

TRANSFER MARKET: ANALYSIS OF VARIABLES WHICH DETERMINE THE PLAYERS' MARKET VALUE

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INTRODUCTION

Since the seminal article by Rottenberg (1956) until the 1990s, the literature about the transfer market was not prolific. In the last decade of the Twentieth Century, econometric models began to be used for estimating transfer value from variables related to the features of players, of the buying and selling club and other control variables. The works of Carmichael & Thomas (1993), Carmichael, Forrest & Simmons (1997), Speight & Thomas (1997) contributed some evidences about the transfer prices. Dobson & Gerrard (1999) built a model that afterwards Gerrard (2001) developed. This model is precisely the one which we have used in order to check if introducing new variables would be necessary when we work with transfers over € 10 million.

Our objective is to determine if the evolution of the football industry and the business model of football clubs would imply the consideration of variables related to brand value creation.

METHODS

We have analysed the transfer market after Bosman. We have worked with a database with the 216 transfers since 2000 until 2006 with a transfer price of over € 10 million without geographical restrictions. We assume that this price is high enough for getting the most expensive transfers in the market. This selection is necessary in order to check if the transfer for the best paid players are higher because they also have a brand value as Garcia del Barrio & Pujol (2006) maintain.

We have obtained the data from different sources but mainly from www.transfermarkt.de and www.soccerassociation.com. We have employed 33 variables used in the literature.

We have used the Dobson & Gerrard's (1999) and Gerrard's (2001) models because they had a high goodness-of-fit (R^2 0.79 and 0.73, respectively). It means that the variables in these models had a high percentage of determination of players' transfer price. These models use a multiple regression and a hedonic-pricing approach.

The dependent variable is the transfer price. The exploratory variables are mainly those used by Dobson & Gerrard. We take out those non significant in their model.

We have added a classification of players as: homegrown, promising, international and star player. This categorisation responds to the development stage in the footballer's career.

RESULTS

Many of the significant exploratory variables ten years before have lost their significance for determining the transfer price in our sample. Only the variables in the table remain significant: player's age (AGE), position in league in previous season of buyer club (PUYPOS), number of seasons as professional player (EXPERIENCE) and goal-scoring record over the player's career as international.

The explanatory power (R^2 0.26) is low because, among other things, many of the significant variables lost their significance for determining a transfer price. However the low R^2 is compensated for by the fact that our study

variable	correlation	Sign.
AGE	0,047	0,019
BUYPOS	-0,244	0,014
EXPERIENCE	0,257	0,026
GOALS AS INTER	0,416	0,001

is based on a more delimited and specific propose: the evolution of the industry and business model in relation to transfer price and the restriction of the sample.

We expected that goals scored by a forward would be significant but we have checked that it wasn't.

DISCUSSION

Working with the most expensive transfers will be necessary include new variables to reflect the effect of brand value contribution. It implies a change in the variables that affect the economic valuation of players and hence the behaviour of the transfer market.

This study assumes a change from a dual system to a three dimensional one. Now, a player is an asset, a productive element but also a brand value creator. In some cases, this last feature may explain most of the money paid for a player.

We suggest future research lines in order to estimate the economic value of players for their capability for increasing the brand value of a club.

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