

Brazilian biggest football clubs in revenues must stimulate the market

Creation of a football club consumer domestic demand is the solution for the current panorama of the Brazilian football

The present moment of the Brazilian football, where each day young players are going to foreign clubs, has caused different questions in all professionals involved with football in Brazil. The premature exit of the players, many of them still in formation, is reducing deeply the marketing potential of the football business in Brazil and has generated different discussions on this subject and for many professionals from Brazilian football the simply solution is the change of the current Brazilian Sports Legislation.

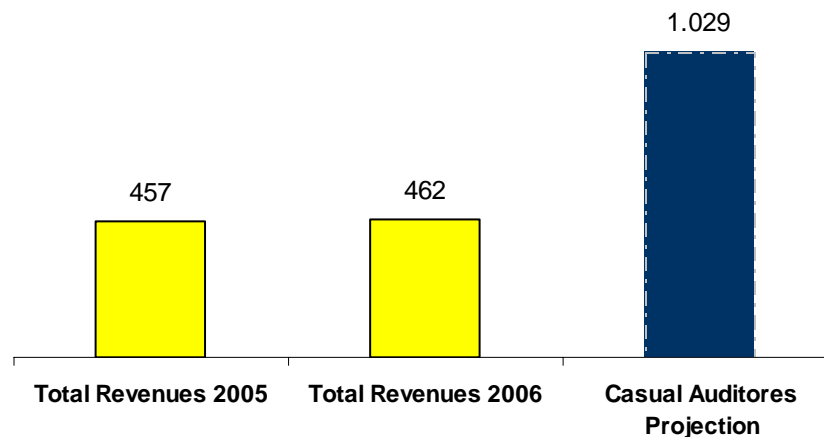
However, according to the analysis of the specialists in auditing and football clubs management from the accounting firm Casual Auditores Independentes, the solution for the problems in the actual moment of the Brazilian football passes obligatorily for the economic development of the entities. The clubs must create marketing projects, centered in the creation of a domestic demand for the football clubs brands, mainly the biggest clubs, with millions of fans in the “Country of Football”.

With this change the football clubs will receive more resources from the football exhibition and have financial musculature to maintain for more time their players, generating value to the clubs brands and create a virtuous cycle of income generation, in order to positioned the Brazilian football as a domestic consumer Industry and not only an exporting platform of young players.

Casual Auditores Independentes analyzes every year the financial information of the biggest Brazilian football clubs and identified that the Brazilian market has huge opportunities to the clubs, a unexploded market of around US\$ 500 millions for the next years, through the income generation directly with the domestic consumer football base, from projects with different media contents and creation of business projects through the association of clubs brands with sponsors and also for the exploitation of the players images of each club.

Casual List of Brazilian Clubs and the Projection of the Potential Domestic Football Clubs Market 21 football clubs with biggest revenues in Brazil

Values in US\$ millions



Source: Casual Auditores Independentes- 2007

According to the Casual Auditores Independentes analysis of the 21 biggest football clubs in revenues, the entities generated in 2006 US\$ 462 millions in revenues, mainly from broadcast rights, players transfers, sponsorship and advertising, resources from social club and amateur sport and gate receipts.

Nevertheless, this management model based on few income sources puts the clubs in a reality that they are completely dependents on the TV deals and players transfers and far from their objective consumer, the football fan.



Amir Somoggi - *Specialist in football clubs management from Casual Auditores Independentes*

“The solution to the Brazilian clubs could invest more resources at the professional football (in 2006 the 21 clubs spent US\$ 350 millions) and to improve investments in players formation, the entities must reinvent their business, creating a new scene for the clubs brands, focusing the clubs projects in new resources from the stadiums, marketing actions with sponsors and through the development of new media contents. So, with these changes, the Brazilian football clubs market could surpass US\$ 1 billion / year in revenues, and these resources will grow at the same proportion as the creativity and commercialization of the new business projects”.

The potential unexploited from the clubs in Brazil in our actual reality are:

- **US\$ 160 millions** in new resources from the stadiums, that include gate receipts and season tickets and other sources as catering, hospitality, tours, and special events;
- **US\$ 180 millions** in marketing resources that include sponsorship deals and other revenues as own products and services sales, royalties, consumer campaigns and the exploitation of the players images;
- **US\$ 150 millions** in media revenues through the development of new projects using new technologies platforms.

With these changes the clubs will have more resources to pay better salaries to the players, to renovate with anticipation the players contracts and to invest in training and players formation structure and mainly have resources to invest in clubs brands through the relationship and the offer to the football fan a consumer and entertainment platform, that it will make possible the creation of new projects with companies interested in this target. Thus, with this new panorama the entities will be able to internationalize their business and introduce definitely the Brazilian football in the global football business market.



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