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Football

Disneyfication of clubs like Manchester City keeps showing benefits

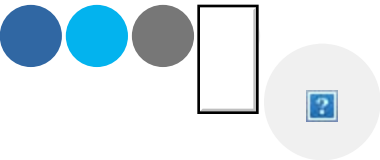
Red Bull, in Germany, Austria, Brazil and the US, and Manchester City have built up networks of sister clubs that save them time and money



Naby Keïta



The Red Bull empire will show a healthy profit on Naby Keïta after selling him from RB Leipzig to Liverpool for £50m. Photograph: Lukas Schulze/Bongarts/Getty Images

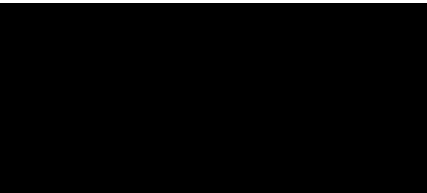


Paul MacInnes
Thursday 31 August 2017
08.59 BST

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If the [transfer of Naby Keïta](#) to Liverpool looks like a vindication of Red Bull’s corporate approach to football, just wait until someone makes a bid for Igor. Keïta, the 22-year-old midfield dynamo, was bought from the Bundesliga side RB Leipzig this week for a fee in excess of £50m.

That is a 100% increase on the fee Leipzig paid their sister club FC [Red Bull Salzburg](#) a year ago. Salzburg, for their part, did even better. They had brought the teenage Keïta to Austria from the French third division side Istres two years before for just £1.25m.



Igor, meanwhile, is 19 and plays in central defence. He joined Salzburg from FC Liefering this summer. Liefering play in the Austrian second tier and are also owned by Red Bull, functioning as a feeder club



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for Salzburg. Liefering acquired Igor on a free transfer last summer from the youth team of Red Bull Brasil. You probably don't need to ask who owns them.

Alongside the City Group, the Abu Dhabi-owned consortium [that includes Manchester City](#), Red Bull is probably the most prominent example of a phenomenon in football now known as multi-club ownership (MCO). The term is self-explanatory – several football clubs, one owner – but the practice is growing rapidly.

Dozens of clubs currently fall into the MCO category, some owned by businesses, others directly by clubs, some by individual investors, and the number is rising all the time. This summer, for example, Leicester City's owners King Power acquired a club in the Belgian second division, Oud-Heverlee Leuven.



Multi-club ownership

Full owner		Part-owner	
Owner: Ajax The Netherlands		Atlético Madrid Spain	Fiorentina Italy
Ajax The Netherlands		Atlético Madrid Spain	Fiorentina Italy
Ajax Cape Town South Africa		Atlético San Luis Mexico	Pune City India
		RC Lens France	
City Football Group Abu Dhabi		King Power International Group Thailand	Red Bull Austria
Manchester City UK		Leicester City UK	New York Red Bulls US
New York City US		Oud-Heverlee Leuven Belgium	Red Bull Salzburg Austria
Melbourne City Australia			Liekerke Austria
Club Atlético Torque Uruguay			RB Leipzig Germany
Girona Spain			Red Bull Brasil
			Jiangsu Suning China
			Internazionale Italy (70% majority)

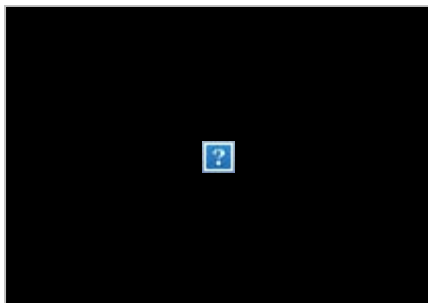
Yokohama Marinos Japan		Brazil	
Matthew Benham UK	Roland Duchâtelet Belgium	Jiang Lizhang China	The Pozzo family Italy
Brentford UK	Charlton Athletic UK	Granada Spain	Watford UK
Midtjylland Denmark	Alcorcón Spain	Chongqing Dangdai Lifan China	Udinese Italy
	Sint-Truidense Belgium		
	Ujpest Hungary		
	Carl Zeiss Jena Germany		
Vincent Tan Malaysia	Erick Thohir Indonesia		
Cardiff City UK	Persid Bandung Indonesia		
FK Sarajevo Bosnia	DC United US		
Kortrijk Belgium	Internazionale Italy (minority)		
Los Angeles US			

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The recruitment, development and selling of players is just one aspect of the game that looks set to change profoundly as a result of MCO. By owning a club in Brazil, so the theory would go, Red Bull has cut out the middle man, and then some. First of all it will gain better insight into the most promising players. It has also bought itself access to the domestic infrastructure in that country and a better understanding of the marketplace (Red Bull Brasil are currently fighting their way up the São Paulo regional

divisions). On top of that, Red Bull has an easy proposition for players it might want to acquire; a place at a club in the player's home country where they can develop, before a riskier move to Europe.

What Red Bull is in effect doing is creating a supply chain for talent. Which in purely economic terms makes sense and not only if Igor ends up joining Internazionale for £100m.



Liverpool agree record deal to sign Naby Keïta from RB Leipzig next summer

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“Flip the coin over and think about the costs,” says Simon Chadwick, professor of sports enterprise at Salford University. “How do you scout around the world as quickly and cheaply as possible? Rather than having to maintain a scout network where you can always miss out, you have a franchise where you save both on intelligence and scouting acquisition costs.”

Recruitment is the area in which the most tangible benefits can be seen (from the owners' point of view, how this might affect supporters – and players – is a whole other article), but there are other, equally intriguing aspects to multi-club ownership.

“My personal view is that multi-club ownership is a very interesting way of leveraging intellectual property,” says Ben Marlow, the head of football at 21st Club, a consultancy that advises potential investors in the game. “Yes, it gives them a geographical advantage in recruitment by having a presence in a market. But it also helps clubs breed economies of scale, it allows clubs to share best practice.”

One example Marlow offers is the career of Patrick Vieira. The former Arsenal captain finished playing at [Manchester City](#) and, after working as a youth coach at the Etihad, he is now manager of New York City FC, the Major League Soccer side and part of City Group's portfolio.

“If I'm the owner of City Group and I see Vieira as a potential future manager of Manchester City,” says Marlow, “then this job is an interesting testbed for

him. He needs experience, so give him experience in a league where the standard of competition is high, comparable with the mid-level of the Championship on average, but one which has no threat of relegation.”

Vieira is doing well enough if that is the case. City are currently second in the Eastern Conference of the MLS and earned a point in the New York derby last weekend. Their opponents? The New York Red Bulls.

The term “intellectual property” is a slippery one, as commonly used to describe superhero movies as a patent for a vacuum cleaner. In footballing terms it could mean the ethos of a club, or indeed a sporting group, meaning that Vieira’s City might be instructed to play the same way as Pep Guardiola’s.

More simply, it also de
club is recognisable by the common fan. This applies especially to those who consume football through a screen, an audience that is only becoming more important over time.

Chadwick recalls an encounter with Ferran Soriano, currently the chief executive officer of three clubs within the City Group, including Manchester City. “Ten years ago he came to speak to my students when he was finance director at Barcelona,” he says.

“Even then he compared football clubs to Disney. At Disney you can franchise out across the world, make films in different languages, build theme parks. Multi-club ownership is the realisation of his Walt Disney view of football; where clubs are entertainment franchises, where football is a form of content.

“I think there is a lot of money to be made from it,” Chadwick adds. “Essentially there will always be some equity in the business. Some of it will be obvious, like tickets and sponsorship, some will be less visible, like social media rights or other revenue streams that are intangible at the moment. People keep asking me when I think the football bubble is going to burst. At the moment I just don’t foresee

any collapse.”

MCOs look increasingly like the future, another way in which a sport once defined by geographic specificity becomes rootless as it is globalised. That’s not to say it is brand new, though. There was a period in the 1990s when Dutch clubs opened franchises in Africa, such as Ajax Cape Town or Fetteh Feyenoord, and the ENIC Group had a portfolio of clubs. ENIC, which still holds a controlling stake in Tottenham Hotspur, also ran Slavia Prague, AEK Athens and Vicenza and had 50% ownership of FC Basel to boot. That empire slowly dissolved however, after Uefa, via the court of arbitration for sport (Cas), ruled that clubs which shared an owner could not compete in the same European competition.

That CAS ruling popped up again this summer when it was cited in a judgment by Uefa. This time it was considering whether [RB Leipzig](#) and Red Bull Salzburg should both be allowed to compete in the Champions League, and this time the verdict came in favour of the clubs.

Uefa observed that there was no proof that Red Bull could exert “decisive influence” on either of the teams that bore their name. It was a big win for MCOs everywhere. Sadly for the Austrian champions Salzburg, they were subsequently eliminated in the qualifying rounds.

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