

# THE PRIMARY ECONOMIC IMPACT OF THE BUNDESLIGA FOOTBALL CLUB "1. FC KAISERSLAUTERN" ON ITS HOME TOWN AND HOME STATE

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## Abstract

### Background and research question

Public and political discussions in Germany very often address whether spending taxpayers' money on Bundesliga football clubs – e.g. on infrastructure and security – is justified. Frequently, it is argued that this money is a sound investment in the regional economy due to the economic relevance the clubs have on their home regions. But estimations concerning this impact are very often contradictory. Consequently, it was necessary to develop a sound model (Preuss/Könecke/Schütte, 2010) and to test it with real data.

The aim of this presentation is to apply the theoretical model to practice. Therefore, we collaborated with the popular German Football club "1. FC Kaiserslautern", which played in the Second Bundesliga when data collection took place in 2009. It was of interest to quantify the primary economic impact created through the club's participation in regular season competition not only for its home town Kaiserslautern but also for the state in which it is located, Rhineland-Palatinate.

Research question: What is the primary economic impact, the 1. FC Kaiserslautern generates for Kaiserslautern and Rhineland-Palatinate during the Bundesliga-season 2008/09?

### Theoretical background

Corresponding to the research on sporting mega-events (e.g. Preuß, 1999; Brill et al., 2002; Ruetter/Popp/Busin, 2008; Preuß et al., 2010) the authors developed a reliable model for calculating the exogenous impact on a region of interest (e.g. a city or state) through a football club's regular season competition (c.f. Preuss/Könecke/Schütte, 2010). This exogenous shock (or primary economic

impact) would not be generated for the region if the specific club did not exist or compete at such a high level. Based on Keynesian theory, the actual impact of the football club was captured by considering all relevant financial flows into and also out of the region(s). The two important contributors to the impact are spectator spending at home and away matches and the club's cash flows.

## Methodology

To capture spectator spending, a paper and pencil questionnaire tested at many other spectator events (e.g. Preuß, 1999; Preuß et al., 2010) was adapted and used during three home matches in April and May 2009. A total of 1.104 questionnaires could be used for the analysis of spectator spending during home and away games. The club's cash flows were analysed concerning their primary economic impact on the two regions at hand. To do so, the accounting department of the 1. FC Kaiserslautern was instructed to "regionalize" the club's cash flows concerning their respective origin (in the case of monetary flows into the club) and their destination (in the case of monetary flows out of the club).

When calculating the total primary impact of the club on a particular region, it was important to avoid double counting, e.g. when the club receives money from ticketing or merchandise, while that money was also evaluated by the consumption pattern of the spectators. For both, the city impact and the state impact, two individual calculations had to be made.

## Results

The primary economic impact by the club's regular season competition turned out to be approximately € 18 million for the city of Kaiserslautern and approximately € 11 million for Rhineland-Palatinate. It will be discussed, why the impact for a larger region was smaller than for a smaller region. It has to be kept in mind that the primary impact calculated here does not consider any indirect, induced, or intangible effects. These effects could not be calculated due to lack of data. As a result and also due to the conservative approach applied, the real economic impact of the club was most likely (much) greater than pointed out here.

## Further steps

The primary impact of the club's participation in the First Bundesliga will be calculated for the 2010/11-season and should be presented at EASM 2011.

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