

You can look, but don't touch: competitive balance and dominance in the UEFA Champions League

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'You can look, but don't touch': competitive balance and dominance in the UEFA Champions League

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ABSTRACT

This paper examines the competitive balance of the Champions League between 1992/93–2019/20 focusing on both the group and knockout stages. The findings show that competitive balance has declined in the Champions League over time and that the competition has begun to be dominated by a select number of clubs. This situation has also worsened in the years following the inception of UEFA Financial Fair Play regulations in 2011. From a sporting economics perspective, the received theory suggests that such a decline in competitive balance could harm the product. If competitive balance continues to decline, the Champions League may face potential future challenges from the attractiveness of the product to broadcasters and commercial partners as well as the continuing emergence of financially dominant super clubs. This could also exacerbate the threat of breakaway European super leagues that would further damage the competition through the potential loss of elite teams within it.

Introduction

The Union of European Associations (hereafter referred to as UEFA) Champions League is the flagship competition of the governing body of European football. The competition has evolved and been rebranded from the more traditionally named European Cup. Since its inception in 1955, there have been 22 different winners of the competition. However, more than half of those 22 winners can no longer class themselves among Europe's wealthiest elite, including clubs such as Benfica, Celtic, Ajax and Feyenoord. This reflects football's power shift in recent years fuelled by financial dominance at a select number of clubs in Europe. If we focus on more recent winners of the competition, the last "new" winner was Chelsea in 2012, and equally telling, the last team from outside the accepted top 20 most powerful clubs (based on the Deloitte Football Money League publication) was Porto in 2004. There is a considerable argument that the rebranded Champions League has gradually become a closed shop.¹

We explore this argument as the central aim of this paper. Specifically, is the Champions League providing competitive balance, a key component of the sporting economic landscape first pioneered by Rottenberg.² The paper analyses competitive balance in the Champions League over the most recent 28 seasons since it was rebranded, covering the seasons from 1992/93 to 2019/2020. We use recognized measures of competitive balance, including concentration and dominance, to measure

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the competitive balance of both the group and knockout stages of the competition. Literature analysing the Champions League and competitive balance is scarce, with Plumley and Flint offering the only direct line of study in this area.³ As such, this paper serves as a timely contribution to the field, both as the Champions League turns 30 and as an academic contribution. The rest of the paper is structured as follows. First, we present the theoretical position of the paper which considers the economics of the Champions League and the wider theory on competitive balance. Next, we present the methods before analysing the results and discussing our findings. We conclude by offering recommendations and future challenges at a governance level for UEFA in respect of this competition and the potential threat of breakaway European Super League style competition.

The economics of the UEFA Champions League

UEFA organizes two competitions for the top clubs in Europe: UEFA Champions League and UEFA Europa League. All 54 member associations (UEFA members) receive a certain number of places in these competitions, based on UEFA coefficients for the respective national associations. These national associations then determine which teams that will enter the UEFA Champions League and UEFA Europa League based on results in domestic league and cup tournaments. Clubs enter these tournaments at different stages depending on both the country and club's UEFA coefficients. Running every season between July and May, these competitions provide lucrative revenue streams for association member clubs. Our focus in this paper is exclusively on the Champions League as the flagship competition both from a sporting and prize money perspective. For example, €904.6 m was distributed in prize money for the 2013/14 competition, rising by more than double to €1.97bn in 2018/19.⁴ In this season, the winners of the competition, Liverpool received €60 m in prize money with runners up, Tottenham Hotspur receiving €56 m. However, the overall amount of prize money is not shared equally among all the clubs. A certain amount of money is distributed by UEFA on a share they define as the "market pool" and a different share takes the coefficient of the teams into account at the start of the tournament. These coefficients are calculated using performances in both the league as well as UEFA competitions over the last four seasons. The prize money from the market pool is distributed according to the proportional value of the national television market each individual team represented, among other factors, meaning that the amounts distributed varied from country (or national association) to country.

These caveats mean that in 2018/19, FC Barcelona, who exited in the semi-finals, were awarded more money from the tournament due to a higher share of the market pool and a higher coefficient ranking than champions, Liverpool. Similarly, Real Madrid, who exited in the Round of 16 stage was awarded more money than semi-finalists Ajax; and had Manchester United participated in the semi-finals of the tournament, they would have been awarded more money than runners-up, Tottenham Hotspur.

The UEFA Champions League has four qualifying rounds followed by a group stage. The group stage is made up of 8 groups with 4 teams in each of them. Thus, each team faces every other team in the group twice – in a home and away system. The teams finishing in the top two positions advance to the knock-out rounds and the third-placed team drops down to the UEFA Europa League. The fourth-placed team in the group was eliminated.

The group stage draw in the Champions League is important as it determines the contest flow for months.⁵ The way in which teams are allocated into the respective groups has changed in recent seasons but there is still an argument that the stronger teams are protected by the UEFA team coefficient systems which ranks teams according to their historical performance (in both the Champions League and their own domestic league) over the last 5 years. Prior to the 2015/16 season, participants were split into 4 pots with respect to their coefficients, and groups were formed by picking a team from each pot. This procedure guaranteed that every group had a strong top-8 team and weak bottom-8 team. However, from the start of the 2015/16 season, the seeding procedure has been changed by UEFA. Currently, the first pot comprises the title-holder and the

champions of the top 7 countries (or 8, if the title-holder is a champion from one of the top 7 countries), based on UEFA National coefficient rankings. Thus, it is possible for a national champion to have a relatively low UEFA coefficient, thus leading the changes in the seeing procedure to less homogeneous groups.⁶

However, whilst possible, this situation is highly unlikely to occur in practice. In the European domestic leagues (in particular the “big five” of England, Germany, Spain, Italy and France) sporting performance has been dominated by a select number of clubs in recent years who then continually qualify for the Champions League, thus increasing the financial gap between themselves and the other domestic clubs in the league, and between them and other clubs in smaller domestic leagues outside of the “big five”.⁷ Therefore, even a change to the allocation of clubs in the first pot to the Champions League draw is unlikely to yield a change in the composition of the power of those clubs versus those seeded in a lower pot. This is compounded by the fact that the remaining three points are still seeded based on UEFA coefficient scores. In short, the seeding system continues to be skewed in favour of the bigger clubs, something which found when examining the seeding system and competitive balance of the Champions League group stages.⁸

Of course, it makes intuitive sense that UEFA would manipulate the draw accordingly. The Champions League provides them with the greatest source of revenue from broadcasting and commercial deals so it makes business sense to try and engineer the bigger teams, making it into the latter stages of the tournament to drive up the revenue. The group stage draw could be completely random, but this comes with a sporting risk that might harm the product. Without additional protections (e.g. the seeding system), it is possible that bigger teams could be eliminated in the very first round, thus making it undesirable for tournament organizers.⁹ As the early exit of favourites reduces the overall spectator interest in a tournament, tournament organizers are interested in draw procedures that protect the stronger teams from being eliminated early.¹⁰ However, this may have unintended consequences with respect to the competitive balance of the competition.

Previous research on competitive balance in European football

It is important at this point to align our study with the correct theoretical strand of competitive balance literature. Received theory cites Fort and Maxcy as the main distinction.¹¹ They identify strands of Analysis of Competitive balance (ACB) literature and the Uncertainty of Outcome (UOH) literature. ACB literature tracks the overall balance of leagues over time or as a result of changes to the business practices of leagues. For example, if a league decides to alter the number of teams that compete, then the ACB strand would be relevant to understand any changes in competitive balance that occur as a consequence of that decision. The UOH literature considers the effect of competitive balance on fans and attendance demand. For example, the UOH strand would be used to ascertain the extent to which any changes in competitive balance influence the attitudes and behaviours of supporters towards the competition. Given the rebranding of the European Cup to the Champions League in 1992/93 (which also brought structural changes to the competition) and the longitudinal aspect of the study, our paper focuses exclusively on the ACB strand of the literature and the following review is positioned as such.

Given that the origins of competitive balance research lie in American team sports and began with Rottenberg’s seminal study in 1956, there is a proliferation of ACB literature focusing on North American sports leagues.¹² In the European context, a number of studies have compared the American model and the European model of professional team sports, citing structural factors such as revenue sharing, draft systems, salary caps and open versus closed leagues. Readers are referred to the recent work of Plumley, Mondal, Ramchandani and Wilson among other authors cited above for a more detailed overview of these two models and their link to competitive balance.¹³

Most of the European research on competitive balance focuses on the “big five” men’s football leagues in Europe (England, France, Germany, Italy and Spain) and the findings paint an inconclusive picture. While some authors found no significant changes in relation to competitive balance

Table 1. Summary of past competitive balance research in European football.

Author(s)	Leagues examined	Timeframe	Findings
Szymanski (2001)	English first division (men)	1978–1998	No changes in CB
Mitchie and Oughton (2004)	French first division (men)	1948–2004	No changes in CB
Feddersen and Maennig (2005)	German first division (men)	1969–2004	No changes in CB
Goossens (2006)	Top 5 European leagues (men)	1964–2005	Decline in English and Italian first divisions
Groot (2008)	Top 5 European leagues (men)	1946–2006	Decline in English, German, Italian and Dutch first divisions
Kringstad (2018)	Top divisions of Sweden, Denmark and Norway (men and women)	1995–2015	Significant difference between men's and women's football
Montes et al. (2014)	Spanish first division (men)	1928–2011	Decline in top 5 European leagues
Ramchandani et al. (2018)	Top 5 European leagues (men)	1995–2018	Decline in top 5 European leagues
Plumley et al. (2018)	English Premier Division (men)	1992–2016	Decline in English Premier Division
Vales-Vazquez et al. (2017)	Top divisions of Spain (men and women)	2015	Significant difference between men's and women's football

across multiple leagues and time periods, others reported a decline in competitive balance in some European leagues. These findings are presented in Table 1 below.

Whilst the findings are mixed, a number of contemporary studies partially attribute a decline in competitive balance to the financial disparity between teams both within and across leagues in domestic structures. This was evidenced by Montes et al. in the case of Spanish football and by Ramchandani et al. and Plumley et al. in the case of the English first division and the gap to the rest of the English football league industry (three other divisions).¹⁴ These authors argue that a reduction in competitive balance can potentially harm the attractiveness of the product, maintain the status quo of select dominance by a handful of clubs and ultimately influence the investment decisions of external stakeholders in the long term (e.g. broadcasters).

As previously mentioned, literature relating to competitive balance in the Champions League is scarce. Here, we can only find a handful of papers including Plumley and Flint, Dagaey and Rudyak, Bullough, and Dessus and Raballand and even then it is only the former two that examine competitive balance within the competition itself.¹⁵ Plumley and Flint found flaws in the ranking and seeding system used by UEFA and provided statistical evidence that, historically, the group stages of the Champions League have seen a competitive imbalance.¹⁶ Dagaev and Rudyak evaluated the sporting effects of the seeding system reform in the UEFA Champions League using Monte-Carlo simulations to show that the new seeding policy resulted in a decrease in tournament quality.¹⁷ Bullough did not measure for competitive balance directly but did find that the current structure significantly benefits a small proportion of clubs, with 16 clubs receiving €5.6bn (52%) of all revenue.¹⁸ The paper by Dessus and Raballand flips the argument, and they provide some empirical evidence in support of the observation that the men's UEFA Champions League reduces competitive balance in domestic football leagues. Thus, our study is timely from an academic perspective to add to the sparse literature on competitive balance in the Champions League.¹⁹

Methods

Sample overview

Our study utilizes data from 28 seasons of the Champions League from 1992/93 to 2019/20. Table 2 presents an overview of the number of teams that qualified for the Champions League and the number of groups per season as well as the nature of the knock-out stage of the competition. During the time frame under review, the format of the competition has undergone some changes, but it has

Table 2. Format of the Champions League by season.

Season	Teams Entered	Groups	Round of 16	Quarter Finals	Semi-Finals	Final
1992–93	32	2*	No	No	No	Yes
1993–94	32	2*	No	No	Yes	Yes
1994–95	16	4	No	Yes	Yes	Yes
1995–96	16	4	No	Yes	Yes	Yes
1996–97	16	4	No	Yes	Yes	Yes
1997–98	24	6	No	Yes	Yes	Yes
1998–99	24	6	No	Yes	Yes	Yes
1999–00	32	8	Yes [#]	Yes	Yes	Yes
2000–01	32	8	Yes [#]	Yes	Yes	Yes
2001–02	32	8	Yes [#]	Yes	Yes	Yes
2002–03	32	8	Yes [#]	Yes	Yes	Yes
2003–04	32	8	Yes	Yes	Yes	Yes
2004–05	32	8	Yes	Yes	Yes	Yes
2005–06	32	8	Yes	Yes	Yes	Yes
2006–07	32	8	Yes	Yes	Yes	Yes
2007–08	32	8	Yes	Yes	Yes	Yes
2008–09	32	8	Yes	Yes	Yes	Yes
2009–10	32	8	Yes	Yes	Yes	Yes
2010–11	32	8	Yes	Yes	Yes	Yes
2011–12	32	8	Yes	Yes	Yes	Yes
2012–13	32	8	Yes	Yes	Yes	Yes
2013–14	32	8	Yes	Yes	Yes	Yes
2014–15	32	8	Yes	Yes	Yes	Yes
2015–16	32	8	Yes	Yes	Yes	Yes
2016–17	32	8	Yes	Yes	Yes	Yes
2017–18	32	8	Yes	Yes	Yes	Yes
2018–19	32	8	Yes	Yes	Yes	Yes
2019–20	32	8	Yes	Yes	Yes	Yes

*In this season, there were two knock-out rounds organized prior to the group stage, with only eight teams qualifying for the group stage. These eight teams were divided into two groups of four and the winner of each group progressed straight to the final.

[#]In this season, the round of 16 was contested as a second group stage (i.e. four groups of four teams), with the top two teams in each group progressing to the quarter-finals.

remained largely consistent since 1999/2000. The number of teams in each group (four) has been the same over time.

Competitive balance measures and analysis procedure

To measure concentration, we first utilized Mitchie and Oughton's Herfindahl Index of Competitive Balance (HICB) to measure within-season competitive balance of the group stages.²⁰ The use of HICB has been commonplace in the previous ACB research focusing on football leagues particularly in Europe,²¹ however it can also be applied as a measure of competitive balance within the UOH strand of literature. The HICB scores for all 28 seasons (group stages) in the time period under review were calculated using the following formula:

$$(HHI / (1/n)) \times 100$$

HHI is the sum of the squares of the points share for each club contesting a league in a given season, and N is the number of teams in that particular league and season. For a perfectly balanced league of any size, the index takes a value of 100. As the index rises, competitive balance declines. For a league of any size, the lower bound of the HICB would be 100 (the value attained in a perfectly balanced league). We have applied HICB consistently throughout as all groups have been subject to the same number of teams (4) for the full sample of Champions League seasons. The HICB scores derived for all groups in any given season were averaged to compute a mean HICB score for that season. In addition to examining how the mean HICB scores varied over the 28 seasons of the competition overall, we split the analysis into two distinct time periods to understand whether competitive

balance in the group stages has changed following the introduction of UEFA Financial Fair Play (FFP) regulations in 2011/12. For this latter analysis, we compared whether HICB scores in the nine seasons post-FFP (2011/12–2019/20) differed significantly from HICB scores in the equivalent number of seasons immediately prior to the regulations being introduced (pre-FFP: 2002/03–2010/11) using an independent samples t-test.

Separately, we analysed dominance in the Champions League across the whole time period (1992/93 to 2019/20) as well as for the pre-FFP (2002/03–2010/11) and post-FFP (2011/12–2019/20) eras. Dominance was assessed in two ways: first, the number of occasions that clubs from different countries won the Champions League; and, second, the number of occasions that clubs from different countries were represented in the latter stages of the competition (i.e. the semi-finals or final).

Results

Group stage

Table 3 presents the HICB scores derived for each group of the Champions League from 1992/93 to 2019/20. The number of HICB observations per season in Table 3 corresponds directly to the number of groups in that season (e.g. two in 1992/93, four in 1994/95, six in 1997/98 and eight from 1999/00 onwards).

The mean HICB scores for the group stages over the course of the 28 seasons of the Champions League under review are shown in Figure 1. The upward slope of the mean HICB trend line in Figure 1 indicates that the competitive balance in the group stages of the competition has reduced with the passage of time ($R^2 = 0.21$). This reduction in competitive balance is even more evident during the last 18 seasons between 2002/03 (117.12) and 2019/20 (130.11) with an $R^2 = 0.49$.

Table 3. HICB scores by Champions League group from 1992/93 to 2019/20.

Season	Group A	Group B	Group C	Group D	Group E	Group F	Group G	Group H
1992/93	120.83	143.06						
1993/94	123.61	106.94						
1994/95	112.50	138.89	109.72	127.27				
1995/96	111.13	138.78	122.79	141.41				
1996/97	116.67	128.03	134.95	128.98				
1997/98	127.46	138.89	107.81	121.58	111.11	134.26		
1998/99	103.95	101.33	130.80	114.84	104.68	112.76		
1999/00	121.09	133.59	109.33	114.19	121.14	113.28	131.95	105.47
2000/01	126.64	125.06	113.31	101.74	104.89	108.36	111.35	110.16
2001/02	120.31	112.50	105.56	105.88	110.03	138.89	108.64	135.16
2002/03	104.68	147.29	109.18	110.30	112.11	121.14	123.18	143.25
2003/04	102.48	101.74	119.38	115.70	130.94	133.59	112.76	103.21
2004/05	120.42	125.99	134.26	128.72	118.63	114.19	143.25	112.76
2005/06	144.65	145.82	128.03	104.89	110.56	134.26	118.64	116.13
2006/07	134.95	114.84	115.57	122.66	135.16	105.47	115.70	108.64
2007/08	105.88	110.16	111.29	109.39	122.49	147.40	137.02	145.33
2008/09	114.19	103.64	128.98	134.07	107.56	138.28	122.31	125.78
2009/10	145.33	115.57	115.70	139.84	144.65	109.47	124.22	121.09
2010/11	110.16	114.19	138.28	131.25	123.10	138.89	130.80	138.89
2011/12	134.95	103.64	135.16	156.40	114.84	109.09	104.47	142.97
2012/13	145.33	120.84	110.16	133.59	126.72	125.06	118.34	115.27
2013/14	132.60	131.13	128.03	144.44	116.44	133.33	133.59	118.64
2014/15	117.22	143.25	108.36	137.74	124.52	145.33	124.22	123.05
2015/16	144.65	112.11	121.09	112.80	121.96	122.22	134.95	123.10
2016/17	146.93	107.80	132.81	137.72	116.13	134.07	136.27	139.94
2017/18	138.89	144.44	122.79	134.80	120.00	127.78	128.19	159.04
2018/19	137.74	128.13	109.83	139.10	142.88	123.56	105.47	112.11
2019/20	152.34	146.61	119.53	130.94	133.33	128.19	103.95	125.99

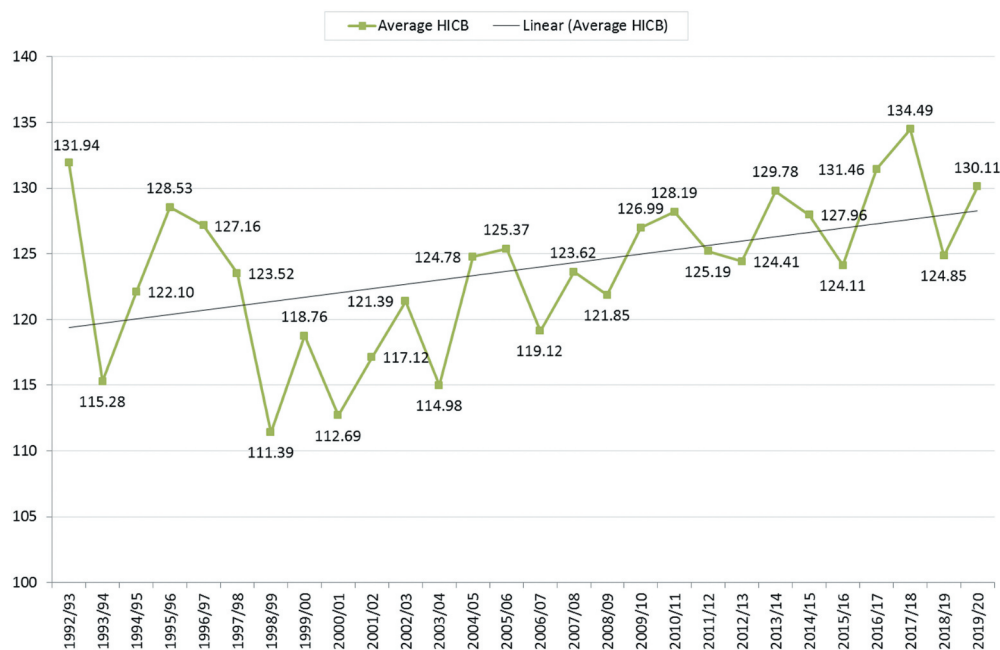


Figure 1. Mean HICB scores for the champions League group stages from 1992/93 to 2019/20.

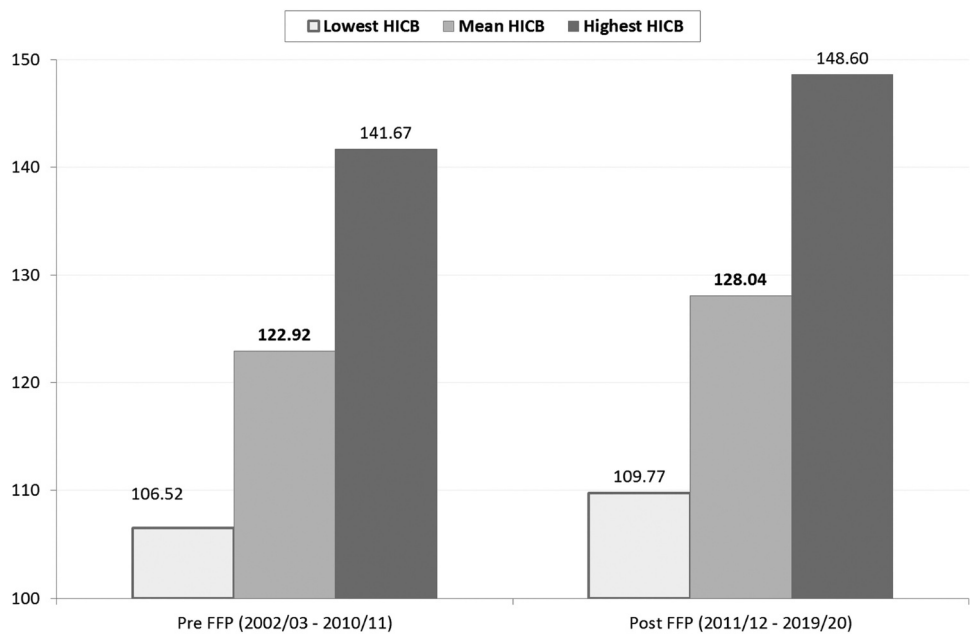


Figure 2. HICB comparison under the pre-FFP and post-FFP eras.

As illustrated by the data presented in Figure 2, the mean HICB score during the Champions League group stages across the last nine seasons prior to the introduction of FFP regulations was 122.92. The corresponding statistic covering the first nine seasons post-FFP was 128.04, a statistically significant increase ($t(16)=2.788$, $p=0.013$). The relative variation between the lowest HICB score (representing the most balanced season) and the

highest HICB score (representing the least balanced season) was also greater in the post-FFP sample relative to the pre-FFP sample (35% v 33%). These findings indicate that competitive balance in the group stages of the Champions League has declined in the post-FFP era.

Knockout stage

Overall, 141 different clubs have qualified for the group stages of the Champions League between 1992/93 and 2019/20, of which 76 clubs have progressed to the knock-out stages of the competition. Fewer unique clubs qualified for the group stages of the Champions League in the post-FFP sample (81 between 2011/12 and 2019/20) compared with the pre-FFP sample (91 between 2002/03 and 2010/11). Similarly, there has been a decline in the number of unique clubs that have progressed to the knock-out stages of the competition (47 in pre-FFP sample versus 44 in the post-FFP sample).

Figure 3 shows the number of occasions that different countries have been represented in the latter stages of the Champions League (i.e. semi-finals and beyond) across all 28 seasons since 1992/93. Clubs from five countries – Spain, England, Germany, Italy and France – have won the competition on 26/28 occasions (92%). Clubs from these five countries also account for 101 of the 110 semi-final appearances during the 28 seasons under review (93%).

As per the data presented in Figure 4, during the nine seasons immediately pre-FFP clubs from four different countries won the Champions League title (England: twice; Italy: three times; Spain: three times; and Portugal: once). In the post-FFP sample, the number of countries represented as competition winners reduced to three. Spanish clubs won five of the nine titles in the post-FFP sample with clubs from England and Germany winning the title on two occasions each. Thus, in addition to there being an evident shift in the balance of power, there appears to be some evidence of increased dominance in the post-FFP sample by virtue of (a) clubs from fewer countries winning the Champions League (three post-

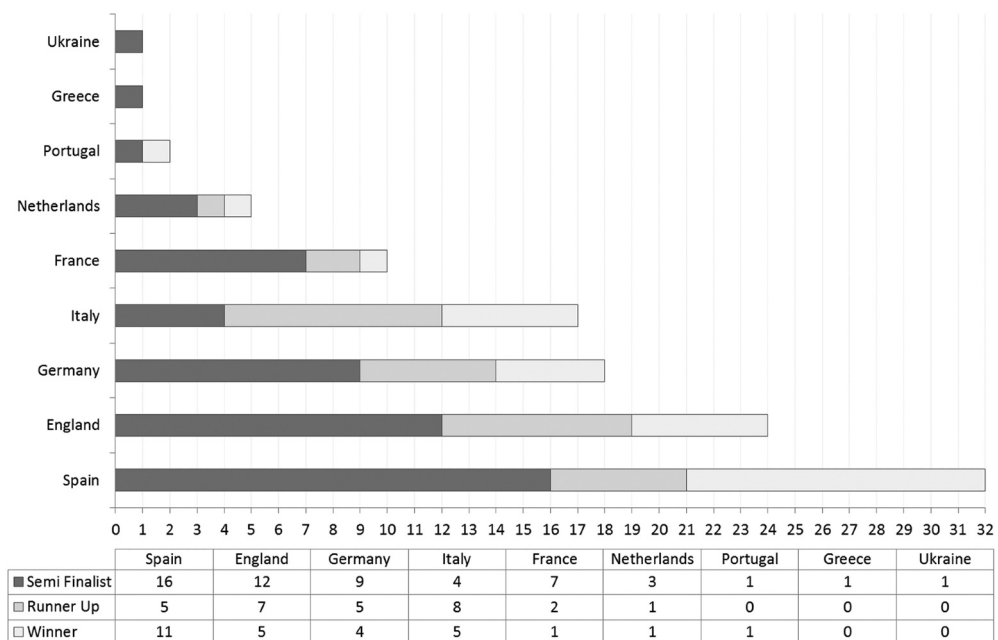


Figure 3. Countries represented as semi-finalists, runners up and winners in the Champions League between 1992/93 and 2019/20. Note. The categories in Figure 3 are mutually exclusive so that there is no double counting of achievements, e.g., winners are also not counted as runners-up or semi-finalists.

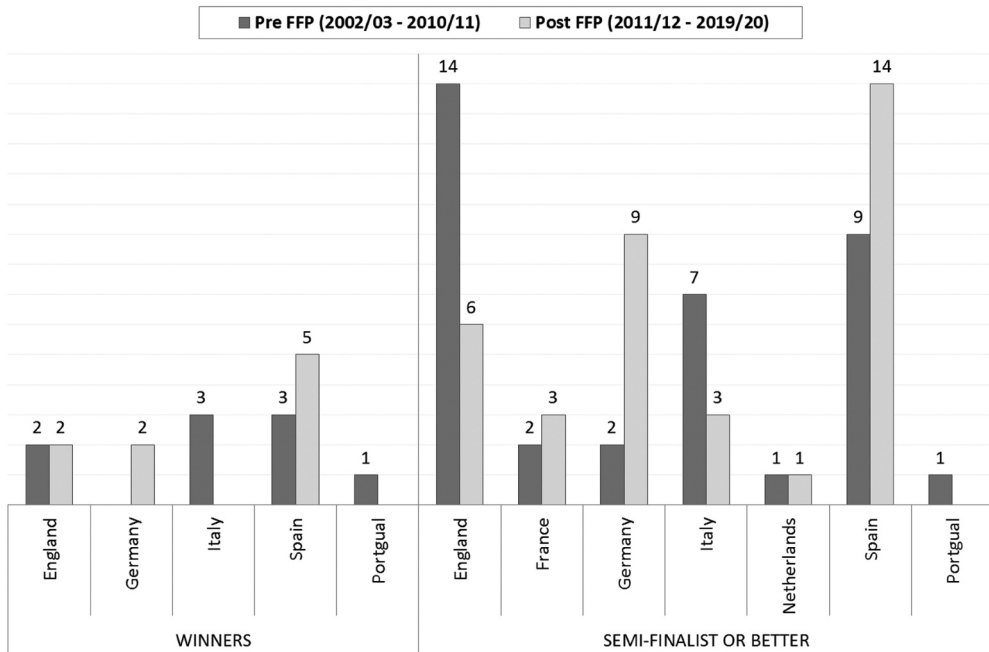


Figure 4. Countries represented in the semi-finals and as winners of the Champions League pre and post FFP.

FPP versus four pre-FFFP); and (b) the gap between number of titles associated with the top two most successful countries increasing (three post-FFFP versus zero pre-FFFP)

If we broaden our analysis to consider the dominance for the top four positions (i.e. clubs reaching at least the semi-finals of the Champions League), then a similar picture emerges. In the pre-FFFP sample, seven different countries were represented in the semi-finals with clubs from England (14 appearances) followed by Spain (nine appearances) and then Italy (seven appearances) being the most successful between 2002/03 and 2010/11. In the post-FFFP sample, the number of different countries that were represented in the semi-finals reduced to six. The most successful countries between 2011/12 and 2019/20 were Spain (14 appearances), followed by Germany (nine appearances) and then England (six appearances). The gap in total semi-final appearances between the top two most successful countries in the pre- and post-FFFP samples increased from 5 to 8.

Discussion

Our findings present three clear trends surrounding competitive balance in the UEFA Champions League. First, competitive balance in the group stages has declined over time since the competition was rebranded in 1992/93. Second, competitive balance has further declined in the post-FFFP era. Third, the competition has been dominated in the knockout stages by clubs from the “big five” European leagues since 1992/93.

In relation to the first finding, our study produces a similar argument to Plumley and Flint, who found competitive imbalance in the Champions League group stages from 1999/00 to 2013/14.²² Here, the authors stated that this was due to a flawed seeding system that favoured the bigger clubs and made them more likely to progress to the knockout stages. Whilst we have not tested for the seeding system explicitly in our study, there is a suggestion that a similar picture is occurring (across a longer time period) as the knockout stages of the tournament appear to be dominated by the bigger clubs, thus proving that the bigger clubs are more likely to make it out of the group stages and are causing competitive imbalances in

the group stages. This argument builds on the work of Dagaev and Rudyak, who used Monte-Carlo simulations to show that the new seeding policy resulted in a decrease in tournament quality²³

Our second finding shows a relative decline in competitive balance in the group stages in the post-FFP era. This might seem counter intuitive given the objectives of FFP, but there has been some recent evidence to suggest that FFP is in fact hindering competitive balance in European domestic leagues.²⁴ Here we present similar findings for the UEFA Champions League both in respect of the group and knockout stages. Our third finding that the knockout stages are dominated by a select number of clubs from a select number of leagues further confirms arguments in the extant literature on the Champions League, such as Bullough, who found that the current structure significantly benefits a small proportion of clubs, with 16 clubs receiving €5.6bn (52%) of all revenue in 2017.²⁵ Based on the work of Ramchandani et al., this situation is also occurring in the “big five” domestic leagues in European football where a smaller proportion of clubs are dominating the league, taking the majority of the TV and prize money and subsequently qualifying for the Champions League as a result.²⁶ This narrative is also supported by Dessus and Raballand who provide some empirical evidence in support of the observation that the men’s UEFA Champions League reduces competitive balance in domestic football leagues.²⁷

Our findings present an alarming picture for UEFA in respect of competitive balance in its flagship competition yet there is also the argument that the Champions League has continued to grow as a product during the last 30 years and that judging by the amount of prize money available to the participants it is still a valuable product that broadcasters and commercial sponsors want to be a part of. Perhaps, the biggest threat to the competition at the minute is not its competitive balance but the threat of a breakaway European Super League. Such a competition would directly compete with the Champions League and would undoubtedly lead to a reduction in the quality of teams in the Champions League as the bigger clubs in Europe would move to the Super League competition.

Suggestions of a breakaway European Super League is nothing new²⁸ but in April 2021 it became the closest it has ever been to reality with 12 European clubs (from England, Italy and Spain) launching a European Super League (ESL) that was reportedly going to be financed by American investment banking firm JP Morgan with a valuation of \$5bn. This venture ended as quickly as it started due to significant fan protests and backlash and the proposed ESL collapsed within 48 hours. However, the threat alone was enough for UEFA themselves to restructure the Champions League from 2024, when the current broadcast and commercial deals expire. The upshot of this development is a scrapping of the current 32-team group stage which will be replaced with a 36 team “Swiss model” league. In this format, each club will play 10 games (five at home and five away). The fixtures will be based on seedings with teams ranked 1–36. The top eight will advance automatically to the 16-team knockout round, and the next 16 teams will go into a play-off round to decide those final eight slots.²⁹ The additional four slots in the competition (taking the number from 32 to 36) will be allocated within the big five European leagues, and it is conceivable that there could be, for example, six clubs from England in the new format of the competition. The appeal of playing more games on the European stage (and driving up revenues as a result) is a big positive of this restructure for the clubs, as is the seeding proposal that effectively still gives the bigger clubs a better chance of competing for the knockout stages. While the ESL idea might have failed on this occasion, the breakaway clubs have been appeased somewhat, not just in relation to having faced no severe sanctions for their attempts to breakaway but also because the new format of the Champions League is likely to benefit them in the medium term.

The talk of a European Super League does remain a critical governance issue for several domestic leagues and their clubs and is likely to resurface at some point in the future. The bigger European leagues are currently experiencing a paradox of their own in a sense that the competitive balance is declining at a time when broadcasting rights deals have grown exponentially. The same is true of the Champions League given our findings and their remains a practical question of whether competitive balance is actually that important to league organizers and, if it is, what they can do to improve it. There are, of course, other factors to consider in the wider landscape of European football including FFP and the role

of external investors with reference to perceived “sugar daddies”.³⁰ These external investors/benefactors have had a significant impact in some European football leagues in recent years and have invested enormous sums of money to the clubs that they have acquired an interest in, something which may also have impacted the club's financial performance in both pre- and post-FFP climates.³¹ Whilst we cannot obviously claim causation in respect of FFP in the context of our results, we can partially attribute a decline in competitive balance in the Champions League to the sizable financial gap that has developed in the domestic leagues between clubs during this period, caused in part by increases in prize money, primarily generated by income received from broadcasting contracts in respective leagues and through pan-European competitions such as the Champions League.³² Despite some of the broadcasting distributions offering shared revenue for certain proportions of the deal across individual leagues, there is no true revenue sharing across European team sports. This leads to a situation whereby the wealthiest and most successful clubs continue to earn a significant share of that income stream, to the detriment of other clubs in the league.³³

Conclusion and future challenges

The findings of this paper point towards a decline in the overall competitive balance, both in concentration and dominance measures, in the UEFA Champions League since it was rebranded in 1992/93. This is at odds with the fundamental economic principle of competitive balance in a sporting context. However at the same time, as competitive balance has declined, the broadcasting values have increased exponentially meaning that UEFA may not necessarily have a problem to solve. That said, there are some challenges on the horizon for the Champions League in the future that revolve around the attractiveness of the competition to broadcasters and commercial partners and the continued threat of a breakaway European Super League that would be in direct competition with the Champions League. The economic impulse for clubs in relation to a Super League is clear and in the past they have continually leant on UEFA to squeeze additional benefit for them from the Champions League. Skewing this competition in favour of some of Europe's richest clubs also benefits UEFA as well, of course, and might silence conversations of a European Super League in the short term. However, domestic leagues may also be concerned with the new Champions League structure as the concept is inherently scalable.³⁴ For example, what is to stop the richest clubs asking for more games in 2027, when the broadcasting rights would be due for renewal again? Indeed, when does the Champions League just become the European Super League? UEFA has a difficult balancing act on their hands in the short term. They need to appease their broadcast and commercial partners whilst simultaneously keeping the clubs and the domestic leagues onside. Ultimately, some of this may come at the expense of improving competitive balance within the competition. The issue of sporting integrity is one that football, and its governing bodies will continue to grapple with when the financial rewards are consistently skewed in favour of the established European elite.

Notes

1. Jensen. ‘The Champions League and the preservation of elitism’.
2. Rottenberg, ‘The baseball players’ labour market’.
3. Plumley & Flint ‘The UEFA champions league; maintaining the status quo?’.
4. Ibid.; UEFA. *UEFA Financial Report 2018/19*..
5. Dagaev & Rudyak, *Seeding the UEFA Champions League participants: Evaluation of the reform*.
6. Ibid.
7. Ramchandani, et al., ‘A Longitudinal and Comparative Analysis of Competitive Balance in Five European Football Leagues’.
8. Plumley & Flint, ‘The UEFA champions league; maintaining the status quo?’.
9. Hart, Hutton, & Sharot, ‘A Statistical Analysis of Association Football Attendances’.
10. Ibid.

11. Fort & Maxcy, 'Competitive balance in sports leagues: an introduction'.
12. Lenten, 'Unbalanced schedules and the estimation of competitive balance in the Scottish Premier League'; Maxcy & Mondello, 'The impact of free agency on competitive balance in North American professional team sports leagues'; Mills & Fort, 'League-level attendance and outcome uncertainty in US pro sports leagues'; Price & Sen, 'The demand for game-day attendance in college football'; Salaga & Fort, 'Structural change in competitive balance in big-time college football'.
13. Plumley, et al., 'Rising stars'.
14. Montes, et al., 'The lack of balance in the Spanish first division football league'; Plumley, et al., "Mind the gap"; Ramchandani, et al., 'A Longitudinal and Comparative Analysis of Competitive Balance in Five European Football Leagues'.
15. Bullough, 'UEFA champions league revenues, performance and participation 2003–2004 to 2016–2017'; Dagaev & Rudyak, *Seeding the UEFA Champions League participants*; Dessus & Raballand, 'Why the men's UEFA Champions League reduces competitive balance in domestic football leagues'; Plumley & Flint, 'The UEFA champions league; maintaining the status quo?'.
16. Plumley & Flint, 'The UEFA champions league; maintaining the status quo?'.
17. Dagaev & Rudyak, *Seeding the UEFA Champions League participants*.
18. Bullough, 'UEFA champions league revenues, performance and participation 2003–2004 to 2016–2017'.
19. Dessus & Raballand, 'Why the men's UEFA Champions League reduces competitive balance in domestic football leagues: an empirical study of the French league'.
20. Mitchie & Oughton, *Competitive balance in football: trends and effects*.
21. Pawlowski, et al., "Top clubs" performance and the competitive situation in European domestic football competitions'; Ramchandani, et al., 'A Longitudinal and Comparative Analysis of Competitive Balance in Five European Football Leagues'; Wilson, et al., 'Parachute payments in English football'.
22. Szymanski & Kesenne, "Competitive balance and gate revenue sharing in team sports"; Lee & Fort, "Competitive balance: time series lessons from the English Premier League".
23. Ramchandani, et al., 'A Longitudinal and Comparative Analysis of Competitive Balance in Five European Football Leagues'.
24. Bullough, 'UEFA champions league revenues, performance and participation 2003–2004 to 2016–2017'.
25. Ibid.
26. Pawlowski, et al., "Top clubs" performance and the competitive situation in European domestic football competitions'.
27. Ramchandani, et al., 'A Longitudinal and Comparative Analysis of Competitive Balance in Five European Football Leagues'.
28. Lang, et al., 'The sugar daddy's game'.
29. Slater, 'The Champions League's Swiss model'.
30. Vrooman, 'Theory of the beautiful game'.
31. Dessus & Raballand, 'Why the men's UEFA Champions League reduces competitive balance in domestic football leagues'.
32. Ramchandani, et al., 'A Longitudinal and Comparative Analysis of Competitive Balance in Five European Football Leagues'.
33. Plumley & Flint, 'The UEFA champions league; maintaining the status quo?'.
34. Dagaev & Rudyak, *Seeding the UEFA Champions League participants*.

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