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# COMPETITION FORMAT AND CHAMPIONSHIP (UN)CERTAINTY IN EUROPEAN FOOTBALL - A SMALL LEAGUE PERSPECTIVE

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## **Abstract**

### 1. INTRODUCTION

In the mid-80s Jennett (1984) introduced a new approach (“match significance”) to measure the mid-term component of competitive balance (CB) (i.e. whether a home or away team still has the chance to win the championship) and highlights its impact on single game attendance in Scotland. The importance of this dimension of CB was also acknowledged by Szymanski (2006), who however mentioned that surprisingly few papers have examined empirically the effect of championship uncertainty on demand. Moreover, the few existing studies (e.g. Pawlowski & Anders, 2012) have solely focused on top leagues, although there are several European leagues characterized by a particular league design, which might have a significant impact on championship uncertainty: many leagues, as they are hosted by small-sized countries, are organized with only 10 to 12 participating teams. Thus, for playing a similar number of games per season as the top leagues, organizers set each team to play more than twice against each other. However, increasing the number of games might reduce the level of championship uncertainty as the probability and the impact of an upset, when a small (market) team plays a big (market) team, is diminishing.

### 2. STUDY FOCUS

To test this hypothesis we analyze the development of championship uncertainty and its impact on stadium attendance in a setting of two countries (Austria and Switzerland) which share a number of similar characteristics, such as some general demographics, league size, competition format (each team plays other teams twice at home and twice away), proximity in the UEFA league coefficients, one (financially)

dominating team (more than one third of the overall league turnovers regard to Red Bull Salzburg in Austria and FC Basel in Switzerland) and most notably the co-hosting of the UEFA Euro 2008.

### 3. METHODS, RESEARCH DESIGN AND DATA ANALYSIS

The data used covers a period of five years starting with the post UEFA Euro season 2008/09 totaling up to  $n=1,800$  games played in the Swiss and Austrian first football divisions. The natural logarithm of total match day attendance serves as dependent variable in our generalized Tobit model with individual cut-off points and robust standard errors (a capacity limit of 95% is used while further controlling for robustness at 90% as suggested by Forrest, Simmons & Szymanski, 2004). To consider the impact of championship uncertainty, we employ the UCS measure developed by Janssens and Késenne (1987) for both the home team and the away team which is increasing with increasing championship uncertainty. Furthermore, the analysis controls for factors such as the THEIL measure to consider game uncertainty, habit persistence (previous season average attendance of each club), travel distance between stadia, precipitation during the match day, current performance of the clubs, match-day (squared) and season dummies.

### 4. PRELIMINARY RESULTS AND DISCUSSION

Our results indicate that the degree of championship uncertainty has a significant positive impact on attendance figures for both countries. These findings are accompanied by expected effects of the control variables (e.g. a significant negative effect of distance or significant positive effect of current team performance). Further analysis reveals that the seasons' average UCS values of both leagues are higher compared to the Top 5 leagues and that the overall negative (positive) trend in attendance in Austria (Switzerland) is accompanied by decreasing (increasing) overall degrees of championship uncertainty within the leagues. Summing up, these findings have important management implications: First, it is not the specificity of the championship format in small leagues that per se contributes to an imbalanced competition with regard to the championship race. Second, championship uncertainty plays an important role in explaining stadium attendance in the short as well as the long-term perspective. Therefore, league managers should in general prioritize measures that help to improve this specific dimension of CB.

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