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Rules of the Game: Strategy in Football Industry

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Abstract

Being one of the most popular sport industry in the world, football attracted interest not only for being a globalized sport and its impact on national identities, but also due to generation of high revenue from matchday, broadcast and commercial sources. With this study, strategic groups among the 50 global football club brands, based on these revenue is identified and the common main strategies of the groups are analyzed. Although many research is undertaken about strategic groups in various industries, similar research in sports industry is still at infancy. The findings indicate three different strategic groups, with member clubs of each group following similar strategies. In addition, brand value forms mobility barriers among strategic groups.

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1. Introduction

"Football is not just a game". Although this quote seems to be a very famous cliché, it is real that professional football has developed into a huge industry, becoming a business more than entertainment. It is not all about winning the game but also earning money, so that sometimes acquisition of a club by a financially powerful investor or a new sponsorship contract becomes much more important. New stadiums, broadcasting networks, new materials, efficiency of players, success of the technical team, rapidly changing supporter requirements and expectations including transfers of popular players, cup glories and more commercialized products makes the football industry an attractive one, and football the most popular sport in the world. According to Fédération Internationale de Football Association (FIFA) Survey in 2006, approximately 243 million people play football professionally which accounts to %4,1 of world population. Regarding World Cup 2014, 3 billion messages via Facebook and 672 million twits via Twitter were posted (statistics of ESPN TV Channel). This indicates the development of football to a global sport, from an English Football League which was the first professional association established in 1888 (Inglis, 1988). Due to the increasing importance of football industry, football clubs turned into brands. Since there exists a positive relation between the budget of the football club and team performance, financial position of the clubs is important. There are mainly three sources for generating revenue for football clubs. Revenue for the clubs is derived from matchday (including ticket and corporate hospitality sales), broadcast rights (including distributions from participation in domestic leagues, cups and European club competitions) and commercial sources (including sponsorship, merchandising and other commercial operations) (Deloitte, Football Money League Report, 2015). Since the sources of revenue are limited, the competition in the football industry is becoming more intense.

In order to understand the competitive structure of the industry, identification of strategic groups is helpful. A 'strategic group' is defined as the group of companies following same or similar strategies in an industry (Porter,

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1980: 129). Therefore, a strategic group can be seen as a set of firms within an industry that are similar to one another and different from firms outside the group on one or more key dimensions of strategy. With this study, it is aimed to identify the main strategic groups based on revenue generation and understand the main strategies of football clubs in different strategic groups. This research is very significant in that, it is the first of its kind that classify the mainframe strategies implemented by football clubs within each strategic group.

2. Literature about Strategic Groups

Strategic group research originated from industrial organization field (Caves and Porter, 1977; Porter, 1979) which concentrates on the relationship between market structure and firm performance and is rooted in classical and neo-classical economics. Industrial organization research suggests that, competitive advantage is derived from the factors such as industry structure, which exists external to the organization (Porter, 1980). On the other hand, it is proposed by strategic group research that, firm behavior influence industry structure and performance as a whole and the strategy and performance of each firm within the strategic group (Thomas and Pollock, 1999). According to Porter (1980), the profitability of a company depends on industry characteristics, strategic group characteristics, and the relative position of the company within the strategic group.

'Strategic group' concept was first introduced by Hunt (1972); Hunt observed that companies within the household appliance industry followed similar strategies that are vertical integration, product diversification and product differentiation, which resulted in four strategic groups (McGee and Thomas, 1986). Since then, many research conducted on the existence of strategic groups (McGee and Thomas, 1986) and strategic groups developed as a popular research field for analyzing diversity of intra-industry and cross-industry behavior.

The main idea of strategic group theory is based on the fact that within an industry, there exists diverse group of companies characterized by similar strategic actions and each industry consists of one or more strategic groups (Porter, 1979). Therefore, companies within the same strategic groups are homogenous in terms of similar strategic actions, and heterogeneous between groups (Barney and Hoskisson, 1990). According to Porter (1979), this is mainly because of the members of strategic groups facing similar threats and opportunities. Thomas and Pollock (1999), on the other hand, suggest similar resources of firms, as a precondition of similar strategies within strategic groups.

In the previous literature, strategic group concept has been applied to diverse industries and similar strategy types had been identified for brewing (Hatten et al, 1978), chemical process (Newman, 1978), consumer and industrial products (Galbraith and Schendel, 1983), paints and allied products (Dess and Davis, 1984), insurance (Fiegenbaum and Thomas, 1990), banking (Mehra, 1994) and even agriculture (McLeay et al, 1996) industries.

Apart from their strategic similarity, strategic groups can also be identified by mobility barriers (Porter, 1979; McGee and Thomas, 1986). According to McGee and Thomas (1986: 150), "a firm within a group makes strategic decisions that cannot readily be imitated by a firm outside the group without substantial cost, significant elapsed time, or uncertainty about the outcome of those decisions". With this definition, the authors propose that there exist barriers that prevent the companies moving from one strategic group to another. Mobility barriers defined as "structural forces impending firms from freely changing their competitive position" by Caves and Porter (1977: 246) is similar to the concept of barriers to entry into an industry. Mobility barriers prevent firms moving from one strategic group to another, and according to Porter (1979), mobility barriers insulate companies against potential entrants and preserve their strategy for imitation as well. According to Cool and Schendel (1988), strategic groups in the industry are differentiated by mobility barriers that represent resource allocation committed by the strategic group members.

Mobility barriers are defined based on three sources by McGee and Thomas (1986: 151). These sources are market-related factors, industry-supply characteristics and firm characteristics. Market related factors include, product-line, user technologies, market segmentation, distribution channels, brand names, geographic coverage, selling systems; whereas industry-supply characteristics include relevance of economies of scale for production, marketing or administration, manufacturing processes, R&D capability, marketing and distribution systems. In addition, firm characteristics include ownership, organization structure, control systems, management skills, firm boundaries (degree of vertical integration or diversification), firm size and relationships with influence groups.

Performance differences within an industry can be explained by the mobility barriers between strategic groups (Caves and Ghemawat, 1992). Accordingly, most of the research related with strategic groups is related with the group membership and performance relation (McGee et al, 1986).

3. Methodology

3.1. Research Goal

In this study, it was intended to identify the main strategic groups of football clubs and examine the differences of the strategies between these different strategic groups. It is proposed that there exists various strategic groups in the football industry and the strategies of football clubs within each strategic group differ from each other. Accordingly, the below hypotheses are proposed.

H_1: Strategic groups exist in football industry, therefore the industry is heterogeneous.

H_2: Different strategies exist in each strategic group.

3.2. Sample and Data Collection

Strategic industry for this research is defined as global football industry. The boundary of the industry is defined based on ‘Brand-Finance Football–50’ report for the year 2014. The sample of this study consists of 50 football clubs. ‘Brand-Finance Football–50’ is published by Brand Finance Plc, the report is the only study to analyze and rank the top 50 most valuable football clubs by brand value. The methodology for determining brand values of the football clubs is based on determination of forecast revenues, references for historical trends, market growth estimates, competitive forces, analyst projections and company forecasts. Brand values of the clubs included in this research are based on this data. On the other hand, revenue data was collected through both the websites of the clubs and other related websites, i.e. websites of domestic and international football federations. Revenue sources identified as matchday, broadcast rights and commercial sources. Matchday revenue includes sales of match tickets; and revenue from broadcasting rights includes the total value of domestic and international based revenues from television and internet broadcasts. Besides, revenue from commercial sources includes both revenue from main sponsors and sales of the commercialized products in official stores.

After the collection of the data, the variables were coded and analyzed by SPSS-21. Strategic groups were identified by cluster analysis and strategies of each football club within the strategic groups were derived from a thorough industry analysis. In order to obtain more reliable findings, multiple data sources were used.

The descriptive statistics of the sample for the brand value and total revenues of football clubs according to the countries are summarized in Table-1.

Table 1. Descriptive Statistics of the Sample

List of Countries of Football Clubs	n	%	Brand Value (million$)*	Total Revenue (million$)**			
				Commercial		Matchday	Broadcast
				Sponsorship	Manufacturer		
United Kingdom (UK)	15	30	3.790	273	211	889	2.280
Germany	8	16	2.077	142	76	433	511
Spain	5	10	1.692	95	109	493	814
Italy	6	12	926	67	82	192	919
France	5	10	665	52	29	194	462
Turkey	3	6	298	22	24	121	163
Brazil	4	8	249	81	15	148	564
Netherlands	2	4	208	20	11	75	15
Scotland	1	2	84	2	5	15	41
Portugal	1	2	83	5	4	5	18

** Data of ‘Brand-Finance Football-50 Report’ (2014)*

*** Derived from authors’ calculations*

According to the descriptive results, most of the football clubs (%30) within the sample has UK origin. Both total brand value and total revenues of these clubs are highest when compared with clubs of other countries. Although the total brand value of German football clubs are higher than both Spanish and Italian football clubs, the total revenues of both Spanish and Italian football clubs are higher than their German rivals. Besides, the total revenues of Brazilian football clubs are higher than both from French and Turkish football clubs, although their brand value is lower than these clubs.

Apart from football clubs of United Kingdom, which has highest scores in all of the revenue categories; Italian football clubs has the highest revenues from broadcasting; whereas matchday revenues are highest for Spanish football clubs, and commercial revenues are highest for German football clubs when compared with clubs of other countries.

3.3. Data Analysis and Findings

Strategic groups within the football industry were identified with cluster analysis via SPSS. Three strategic groups were identified by two-step cluster analysis. Two-step cluster analysis allows including categorical variables as well as continuous variables for identification of clusters. Apart from the financial data which is continuous, as descriptive analysis yields country of origin of football clubs, which is categorical, is also important for identification of strategic groups of football clubs. For this reason, three revenue sources and country of origin data were used for cluster analysis. As a result of the analysis, 50 football clubs were classified as industry-leaders, runner-ups and weak clubs. It is suggested that brand value exists as mobility barrier among the strategic groups. When the clubs within each cluster are ranked according to their brand value, there exists a clear distinction among three groups.

There are 7 football clubs classified as industry leaders (Table-2). The total brand value of these clubs account for 45% of the whole sample. Main strategy followed by these clubs is identified as offensive strategy. In general, the main aim is to win as much as possible in each field. The clubs generate high revenue from broadcast and matchdays, their stadiums are fully crowded and they also earn from special tournaments and training camps all around the world. Besides, they have high valued contracts with sponsors and shirt manufacturers, many companies compete with each other to be a sponsor for these clubs or for an advertisement at the stadium; these clubs have easily recognizable logos, symbols and nicknames, and museums as well that defined as touristic spots.

Table 2: Strategies followed by Industry Leaders

Brand 50 Rank	Football Club	Country	Strategy	Characteristics
1	FC Bayern München	Germany	Offensive - Fortify and Defend	Capitalize on competitors’ strengths
2	Real Madrid CF	Spain	Offensive - Follow the Leader	Capitalize on popularity to earn more
3	Manchester United FC	UK	Offensive	Capitalize on financial strength
4	FC Barcelona	Spain	Offensive - Follow the Leader	Capitalize on popularity to earn more
5	Manchester City FC	UK	Offensive - Content Follower	Follow Manchester United FC
6	Arsenal FC	UK	Offensive – Specialist	Capitalize on management relations
7	Chelsea FC	UK	Offensive - Content Follower	Follow Manchester United FC

Although all of these clubs follow offensive strategies, there exist some strategic differences. FC Bayern München, which is the only German club among industry-leaders is the leading brand of the sample, since 2000 the club had 22 domestic and 5 international level cups. Their fortify-and-defend strategy is based on strengthening their team with the players of rivals who are able to challenge the club. As a result of this strategy, players of Schalke 04, Kaiserslautern and Werder Bremen; in addition, Robert Lewandowski and Mario Götze from Borussia Dortmund had joined FC Bayern München. Although the total transfer cost of these players for Bayern is more than 95 million Euro included their contracts according to Bayern München’s official website, the club follows an offensive strategy based on exceeding its competitors’ strengths.

Real Madrid CF and FC Barcelona of Spain are arch-rivals since their establishment. Their popularity increase year by year. More than 83 million Facebook fans and more than 14 million Twitter followers for each club provide some clues about their popularity. According to list of most expensive association football transfers, 7 of 10 most expensive transfers of all times belong to these clubs. They have both won 7 international cups since 2000. Briefly, they are the titans of the football also called ‘El-Classico’. Although they are strong rivals, they follow the same strategy related with broadcast rights. In Spain, there is no determined broadcasting pot and all clubs are free to sell their broadcasting rights. Regarding this, Real Madrid CF and FC Barcelona uses follow-the-leader strategy. With this strategy the leader uses its competitive strength to encourage runner-ups to be content-followers. Since Real Madrid CF and FC Barcelona don't want to play in an unpopular league and since more powerful clubs means more attention and more revenue; they encourage some runner-up clubs in Spanish league to create their special broadcasting pots. Atletico de Madrid, Valencia CF, Sevilla FC and Real Sociedad are the members of this special pot. As a result, both Real Madrid CF and FC Barcelona and also other clubs earn more revenue being members in the same broadcasting pot which belongs to Canal+1.

Most of the industry-leaders (4 clubs) have UK origin. Among them, the strongest club is Manchester United FC. They are the leading club in annual earnings, championships and popularity on Facebook and Twitter. The club follows only offensive strategy but other UK clubs follow content-follower strategy addressing Manchester United FC. Manchester City FC, Arsenal FC and Chelsea FC try to get as much as possible from the leader. United's former transfer list became the targets of these clubs easily. 50 million pound transfer of Mesut Özil to Arsenal FC, a total of 71 million pound transfers of Diego Costa and Cesc Fabregas to Chelsea FC and 40 million pound transfer of Fernandinho to Manchester City FC are some of the examples. First, Manchester United FC wished to make these players join their team but later other teams offered more for them and transfer these players to their teams. On the other hand, Arsenal FC also follows a specialist strategy which is generally followed by runner-up firms. They are especially concentrated on transfers of French and African players; for these transfers the club benefits from the relations of their French manager who is Arsene Wenger. According to 'Arsenal Player Database', during the period from 1996 to 2014, 13 French and 6 African players joined to Arsenal FC.

There are 12 football clubs classified as runner-up clubs (Table-3) representing 6 countries. These clubs as a common strategy try to reach to the levels of industry-leaders and strengthen themselves in order not to be weakened. All of the runner-up clubs follow distinctive image strategy. First group members in runner-up clubs are Liverpool FC from UK, Juventus FC from Italy and Paris Saint Germain FC from France. These clubs are controlled by wealthy and famous people, which make them use this as a distinctive image of the clubs. Liverpool FC was acquired by John W. Henry in 2010 who also owns The Boston Globe newspaper and a famous baseball team which is Boston Red Sox. Paris Saint Germain FC was acquired by Nasser Al-Khelatifi in 2011 who is the chairman of Qatar Investment Authority. Agnelli family who owns Fiat and Ferrari has a key role in leading Juventus FC since 1926.

In addition, Liverpool FC's distinctive image that affects people is related with their 'you will never walk alone' anthem and philosophy. Being a 'red' means that supporters have to support their team without any complaints of the results. The symbol of Paris Saint Germain FC is 'being a Parisienne'. It means that the origin point of Paris Saint Germain FC is related with everything that belongs to Paris. According to this philosophy, without any cosmopolite property, only French Nationalists born and grown up around Paris region understand this. Juventus FC's distinctive image arises from the opposite vision of French team. Within Italian football industry, regions and political ideas determine the supporters; only Juventus FC has fans from every class. Supporters don't need to be a member of any political idea and a region for supporting the team. Their 'old lady' nickname comes from this philosophy; nobody doesn't have to love an old lady, but they have to respect her past and current position.

SC Corinthians Paulista and CR Flamengo from Brazil, SSC Napoli from Italy and Club Atlético de Madrid from Spain follow the same strategies as runner-ups. Democratic vision based on free election in military dictatorship of Brazil's 1980's period created SC Corinthians Paulista's distinctive image. Also CR Flamengo created their distinctive image based on supporters who are indigent. These two teams became the most popular clubs in the country with these images. According to the survey of the Brazil Business in 2014, their estimated total fans are more than 57 million in Brazil. They concentrate on their distinctive image and use content follower strategy. Agreements are signed with old-aged football stars of industrial leader clubs. Unsuccessful years in Spain that includes relegation and heaviness of the rivalry between Real Madrid CF and FC Barcelona created support in every condition for Club Atlético de Madrid. SSC Napoli is the symbol of the indigent people in south region of Italy. Their behavior against the indigent public and Maradona transfer in 1984, made them a worldwide known club. Alexandre Pato transfer to SC Corinthians Paulista from AC Milan, Ronaldinho transfer to RC Flamengo from AC Milan, Fernando Torres transfer to Club Atlético de Madrid from Chelsea FC and finally Gonzalo Higuain transfer to SSC Napoli from Real Madrid CF are the famous examples of this strategy. Final member of the runner-up clubs following these strategies is Tottenham Hotspur FC from UK. The club follows content-follower strategy especially during the transfer periods. UK team always tries to make Arsenal's players join their team, by offering more. Their historical connection between Jewish people creates a nickname that is called 'Yid' used for humiliating the club and their fans. This word appropriated by Tottenham fans in time to and created their distinctive image against the racism.

Although, they are the members of runner-up clubs, FC Internazionale Milano and AC Milan are still popular around the world. FC Internazionale Milano won 13 domestic and 2 international cups and AC Milan won 5 domestic and 5 international cups from 2000 to 2015. They are trying to create their distinctive image based on these glory days of recent past. However, their financial positions are very weak and high level annual earnings or cup glories are not able to change their positions. Firstly, Erick Thorir who is an Indonesian billionaire acquired FC Internazionale Milano in 2013. AC Milan follows the same strategy and nowadays an agreement with a Chinese company will be declared for acquisition. AC Milan has to do this because the club was following a retrenchment strategy and even started to sell their assets including their team bus. After these acquisitions, FC Internazionale Milano and AC Milan started to use a modest-offensive strategy in order to re-earn their prestige.

Borussia Dortmund and FC Schalke 04 from Germany created Ruhr Derby. However Bayern München's fortify and defend strategy affects these clubs directly; their distinctive image strategies are still undamaged. These images are based on the characteristic of the fans. Borussia Dortmund's fans are generally members of middle-class people of Ruhr region. They always support their teams without any complaints. Their famous back-goal stand which is called 'Yellow Wall' has approximately 25.000 people capacity and holds the largest stand record in Europe. This stadium and especially 'Yellow Wall' became a touristic spot. On the other hand FC Schalke 04 follows the same strategy. Their fans are generally coal miners of the region. Therefore they are the symbols of working class. Shape of the main tunnel in their stadium is approximately designed as a coal mine and it is a characteristic example of their strategy.

Table 3: Strategies followed by Runner-up Clubs

Brand 50 Rank	Football Club	Country	Strategy	Characteristics
8	Liverpool FC	UK	Distinctive Image	'You will never walk alone"' philosophy
9	Borussia Dortmund	Germany	Distinctive Image	Support of Middle-Class
10	Paris Saint-Germain FC	France	Distinctive Image	Being a 'Parisienne'
11	FC Schalke 04	Germany	Distinctive Image	Club of Mine Workers
12	Tottenham Hotspur FC	UK	Distinctive Image – Content Follower	Club of Jewish fans
13	Juventus FC	Italy	Distinctive Image	No prejudice for support
14	AC Milan	Italy	Distinctive Image	Capitalize on recent past glories
15	FC Internazionale Milano	Italy	Distinctive Image	Capitalize on recent past glories
19	Club Atlético de Madrid	Spain	Distinctive Image – Content Follower	Faithful supporters
20	SSC Napoli	Italy	Distinctive Image – Content Follower	Symbol of the indigent people
34	SC Corinthians Paulista	Brazil	Distinctive Image – Content Follower	Democratic Vision
49	CR Flamengo	Brazil	Distinctive Image – Content Follower	Symbol of the indigent people

Most of the sample (31 football clubs) is classified as weak clubs (Table-4), all of the countries have representatives in this group. These clubs as a common strategy follow defense strategy. For this group, country effect is observed more than industry-leader and runner-up clubs. 7 of 9 clubs from UK and 2 clubs from Brazil follow the same strategy. Their first aim is defending their positions in their domestic leagues. Staying at the top of the domestic league is more important than winning a cup. Therefore they are able to earn more money at the top level. Their second strategy is content-follower. These teams transfer old stars to their clubs. Tim Howard transfer to Everton FC from Manchester United FC, Joe Cole transfer to Aston Villa FC from Liverpool FC, Andy Carroll transfer to West Ham United FC from Liverpool FC, Jermain Defoe transfer to Sunderland AFC from Tottenham Hotspur FC, Peter Crouch transfer to Stoke City FC from Liverpool FC, Darren Fletcher transfer to West Bromwich Albion FC from Manchester United FC, Scott Parker transfer to Fulham FC from Tottenham Hotspur FC are examples of these transfers in UK. Robinho transfer to Santos Futebol Clube from AC Milan and Kaka transfer to Sao Paulo from Real Madrid CF are the other popular examples of transfers for Brazilian teams grouped among weak clubs. In addition, acquisition of Aston Villa FC is planned in 2015 and West Ham United FC sold their stadium in 2014.

Modest-Offensive Strategy is popular among 3 of German clubs, PSV Eindhoven from Holland and Valencia CF follow this strategy. VFB Stuttgart, Bayer 04 Leverkusen and VFL Wolfsburg from Germany and PSV Eindhoven undertake alliances with compatriot brands. Mercedes Benz for VFB Stuttgart, Bayer for Bayer 04 Leverkusen, Volkswagen for VFL Wolfsurg and Philips for PSV Eindhoven have vital importance. These strategic partners have shares of the teams and agreements for long period sponsorships. Singaporean businessman Peter Lim acquired the Valencia CF club in 2014 and started to invest to the club in a pre-planned sponsorships and commercial agreements.

Table 4: Strategies followed by Weak Clubs

Brand 50 Rank	Football Club	Country	Strategy	Characteristics
16	AFC Ajax	Netherlands	Specialist, Vacant-Niche	Train and transfer players to other Clubs
38	SL Benfica	Portugal	Specialist, Vacant-Niche	Train and transfer players to other Clubs
36	LOSC Lille Métropole	France	Modest Offensive, Ours-is-Better	Transfer graduate youth academy players
39	Sevilla FC	Spain	Modest Offensive, Ours-is-Better	Transfer graduate youth academy players
40	Southampton FC	England	Modest Offensive, Ours-is-Better	Transfer graduate youth academy players
22	Bayer 04 Leverkusen	Germany	Modest Offensive	Strategic partnership with Bayer
28	VfB Stuttgart	Germany	Modest Offensive	Strategic partnership with Mercedes Benz
29	Valencia CF	Spain	Modest Offensive	Strategic partnership with Peter Lim
33	VfL Wolfsburg	Germany	Modest Offensive	Strategic partnership with Volkswagen
45	PSV Eindhoven	Netherlands	Modest Offensive	Strategic partnership with Philips
17	Galatasaray AŞ	Turkey	Follow-the-Leader, Vacant-Niche	Transfer ex-stars, earn more with rivals
35	Fenerbahçe SK	Turkey	Follow-the-Leader, Vacant-Niche	Transfer ex-stars, earn more with rivals
43	Beşiktaş JK	Turkey	Follow-the-Leader, Vacant-Niche	Transfer ex-stars, earn more with rivals
24	West Ham United FC	England	Defense, Vacant-Niche, Selling Asset	Stadium sales to finance ex-stars
23	Aston Villa FC	England	Defense, Vacant-Niche, Being Acquired	Club shares sales to finance ex-stars
20	Everton FC	England	Defense, Vacant-Niche	Stay at the top of league with ex-stars
31	Sunderland AFC	England	Defense, Vacant-Niche	Stay at the top of league with ex-stars
41	Stoke City FC	England	Defense, Vacant-Niche	Stay at the top of league with ex-stars
42	West Bromwich Albion FC	England	Defense, Vacant-Niche	Stay at the top of league with ex-stars
46	Santos Futebol Clube	Brazil	Defense, Vacant-Niche	Stay at the top of league with ex-stars
48	São Paulo FC	Brazil	Defense, Vacant-Niche	Stay at the top of league with ex-stars
50	Fulham FC	England	Defense, Vacant-Niche	Promote to the top of league with ex-stars
18	Hamburger SV	Germany	Defense, Distinctive Image	Stay at the top of league, rightist fans
26	AS Roma	Italy	Defense, Distinctive Image	Stay at the top of league, leftist fans
32	Olympique de Marseille	France	Defense, Distinctive Image	Stay at the top of league, leftist fans
37	Celtic FC	Scotland	Defense, Distinctive Image	Stay at the top of league, leftist fans
44	SS Lazio	Italy	Defense, Distinctive Image	Stay at the top of league, rightist fans
25	Olympique Lyonnais	France	Defense	Stay at the top of league
27	Newcastle United FC	England	Defense	Stay at the top of league
30	SV Werder Bremen	Germany	Defense	Stay at the top of league
47	FC Girondins de Bordeaux	France	Defense	Stay at the top of league

Combination of distinctive image and defense strategy is also popular among weak clubs. 5 of clubs follow this strategy. Being at the top level and defending their positions are their main aims. The distinctive image arises from the political ideas and some religious beliefs. SS Lazio and AS Roma are the most radical ones in this category. They are also sides of Capital Derby of Italy. Radical rightist SS Lazio faces radical leftist AS Roma in these derbies. Association of shortage SS of Lazio and their eagle which looks like Nazi Eagle also AS Roma's immigrant and cosmopolite fans who uses red symbols like Soviet Period are some of the examples of their images. French Olympique de Marseille also has cosmopolite and immigrant fans related to their sea side cities. They are totally opposite from Paris Saint Germain FC in France and their "Parisienne" philosophy. German Hamburger SV has rightist fans and use some Nazi Period slogans and symbols during their matches. Celtic FC is the only Scottish team in Brand 50 List. They have a leftist fan groups all around the world but they did not refuse their Catholic origins.

Two teams follow both specialist and vacant-niche strategies together. These are AFC Ajax from Holland and SL Benfica from Portugal. These teams have iconic football playing systems since 1960's and industrial leaders in their countries. They established wonderful infrastructures that include training the kids starting from 5 ages to become a professional player in their team. Then they transfer these players to industry leaders. Also they follow the ex-world stars to sign agreements before their retirements. David Luiz agreement with Chelsea FC and agreement with former Brazil national team goal keeper Julio Cesar are the popular examples for SL Benfica. Edgar David's agreement with AC Milan in 1996 and return to AFC Ajax from Tottenham Hotspur FC in 2007 is an example for AFC Ajax's strategies. Although their experience could not match AFC Ajax's or SL Benfica's football academies, three teams in three different countries also follow modest offensive strategies to earn more revenue by agreement with other teams for their young academy based players with ours-is-better strategy. They are Southampton FC from England, LOSC Lille Métropole from France and Sevilla FC from Spain. Since the beginning of 2012, Southampton FC earned 90,2 million pounds from transfer of 3 players, LOSC Lille Métropole earned 76 million pounds from transfer of 5 players and Sevilla FC earned 51,5 million pound from transfer of 5 players that belong to their youth academies.

There are 3 Turkish clubs among the weak clubs. They are Galatasaray AŞ, Fenerbahçe SK and Beşiktaş JK. These teams are called "Big-Three" in the domestic league. Total of 51 championships among 58 was won by these three clubs. Although their domestic success and high popularity, they are among the weak clubs and have poor financial performance. According to their declared balance sheets, total loss in 2014 is approximately 159 million dollar. They need more revenues in the shortest possible time. Accordingly, follow-the-leader strategy is followed by these clubs domestically. They added share of champions to the broadcasting pot with %11. It accounts for more than 53 million dollar annually for Big-Three clubs. This revenue is shared among these clubs in regard to their championships. Also they follow content follower strategy to sign agreements with old aged stars. Dider Drogba transfer to Galatasaray AŞ from Chelsea FC, Dirk Kuyt transfer to Fenerbahçe SK from Liverpool FC and Demba Ba transfer to Beşiktaş JK from Chelsea FC are the popular examples of this strategy.

Only four of weak clubs follow defensive strategy with their pragmatic decisions. They are Olympique Lyonnais and FC Girondins de Bordeaux from France, SV Werder Bremen from Germany and Newcastle United FC from United Kingdom. They are far away any type industry leader or runner-up club strategies. They are not concentrated on specific strategies for weak clubs. Their only aim is defending their positions.

4. Conclusion

Strategic groups have important strategic implications for industry analysis. Therefore, there exists many research addressing this topic. As McGee and Thomas (1986) indicate the main focus in strategic group theory was consumer goods industries. There exists limited research focusing on other industries and especially sports industry. Accordingly, with this study, it was intended to focus on the identification of strategic groups and the main strategies followed by strategic group members in football industry. Cross and Henderson (2003) suggests that football clubs evolve from clubs providing leisure activities to become business organizations. Therefore, research based on football clubs forms a noteworthy research field.

According to the findings of this study, three strategic groups, as industry-leaders, runner-ups and weak clubs were identified among the top 50 football clubs ranked according to their brand value. These 50 clubs belong to 10 countries. Strategic groups were identified based on financial revenues of the clubs, and it is suggested that brand value forms a mobility barrier among different strategic groups. Both of the proposed research hypotheses are accepted as a result of the research findings; football industry is found to be heterogeneous and it is also traced that different strategies exist among the three strategic groups.

The analysis of club strategies indicates that industry leaders follow offensive strategy, runner-up clubs follow distinctive image strategy and weak clubs follow defense strategy. Offensive strategies of industry leaders are based on maintaining their positions with the strong financial resources that they own. On the other hand, football clubs with less resources and therefore less power are in a weak position and the optimum strategy for these clubs are defense. Modest offensive strategy is followed by the clubs that have strategic alliances or wealthy owners. Although all of the clubs have a long history, runner-up clubs follow distinctive image strategy based on their identities associated with the clubs. They follow this strategy to show to their fans that 'they did not change their philosophy'.

In addition, the findings of this study indicate that being a domestic industrial leader does not make sense globally if the country does not have a high profitable football industry. Although, Celtic FC of Scotland, SL Benfica of Portugal, Galatasaray of Turkey are leaders domestically, their brand value is still weaker than Aston Villa of UK which is an unsuccessful club for many years. Even a weak brand in a successful system has more brand value than industrial leaders of countries that have weak football industry. The difference is mainly created by broadcasting rights, sponsorship contracts and popularity of the country in terms of football.

In sum, with this study, a basic understanding of the strategic groups within global football industry is developed. The main limitation of this study is the sample size, future studies could address the topic by enlarging the sample to include more football clubs all over the world. Furthermore, a longitudinal and more detailed investigation of the strategies followed by clubs is necessary. In addition, future studies could address quantitative analysis of the club strategies.

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