

Manchester united economic impact

[Economics](#)



c Impact Manchester United's Economic Impact By Dalton Truax For Mike Pearson Sports Marketing & Management 28 February 2013 Introduction

Manchester United is the most valuable sports club to exist so surely the club must make the city a lot of money every year, right? Soccer is the most popular sport in the world, and the most popular soccer club in the world is Manchester United. There is no denial that Manchester United has had a huge cultural impact as well as made many social contributions to its locale, but what about the team's economic impact?

Manchester United has influenced the local and regional economy in many ways, with most of them being exclusively positive. Some of the ways the club has influenced the local and regional economy are through networking, the economic impact of the supporters, employment, real estate, multiplier effects, and marketing of the city. Networks, Suppliers, Supporters I will first focus on Manchester United's economic impact through networking, suppliers, and attracted supporters. First and foremost, there is most definitely an economic impact as a result of networking and suppliers.

Penn's model illustrates how a soccer club can play a role in regional development, using three possible network types. [1] In the first model (Figure 1), the club operates as an isolated business. The development effect is limited to the income that is spent again in the local economy, the income multiplier. The second model (Figure 2) embodies the situation in which the club has relations with other local companies like suppliers, subcontractors, and others, where the club is the heart of the economical development.

Read also Twitter Case Study

The given companies depend very much on the club. The last model (Figure 3) describes a network that does not exclusively depend on the soccer club. This is the case with the sponsor and merchandising network of Manchester United. Although the sponsor and merchandising networks are mostly situated on a national level, some of these companies can have an impact on the local scale. [2] Figure 1 [pic] Figure 2 [pic] Figure 3[pic] Manchester United has a worldwide fan base. There are supporters clubs all over the world because of their popularity.

Supporters have an economical impact on the regional and local economy because of what they spend on transport, drinks, food, etc. A study on Manchester United supporters shows us that a supporter spends an average of \$25 on drinks, food, and other products per match. [3] If the supporters are from outside the region, they bring in money to the local economy. We have to take into account that the soccer related expenses by local supporters are not an extra input for the local economy. A very limited number of seats are reserved for the supporters of the opposing team. 0% of the supporters are local, 40% are from the northwest region outside of the local community, and from outside the regional community are another 30%. [4] This means that a total of 70% of the supporters can generate a positive economic impact for the local economy, and 30% can do this for the regional economy. There were 68, 187 seats in Old Trafford in 2010 and around 40 matches a year. This results in a yearly net income of \$4, 221, 560, 700. On a regional scale, this results in \$18, 092, 403, 000 every year. 5] These supporters' expenditures end up especially in the hands of the hotel and catering industry in the immediate area around the stadium. Hotels are

almost always full on the day of games. The direct employment by the club also has an economical impact, which is magnified by the income multiplier. The players may also influence the real estate market quite a bit; players often invest in residential developments and other real estate operations. It is assumed that the presence of soccer players in a neighborhood can add to the attraction of that neighborhood.

Some real estate agencies even try to attract soccer players to luxurious neighborhoods just so that they can attract other wealthy people. [6] National Image Because of globalization, cities and regions worldwide have entered into a struggle for investment, tourism, and development. Marketing of the city is a very important tool when it comes to this. The question is which role sports, and more specifically soccer clubs like Manchester United, can play here. Entertainment is playing a bigger and bigger role in society as the years go by. So, how does the government view Manchester United in this matter?

The government acknowledges the important role Manchester United plays as a catalyst for marketing of the city. They regard Manchester United mainly as a publicity channel for the region to attempt to attract tourists, as well as companies to the region. Trafford Metropolitan Borough Council also uses the presence of Manchester United to further develop the area around the club. They have a long-term vision for the development of Old Trafford, the team's historic stadium. The role of Manchester United in attracting businesses is very significant.

The club can attract businesses itself but can only do this for businesses that benefit from the actual matches taking place, such as pubs and hotels. On <https://assignbuster.com/manchester-united-economic-impact/>

the other hand, the club functions as a publicity channel for the region. It draws attention, and is always a good way to start a conversation. In this way, the club has indirectly made a large contribution to bring businesses and investments to the region. The brand name is known all over the world and puts Manchester on the map. Therefore it is of extreme importance that the club keeps a positive image and identity for the city.

Conclusion We can conclude that Manchester United does not only have a cultural importance, but that they can also make an economical contribution by networking, the impact of supporters on surrounding businesses, and the role they might play in marketing for the city and regional development. The economic impact of Manchester United is vast and in many ways cannot even be described in numbers. ----- [1]https://aow.kuleuven.be/geografie/toekomstigestudenten/onderzoek/vandenbroucke/fig1b_penn_model.gif

[2]<http://aow.kuleuven.be/geografie/toekomstigestudenten/onderzoek/vandenbroucke/index.html>

[3]<http://www.foxbusiness.com/personal-finance/2011/12/20/5-pricey-nfl-stadiums-that-will-sack-your-wallet/>

[4]<http://www.telegraph.co.uk/sport/football/competitions/premier-league/9795377/Twitter-map-finally-reveals-exactly-where-Manchester-United-fans-live.html>

[5]<http://www.bloomberg.com/news/2012-02-21/manchester-united-quarterly-profit-rises-31-on-finance-costs-sponsors.html>

[6]<http://lifestyle.ezinemark.com/luxurious-houses-of-premier-league-players-773659074564.html>