

Paris Saint-Germain Football Club Revenue Analysis

Chicago Booth Consulting Recommendations

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Overview

- Team Snapshot
- Match Day Revenue
- Situational Analysis
- Pricing and Ticket Strategy Analysis
- Achieving Elite Status
- Recommendations and Next Steps

History

- ▶ Failure to success story, winning two national cups, and other great Cups
- ▶ Early 2000's move to a losing record
- ▶ Acquisition from Canal + to QSI
- ▶ Great fan base eager to see future success
- ▶ Nearly doubled season ticket holders from 16,000 to 30,000

Important Facts:

- ▶ Valued (2012) at 100M Euro
- ▶ Neighboring Population: 10 Million (no competition)
- ▶ Stadium (Parc de Princes) undergoing luxury renovation expected to complete in 2016
- ▶ In Sept. 2009, Paris Mayor announced 2016 UEFA Euro Cup to be played at Parc de Princes

Opportunities

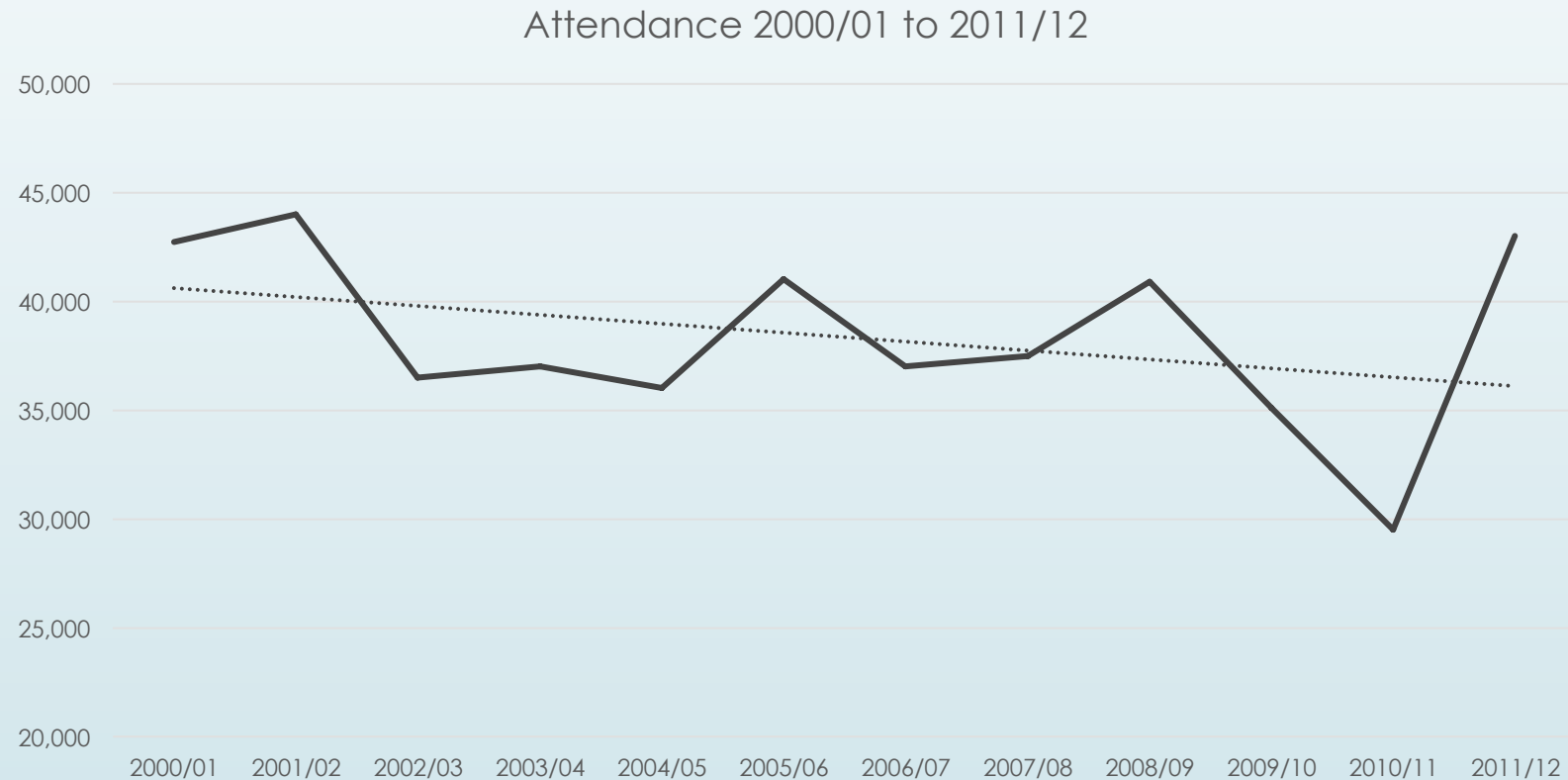
- ▶ Add other events at stadium to get premium customers
- ▶ Board Struggles/Infighting
- ▶ Turnover
- ▶ Financial Losses
- ▶ Stadium
- ▶ Attendance
- ▶ Online Sales

Match Day Revenue Aspirations

Ranking	Club	Earning (Million Euros)
1	Real Madrid	129.1
2	Manchester United	122.4
3	Arsenal	114.7
4	Barcelona	97.8
*	Paris Saint-Germain	18.1

Situational Analysis

Attendance has been generally declining, but beginning to rebound after the implementation of new rules to reduce Hooliganism



Pricing/Ticket Strategies

	Current Pricing Strategy	Raise Ticket Prices	Online Sales	Dynamic Pricing
Expected Attendance	30,000	25,000	35,000	45,000
Expected Matchday Revenue per Person	32.5 Euros/per game	42.5 Euros/per game	40 Euros/per game	40 Euros/per game
Benefits	<ul style="list-style-type: none"> Fill Excess Capacity 	<ul style="list-style-type: none"> Reduce Hooliganism Attracts higher-end customers 	<ul style="list-style-type: none"> Accessibility Increases ticket pre-sales 	<ul style="list-style-type: none"> Full stadium Attracts marketing/ sponsorship Increase total revenue
Risks	<ul style="list-style-type: none"> High number of unfilled stadium seats 	<ul style="list-style-type: none"> Potential reduction in attendance Increased price counteracted by reduction in sales 	<ul style="list-style-type: none"> Adding infrastructure to support e-commerce 	<ul style="list-style-type: none"> Potential lower revenue per person Hooliganism on cheap tickets

Becoming a world-class team

- ▶ Currently, #1 team in France
- ▶ 21M Euro Spend 2011



Better
Players

More Wins

More
Sponsorship,
higher
league
earnings,
Increased
attendance

Increased
Revenue

Pursuing World Class Status

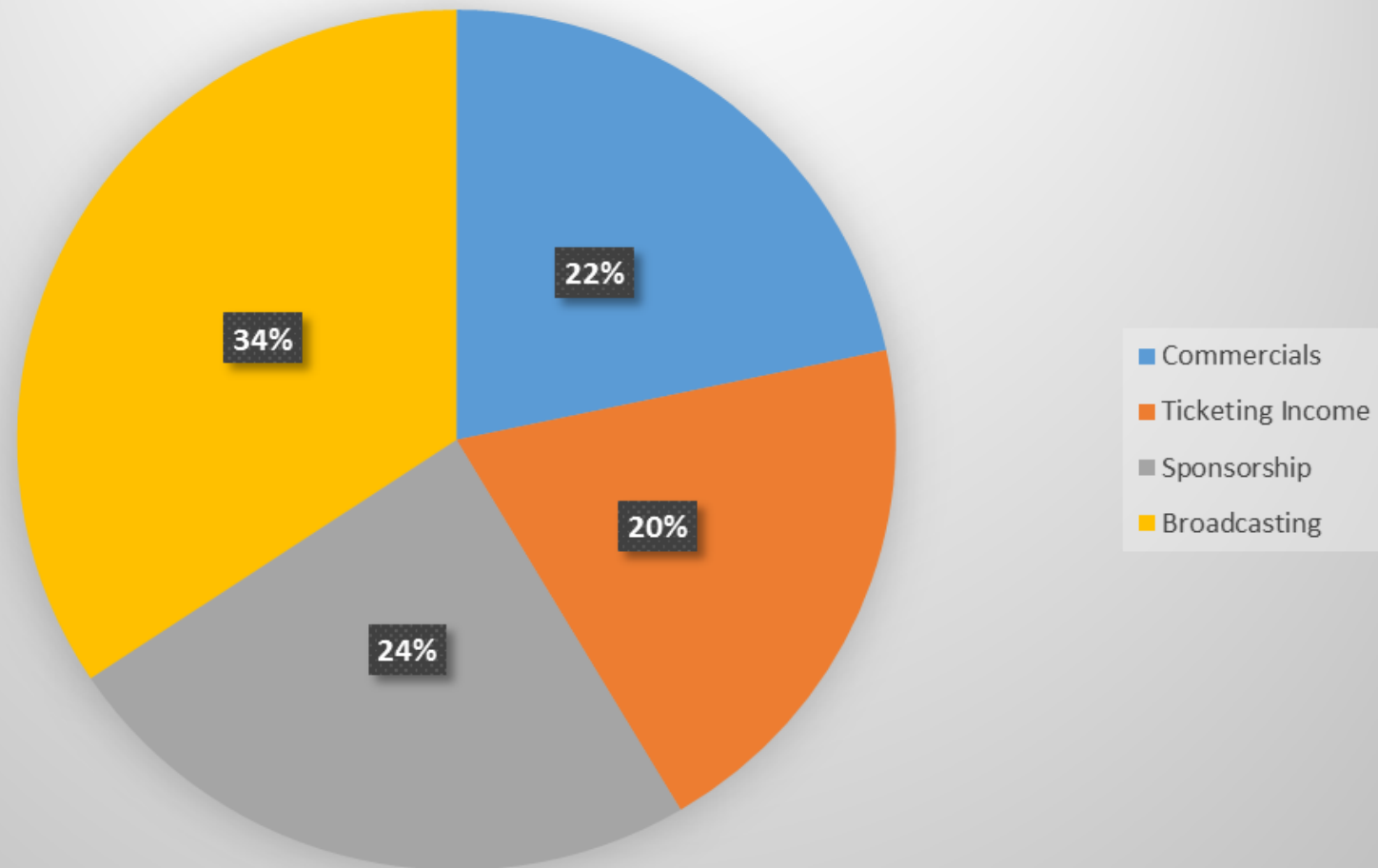
Pros	Cons
Higher Match Day Revenue	Player Costs
Higher Commercial Revenue	Coach Costs
Global Brand Awareness	Success Not Guaranteed
UEFA Champions Revenue	Years to achieve

World Class Spend Comparison

Club	Spend (Million Euros)
Chelsea	283.6
Manchester City	234.3
PSG	211

Current Revenue Mix

European First Division Revenue Generation Mix
2010

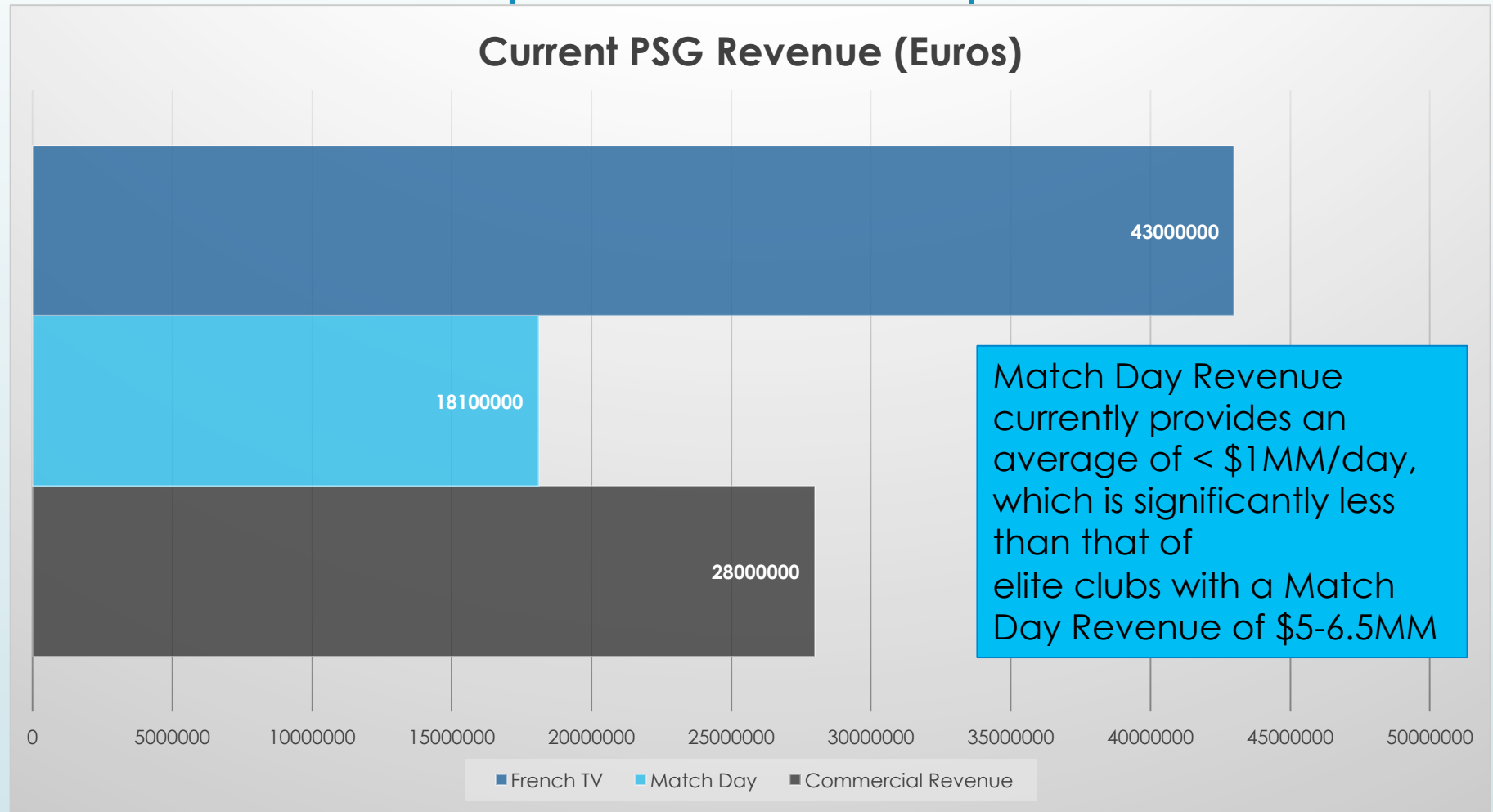


Current Match Day Per Game Revenue Mix

- ▶ Average Revenue is 32.5 Euros/person
- ▶ Low - 50% of market purchases ticket only – 10 Euro / person
- ▶ Mid - 35% of market purchases ticket and extra spend – 20 Euro / person
- ▶ High - 15% of market purchases ticket and extra spend – 136 Euro / person

- ▶ Total Match Day Revenue - < 1 Million Euro / game
- ▶ Indicates need to penetrate the elite market

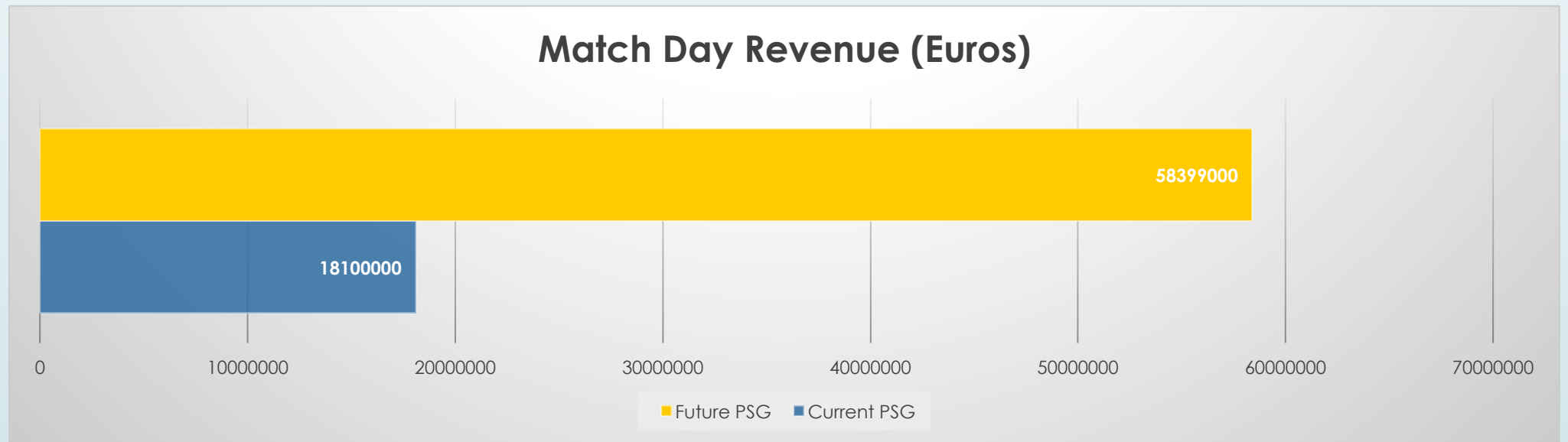
Current Match Day Revenue and Competitor Comparison



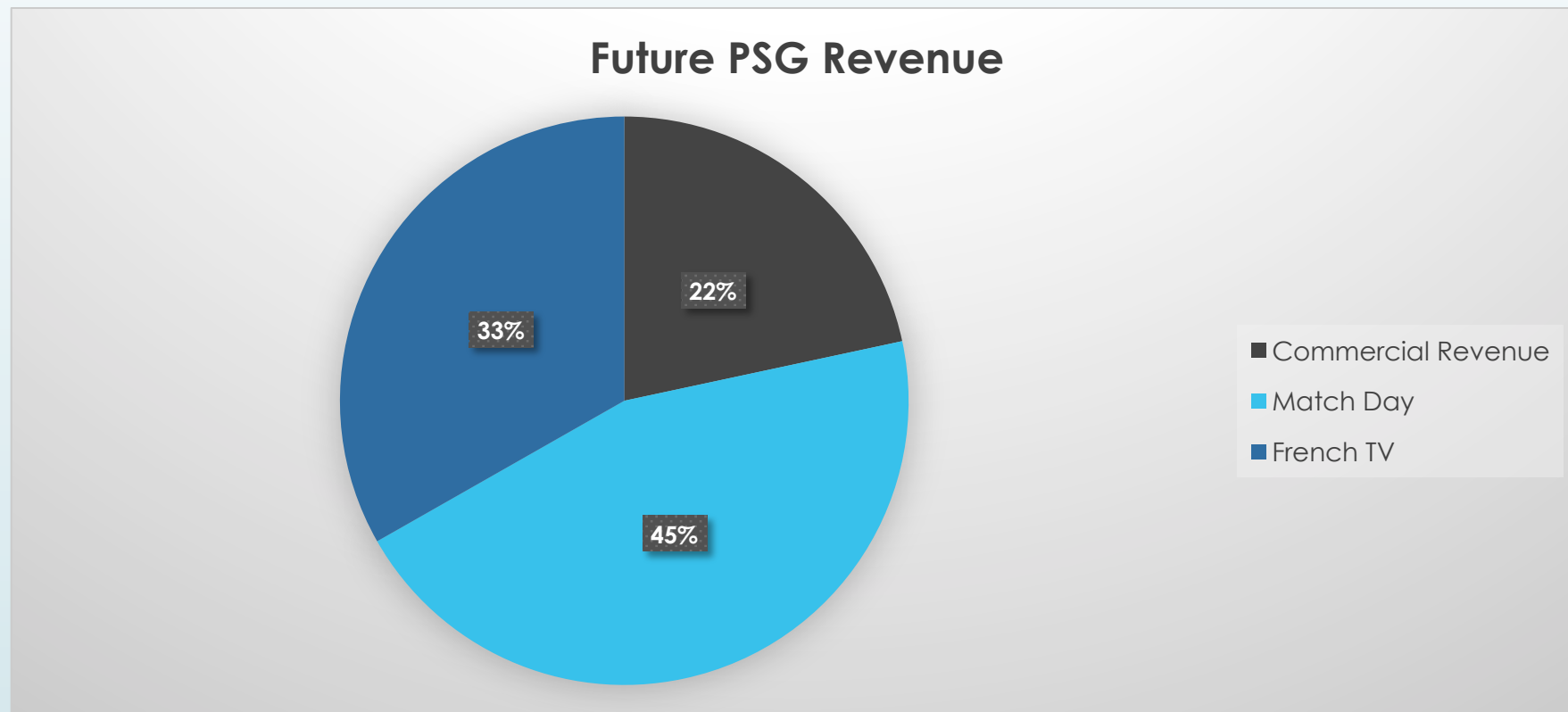
How does PSG join the Elite?

Penetrating High net-worth market

- Utilize renovation to add 7000 box seats for the high net-worth market (i.e. executives)
- 60% capacity (4200 box seats) on average per game and at a price of \$500 yields:



New Revenue Mix Post Renovation



Moving Forward and the Next Steps

- ▶ Short term:
 - ▶ Pursue online ticket pre-sales
 - ▶ Continue current investment amount in players
- ▶ Long term:
 - ▶ Add 7,000 luxury box seats during renovations to penetrate high-end market
 - ▶ Maintain pricing structure on current tiers
 - ▶ More team victories to enhance brand