

# Strategic analysis of manchester united



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## **The Football Industry – The Barclays Premier League**

The aim of this report is to undertake a detailed strategic analysis of the Manchester United F. C. with regard to its resource capability and competitive positioning, the organisations strategic fit with its environment and its management style with an emphasis on the cultural context of its strategy together (stakeholder expectations). To this end the mission, vision, goals and strategies of the Club will be taken into consideration while strategically evaluating and interpreting its management at business (competitive advantage) and functional (customer value) level.

A variety of strategic analysis tools are going to be used in order to wholly evaluate both internal and external implications on the environment the Club operates within. These will primarily include SWOT and PEST analysis, Porter's four corners analysis, and Value chain analysis.

### **Market Environment Analysis**

#### **Brief analysis of the market**

English football, and the FA Premier League (FAPL) in particular, is today a bigger business than it has ever been, generating record revenues both within its stadia and through the rising value of its broadcast rights. The game is on TV in more countries than ever before and watched by an increasing number of passionate fans all around the world.

Despite the rising cost of attendance, football grounds are as full as they have ever been and FAPL matchday revenues have doubled in just eight years. But broadcast rights fees are expected soon to account for a majority

share of income and younger consumers appear not to be inheriting the club ties that older fans were born into.

Mintel's research shows that football's appeal to brands lies in its continued ability to reach mass mainstream audiences rather than in the value of its core audience, which is largely apathetic towards sponsors and their products (over half of fans claim not to pay attention to who sponsors what, while just 16% say the brand that sponsors their club matters to them).

Football is well insulated against recession by the multi-year nature of its media and commercial agreements and by the fact that up to half of all seats are paid for before a ball is kicked through season ticket sales.

However, the experience of the 1980s recession (where between 1978 and 1984 average attendances in the top flight collapsed from over 28, 000 to under 19, 000) shows that attendance is vulnerable in a downturn, so that matchday revenues in the 2009/10 season could be at risk.

### **Barclays Premier League**

#### Roles and Objectives

The mission of the Premier League is to effectively Manage, continually improve and be regarded as the world's best league football competition and in this way Generate increased commercial value, using the resulting revenues to further enhance competitions and strengthen the long-term future of the Premier League and its clubs.

Other objectives include:

Increasing interest in the Leagues' competitions, promote accessibility to live games and ensure that media exposure is used to optimum effect.

Using the League's power and influence responsibly to improve the game in the UK and abroad through partnership with the FA, UEFA and other bodies.

Creating a quality of competition that provides a platform from which our member clubs can achieve unparalleled success in European or World competitions (source: Barclays Premier League official website).

#### Relationship with the clubs

The Premier League is owned by 20 Shareholders – the member clubs, whose membership in the league is dependent on the performance of their football team in the Barclays Premier League.

Another co-owner of The Premier League is the Football Association. While they have the right of veto in special occasions as the appointment of Chairman and Chief Executive Officer, they are not involved in the decision – making process regarding any other area of the Premier League work. The statutory company responsibilities are managed by the Board of Directors who are also running the day – to – day business.

#### Relationship with other football bodies

The Barclays Premier League is widely regarded as the most elite club competition in world football.

The Premier League comes under the jurisdiction of the Football Association (the FA) and must submit its rules on yearly basis for approval.

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Along with its British partners in Scotland, Wales and Northern Ireland, the FA comes under the control of the European governing body – the Union of European Football Associations (UEFA).

Formed in 1954 and based in Geneva, UEFA works and acts on behalf of the member associations to promote football and ensure its well-being on the continent. The organisation is responsible for many high-profile competitions, some involving national teams such as the prestigious European Championships. UEFA's premier club competitions are the European Champions League and the UEFA Cup, in which Premier League clubs aspire to compete and succeed on a yearly basis.

The FA and the 50 other associations of UEFA are all affiliated with the world's governing body – the Federation of International Football Associations, or FIFA. It was formed in 1904 and is now one of the biggest sports organisations worldwide striving to safeguard the good image of the game internationally and it is responsible for the Laws of the Game.

FIFA can also boast the World Cup as its prized asset the ultimate stage on which a professional footballer can perform and a tournament which captures the imagination of the entire planet (source: Barclays Premier League official website).

### **Manchester United Club Profile**

Manchester United plc operates as a professional football club in the United Kingdom. Its subsidiaries are Manchester United Football Club, Manchester United Catering (Agency Company), and Manchester United Interactive. In addition, the company through a joint venture with Manchester United PLC,

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Granada, and British Sky Broadcasting, operates MUTV, the company's official channel. The company owns 33.3 per cent in MUTV.

Since the late 1990s, the club has been one of the richest in the world with the highest revenue of any football club, and is currently ranked as the richest and most valuable club in any sport, with an estimated value of around £1.136 billion as of April 2009. Manchester United was a founding member of the now defunct G-14 group of Europe's leading football clubs, and its replacement, the European Club Association. (Source: Forbes.com)

Manchester United are the most successful Premier League club having won the title 10 times. With a start in 1993 when manager Sir Alex Ferguson ended a 26-year wait to lift the Premier League crown.

### **Manchester United Strategic Analysis**

For the purposes of this report it will be assumed that Strategic Analysis fits within the descriptions below:

'... the process of conducting research on the business environment within which an organisation operates and on the organisation itself, in order to formulate strategy.'

### **BNET Business Dictionary**

'... a theoretically informed understanding of the environment in which an organisation is operating, together with an understanding of the organisation's interaction with its environment in order to improve organisational efficiency and effectiveness by increasing the organisation's capacity to deploy and redeploy its resources intelligently.'

Professor Les Worrall, Wolverhampton Business School

The market environment comprises a combination of the Barclays Premier League industry itself and the wider macro environment in which Manchester United F. C. operates. In addition, it highlights the market environments and critical success factors.

The unique resources of Manchester United and the core competences of the Club are outlined in the analysis described below.

### **SWOT Analysis**

In order to conduct a comprehensive market environment analysis and evaluate the conditions in the market environment that Manchester United F. C. occupies, a brief introduction of the Barclays Premier League and Manchester United F. C., summarizing the key aspects in a SWOT analysis which will be the first step towards implementing a range of analytical tools (fig. 1) The SWOT Analysis is the most popular instrument utilized in strategic planning and organizational problem solving.

### **PEST analysis**

The purpose of the PEST analysis below is to briefly outline the political and legal, economic, sociocultural and technological issues together with their implications on the performance of The Club, hence describing the external environment within Manchester United operates (fig 2)

### **Porter's four corners analysis**

The four corner's analysis is a useful tool for analysing competitors as it emphasises that the objective of competitive analysis should always be on <https://assignbuster.com/strategic-analysis-of-manchester-united/>

generating insights into the future. In this case the model is used to develop a profile of the likely strategy changes a competitor might make and how successful it might be and determine competitors' probable reaction to the range of industry shifts and environmental changes that may occur (Fig. 3)

Quite straightforward, the competitor's future strategy stems from the competitor's motivation to exceed or overperform another Club and sets a variety of objectives or actions to be completed with the implementation of their prospective strategy. However, these objectives should reflect on the Club's capabilities as well as the skills of the individual players and staff at senior management level. Here it is essential to develop a clear assumption on what creates value for a specific team as well as what are the relationships and networks the respective business has developed. For instance, Manchester United is one of the most successful teams in the history of football resulting in average attendance higher than any other team in the UK and extremely high brand consciousness (fig. 4).

This means that together with the Club's financial stability, strength of the senior management team and proven ability to serve a variety of channels Manchester United PLC is well on the way of creating and implementing in a sustainable way a winning strategy.

### **Value chain analysis**

Further to the description above, value chain analysis is based on the principle that organisations exist to create value for their customers.

Furthermore it is a comprehensive technique for analysing an organisation's source of competitive advantage. In the analysis, the organisation's activities



are divided into separate sets of activities that add value. The organisation can more effectively evaluate its internal capabilities by identifying and examining each of these activities. Each value adding activity is considered to be a source of competitive advantage. For Manchester United these include Manchester United Football Club, Manchester United Catering (Agency Company), and Manchester United Interactive, the joint venture with Manchester United PLC, Granada, and British Sky Broadcasting, that operates MUTV. These are run on the basis of primary and support activities, as Primary activities are those that physically create a product, as well as market the product, deliver the product to the customer and provide after-sales support and Support activities are those that facilitate the primary activities. Crucial for the organisation is the process of identifying the activities that are critical to customer's satisfaction and market success, such as creating competitive advantage in competitions, hence the ticket sales and merchandising activity regarded to the process.

### **Strategic fit Analysis**

The foremost field of research that is required to be taken into account is the whole new product development and research concerning Manchester United's existing product selection. This is required to be examined principally as if Manchester United requires guaranteeing that they are doing well in their present market prior to going into a new market. At first, Manchester United will require investigating into their existing product selection, however, with such broad variety of products, it is vital for Manchester United to assess which of their products are performing well in the market.

## Conclusion

Manchester United is in a very competitive spot at present. Currently ranked as the richest and most valuable club in any sport, with an estimated value of around £1.136 billion. It has the highest average attendance than any other team in English football and receives a large amount of funds through sponsorships and agreements (merchandising). Nonetheless, the Club requires to be cautious that they are not getting self-satisfied and that they are focusing on the market, and the requirements of their clients and followers. By implementing the research into their markets, it will allow them to build up products for the clients, which will bring about sustained support from the fans and success.

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