Organization of Revenue Generation – Norway Beating Sweden in Soccer

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Abstract

The Aim of the Paper

Culturally and in terms of spending power, the neighbouring countries Norway and Sweden are very similar. However, whilst Sweden contains about 9 million people, Norway's population is half of this. It is no wonder therefore that Swedish football audiences are much higher than in Norway and that revenues from ticketing are higher as well. What is startling however, is that Norwegian clubs pay higher salaries than their Swedish counterparts. How is this possible?

Our hypothesis is that this is a result of the different ways of organizating revenue generation in the two countries' top clubs. In this article, we have identified and described five factors which constitute determinants leading up to the proposed differences.

Theoretical Background and Methodology

Comparative studies on club organization within and between countries is meagre yet in great demand in light of huge public interest especially of soccer. Since sports clubs perhaps have specific features which set them apart from other for-profit organizations, their organization and institutional context should be studied in their own right (Gammelsaeter, 2008, Gammelsaeter & Jakobsen, 2008).

The authors have recently collected comparative data in Norwegian and Swedish premier league clubs. Interviews were conducted with club managers from all teams at Tippeligaen and Allsvenskan. However, the raw data is presently being analyzed thus conclusions can not yet be drawn.

Data Analysis and Discussion

Five determinants ie explanations – E1-E5 – in service marketing and organization have been identified.

E1:

For many years, Norway's top football clubs have constructed and managed their own arenas. Just recently, Swedish top clubs have begun to do the same starting in Borås Elfsborg and aiming for mass customization.

E 2:

Norwegian clubs are spread around the country and, to a larger extent than in Sweden The former representing small cities and localities that can easily mobilize city councils and local investors to support them financially enabling their team to compete. Viewing sports teams as a brand product is becoming increasingly popular (Richelieu, Söderman & Pons, 2007). In Norway, this has been understood by the Norwegian municipalities and small firms as a way of enabling attractive and affordable sponsorship for their local clubs.

E3:

The tax context is different in both countries. Football players cannot be treated more favourably than others. But the fact is that Swedish players choose Norway instead of Sweden because their net salaries are higher in Norway.

E 4:

The Association laws are different. In contrast to Swedish clubs that are still dominated by voluntary associations, Norwegian top clubs have organized limited company set ups outside that have contractual relationships with their respective clubs. In this dual governance structure, investors can influence the running of the association club to a larger extent than investors in Sweden (Gammelsaeter & Jakobsen 2008 pp 11-15).

E 5:

Naming rights are a vital tool in Norway. Our research shows that Swedish top clubs do not use this branding possibility.

Implications

Innovations in revenue models would look at different ways of being paid for a service delivered compared to prevalent practice. This could include having someone other than the service consumer pay for the service, the so called "free service" model. Innovations in demand side financing would look at developing financing models and value propositions that make it affordable for service consumers, ie the audience to increase consumption.

These identified explanations should be proved by testing them against several conceptualizations. This would result in a more comprehensive theory and this should also include the institutional setting in which the actors operate. The elaborated hypotheses should then be proved against data which has already been gathered but not yet been available for further analysis.

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