

Module 1. Bespoke investments in sport – Utilising the uniqueness of sport

Unit 3.1

Introduction

In this course, we will learn about wealth enhancement within sport. To begin, this first module will adhere to the following structure: firstly, we will outline the current state of the global sport industry and what this means for any investment that we might make. Secondly, to fully understand the topic we will be noting the uniqueness of sport, what makes it special from other businesses, and the role that it plays within society.

Then, we will bring the focus onto the investment potential of sport and try to highlight some of the potential industries within the sporting field that would provide the best potential. As we approach the end of the module, we will consider what benefits and potential drawbacks that the uniqueness of the sports industry can cause when investing in them, before concluding with a summary of this module. But, first, what do we mean by a bespoke investment?

Bespoke investments

When we think about the term bespoke and what it means, we think of an item or items that are made solely for the individual to satisfy their needs. And this is the same in the financial world. A definition is provided by Matama, that suggests that “a bespoke portfolio is an investment portfolio that has been designed to specifically fit your financial needs, desires, values, motivations and goals, no matter how unusual they are” (para. 2).

Essentially, the investments are made into products by grouping collateralised debt obligations (CDO), which are backed by other income streams, loans or assets, that have portions sold off to each investor. These will be sold depending on the needs and requirements of investor.

There are, of course, pros and cons of this type of investment, as there would be with any other. The main advantage of this type of investment is that it is fully customisable for the person making the investment. The investment can be tailored to consider the interests and financial needs, the risks and potential returns, of the client and as such when done correctly can bring in above market returns (Chen, 2020).



This leads to one of the drawbacks with this type of investment, as the investment approach is tailored to the individual investor, the secondary market for resale can be small or even non-existent. Furthermore, while these types of investments can again be done by the individual, due to the often-high levels of risk involved, they are better suited to being conducted in partnership with a fund manager or team. It is more than likely that this type of investment will require a dedicated fund manager to build the investment portfolio and any associated costs that this entails will have to be factored in to the returns on the investment.

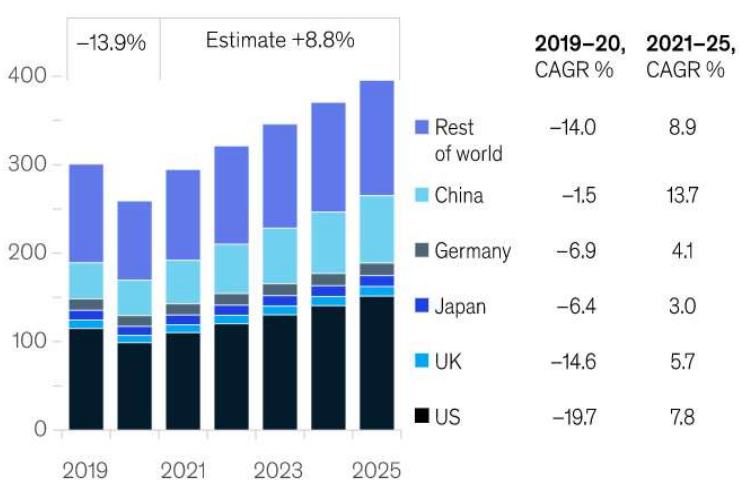
To recap, the aim is to tailor investments specifically for the individual investor and not rely on out of the box solutions. The investments can be made up of all sorts of industries and a combination of debts and assets, which can be high in reward, but also in risk. As investors and businesses become more in tune with each other, this is an investment type that we will begin seeing much more of. The goal here, of course, is to see how unique investments can be harnessed in the world of sport. To do this, we must first understand the sport market itself.

The global sport industry

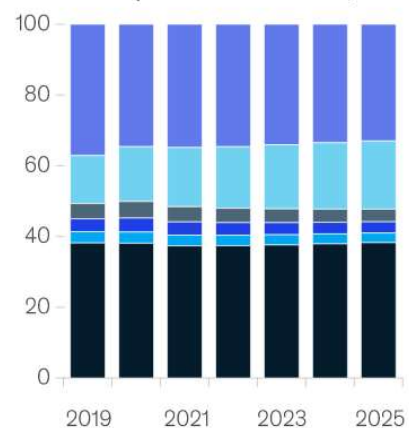
Put simply, the global sports industry is huge, from scope, but also to the amount of wealth that is transferred through it yearly. While it is not easy to say exactly how much the global sports industry is worth, estimates put it at roughly between €350 billion and €450 billion (\$480-\$620 billion), this included sports teams, leagues, federations, infrastructure construction, sporting goods, licensed products and live sports events. For example, the sporting goods market and its growth as noted in the below figure.

Figure 1. Global sporting goods market growth

Global sportswear market size, € billion



Global sportswear market size, %



Source: Becker *et al.*, 2022, <https://mck.co/3bGiV1V>.



Like the sporting goods figure above, it is not expected that the sports industry will stop growing and instead increase in size year on year. Some of these estimates suggest that it will grow from \$354.96 billion in 2021 to \$501.43 billion in 2022 (again, notice the disparity between estimates!).

While the industry of course is attractive, we must be aware that there are challenges when investing into it. As we will discuss in the following section, sport is not a normal business, and investors should be aware of this from the start.

Why does sport need this?

This rather lengthy but important quote from Couchman (2020) sums this school of thought up:

The sports market has now, finally, reached the stage where intelligently crafted, bespoke investment partnership arrangements are achievable to enable sport to continue to grow and to meet its many objectives, from elite competition to grassroots development. To some extent, private equity can replace the role customarily played by the larger agencies as long-term business partners to sport, bringing both capital and commercial acumen to the board table, and allowing sports to structure more flexible and discrete arrangements with commercial agencies and partners. (para. 23).

The uniqueness of sport

It is often stated that sport is not like other businesses, but is this true? There is certainly a school of thought that believes that sport, even though it might operate in many of the same ways as a normal business, is different. This difference might appear in its products, its marketing activities, and even its customers. In an attempt to quantify some of this difference, Constantinescu (2011) writes that the uniqueness of sport can be shown in the following statements:

- a) sport organisations are competing against each other, but, at the same time, are working together to realise sport products and services.
- b) The sport product is usually subjective and cannot be measured precisely.
- c) The sport product is not constant and is entirely unpredictable.
- d) The focus is on the expansion of the sport product and not on the product itself.
- e) Sport is performed and consumed in public.



- f) Sport services address both end users and organisations.
- g) Low control for content and quality.
- h) Sport has a universal impact.

When we go through this list by Constantinescu (2011), we can indeed see some similarities and differences. Firstly, in team sports it is correct that sporting organisations will rely upon each other to make the product that they are selling, perhaps tickets, TV subscriptions, more valuable. Even though they are competing to be the best, if one team is successful too often, then the excitement and interest amongst the viewers will decrease. This is different from a normal business who will often not be concerned by the welfare of their rivals.

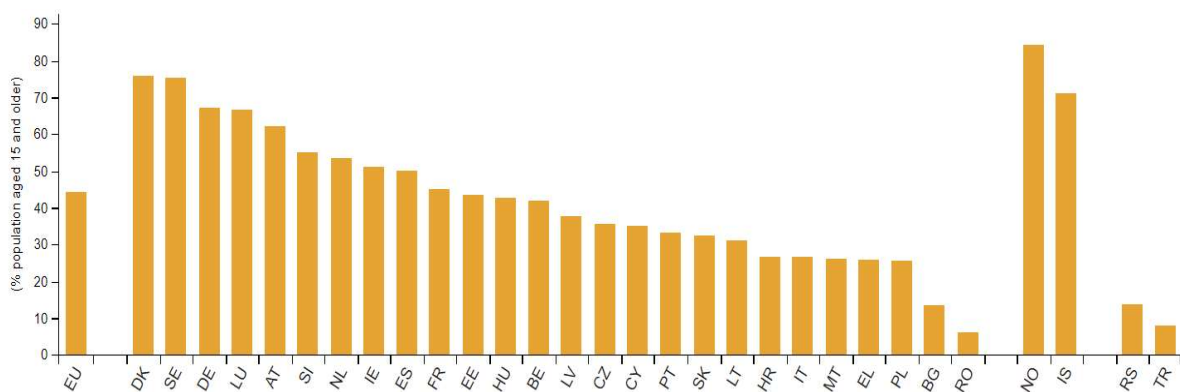
Additionally, and this is perhaps the key difference when we think about sport and a normal business, is the connection between the sport and its consumer. As Constantinescu (2011) states: “No product is so closely linked to personal and emotional identification than sport. The supporters of a team regard themselves as being part of that team and their participation represents an important part of their own life philosophy” (p. 73).

It is this connection that drives consumers of their sport to become linked with the purchases and investments in sport in a way that does not extend often to other consumer products. To extend this discussion, in this subsection we will be looking at sports activity and sports fandom as examples of the uniqueness of sport and try to answer that question.

Sports activity

The participation within sport across the globe, like the industry, is significant. Potentially billions of people will participate in sporting activities during any given week of the year. In the figure below, we can see the scale of sports participation in various European countries.

Figure 2. European Health Interview Survey



Source: EuroStat, 2019, <https://bit.ly/3Qi9ipc>.



What we can observe from this chart is that physical activity and sports participation vary wildly from country to country. However, if you consider the numbers, it is still a truly staggering number of participants the continent over. What a vast majority, or all, of these participants need is equipment, which explains the market size of the sports good market. The sporting goods sector is also very competitive, with a limited number of companies involved and largely blocked off to new entrants. This, as we will discover later, makes this industry one where investments can be extremely lucrative.

However, why is this industry unique when compared with other industries? Sporting activity can be a crucial part of an individual's life which they dedicate thousands upon thousands of hours to over the course of a year. It can also form part of their social group as they surround themselves with likeminded persons, who are also interested in the activity.

The activity that they participate in may even form part of their professional life, from which they are able to make a living or contribution to their regular job. This will often not come without a large amount of dedication to the sport, requiring many hours of practice and skill refinement.

In addition, those paying for a sports activity might not just be doing so for themselves, but also their dependents. The spending on children's sports activities has also increased in line with adult spending, as parents seek to engage their children with wider elements of play and learning. These activities might be even harder to give up than those pursued by adults! All of this sporting activity takes not only time, but money, which we will discuss in the following subsections.

Sports fandom

Sports fandom is perhaps the most obvious aspect that differentiates sport consumer behaviour from that of a normal consumer. The relationship that fans have with the chosen club or team often lasts a lifetime and is passed down from generation to generation.

As we have already discussed, the bond between a fan and their team is much stronger than any other form of relationship with a business. The whole lives of sports fans can be altered by the fortunes of their team; if they are winning, they are more likely to be happier and wear club products more often. If the reverse happens and the team begins to lose, then less presentation of being a fan of that particular team will take place. However, fans will not leave the team, they will often continue supporting, buying tickets and watching fixtures, even if the team is playing poorly.

The team might form an integral part of their life and their identity with scheduling of time dependent on the fixtures of the team in question. In extreme cases, fans have also been known to get permanent reminders of their love for their team by tattooing crests, logos or famous song lyrics on their bodies.



This is a very unique relationship that really does not occur in many other areas of business. If those investing in sport are able to cultivate a good relationship with the fans of the team, they can be sure of a steady stream of income. The margins though are narrow between success and failure; we will discuss this in the following subsections, but if a team becomes unsuccessful for whatever reason or an issue happens that concerns the fans, then their response will be less than positive. The connection they feel with the club will cause them to behave in a more demanding way than if they were just normal consumers, and this is something that needs to be taken into consideration. Given these unique factors, sport as an area of investment has many interesting elements to it.

Sport as an investment

Investing in sport is not new and has been done for many, many years. In the previous reading, course 2, we discussed how sport and even sports teams and organisations can prove particularly lucrative areas for investment. As sport has developed, the scope of investments and the rewards to be made out of them has only got larger.

The amount of industries that now operate within and surrounding sport allows investors to make worthwhile and profitable investments in a host of different areas. We can invest directly into sport, for example, focusing our investment on sports teams or sporting goods, either made for the general population or at the elite level of performance.

We can also invest in the surrounding industries of sport; these could be considered as media coverage, transport or even food and drink to be sold at games or events. These investments are closer to normal business investments, but can still be impacted on by the many variables that occur within the sports industry.

The variables that we have discussed can both positive and negative. Though before we get into the potential drawbacks of investing, there are many positives of investing in sport, while not wishing to repeat previous content, some of the positives are listed below.

Positives

There is no doubt that being involved in the sporting industry has the potential to be an extremely worthwhile venture. It has been a lucrative industry since the early days of modern-day commercialisation, the era signalled by the 1984 Los Angeles Olympic Games. With the advent of television coverage, the Games became a hot bed of advertising and licensing agreements, which allowed it to be the first games to make a profit from hosting.

Sport has carried on in this fashion, the industry has continued to grow in recent years and shows no signs of slowing down, even if the interruption caused by COVID-19 did not impact the industry in the long term.

So, as we have seen, investing in sport can be a lucrative venture; but what sports should we invest in and are some better than others?



Which sports industries to invest in

There is a range of different industries that investors in sport could look at investing in, each with their own benefits and drawbacks. The specific industry that we might wish to invest in depends on our goals as investor, and maybe even our personal interests. In this section, we will focus on sports equipment, sports media, and sports teams.

Sports equipment

As we have discussed earlier, with the number of people who are participating in regular sporting activities, the sports equipment industry is a good one to invest in. The developments within this particular industry are shown in the figure below.

Figure 3. Key trends in sporting goods industry



Source: Becker *et al.*, 2022, <https://mck.co/3bGiV1V>.

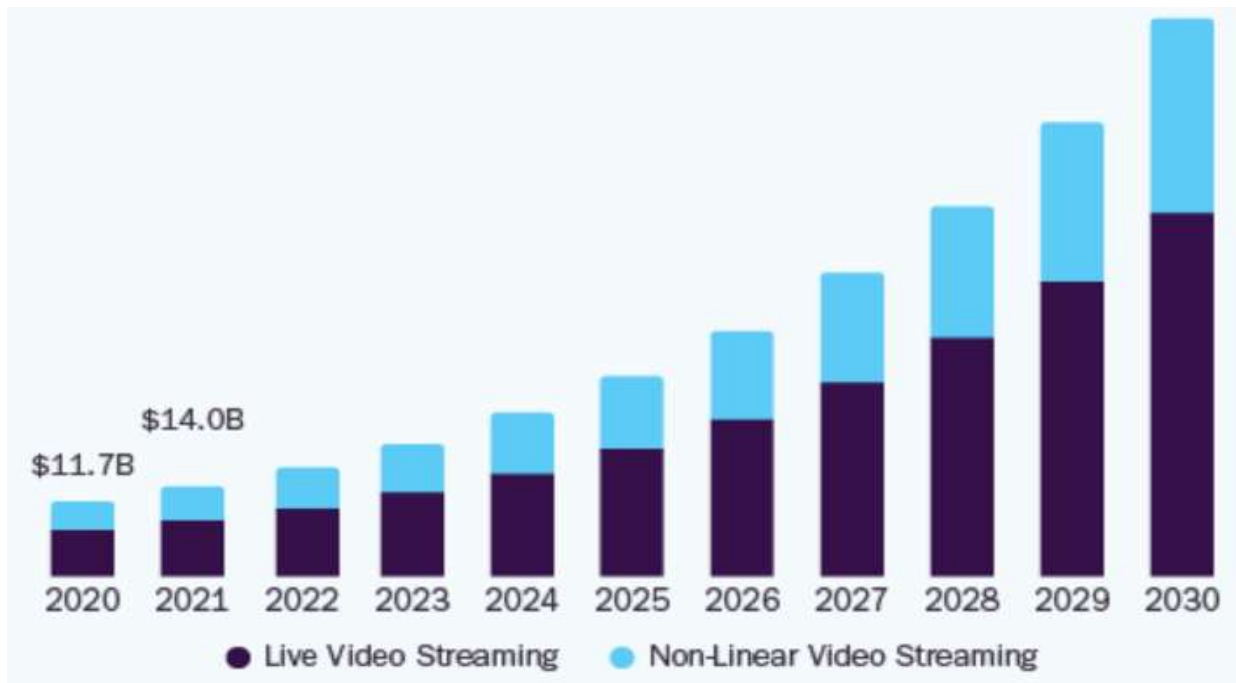
Even during COVID-19, the industry was able to maintain sales due to shifting behaviours of its customers. We visited group spaces, such as gyms less, but became more interested in the home workout market and buying products from there. What this does indicate that even though a shock happened to the industry, it was able to bounce back and to continue to sell products to the sports and physical activity obsessed public.

Some sports will require a greater deal of not only money, but time to participate in; for example, a game of football is going to cost less and often be considerably shorter than a game of cricket due to equipment needed and format of the game. This should make the investor consider what they want out of their investments; are they hoping for a quick return by being able to sell widely to a large population? Or a more considered investment that will sell less but for higher values and take more time to realise the investment potential?

Sports media

The sports media industry has exploded in the last few decades, with multiple different platforms now giving sports coverage to people all over the world. We can illustrate this by the increase in the size of the Asian video streaming platforms in just one year, but also their potential in the years to come.

Figure 4. Video streaming market size: Asia



Source: Grand View Research, 2021, <https://bit.ly/3zLmqvZ>.

Investment in this market should also be under consideration for those looking to increase their net worth. The media and streaming sectors within sport are again tied to sports fandom. As the leagues that these teams play in have become more accessible through media coverage, the more widely a fan base has increased, often including fans from all over the globe. These fans now want to stay in contact with their team, watching games, interacting on social media and being part of fan communities. As the popularity of sports and the teams that play in the leagues in certain locations increase, think about Asia and La Liga, Premier League and Ligue 1, the financial benefits are only going to go one way.

Sports teams

In this section, we will outline the investments that can be made in teams themselves. There are many teams in which investments can be made and to make sure that we are not introducing too many aspects we will be focusing on football, cricket and American sports.

Football



Football is the most popular sport in the world, but the teams participating within this field are often involved in a form of 'arms race' to buy the best talent to achieve the goals of the fans and the club by winning leagues and cups. Even so, there is a vast pot of wealth that can be tapped into.

The major players within this industry have accumulated vast wealth, but also vast debt. Both of these elements can be attractive to investors. While anybody can invest in a football team, some from as little as £5, those competing at the top end of the game require much more sizeable pockets.

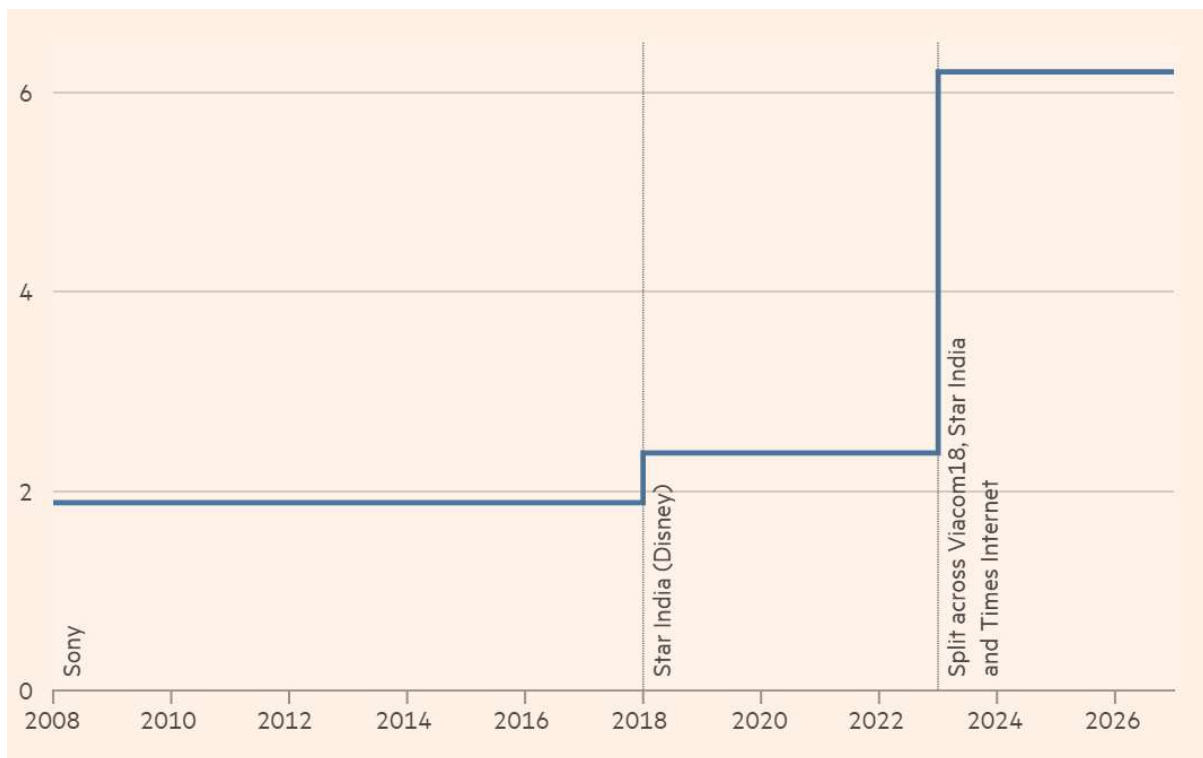
The purchase of these clubs can run into many millions of dollars, and on occasion billions. Often the club has existing debt which is being managed through other revenue streams such as sports media and competition advances. In recent years, new owners of clubs have leveraged their purchase by increasing the debt level at the club they wish to buy. While this is a successful strategy, perspective owners might need to be mindful that the high involved consumers, the fans, might not be appreciative of this method, if it is seen to be benefitting solely the owner or ownership group and their other financial interests rather than the club's performances.

Cricket

The second sport that we will look at is cricket. Cricket is a hugely popular game in most places in the world, although the heartbeat of the sport remains in countries such as England, Australia, India and Pakistan. The aim of the game is to score the most 'runs' (achieved by running between two points on the pitch after striking the ball) and to restrict the opposition's score by getting their players out, in a fashion reminiscent of baseball.

One of the largest competitions is the Indian Premier League, named after the country in which it is hosted, India. It is a shortened format of the game and has become known for attracting the world's best players and exciting match play. The competition is consistently increasing its revenue streams as we can see from this figure below detailing media income contracts from formation in 2008 to the present day.

Figure 5. Media rights for the Indian Premier League



Source: Noble *et al.*, 2022, <https://on.ft.com/3BPq22C>.

While there are other cricketing competitions that compete for the attention of the public, the IPL remains the pinnacle of this format of the game. When the competition first began, the ownership of the teams was exclusively made up of Indian investors and groups. However, as the appeal of the league has grown, investments are now being made from all over the globe. For example, CVC Capital Partners, a British equity firm, won the bidding at roughly \$740 million for the ownership of the new franchise, Gujarat Titans.

With fans showing the devotion and attendances similar to that of the more established football leagues, the investment in the league, its teams and other partners, is not hard to understand. In addition, by operating a franchise system some of the uncertainty which can be noted in other sports leagues is removed.

American sports

American sports are different from the European counterparts in many different ways. The production around the sports can leave many of rival leagues playing catch up. The league excites consumers not just in North America, but globally, and have managed to increase revenues year on year significantly. To further increase, revenue games have been taken outside of their immediate market and showcased in different locations around the globe to further drive revenue.

As we know, investors like to reduce risk and this is as true in sport as it is in other forms of business. Therefore, the sports and leagues which prove most attractive are the ones



that can control the risk the most; for example by implanting salary caps and other cost controls (Couchman, 2020). It is perhaps the perfect place for minimising the biggest risk of all, relegation. So, how do we harness all of these factors, sports and the uniqueness of the industry to drive investments?

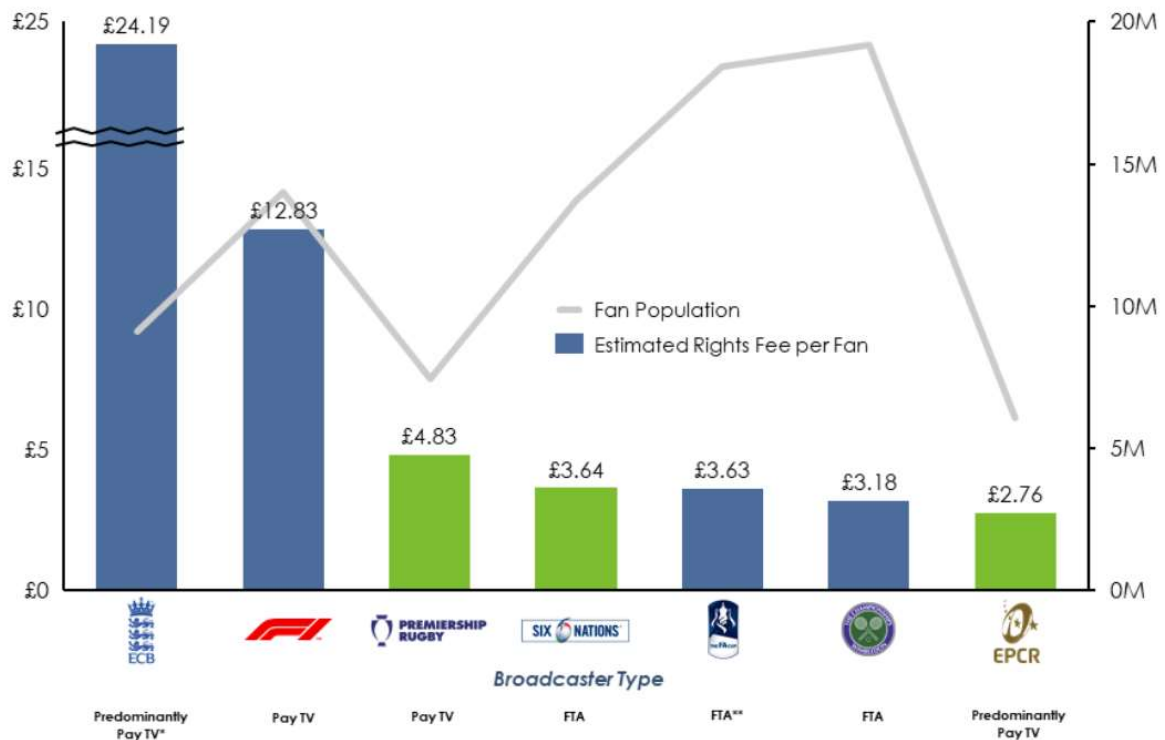
Utilising the uniqueness of sport for investment

There are a few ways in which we can utilise the uniqueness of sport for investment purposes to make sure that, when we invest in this bespoke way, we can seek the returns that we wish. Firstly, individuals can invest in multiple sporting organisations without difficulty; they can even invest in competitors operating within the same sector. This can help by offsetting risk and allowing for even greater returns. Furthermore, the importance of sport in the life of consumers, whether these are participants in sport or fans of a team, sport or league, shows no signs of declining. Even after the enforced break for Covid, the industry is rebounding and interest, on the whole, has not appeared to decrease.

We have already given some examples of where we should invest into right now, but what about in the future? The sports industry is expanding all of the time and new entrants, despite the competitive field are appearing with regularity. For example, Esports is expanding at a rapid rate with viewership and price money increasing as well. The interest from the younger generations perhaps shows a change in the way that viewing activities and what is termed as a sport is changing.

While the rise of Esports perhaps indicates that changes are afoot, the sport of Rugby shows that there are still productive investments to be made in more traditional sports. As we can see from the below figure, rugby has yet to realise its potential when considering commercial sources. There is much more that the sport could do, and to do this it will need the finances of investors. By bringing their knowledge from other business settings, these investors can take an active role in driving sports such as rugby in the right direction and not only benefiting the sport itself, but the investors initial outlay.

Figure 6. UK estimated media rights fee per fan



Source: Nielsen Sports, 2022, <https://bit.ly/3dh6B8A>.

But we must remember that, even with the best models and intentions, investing in sport is not always straightforward. There can be issues that appear when investing in sport that can cause several issues for investors and sports organisations. We will cover these in the following section.

Pitfalls and trouble in sport investment

Sport, like any other industry, can be both full of positives and of negatives for the investor. We have tackled some of the positives early on in this module and it is fair to say that, if everything goes well, then the investment returns that can be made in the sports industry are substantial. However, as we know, this is not always the case and, unfortunately, there are issues that can creep up and cause harm to an investment, no matter the skill or experience of the investor, some unique to the sporting landscape.

Decline in expected revenues

The first of the actions we might term as an 'uncontrollable' is a decline in expected revenue. This can occur for many reasons and in all sorts of revenue streams, for example, an increase in costs of stock, damage to stadium or shop front. The main example that we will look at now is regarding TV rights.

The collapse of TV rights deals in sport can lead clubs who have relied upon that income in a lot of trouble. If you have budgeted for a certain amount of income to be available



over a financial year that will allow you to operate and then it is, almost overnight, not available this will undoubtedly cause problems.

Ligue 1, the top division of French football, and its member clubs, experienced just this scenario. The league and MediaPro agreed €3.25bn over four seasons for the showing of fixtures from the league. It was an extremely valuable deal to the clubs in Ligue 1 who would have been entitled to a share of the biggest media deal agreed for the league in the history of the competition. However, after just four months the deal collapsed leaving teams extremely vulnerable. The following quote from Reims president Jean-Pierre Caillot summed this situation up:

When you don't have any TV rights money, ticketing money or hospitality money, you'll have to explain to me how we are supposed to keep our business running. If the league cannot get a new loan, which is far from assured at this point, I think that in February or March, there will be a lot of clubs who will not be able to pay their players and employees. Because we often forget that a football club is not just 11 players. (as cited in White, 2020, para. 13).

As the deal was agreed by the league, there was not so much that the clubs could have done to mitigate this. They could have perhaps registered their unease at a deal that would have brought in over 60 % higher revenues per club than in the entire history of the league, especially coming straight after the Covid impacted seasons. It was perhaps too good to be true!

Although we have used football as the example here, it really can and does happen in every sporting sector, and is certainly something that those investing in the area should be mindful of. Do they have enough reserves to see them through any situations such as this? And can they mitigate these types of issues before they become a major problem, even if they are not of their doing?

Natural events

There are some events that are simply not predictable or can be foreseen, no matter how good our investment approach is. This could include all sorts of external factors that the organisation operating within the sport industry are unable to control, for example, war or natural disaster.

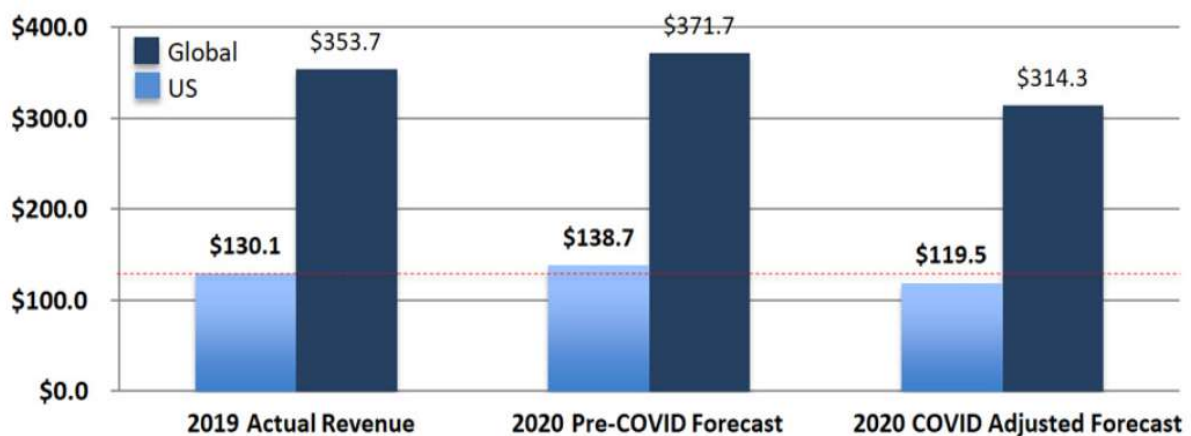
The example that is probably the most contemporary and with data to back up the impact of the disaster is Covid-19. It will not be a surprise to anyone that in a purely business sense Covid-19 caused vast damage to companies the world over in all sorts of industries.



The sporting industry was no exception, with the industry as a whole impacted, but with some industries feeling the brunt of imposed shutdowns and changes in consumer habits more keenly.

As we have previously discussed, the sports equipment industry was able to pivot and begin supplying goods such as home gym equipment that consumers required thereby saving themselves from further financial hardship. However, this was not purely a positive story, as we can see from the figure below, there is still concern in the growth of the industry.

Figure 7. COVID-19 impact on 2020 US sportswear sales



Source: Best *et al.*, 2020, <https://bit.ly/3bHh50u>.

The revenues in the US sportswear industry are well below those forecasted for the year, with no other limiting factors we can be confident in suggesting that this is due to the pandemic. While individual participation became more popular over this time period and was able to offset some of the loss in team sports purchases, there were other limiting factors.

Some individuals lost work due to the slowdown in the global economy and therefore had less disposable income to spend on items such as sporting equipment. For others, sport became less important in their lives and they simply did not carry on. Even after restrictions began to be lifted, these individuals did not return to their previous activities, perhaps having found something else to do. Therefore, it is clear to see why the sporting goods industry has maybe not bounced back in the way that was expected.

Sports media were also able to adapt by increasing the number of live games on show to capture the market that were no longer able to attend live fixtures due to differing rules and regulations across the globe. This has some way mitigated the loss of sporting fixtures from their schedule when all sporting leagues were shut down due to the pandemic. However, as with sporting goods, this did not cover all of the loss. With live games disrupted, the advertisements that would usually be sold during these fixtures were not. While many television stations showed repeats of past games, the viewing



figures did not match the live fixtures; therefore, any advertising revenue that was generated was much lower than it had been previously.

Television and other video content hosted online at least had the benefit that they could repeat matches; the print media, for example, were less fortunate. With nothing going on in terms of sport, it was hard to fill the pages with pure speculation. Again, this caused a drop-in advertising revenue putting the finances of some outlets under significant pressure.

The sport teams and event industry were also struggling in these times. With rules prohibiting the attendance at in person fixtures finances were clearly stretched. Take for example this following quote which highlighted the case of the National Basketball League in America: "While the cost of the season resumption was reportedly \$150 million – and the league had lost more than \$1 billion in revenue due to the pandemic" (Hindman *et al.*, 2021, p. 342).

While the revenue of the league, and therefore the teams, was being lost, costs were still being paid. Players' salaries required paying; non-playing staff also needed to receive salaries, and fixed assets costs (stadiums and training facilities) also required payment. Some of the larger teams in the richest leagues and markets in the world could absorb these costs, others could not.

Lower league teams in Europe, where there is no revenue sharing, had a much harder time often having to take out loans or take early payment for cup competitions from their governing bodies. There were even cases where this was not enough and caused some sporting organisations to go out of business entirely.

Uncertainty of outcome

One of the biggest issues with sport from an investment perspective is also what makes it attractive in the first place, uncertainty of outcome. There is no way to control the outcome of a game (although match fixers might beg to differ); in theory, anyone can beat anyone regardless of team standing. However, this is an issue for the investor. Investors would like to have certainty of outcome; they know what will happen and when, so that they can forecast exactly their rate of return on investment. Sport does not work like this, and there is a low control over the content of the game and outcome (Constantinescu, 2011). What this means in practice is that any investment made in sport is not overly secure.

If the investment is made in a team and that team has a bad run of results, the attractiveness of the team is likely to decrease. As we have previously noticed, this does not mean that all fans will immediately stop watching, although some of the less involved ones will begin to pick and choose their fixtures.

Losing teams also do not attract as much attention from media outlets or sponsors; therefore, income into the club is likely to decrease. This will mean that less is spent, this



could be on players or on infrastructure projects. If it is players or other performance staff, the club might see a decrease in performance, continuing the cycle of lower outside investment from fans, sponsors or media.

A further result of this lowered income, investment projects, like stadium expansion, could also be put on hold. This lack of investment could cause the sporting organisation in question to not deliver the returns on investment off the pitch that had been expected, causing a lower rate of return to any investor. This return may be made back in the future but with a delay which could impact on the finances of the investor or investment group.

Employee misbehaviour

One of the most important factors that can determine whether a sporting organisation or sporting business is successful is the behaviour of its employees. There have been countless incidents where employees have, accidentally or maliciously, acted in a way that has caused financial harm to their businesses.

Firstly, while we might have processes put in place at a particular business, in an effort to limit issues such as these, they do not always work. We could argue that this is the fault of the owners and directors of the business who have not thought through ways in which harm could be done to the organisation by employees and should have put more checks and balances in the system. But sometimes it is not possible to do this as there are ever changing circumstances that it would probably be impossible to stop.

Take for example, the case of Hamilton Academical, a Scottish professional football team who were subjected to a massive fraud. The fraud cost the club in the region of £800,000 as fraudsters were able to convince those working at the club to make a payment to the wrong bank account (Press Association, 2017). The club were able to recoup some of the money, but were left out of pocket meaning that expenditure elsewhere had to be cut back to make up the financial shortfall.

There is also player misbehaviour; this type of behaviour can cause even more significant financial damage to a club. It can do this in a few ways; firstly, misbehaviour outside of the club, for example, court cases or domestic violence complaints, both of which are sadly very regular in some sports. It cannot only turn public opinion against the club, but also make financial transactions much harder. When a player misbehaves, it impacts not only on their ability to play through possible suspension, but also on other areas of a sports organisation. Who, for example, wants to sponsor a player who has been convicted of assault? Would you want your companies brand associated with that? The answer is a resounding no. There are multiple examples of where the player has lost their personal sponsorship, but sponsors have not renewed their overall agreements with the clubs that these players represent.

Although it would be wrong to suggest that it is just the players who could cause these types of issues, bad advice by third parties such as agents could also play a role. Whoever



the advice is coming from, the result is the same: likely financial loss for the sports organisation.

More harm than good?

The unique factors that make sport an interesting and worthwhile investment can also be the factors that undermine the investment. With the unpredictability of performance at the heart of sport itself, this investment type is not for the casual or inexperienced investor. It requires a great deal of strategy and patience to make sure that the returns you are aiming for are the ones that you will eventually make.

As we have said in previous modules, the sporting world is littered with examples of people who thought that investments in sport would make a great deal of money, only to be left disappointed. It is arguably even harder to do this when investing in a sports team, as the risk is so much higher. In a normal business, even though it is in the field of sport, we can predict, to some extent, the behaviours of other firms and the industry as a whole; in sport teams, this is much harder to do. In addition, the relationship between a sports team and its 'customers' is also much stronger than normal, and any wrong moves in the eyes of these customers will be noted, and opposition will be fierce.

This is not to say that an investment in this industry should be avoided. There are plenty of investors who do make good returns on their investment and have been doing so for many years. Though, to reiterate, this requires a great deal of skill and is not as straightforward as it might appear.

Summary

In this module, we have covered the role of bespoke investments in sport and how we, as investors, can make the best use out of the unique qualities of sport to realise our investment goals. We have also noted that there are drawbacks that we must consider before we invest and make sure that we come up with mitigating plans, if things do go wrong.

What we therefore must consider is that the unique factors of sport can be both a benefit and a drawback to investment. We engage in bespoke investments as these are exactly what we want to invest in and the outcomes from the investment we want. However, we need to be mindful that, in many ways, these are much different investments than in normal business. The relationship between the consumers and the products in these industries are different and, therefore, the expectation from the investments are not solely money for goods and the relationship ends. The consumers will take an active interest in the product, their team, perhaps, and the way it is being managed with any deviation from their own beliefs, causing rifts between them and the ownership. When this rift begins, the investment might not be as sound as previously thought.



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