

# NFL Business Report



## Introduction

The SWOT analysis is a very critical tool that is used in analyzing different business scenarios. In this business analysis, the strengths, weaknesses, opportunities, and threats of the chosen National Football League are analyzed. Focusing on the introductory part of this business analysis, an overview is provided on the NFL. In addition, the competitors, pricing policy, inputs and outputs, growth overtime and Changes that have occurred in the industry structure are also given some emphasis.

## Overview of the National Football League (NFL)

Under this overview, the paper explores the national football clubs in the United Kingdom, as mentioned earlier. Football in the United Kingdom has grown to become wealthier and more popular because the clubs pay out millions of pounds in players transfer fees and salaries. In fact, some players in the English premiership clubs earn over two hundred thousand pounds a week. This has created a scenario where the newly promoted clubs struggle to establish themselves and remain in the top flight. Rich clubs buy the best and the most expensive players because they can afford their transfer fees and pay their high salary demands. The newly



promoted teams may not have strong financial background and therefore fail to compete favorably in the transfer market. Failure to compete effectively in the transfer market means that they miss the world's very best players. After a season or two in the top-flight league, the small teams find themselves relegated. Therefore, "missing the financial benefits that is associated with the premiership football" (Stuart, 2006). The financial benefits come from advertising rights, various league cups, live radio and television broadcasts and companies sponsorships. Merchandise sales, this include the sale of replica shirts are important to both the sponsors and the clubs. In the nineteen eighties, the rate of hooliganism in English football was so high and this drove the sales of shirts lower in football that the rate at which the replica shirts were selling went to an all time low. Today, football has gotten rid of hooliganism and therefore wearing of a club's jersey has become so stylish. Effective legally binding contracts are very necessary for commercial success. Currently, clubs have large shops selling exclusively products officially from the clubs ("National Football League", 2012).

The most popular type of merchandise on sale in England is the adult replica shirts. However, the greatest problem comes when counterfeit products flood and satisfy the market before the clubs cash in especially on newly signed players. Players can as well act as product ambassadors; the power of players in commercials is steadily on the rise, increased public and club interest is witnessed where individual players are used as marketing tools. Advertising and sponsorship deals for players and their agents are open to discussion. These deals also help the players in achieving celebrity status and hence an increase in demand for goods and services they advertise ("National Football League", 2012).



A football brand is a representation or a character which central on the club its objective is to win the hearts of fan and the customer community. Football branding comes with several benefits. Firstly, a brand loyalty is created because fans will always want to identify with particular players who might have been used in advertisement. Secondly, brand longevity is created this the game of foot appeals to all the age groups and across all social classes therefore, capturing a wider area. It results into low marketing expenses because once products establish themselves in the market they become hard to replace (Armstrong, 2005).

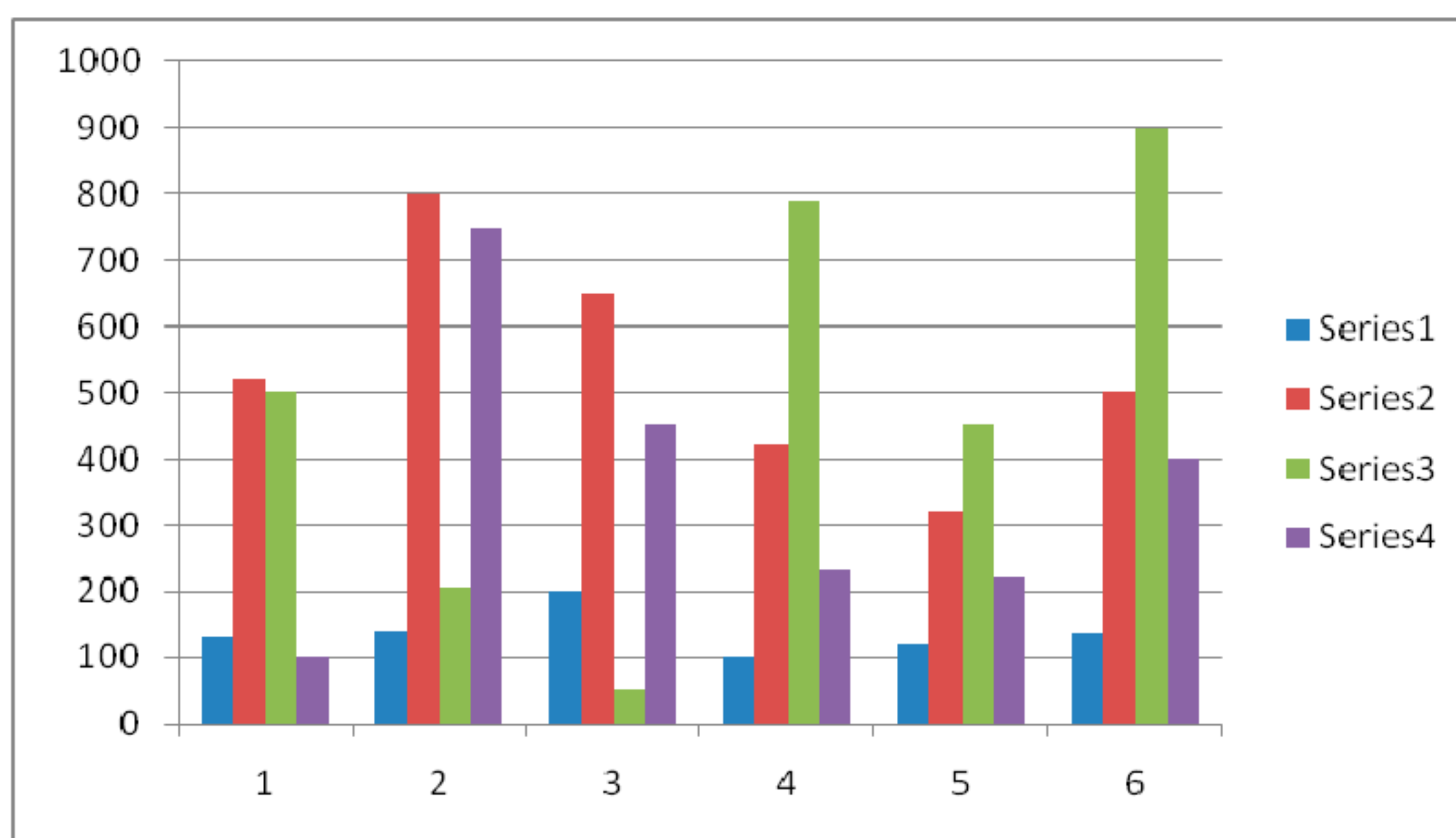
Moreover, the business overview of the NFL, which incorporates the football clubs in the UK. The following discussion provides a brief overview of the financial positions of these clubs.

### Tabulation of sources of finance for the clubs

Club	Owner Contribution	Gate collection	Loan	Selling of Merchandise
Chelsea	\$ 130	\$ 520	\$ 500	\$ 100
Manchester United	\$ 140	\$ 800	\$ 205	\$ 750
Arsenal	\$ 200	\$ 650	\$ 50	\$ 450
Portsmouth	\$ 100	\$ 420	\$ 790	\$ 230
Middleborough	\$ 120	\$ 320	\$ 450	\$ 220
Leeds United	\$ 137	\$ 500	\$ 900	\$ 402

**Figure 1. soueces of finance.**

Source: Field Study	130	520	500	100
	140	800	205	750
	200	650	50	450
	100	420	790	230
	120	320	450	220
	137	500	900	402



### Turnover for the year ended December 31, 2009 and December 31, 2008. (In thousand USD)

	(2009)	(2008)	(Percentage)
Research and development expense	\$ 30,871	\$ 23,985	6,886 %
Sales and marketing expense	2,476	2,289	187 %
General and administrative expense	4,155	4,076	79 %
Interest income	337	(94)	-28 %
Interest expense	(149)	79	-53 %
Other income (expense)	4,390	(4,390)	-100 %



### Fig.3: Financial overview for Chelsea:

Source <http://biz.yahoo.com/e/110302/chtp10-k.htm>

Year	Turnover	Pre-tax Profit	wages/ Turnover (%)	Employees
2007/08	180.267	23.515	56.7	313
2006/07	143.823	19.541	53.3	270
2005/06	105.925	-3.486	66.0	276
2004/05	107.561	-8.672	60.8	297

**Table 3** Financial Overview for Manchester United.

## Competitors

The major competitors of the England National Football League (NFL) discussed above are the United States NFL. The USA teams often put some tough competitions on the England (UK) clubs, which have been explored above. The following discussion shed some light on the pricing policy, which have been adopted by the England (UK) NFL, as explored in the following paragraphs.

## Pricing Policy

The England NFL has adopted the policy of price ceiling, whereby the upper limit is set on prices for the NFL products and services. Such price ceilings are binding and below what the economy would require in its



natural state. This creates a scenario, under which the demand for the NFL products are more than their supply. As result, a shortage is created on the NFL products and services (“National Football League”, 2012). This results into increase of prices on these NFL products and services, thus earning more revenue for the respective teams and clubs.

## Inputs and Outputs

The inputs of the NFL football clubs are the costs involved in hiring coaches and players. The other expenses, which can be regarded as inputs are the transport costs, medical fees and insurance paid on behalf of the players, wages paid to the players, the costs of printing T-shirts and labels for the teams, and uniform costs among others. The other expenses categorized under the inputs are food and accommodation for the players and coaches, among others. On the other hand, the outputs are the revenues earned by the NFL clubs. These can be from the sales of the NFL goods and services, among others (“National Football League”, 2012).

## Growth Overtime and Changes that have occurred in the Industry Structure

The NFL has realized some significant growth and changes over time. The growth has been witnessed in terms of the increased revenue earnings and diversification of the football services. Moreover, there are leadership changes that have been witnessed over times as evidenced in the periodic transfer and change of coaches. Players have also joined other teams,



while some of them have gone on retirements (Armstrong, 2006).

## Application of the SWOT analysis principle

This strategy has been employed in analyzing the NFL as shown in the following table.

SWOT	Explanation
STRENGTH	<ol style="list-style-type: none"><li>1. The NFL is characterized by high quality brands that many customers would want to identify with.</li><li>2. NFL is also capable of attracting and retaining a large pool of clientele base through the use of their brand products and services.</li><li>3. Is capable of attracting many customers from different social backgrounds and lifestyle through its promotional movements as well as rewards ("National Football League", 2012).</li></ol>
WEAKNESS	<ol style="list-style-type: none"><li>1. Their service suffers comparative enlargement difficulties, which is not identifiable with many consumers.</li><li>2. NFL has failed to watch on the football technological pace of its micro as well as the macro business environment, which affected negatively on the sale of its brands.</li><li>3. The NFL was not swift to grasp information on its digital technology, and this has led to poor sales of its football brands that have been considered outdated ("National Football League", 2012).</li></ol>
OPPORTUNITY	<ol style="list-style-type: none"><li>1. The other NFL competitors are weak to organize for strong market forces.</li><li>2. The NFL has manufacturers, and this puts in it a better position to predict eminent competition in this industry.</li><li>3. The England NFL is still capable of standing a head of others in this industry.</li><li>4. The NFL can still get market for its products in the eastern block, specifically Asia, which has not been fully explored ("National Football League", 2012).</li></ol>

## THREATS

1. The effect of internet technology is a threat to this industry since many consumers opt for online service.
2. The use of cellular phones is rapidly replacing the customary football.
3. Skilled and technological advancements associated with internet might soon render the customary football services irrelevant (Wallace, 2005).

## Analysis of the current business strategy

Even though, the current business strategy has yield a lot of revenue to the England NFL, there is still need to employ more of the modern technology to grow and succeed in the end. Therefore, the NFL should adopt more of internet marketing to advertise and sell its products and services. This will be important since many customers are going to be acquired and retained. Such future directions will help in increasing the sales of the NFL products and services. As a result, this will help in realizing more revenues and profitability for the NFL (“National Football League”, 2012). In sum, sound strategic and modern e-marketing approaches are essential for the success and growth of the NFL.