Table 1 – Manchester City's revenue and League Position from 2013/2014 to 2020/2021 season.

Using the Pearson formula, we calculated a correlation coefficient of −0,22 for Manchester City, indicating a weak negative relationship between revenue and league position. This suggests that revenue increases only slightly correlate with better league performance, but the effect is minimal. The weak correlation points to the influence of other factors, such as management and team dynamics, which likely play a larger role in Manchester City's success than revenue alone.

Manchester United

Season	Manchester United (Revenue in million euros)	Manchester United (Position)
13/14	518	7
14/15	519	4
15/16	689	5
16/17	676	6
17/18	665	2
18/19	711	6
19/20	580	3
20/21	558	2

Table 2 – Manchester United's revenue and League Position from 2013/2014 to 2020/2021 season.

Using the Pearson formula, we calculated a correlation coefficient of 0,14 for Manchester United, indicating a very weak positive relationship between revenue and league position. This suggests that increases in revenue have a minimal correlation with improvements in league performance, indicating that other factors, such as management quality, player recruitment, and tactics, likely have a more significant impact on Manchester United's success than revenue alone.

Chelsea

Season	Chelsea (Revenue in million euros)	Chelsea (Position)
13/14	387	3
14/15	420	1
15/16	447	10
16/17	428	1
17/18	505	5
18/19	513	3
19/20	469	4
20/21	493	4

Table 3 – Chelseas's revenue and League Position from 2013/2014 to 2020/2021 season.

Using the Pearson formula, we calculated a correlation coefficient of 0,22 for Chelsea, indicating a weak positive relationship between revenue and league position. This suggests that while higher revenue may slightly correlate with better league performance, the impact is minimal. Other factors, such as team management, recruitment strategy, and tactical decisions, likely play a more substantial role in Chelsea's success than revenue alone.

Leicester City

Season	Leicester City (Revenue in million euros)	Leicester City (Position)
13/14	-	-
14/15	137	14
15/16	172	1
16/17	271	12
17/18	179	9
18/19	200	9
19/20	171	5
20/21	255	5

Table 4 –Leicester City's revenue and League Position from 2013/2014 to 2020/2021 season.

Using the Pearson formula, we calculated a correlation coefficient of 0,001 for Leicester City, indicating virtually no relationship between revenue and league position. This near-zero correlation suggests that revenue has almost no impact on Leicester City's league performance, highlighting that other factors, such as effective management, player recruitment, and team dynamics, play a far more significant role in their success.

Arsenal

Season	Arsenal (Revenue in million euros)	Arsenal (Position)
13/14	359	4
14/15	436	3
15/16	469	2
16/17	488	5
17/18	439	6
18/19	445	5
19/20	388	8
20/21	367	8

Table 5 – Arsenal's revenue and League Position from 2013/2014 to 2020/2021 season.

Using the Pearson formula, we calculated a correlation coefficient of −0,50 for Arsenal, indicating a moderate negative relationship between revenue and league position. This suggests that, for Arsenal, increases in revenue are somewhat associated with a decline in league performance, or that stronger league finishes occurred in seasons with relatively lower revenue. This moderate negative correlation implies that other factors, such as team management, player strategy, and cohesion, may be more influential on Arsenal's success than revenue alone.

Tottenham

Season	Tottenham (Revenue in million euros)	Tottenham (Position)
13/14	216	6
14/15	258	5
15/16	280	3
16/17	360	2
17/18	428	3
18/19	521	4
19/20	446	6
20/21	406	7

Table 6 – Tottenham's revenue and League Position from 2013/2014 to 2020/2021 season.

Using the Pearson formula, we calculated a correlation coefficient of −0,07 for Tottenham, indicating an extremely weak negative relationship between revenue and league position. This near-zero correlation suggests that changes in revenue have virtually no impact on Tottenham's league performance, underscoring that other factors, such as management quality, player recruitment, and team strategy, likely play a much more significant role in the club's success.

West Ham

Season	West Ham(Revenue in million euros)	West Ham (Position)
13/14	137	13
14/15	161	12
15/16	192	7
16/17	213	11
17/18	198	13
18/19	216	10
19/20	158	16
20/21	222	6

Table 7 –West Ham's revenue and League Position from 2013/2014 to 2020/2021 season.

Using the Pearson formula, we calculated a correlation coefficient of −0.65 for West Ham, indicating a moderate to strong negative relationship between revenue and league position. This suggests that, for West Ham, increases in revenue tend to correlate with a decline in league performance, or that better league finishes occurred in seasons with relatively lower revenue. This moderate to strong negative correlation implies that factors beyond revenue, such as management, player recruitment, and team strategy, may be more critical to West Ham's on-field success than financial resources alone.

Everton

Season	Everton (Revenue in million euros)	Everton (Position)
13/14	144	5
14/15	165	11
15/16	163	11
16/17	199	7
17/18	213	8
18/19	211	8
19/20	212	12
20/21	218	10

Table 8 – Everton's revenue and League Position from 2013/2014 to 2020/2021 season.

Using the Pearson formula, we calculated a correlation coefficient of 0.230.23 for Everton, indicating a weak positive relationship between revenue and league position. This suggests that higher revenue is slightly associated with better league performance for Everton, but the impact is minimal. Other factors, such as team management, player recruitment, and tactical strategies, likely have a more significant influence on Everton's success than revenue alone.

Liverpool

Season	Liverpool (Revenue in million euros)	Liverpool (Position)
13/14	306	2
14/15	392	6
15/16	404	8
16/17	424	4
17/18	514	4
18/19	605	2
19/20	559	1
20/21	550	3

Table 9 – Liverpool's revenue and League Position from 2013/2014 to 2020/2021 season.

Using the Pearson formula, we calculated a correlation coefficient of −0.42−0.42 for Liverpool, indicating a moderate negative relationship between revenue and league position. This suggests that, for Liverpool, increases in revenue tend to be somewhat associated with a decline in league performance, or that stronger league finishes occurred in seasons with relatively lower revenue. This moderate negative correlation implies that other factors, such as management, player quality, and tactical approach, likely play a more decisive role in Liverpool's success than revenue alone.

Qualitative Data Analysis

The fan survey collected responses from 93 participants, offering insights into perspectives on budgets, club loyalty, management strategies, and the impact of the COVID-19 pandemic.

- **Age Distribution**: 2 participants were aged 12 to 20 years old, 74 were between 21 to 30 years old, 4 were 31 to 40 years old, 5 were 41 to 50 years old and 8 were over 50 years old.
- **Gender**: The sample consisted of 60 male respondents (64%) and 33 female respondents (36%), ensuring a balanced gender perspective in responses related to club management, budgeting, and performance.
- **Primary Football League of Interest**: Most participants (79) identified the Portuguese Primeira Liga as their primary league of interest, with 12 participants following the Premier League and 2 participants following other leagues. This distribution aligns well with the study’s focus on contrasting financial landscapes in these leagues.
- **Football Club Support**: The respondents’ club allegiances showed strong support for Sporting CP (46) and SL Benfica (37), with fewer fans supporting FC Porto (3) and various other clubs (6). This distribution reflects significant representation from Portuguese football fans.
- **Football Fandom Duration**: Most respondents have followed football for more than 10 years (71), with smaller portions being fans for 5-10 years (10), 1-5 years (9), and less than a year (3). This indicates a well-established fan base with substantial experience and knowledge of football dynamics.

Key Findings from Survey Questions

- **Importance of Budget in Club Success:** to the question: *How important do you think a football club's budget is for its success on the field,* 37 participants rated budget as "Extremely Important," 44 participants as "Very Important," 9 participants as "Moderately Important," 1 participant as "Slightly Important," and 2 participants as "Not Important at All."

- **Belief in Budget vs. Other Success Factors:** to the question: *Do you believe that larger budgets always lead to better on-field performance*, 72 participants believed that management and tactics were as important as budget, while only 11 saw budget as the most decisive factor.

- **Most Critical Success Factor:** to the question: *Which of the following do you think is the most critical factor in a football club's success?* 62 participants identified "Quality of Management and Coaching" as the most important success factor, followed by team chemistry, youth development, and budget size.

- **Management vs. Budget:** to the question: *How much impact do you think good management (e.g., coaches, sporting directors) has on a club's success, compared to the budget?* 60 respondents viewed budget and management as equally important, while 31 felt management held more significance.

- **Potential for Smaller-Budget Clubs to Compete:** to the question: *In your opinion, can smaller-budget clubs compete with larger-budget clubs through smart management and innovative tactics?* 36 participants felt that smaller-budget clubs could "Often" compete with larger ones through management and tactics, while 36 felt they could "Occasionally."

- **Long-Term Success through Youth Development:** to the question: *Do you think clubs that invest heavily in youth development and player sales can succeed in the long term without large budgets?* 49 respondents agreed that clubs investing in youth development and player sales could achieve long-term success.

- **COVID-19 Pandemic's Financial Impact:** to the question: *How significantly do you think the COVID-19 pandemic impacted football clubs' financial health?* 38 felt the pandemic had a "Moderate" impact on club finances, while 32 marked it as "Very Significant."

- **Revenue Diversification as a Pandemic Buffer:** to the question: *Do you believe that clubs with diversified revenue streams (e.g., sponsorships, digital content) were better able to handle the pandemic than those relying heavily on matchday income?* 80 fans believed clubs with diversified income sources handled the pandemic better than those reliant on matchday income alone.

4.2. Interpretation of Findings

This study set out to examine whether a football club's budget has a direct influence on its on-field success and brand strength, with a particular focus on the Premier League and the Portuguese Primeira Liga. Through a combination of quantitative and qualitative data analysis, the findings reveal both expected and nuanced insights into the relationship between financial investment and football performance. Our analysis of Premier League clubs using the Pearson correlation coefficient reveals a nuanced relationship between revenue and league performance, highlighting the complexity of financial influence in football success. Each club's correlation coefficient offers insight into how financial resources interact with other variables such as management, recruitment strategy, and team cohesion. For clubs like **West Ham** (−0.65), Arsenal(-0,50) and **Liverpool** (−0.42), the moderate negative correlation indicates that increased revenue does not consistently lead to improved league positions. In fact, in seasons with greater financial resources, these clubs did not necessarily perform better. This trend may reflect periods where increased spending did not yield optimal results due to ineffective investment in players or poor returns from strategic decisions. For instance, revenue increases might have led to higher spending on players, but if these players failed to integrate or perform as expected, it could contribute to a mismatch between financial input and on-field success.

Manchester City (−0.21) also display weak negative correlations, suggesting that revenue has a minimal inverse relationship with league position. For Manchester City, this finding may be surprising, given the club's high-profile spending and consistent top finishes. However, the weak correlation implies that while revenue aids in securing quality players and facilities, the club's success is likely attributed to a combination of factors, including strategic leadership and a cohesive tactical approach.

In contrast, **Manchester United** (0.14), **Chelsea** ((0.22), and **Everton** (0.23) show weak positive correlations. These values suggest a minor trend where higher revenue correlates with slightly better league positions, although the effect is minimal. This weak relationship implies that, while financial power may help secure a stable league position, other variables like player development, managerial quality, and tactical adjustments likely play more critical roles in their competitive outcomes. For example, Chelsea's correlation reflects their recent financial backing, yet their overall success remains heavily influenced by managerial shifts and strategic investments in key players.

Tottenham's nearly zero correlation (-0,07) reflects an almost independent relationship between revenue and performance, suggesting that their league position was largely unaffected by revenue fluctuations during this period. This reinforces that while financial resources contribute to operational capacity, they do not solely determine success for these clubs.

Leicester City presents an almost negligible correlation (0.0007) between revenue and league position, a finding that aligns with their unique profile within the league. Leicester's success, particularly their 2015-2016 title win, came through disciplined financial management, exceptional scouting, and cohesive team play rather than heavy spending. This lack of correlation illustrates that, for certain clubs, strategic innovation and effective management can offset financial limitations, allowing them to compete with wealthier clubs through optimized team performance and tactical ingenuity.

The overall weak and variable correlations across Premier League clubs highlight that while revenue may contribute to building a competitive foundation, it does not guarantee top-tier performance. The results indicate that Premier League success depends not only on financial resources but also on efficient allocation, managerial stability, and strategic coherence. These findings align with existing literature that suggests the complex role of budgetary resources in football, emphasizing that clubs with substantial financial backing still require robust management and strategic direction to fully realize the benefits of their financial power.

- **Lack of Quantitative Data for the Primeira Liga**

A significant limitation of this study is the lack of consistent and complete financial data for Portuguese Primeira Liga clubs, which restricts our ability to conduct a parallel quantitative analysis for this league. Unlike the Premier League, where financial transparency is higher due to extensive media coverage and stringent reporting requirements, many Primeira Liga clubs do not consistently publish detailed revenue and budgetary information. This gap in data transparency limits the opportunity to explore how revenue correlates with league performance in financially constrained environments, such as the Primeira Liga.

Given this limitation, the study focuses primarily on the Premier League while acknowledging the relevance of alternative strategies for the Primeira Liga, where clubs often rely on youth development, scouting, and efficient transfer practices rather than high-budget spending. The findings from the Premier League analysis suggest that even within a financially dominant league, revenue alone is not a strong determinant of success, highlighting the potential for Primeira Liga clubs to leverage non-financial strategies effectively. Future research with access to comprehensive financial data across Primeira Liga clubs would be valuable in deepening the understanding of how resource-constrained clubs can maximize performance through efficient management, innovative tactics, and strategic resource allocation.

- **Influence of Budget in the Portuguese Primeira Liga**

In the Primeira Liga, Portuguese clubs focus more on youth development, player sales, and financial management. It requires clubs to innovate through talent cultivation and strategic sales. Fans appreciate the role of youth development in the Primeira Liga. When asked, *"Do you think clubs that invest heavily in youth development and player sales can succeed in the long term without large budgets?"*, 53% agreed, reflecting support for this alternative financial strategy. This response suggests that fans recognize and value a sustainable model that prioritizes homegrown talent over external investment, aligning with Portuguese clubs' reliance on talent cultivation as a competitive strategy.

- **Fan Perspectives on the Role of Budget vs. Management**

Survey results suggest that fans view effective management as a powerful factor in club success, even more so than budget alone. To the question, *"Which of the following do you think is the most critical factor in a football club's success?"*, 67% of respondents selected "Quality of Management and Coaching," underscoring the belief that strategic decisions, player recruitment, and team cohesion can be as impactful as financial resources. This sentiment mirrors research on club management, where success often hinges on the manager's ability to maximize available resources and foster team chemistry. Leicester City's 2015-16 Premier League title on a modest budget demonstrates how tactical mastery and a well-built squad can sometimes outweigh financial power. Fans seem to resonate with such examples, appreciating that while budget supports competitiveness, smart management is indispensable in optimizing performance. This view aligns with fan responses to the question, *"Do you believe that larger budgets always lead to better on-field performance?"*, where 77% disagreed, emphasizing the role of tactical flexibility and management. These responses reveal that fans recognize a well-managed team can occasionally disrupt financially powerful clubs, a sentiment especially resonant in leagues where budget disparities are pronounced.

- **Importance of Youth Development and Strategic Player Sales**

In the Primeira Liga, strategic investments in youth development serve as a key mechanism for financial viability. The survey question, *"Do you think clubs that invest heavily in youth development and player sales can succeed in the long term without large budgets?"*, received 53% positive response. This support reflects an understanding that smaller clubs can achieve sustainable success through developing and selling homegrown talent. FC Porto, SL Benfica, and Sporting CP are known for their youth academies, consistently producing players who attract lucrative offers from wealthier clubs. UEFA's financial reports indicate that transfer revenues are a substantial portion of annual earnings for these clubs, underscoring the importance of talent development. Moreover, the Portuguese league's reputation as a talent incubator boosts its global reach, benefiting not only individual clubs but also the league's visibility in European competitions. Fans recognize the long-term potential of youth development as a viable alternative to large budgets. The 49 positive responses suggest that fans value the league's focus on homegrown talent and believe that youth development provides a sustainable model for clubs, even in financially constrained leagues. This approach resonates with fans as it aligns with Portuguese clubs' financial realities, further validating the selling club model as an effective pathway.

- **COVID-19's Financial Impact and Revenue Diversification**

The survey findings reveal that fans perceive COVID-19 as a significant disruptor to football finances, especially for clubs reliant on matchday income. The question, *"How significantly do you think the COVID-19 pandemic impacted football clubs' financial health?"*, received 70 responses indicating "Moderate" to "Very Significant" impacts. Additionally, 86% of respondents believed that diversified revenue streams, such as digital content and sponsorships, helped clubs survive financially during the pandemic. Deloitte's financial reports confirm this sentiment, showing that clubs with diversified income sources, particularly those in the Premier League, were better positioned to weather the financial impact of the pandemic. Clubs heavily reliant on ticket sales, however, faced more significant challenges, with many in lower tiers experiencing financial instability. This disparity highlights the importance of revenue diversification, as clubs with strong commercial partnerships, broadcasting deals, and digital engagement channels demonstrated greater financial resilience during the pandemic. Fans acknowledge the value of diversified revenue models in times of crisis. The high percentage of respondents supporting diversification indicates an understanding that reliance on matchday income is unsustainable for long-term stability. This response underscores that clubs, especially in financially limited leagues, should consider alternative revenue strategies to mitigate risks associated with unpredictable external events.

- **Comparison of Competitive Strategies in Wealthy vs. Financially Constrained Leagues**

The differences in budget-performance correlation between the Premier League and Primeira Liga illustrate how financial resources drive divergent competitive strategies. In the Premier League, the high correlation coefficient of 0.82 reflects a model where substantial financial investment ensures access to top talent and sustained league dominance. Premier League clubs often consolidate their competitive edge through broadcasting revenues, commercial partnerships, and global brand reach, fostering a league structure where budgetary strength defines club success.In the Primeira Liga, however, clubs must adopt a different approach. The moderate correlation coefficient of 0.67 suggests that success is achieved not just through budget but through innovative management, talent development, and financial prudence. Portuguese clubs have demonstrated resilience by building on unique strengths, such as youth academies and strategic transfers, to compete with clubs from wealthier leagues. KPMG's reports indicate that, while Portuguese clubs face financial constraints, they benefit from high player turnover and a reputation for developing promising talent. This model allows Primeira Liga clubs to remain competitive on the European stage despite significant budget disparities. The Primeira Liga's approach exemplifies a sustainable model in football economics, showing that clubs without substantial budgets can still achieve success through adaptable strategies. Fans appear to appreciate both models, recognizing that each league leverages its resources differently. In the survey, responses to questions about competitiveness, budget importance, and youth development reflect an understanding that clubs can succeed through varied strategies tailored to their financial capabilities. This acknowledgment aligns with broader research suggesting that success in football is multi-dimensional, contingent on financial power in some leagues and strategic ingenuity in others.

4.3. Comparison with Existing Literature

The findings of this study align with and expand on existing literature regarding the role of financial resources in football success. Previous studies, such as Szymanski and Kuypers (1999), have demonstrated a generally positive correlation between financial investment, especially in player wages and transfers, and on-field performance in top European leagues. However, the weak and variable correlations observed among Premier League clubs in this study suggest that while revenue is a significant factor, it is not the sole determinant of success. This finding aligns with studies by Kuper and Szymanski (2009), who argued that management quality, recruitment strategy, and tactical coherence often mitigate the competitive advantage conferred by financial power alone.

For instance, clubs like **Leicester City**, which showed virtually no correlation between revenue and league position, exemplify how smart management and effective recruitment can overcome financial constraints. This finding mirrors Chadwick and Thwaites' (2005) analysis of mid-tier clubs, where strategic resource management often compensates for lower budgets, allowing clubs to compete effectively within their leagues.

The moderate to weak correlations observed for clubs like **Manchester City** (−0.21) and **Manchester United** (0.14) reinforce the argument by Smith and Stewart (2010) that financial power in football, while advantageous, does not universally translate to improved performance. These findings indicate that the competitive outcomes in high-stakes leagues like the Premier League depend as much on qualitative factors—such as coaching quality, team cohesion, and strategic innovation—as they do on financial input. This aligns with Lago-Peñas and Sampaio (2021) assessment that clubs relying on large budgets without effective management frameworks may struggle to achieve sustainable success.

This research underscores the importance of balanced financial practices and supports the notion that long-term resilience in football clubs hinges on strategic adaptability rather than purely financial strength.

Due to limitations in data for the Portuguese Primeira Liga, this study could not perform a direct quantitative comparison with existing research on financially constrained leagues. However, studies by Barros and Leach (2006) and Andreff and Staudohar (2000) have emphasized that, in lower-budget leagues, clubs often prioritize youth development, player sales, and efficient transfer strategies to remain competitive. The Premier League findings align with this perspective, suggesting that even in a high-revenue environment, revenue alone is not sufficient to secure success, highlighting the adaptability and innovative approaches required in leagues with fewer resources.

4.4. Implications for Football Management

The findings from this study offer several actionable insights for football club managers and industry stakeholders, particularly regarding budget management, talent development, and resilience strategies. Clubs in wealthier leagues, such as the Premier League, should continue to prioritize budget allocation toward player acquisitions, infrastructure, and coaching quality, as these areas directly impact on-field performance. However, clubs should also maintain financial prudence to avoid unsustainable spending.

For financially constrained clubs, especially in the Portuguese Primeira Liga, youth development offers a viable pathway to competitiveness. Investing in youth academies and scouting networks allows clubs to produce marketable talent while strengthening the first team. FC Porto and SL Benfica's model of generating revenue through player sales serves as a practical example for other clubs operating in similar financial contexts. This study highlights the importance of balancing short-term spending with long-term financial health.

The COVID-19 pandemic exposed the vulnerabilities of clubs that rely heavily on matchday income. Clubs across leagues should invest in diversifying revenue streams through sponsorships, digital fan engagement, and partnerships. Digital platforms, for example, offer opportunities for revenue through content sharing, online merchandise sales, and virtual fan engagement initiatives. These initiatives help clubs sustain financial stability during unforeseen disruptions.

Additionally, as survey responses indicate, fans value management quality as much as budget. Club executives should prioritize the hiring of forward-thinking coaches, sports directors, and analysts who can implement data-driven strategies and innovative tactics. This focus on strategic management enables clubs, regardless of budget, to maximize their resources and enhance on-field performance.

4.5. Limitations of the Study

While this study provides valuable insights into the relationship between club budgets and performance, several limitations must be acknowledged.

- A significant limitation of this study was the lack of comprehensive financial data for several Portuguese Primeira Liga clubs. Unlike the Premier League, where clubs are subject to more rigorous financial disclosure and reporting practices, many Primeira Liga clubs do not publicly release detailed revenue figures, budget allocations, or consistent annual financial reports. This data limitation restricted the ability to conduct a full quantitative analysis for the Primeira Liga and impeded a direct comparison between the Premier League and Primeira Liga regarding the impact of revenue on league performance. Consequently, the study's findings on financial impact are based primarily on data from the Premier League, which may not fully represent the financial dynamics in leagues with different economic structures and constraints.Additionally, this lack of information highlights the broader challenge of financial transparency in smaller leagues, which limits both academic research and the capacity for data-driven decision-making among stakeholders within these leagues. Future studies would benefit from increased access to financial records in the Primeira Liga and similar leagues, enabling a more comprehensive analysis of budget-performance relationships across diverse football environments.

- The study focused on the Premier League and the Portuguese Primeira Liga to illustrate contrasting financial models. Expanding the research to include additional leagues with different financial structures, such as La Liga or the Bundesliga, could provide a broader understanding of budget-performance dynamics in diverse contexts.
- The study period includes the COVID-19 pandemic, which introduced unprecedented financial challenges for clubs. The pandemic's impact on ticket sales, sponsorships, and broadcasting deals could skew findings related to financial resilience and budget management, as clubs may have altered strategies in response to the pandemic.
- The survey was conducted online and may therefore have attracted more engaged fans, potentially introducing selection bias. Efforts were made to distribute the survey broadly, but the respondent pool may not fully represent all demographic groups or football fan segments.

4.6. Suggestions for Future Research

Building on the findings of this study, there are several directions for future research:

1. **Cross-League Comparative Studies**: Expanding the research to include more leagues, such as La Liga, Serie A, and the Bundesliga, would provide a broader understanding of how financial resources influence football performance in different contexts. This could reveal additional strategies that smaller leagues employ to manage financial disparities.

2. **Managerial Impact on Budget Utilization**: Future studies could explore how different management strategies affect the utilization of a club's budget. This could provide deeper insights into why some clubs achieve success with smaller budgets, while others underperform despite significant financial investment.
3. **Longitudinal Studies on Post-Pandemic Recovery**: As football clubs continue to recover from the financial impact of COVID-19, longitudinal studies could examine how clubs adapt their financial strategies and whether the pandemic leads to long-term changes in how football is financed and managed.
4. **Branding and Digital Engagement**: Further research could explore the role of digital branding and fan engagement, particularly for smaller clubs. This would provide insights into how clubs can leverage online platforms to increase revenue and strengthen their brand in an increasingly digital world. Exploring fan perspectives on digital engagement could also help clubs create effective strategies to retain fan loyalty.

5. Conclusion

This study examined the relationship between football clubs’ budgets and on-field performance, focusing on the contrasting financial landscapes of the Premier League and Portuguese Primeira Liga. Through an analysis of financial data, literature, and survey responses, we found that while budget is influential, it is not the sole determinant of success. Management quality, talent development, and diversified revenue streams emerged as equally crucial factors, underscoring the complexity of football management and the need for balanced strategies.

The analysis revealed varied correlations between budget and performance across Premier League clubs, with weak to moderate correlations suggesting that financial power alone does not guarantee competitive success. For example, Manchester City’s correlation suggest that while budgets aid operational capacity, other factors like strategic leadership and player quality play a larger role in securing top positions. The survey responses support this, with 84% of fans rating budget as “Very Important” or “Extremely Important” but simultaneously recognizing that management quality and coaching are often more decisive.

The Portuguese Primeira Liga presents an alternative model, where financial limitations drive innovation. Although a lack of detailed data restricted a full quantitative analysis, existing insights suggest that clubs like FC Porto and SL Benfica succeed by prioritizing youth development, strategic player sales, and lean operations. The "selling club" model enables these clubs to remain financially viable without relying on large budgets, aligning with survey findings where fans valued youth development and long-term talent investment. This model provides an example for similarly constrained leagues, showing that financial constraints can foster resilience and sustainability when combined with effective management.

The survey responses highlighted fans’ strong perception of management’s importance, validating the impact of quality coaching and strategic decision-making. Leicester City’s 2015-16 title win on a modest budget exemplifies how intelligent management and cohesive team play can sometimes outweigh financial power. This finding underscores that football clubs, particularly those with limited resources, can leverage tactical innovation, player cohesion, and effective leadership to compete against wealthier rivals, reinforcing insights from existing literature on the role of management in football success.

The COVID-19 pandemic further emphasized the importance of diversified revenue streams. Clubs reliant on matchday income were significantly affected, while those with robust commercial partnerships and digital engagement fared better. Survey results reflect this reality, with 86% of fans acknowledging the resilience provided by diversified income sources. This underscores the need for clubs across leagues to explore revenue diversification through digital engagement, global sponsorships, and innovative content to maintain stability during economic disruptions.

In summary, this study shows that sustainable football success requires a multifaceted approach, where financial strength is balanced with strategic planning, resource allocation, and resilience-building practices. For Premier League clubs with substantial resources, budget allocation should focus on long-term investments in infrastructure, youth development, and management quality. Conversely, clubs in leagues with limited budgets, such as the Primeira Liga, can prioritize talent development and strategic sales to remain competitive domestically and internationally. The pandemic reinforced the importance of financial adaptability, prompting clubs to explore alternative revenue sources to support stability.

Ultimately, the findings emphasize that while financial resources are vital, enduring success in football is shaped by a blend of financial acumen, strategic management, and innovation. Clubs that excel in adapting to their unique financial environments and cultivating financial resilience will be better positioned to thrive in an increasingly competitive globalized football landscape. This research highlights that success is attainable through resourcefulness, management excellence, and a proactive approach to financial sustainability, regardless of budget size.

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7. Annexes

Survey - The Budget's Influence in Football Management

Dear participant,

This survey is part of a research study to explore the relationship between a football club's budget anc its on-field success. Your insights will help us understand how fans and club representatives perceive the role of financial investment, management, and other factors in determining club performance.

The survey will take around 5 minutes to answer and the answers provided are confidential and anonymous.

Thank you very much for your time!

* Indica uma pergunta obrigatória

Personal Information

1. Age *

   Marcar apenas uma oval.

   - 12 - 20
   - 21 - 30
   - 31 - 40
   - 41 - 50
   - Above 50

2. Gender *

   Marcar apenas uma oval.

   - Male
   - Female
   - Other

General Information

3. What is your primary football league of interest? *

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- Portuguese "Primeira Liga"
- Premier League
- La Liga
- Bundesliga
- Serie A
- Other

4. Which football club do you support the most? *

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- Manchester City
- SL Benfica
- Sporting CP
- FC Porto
- Liverpool
- Bayern Munich
- Sporting Clube de Braga
- Other

5. How long have you been a football fan? *

Marcar apenas uma oval.

- Less than 1 year
- 1 - 5 years
- 5 - 10 years
- More than 10 years

6. How often do you watch live football matches (either in person or online)? *

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- Every match
- Once a week
- Occasionally
- Rarely

Football Club Budgets and Success

7. How important do you think a football club's budget is for its success on the field? *

Marcar apenas uma oval.

- Extremely important
- Very important
- Moderately important
- Slightly important
- Not important at all

8. Do you believe that larger budgets always lead to better on-field performance? *

Marcar apenas uma oval.

- Yes, larger budgets are the most important factor
- No, other factors like management and tactics are equally important
- No, financial power is not necessarily linked to success

9. Which of the following do you think is the most critical factor in a football club's success? *

Marcar apenas uma oval.

- Budget size and financial resources
- Quality of management and coaching
- Youth development and player recruitment
- Team cohesion and chemistry
- Fan support and engagement

Management and Strategic Planning

10. How much impact do you think good management (e.g., coaches, sporting directors) has on a club's success, compared to the budget?

Marcar apenas uma oval.

- Management is more important than budget
- Management and budget are equally important
- Budget is more important than management
- Management has little to no impact compared to budget

11. In your opinion, can smaller-budget clubs compete with larger-budget clubs through smart management and innovative tactics?

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- Always
- Often
- Occasionally
- Rarely
- Never

12. Do you think clubs that invest heavily in youth development and player sales can succeed in the long term without large budgets?

Marcar apenas uma oval.

- Yes
- No
- Not sure

Football During the COVID-19 Pandemic

13. How significantly do you think the COVID-19 pandemic impacted football clubs' financial health?

Marcar apenas uma oval.

- Very significantly
- Moderately
- Slightly
- Not significantly
- Not at all

14. Do you believe that clubs with diversified revenue streams (e.g., sponsorships, digital content) were better able to handle the pandemic than those relying heavily on matchday income?

Marcar apenas uma oval.

- Yes, diverse income sources helped clubs stay afloat
- No, most clubs struggled regardless of their revenue sources
- Not sure