

The Elephant in the Room¹

An Open Letter to the Dutch Football Community

Isitan Gun, August 2019

Having been a proud member of the Dutch football landscape for over three years, I wanted to stick my head out and describe a giant elephant in the room.

I am quite surprised that we are more than willing to passionately discuss several other issues in Dutch football at great length, but never the elephant. We spend months and resources to discuss whether Eredivisie should have 16 instead of 18 teams, how the league format should be changed, how we can phase-out artificial grass, and so on. Apparently, some of us even discuss the possibility of a BeNeLeague, while strongly (and rightly) oppose a similar Super League idea entertained by the ECA at the expense of clubs that are not among the super-rich. We discuss pretty much everything, but never the elephant in the room.

The elephant has a long name. It is called, “the most unfair broadcasting revenue distribution system in the football world”. Our current distribution method is by far the most unfair system around, and the fact that there is so much silence around this subject is even more appalling.

To describe it briefly, eighteen Eredivisie clubs share the broadcasting revenue paid by the broadcaster according to a formula which only takes into account the sportive performance of each club during the past 10 seasons with a weighting system, where the more recent seasons have a higher coefficient than the seasons before.

This is an extremely rigid and outdated distribution system and does not foster excitement especially during the last phases of the season. In contrast to many other leagues, current season’s performance has zero effect on a club’s share from the broadcasting pool of that season. Several leagues distribute a small portion of the total pool under a performance system, where every point is worth something for the clubs, so that when we reach March for example, the mid-table teams who are not playing for Europe League or trying to fend off relegation danger are still motivated.

In other words, our current system has three main shortcomings: i) it grossly favors bigger clubs at the expense of more modest ones, creating a cast-like system, ii) it does not award current season performance within the same period iii) it does nothing to help keep the competition more exciting and some teams motivated towards the end of the season.

To give some perspective, here’s how other leagues are tackling this subject (summarized in the table):

- In **Premier League**, more than 65% of the total broadcasting revenue is divided equally among 20 clubs, and the remaining amount is shared based on other parameters including past performance. As a result, the top-earner in PL receives only 6,21% of the total revenue, while the bottom-earner receives 3,93%.

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- Therefore, the ratio of the broadcasting revenue of the top-earner to that of bottom-earner, which is widely accepted as the most important measure of equality of how the TV money is shared among clubs, is 1,58. In other words, if the tiniest club earns 100 Euros, the richest club in the PL earns 158 Euros.
- Moreover, there are no clubs in PL that has less than 3% share in broadcasting revenues.
- Let's look at **Bundesliga**: Top-earner club receives 7,43%, while the bottom-earner receives 2,70% from the total pot. The ratio between the two is 2,56, which means that if Fortuna Dusseldorf earned 100 Euros last season, Bayern München took in 256 Euros.
- There is only one club in the Bundesliga that has less than 3% share in broadcasting revenues.
- In France, the **Ligue 1** clubs equally share over 45% of the total broadcasting revenues. The top-earner receives 10% of the total pot, while the bottom-earner makes 2,70%, making the richest to lowest ratio 3,70.
- Among the 20 Ligue 1 clubs, only two clubs have less than 3% share in broadcasting revenues.
- In Italy, where **Serie A** also features 20 clubs, the newly introduced distribution system requires that 50% (as opposed to 40% in the old system) of the total revenue is distributed among the clubs equally. Under this system, the top-earner makes almost 7,5% from the total pot, while the least-fortunate must live with 3%. As a result, Juventus makes approximately 249 Euros against the 100 Euros received by the bottom-earner.
- In **La Liga**, where the league is dominated by the two global giants, 50% of the total pot is equally shared by the 20 clubs. The top-earner makes slightly over 11,5% as opposed to the bottom-earner, which receives 3,17%. No club makes less than 3% of the total revenues.
- Beyond the big-5, let's examine the Turkish **Süper Lig**. Over 35% of the total broadcasting income is shared equally by 18 clubs. The bottom-earner receives 3,83%, while the to-earner makes 11.3%, or 2,96 times more than the bottom place holder. As in the case of Spain, Italy and Germany, there are no clubs that receive less than 3% of the total pie.

Comparison of Broadcasting Revenue Distribution Systems Across Selected European Leagues

	Premier League	Bundesliga	Ligue 1	Serie A	La Liga	Super Lig	Average	Eredivisie
% equally divided	67,19%	n.a	45-50%	50,00%	50,00%	36,90%	51,02%	none
Top-earner share	6,21%	7,43%	10,00%	7,46%	11,63%	11,32%	9,01%	12,58%
Bottom-earner share	3,93%	2,90%	2,70%	2,99%	3,17%	3,83%	3,25%	2,61%
Share of top-3 earners	18,30%	21,83%	26,10%	21,45%	31,16%	28,77%	24,60%	34,04%
Share of bottom-3 earners	12,27%	10,06%	8,60%	9,52%	9,80%	12,03%	10,38%	7,96%
Share of top-5 earners	30,02%	35,51%	39,80%	34,56%	42,27%	43,17%	37,55%	50,79%
Share of bottom-5 earners	20,82%	18,75%	14,90%	16,81%	16,68%	20,51%	18,08%	13,64%
Top Earner/ Bottom Earner	1,58	2,56	3,70	2,49	3,67	2,96	2,83	4,83
Top-3 Earners / Bottom-3 Earners	1,49	2,17	3,03	2,25	3,18	2,39	2,42	4,28
Top-5 Earners / Bottom-5 Earners	1,44	1,89	2,67	2,06	2,53	2,10	2,12	3,72
# of Clubs earning less than 3% of total TV money	NONE	1,0	2,0	NONE	NONE	NONE		5

Compared with these six leagues, the situation in Eredivisie is unfortunately beyond dramatic.

Not a single Euro from the total broadcasting pot is shared equally among the 18 clubs.

The bottom-earner makes a meager 2,61% of the total (lowest in the comparison group), while the top-earner is entitled to 12,58% of the total pot (highest in the group). As a result, the ratio is a whopping 4.83, which means that the top earner makes 483 Euros compared to the 100 Euros earned by the least fortunate.

It does not stop there.

There are 5 clubs in Eredivisie that receive less than 3% of the total broadcasting revenues (highest number in the group).

The share of top-3 earners? Highest in the group.

Share of bottom-3 earners? Lowest in the group.

It does not stop there, either. Let's look at top-5 earners in Eredivisie. They collectively take a share of 51% of the total pie (highest in the group), while the bottom-5 take home 13.6% (lowest in the group).

The figures are clear as day: Eredivisie has the least egalitarian distribution system in Europe, by far.

It is undeniably tilted towards the few, at the expense of the silent majority.

I can almost hear the argument that starting next season, the top Dutch clubs will be sharing part of their revenue from the UEFA competitions with the rest of the group, but in all fairness, while the news was welcome, this has more PR value than actually tackling the core of the problem. Smaller clubs do not need the generosity of the bigger clubs, they need a fair and consistent system.

Another counter argument that could be raised that the comparison group include larger leagues with arguably more quality and significantly larger

football economies. Not only this possible casualty can be proven (or disproven), the opposite argument can also be made, i.e. one can also say with equal rigor that these leagues have more quality because they are more egalitarian, not the other way around.

I wish the inequality we are facing stopped there. One would expect that since the benefits of the system are distributed in a certain manner (regardless of how unfair it is), common expenses are shouldered also in a similar fashion, right? Wrong. When it comes to distribution of costs, we suddenly become very egalitarian. For example, every single club in Eredivisie contributes the exact same amount for the FBO, the employer organization in paid football that helps in our legal works. We are not talking millions here and, in my opinion, the FBO more than deserves every cent it receives from the clubs, but this is a good example to demonstrate how flawed our system is. To an intellectually honest mind, the unfairness of our current system is beyond any doubt.

Solution

An ancient scholar once said that it is easier to convince forty wise men with one piece of evidence than to convince one biased mind with forty pieces of evidence.

Once we all recognize the absurdity of our current distribution model, I believe that a much better solution can be found easily. Based on other distribution models in the world, one such model I could propose is as follows:

- 40% of the total broadcasting pool to be distributed equally among the 18 Eredivisie

clubs. This will ensure that every club will be entitled to a decent starting point, which will represent 2,2% of the total pool.

- 40% of the pool is shared based on the past 10 years' performance of each club. As explained above, this is the only criteria in the current model.
- 20% of the pool is shared based on the current season performance. This will ensure that current season results at least have some impact on the club's broadcasting revenues. Practically, this represents the ratio of the points collected by a club to the total points collected by all clubs in the season. Please note that in the last 13 Eredivisie seasons, the average of total points collected in the league is 846 points/season with a very small variation.

Simulation of a distribution model with these parameters², yields much better results, which I believe speak for themselves.

I remain optimistic that we can quickly get rid of the current model if we are sincere in our manifestations of solidarity and desire for fair competition.

I strongly believe that correcting this unreasonable model should be a priority for all members of the Dutch football community and urge all decision-makers to take corrective measures to show a real and concrete sign of solidarity in professional football.

² Simulation uses the points collected in the 2018/19 season

Simulation Results of the Proposed Model

	Eredivisie Current Model	Proposed Model
% equally divided	none	40,00%
Top-earner share	12,58%	9,26%
Bottom-earner share	2,61%	3,80%
Share of top-3 earners	34,04%	25,74%
Share of bottom-3 earners	7,96%	12,63%
Share of top-5 earners	50,79%	39,47%
Share of bottom-5 earners	13,64%	20,50%
Top Earner/ Bottom Earner	4,83	2,44
Top-3 Earners / Bottom-3 Earners	4,28	2,04
Top-5 Earners / Bottom-5 Earners	3,72	1,93
# of Clubs earning less than 3% of total TV money	5	-

In the event that the figures and arguments I presented above are not convincing enough, I would like to conclude with a quote from the KPMG Benchmark study on this topic in June 2017³:

“The gradual adoption of collective equitable distribution among the top five leagues is perceived as a sign of cooperation among league members as some clubs put aside short-term interests for the benefit of the league as a product, thus creating an eco-system that allows their competitors to grow at a similar pace.”

³ https://www.footballbenchmark.com/library/broadcasting_revenue_distribution