

Master Thesis – Spring 2015



***The Internationalization Process of a Leading
European Football Club***

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***A Potential Market Entry Strategy of FC Bayern
Munich in the Indian Market***

Name: Constantin Graf von Pueckler
Name of Program: M.Sc. Economics & Business Administration – Int. Business
Submitted to: Georg Wernicke
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Table of Contents

List of Abbreviations.....	i
List of Figures and Tables.....	ii
Executive Summary	iii
1 Introduction	1
1.1 Nature of the Problem and Objective	1
1.2 Methodology and Structure	10
2 The Current Situation of FC Bayern Munich	12
2.1 The Club and its Organisation	12
2.2 Analysis of the State of its Internationalization Process	13
2.3 Potential Markets for Expanding the Brand	17
3 The Indian Market	20
3.1 Current Economic Situation	20
3.2 The Football Market and its Competitive Environment.....	26
4 Theoretical Approach to Strategic Implementation in the Indian Market.....	34
4.1 Internationalization Strategies in General	34
4.2 Objectives of an Internationalization.....	38
4.3 Global Strategy and Positioning within the Market	38
5 Options and Measures for a Realization of Bayern Munich's Strategic Approach in the Indian Market	42
5.1 Success Factors for a Market Entry.....	42
5.2 Cooperation Policy and Partnership	47
5.3 Competitor Analysis of the Market	50
5.3.1 FC Barcelona	50
5.3.2 Manchester United	52
5.3.3 ACF Fiorentina	53
6 Implementation of the Strategic Concepts Based on Qualitative Research	55
6.1 The Approach	55
6.2 Evaluation of the Interviews.....	56
7 Conclusion.....	68
7.1 Recommendation.....	68
7.2 Managerial Implications.....	72
7.3 Critical Reflection	72
Reference List	74
Appendix	87

List of Abbreviations

CEO	Chief Executive Officer
CFO	Chief Financial Officer
DFB	Deutscher Fussball Bund
DFL	Deutsche Fussball Liga
FCB	FC Bayern München
FIFA	Fédération Internationale de Football Association
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IMG	International Management Group
ISL	Indian Super League
MLS	Major League Soccer
NBA	National Basketball Association
UEFA	Union of European Football Associations

List of Figures and Tables

Figure 1: Total Revenue of Top 20 European Clubs 2014 in EUR million	4
Figure 2: Top Three European Clubs regarding Match Day Earnings 2014 in EUR million.....	4
Figure 3: Bayern Munich's Source of Commercial Revenue 2014 in EUR million.....	6
Figure 4: Top Three European Clubs Regarding Broadcasting Revenues 2014 in EUR million.....	6
Figure 5: Bayern Munich Revenue by Stream from 2008 to 2014 in EUR million.....	8
Figure 6: Structure of Thesis	11
Figure 7: Geographic Source of Bayern Munich's Revenue for 2013 in EUR million .	15
Figure 8: GDP of India from 2006 to 2014 in USD billion.....	21
Figure 9: Number of Internet Users in India from 2013 to 2018e in million.....	23
Figure 10: SWOT-Analysis Indian Economic Situation	26
Figure 11: Number of Social Media Network Users in India from 2012 to 2017e in million.....	47
Figure 12: Key Steps of Market Entry Recommendation	71

Executive Summary

With the on-going commercialisation process of football in the last decade, the significance of economic success has increased considerably and also become the main driving force behind sportive success of top European clubs. The emerging remunerative nature of professional football has transformed sports management into an integral part of the global business environment. As a result of the actual growth and future prospects of sports markets, football clubs have evolved into corporate entities that diligently uphold core business principles and also implement strategic management practices within their organisations. For many top football clubs in Europe, the development of national sources of revenues is nearing the limits. By way of derogation from industrial entities, which can open up new market potentials nationally as well as internationally through product diversification and alternative distribution channels, a football club such as Bayern Munich has only ‘one’ product. Therefore, internationalisation strategies have been developed by the clubs to tap into additional market potentials; of course without neglecting the respective home markets. While leading English and Spanish clubs have been generating revenues through internationalisation since the past several years, the German Bundesliga and its ‘market leader’ Bayern Munich began to explore international options just a few of years ago. A leading football club’s aim of going international is to increase the club’s recognition in foreign markets and to generate additional revenues through new sponsorship deals and merchandising. After having entered the US market in 2014, Bayern Munich’s next important plan is to open an office in China in 2015. Another prospective football market that the club is eyeing for the coming years is the Indian market. Enthusiasm for and engagement with football is increasing more and more among Indians, and this is illustrated by the successful launch of the Indian Super League in 2014 and the hosting of the Under-17 FIFA World Cup 2017. Entering any new market is a challenging process that requires systematic and strategic planning and also needs an adequate management capacity. For the sustainable implementation of its brand, it is essential to develop applicable strategies, which can facilitate the market entry and further emphasize the club’s positioning within this industry. In this context, various factors have to be considered. Against this backdrop, the current study was conducted to examine a potential internationalization and market entry strategy that Bayern Munich

should pursue to successfully penetrate the Indian sport industry as well as to establish a sustainable and lucrative market share along with integrating with the dynamics of the local market.

A comparison between the internationalisation process of an industrial entity and the internationalisation process of a leading European football club leads one to realize that there are a lot of similarities between the two processes. Following a comparative analysis of the findings from interviews with experts from the football market, one can conclude that regarding Bayern Munich's market entry strategy for the Indian market, the key factor, which is also in line with the theory of classical internationalisation process, is that the club has to first invest in the target country in order to potentially generate revenues in the long-run. Therefore, Bayern Munich must make an investment in the basic infrastructure of the yet undeveloped Indian football market at the beginning to sustainably establish itself and succeed in the Indian market. Then, together with the Deutsche Fussball Liga, Bayern Munich has to popularise German football in India before the club could start promoting its brand. These are the preliminary steps that are necessary before the materialization of the investment can start.

1 Introduction

1.1 Nature of the Problem and Objective

‘Our approach is to sustainably position FC Bayern Munich (FCB) in different focus markets. Any institutions, regardless whether they are a sports club or industrial corporation, have to keep up with the developments of the 21st century’ (Joerg Wacker – Stadionwelt, 2015).

The diversity as well as the formation of most types of organizations going international are already well analysed. Nevertheless, some sectors of postmodern life, which are currently gaining in importance along with complexity in management, are sports and entertainment. Team sports, especially football, are capturing attention of people in the developed world. At the same time, there are many leading football clubs that are successful on the pitch but exhibit substantial economic deficits. Therefore, a recent trend for top European football clubs to overcome these deficits seems to be a global strategy with a strong focus on Asia (Dolles & Söderman, 2005).

European football is fast becoming an important area of current research into international commerce and business administration. But what are the reasons for this gaining importance? One can say that football is a highly popular, fast growing and huge business in the global perspective. The game has frenetic fans and spectators for whom gender, ethnic, social and economic backgrounds are irrelevant to its practice. Furthermore, a football match entails high uncertainty regarding the outcome and therefore skilful teams or players obviously gain popularity. For instance, in Germany, every weekend more than 80,000 football matches from ‘Kreisliga’ to ‘Bundesliga’ are played. There is no city without a football ground. The integrative power of football is highly visible. ‘Football enthuses, through all layers and cultures, young and old, it awakens emotions, and it connects and unites’ (Deutsche Fußball Liga GmbH, 2010). This overwhelming encouragement has enabled football becoming the people’s favourite pastime.

Today, football has become an international multi-billion Euro business, involving the creation of professional leagues, players being transferred on a regular basis around the globe, and European Cup finals or the FIFA World Cup finals representing the top

media events across the world (Beech & Chadwick, 2004). The world of football is more and more becoming an industry in itself with characteristics that are getting similar to those of the entertainment or services sectors. People across the world can choose whether to go to a theme park, to the cinema, or to a football stadium to watch a match. The countries promoting football as a national sport have witnessed a corresponding rise of football as a business activity in the national economic perspective. Nowadays, football events both include as well as promote a considerable number of other sectors, such as media, and different services like catering or transportation, which means that football has come to represent a large share of the gross domestic product (GDP) in many countries. The globalization of the football industry has led to a concentration of resources in the hands of a few large European and South American clubs, which have both ability and also economic resources to face increasing competition from national and foreign football clubs and other businesses in the entertainment industry. Furthermore, football was able to successfully outperform many other team sports, such as basketball, handball, or ice hockey, and thus accepted as the leading sport worldwide in terms of media attention and audience reception (Horne & Manzenreiter, 2002).

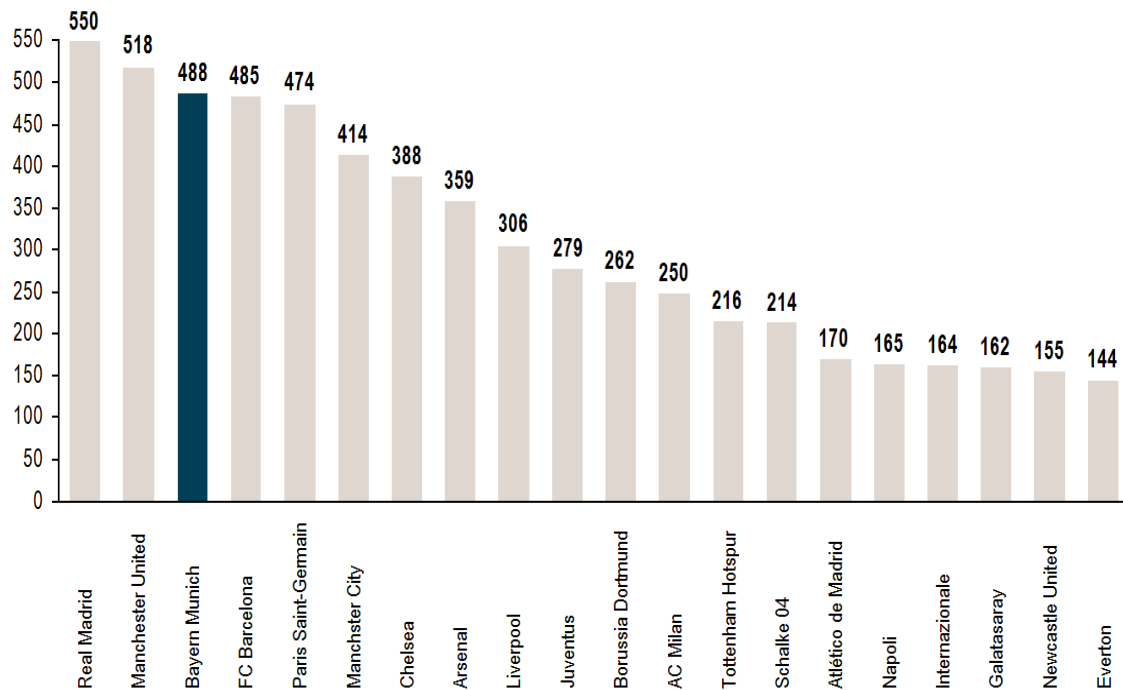
There are many different versions regarding the history of football, but the most important fact is it had started as a non-commercialised game before going on to become a full time profit seeking business. Therefore, in the context of the evolution of football's internationalisation, two consecutive stages can be outlined - the prerequisite stage and the exploiting stage.

The first important step towards the popularization of football was the establishment of the Football Association at Freemason's Tavern in London in October 1863. Until then, football was only played in Great Britain. But the prerequisite stage properly started after capital became available to British companies to finance international expansion and to send their employees abroad. These emigrant employees also took along their enthusiasm for the game of football to whichever country they went. Moreover, those who used to play football in Great Britain taught the native people how to play the game, which ultimately led to the popularity and vast reach of the most famous sport today. Nevertheless, it took about 100 years of amateurish development and concept

distribution before football was established as a universal sport, which grew to become a global business phenomenon and the eventual emergence of merchandising (Dolles & Söderman, 2005).

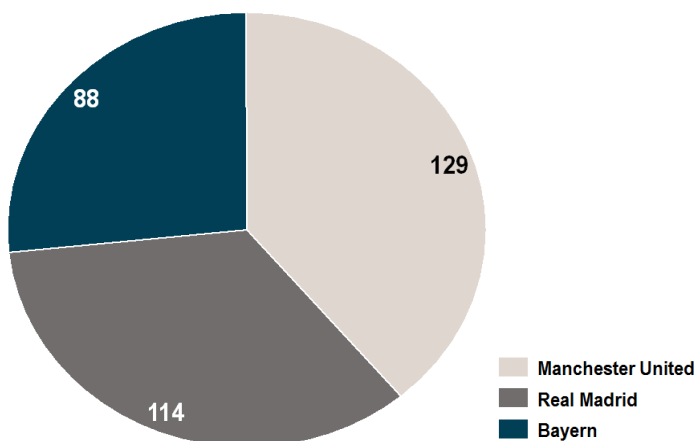
The exploitation stage was only introduced during the last 25 years by the clubs' need to cover costs as well as an increasing desire to raise revenue and generate profits wherever practicable. The most common strategy adopted to achieve these new goals was massive diversification based on a proactive approach towards commercial opportunities. This was the time when commercialisation of football started and clubs began to increasingly enter international markets in order to generate more profits and to gain competitive advantage as well. For this reason, different options of commercialisation were exploited by the football clubs: They established **strategic partnerships** with companies in supporting industries such as sports equipment, they developed **cross border alliances** with other top clubs, a few of them even took the step to quote themselves on the stock market, they increased **international player transactions**, and, especially during the last couple of years, they intensified the push to **enter into new and lucrative markets** abroad. Today, the economic significance of football is emphasized through higher sales in merchandising and sponsoring activities, as well as increasing revenues from the international transfer markets on the one hand, and also through significant surpluses related to television and marketing rights with regard to the increasing number of fans at the stadiums as well as TV audiences on the other hand (Sportfive, 2007).

Revenue generation is a pertinent issue in today's commercial and competitive football business. The extent of a football club's revenue, coupled with an ability to effectively balance revenue with prudent spending, determines the club's profitability (Koylu, 2012). On this basis, club managements have pursued several sources of revenue. However, today the key drivers for revenue are: match day, commercial sales (merchandising & sponsoring) and broadcasting. Figure 1 illustrates the total revenue of the top 20 European football clubs in 2014.

Figure 1: Total Revenue of Top 20 European Clubs 2014 in EUR million

Source: Own table (adapted from Deloitte, 2015)

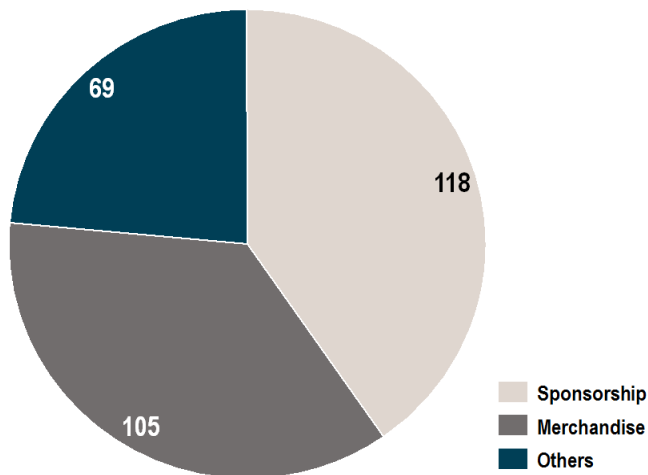
Like most clubs in Germany, Bayern Munich has registered members who buy tickets either on a seasonal basis or on **match days**. The number of games or competitions the club engages in, as well as how well the club markets and promotes the matches to be attended by supporters determines the size of the club's match day revenue (Cortsen, 2014).

Figure 2: Top Three European Clubs regarding Match Day Earnings 2014 in EUR million

Source: Own table (adapted from Deloitte, 2015)

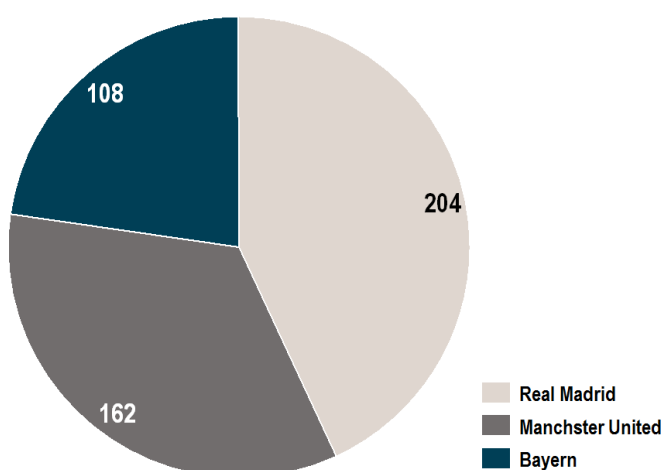
As displayed in Figure 2, in 2014, Bayern Munich was ranked third in terms of matchday revenue among the European top clubs just behind Real Madrid and Manchester United. This result can be largely attributed to the number of competitions and games the clubs played that year and also how far the clubs qualified for the subsequent stages of the competitions, both national and international.

Commercial sales are the largest revenue drivers for all major football clubs. The total commercial revenue of the top 10 clubs in Europe accounted for € 1.9 billion for the year 2014 (Deloitte, 2015). Commercial revenues earned by football clubs mostly occur in two forms - merchandising and sponsorship (Whitney, 2010). As far as merchandising is concerned, the clubs have several copyrighted properties and items that they sell to supporters and fans both in the domestic and foreign markets. Regarding merchandise sold, Deloitte found that the sale of jerseys was the leading source of revenue for major clubs such as Bayern Munich (Deloitte, 2015). The international clubs also receive several sponsorships from leading organizational brands, which associate themselves with the clubs for the purpose of promotion and publicity (Cortsen, 2014). Hence, sponsorships act as a mutual marketing tool between clubs and corporate bodies. Bayern Munich attributes its key sponsorship to corporate organizations, which have paid for their logos to be displayed on the front of the team's jerseys. Besides jersey logos, other sponsoring companies pay for their logos to be displayed around the club's stadium as well as through the so-called perimeter advertising. Furthermore, there are also other associated sponsors, whose brands are attached to the commercial representation of the club. Figure 3 below depicts the major sources of commercial sales for Bayern Munich.

Figure 3: Bayern Munich's Source of Commercial Revenue 2014 in EUR million

Source: Own table (adapted from Deloitte, 2015)

As seen in Figure 4, another major source of revenue for international football clubs in Europe is through broadcasting services. **Broadcasting** of live matches by pay-per-view TV channels and radio stations are the main points of reference to broadcasting revenue (FIFA, 2013). In a country such as Germany, the distribution of broadcast revenues is done on the basis of a particular club's performance standings. Therefore, Bayern Munich, which is the most decorated and achieving club in Germany, receives the greatest share of broadcast revenues in Germany (Whitney, 2010).

Figure 4: Top Three European Clubs Regarding Broadcasting Revenues 2014 in EUR million

Source: Own table (adapted from Deloitte, 2015)

It can be noted that the UEFA's mechanism and criteria on the distribution of revenue gained from broadcasting rights have come under sharp criticism from sport industry stakeholders (Whitney, 2010). The criteria adopted by national and international football authorities such as the Deutsche Fussball Liga (DFL), UEFA and FIFA for awarding revenues earned through broadcasting rights to clubs is based on the outcome of each match played by the respective clubs (FIFA, 2013). Consequently, high-performing clubs enjoy higher allocation of broadcasting revenue compared to the upcoming ones. However, since most forms of broadcasting earnings are received from pay-per-view systems, it takes well-performing clubs and those that play in competitive games to get higher broadcast revenue as there is higher demand for their games (Deloitte, 2013).

Moreover, the potential prospects of multinational operations are provided by the global enthusiasm and passion for football. However, few football clubs have identified the potential inherent in internationalization. While the majority of professional football clubs still act on the regional or national levels, Real Madrid CF, FC Barcelona and FC Manchester United are the 'pioneers' regarding internationalisation strategies (Rilling, 2005). According to Anthony Grimes, a professor of marketing at Hull University in England: 'Real Madrid and Manchester United in particular have shown that there are marvellous opportunities in the Far East' (Wilson, 2004). These clubs successfully promoted themselves as globally recognized brands by means of implementing appropriate marketing and public relation techniques. While the internationalization process started several years ago, it was not until very recently that the 'big' European teams realized the potential of this international approach and decided to adapt it fully.

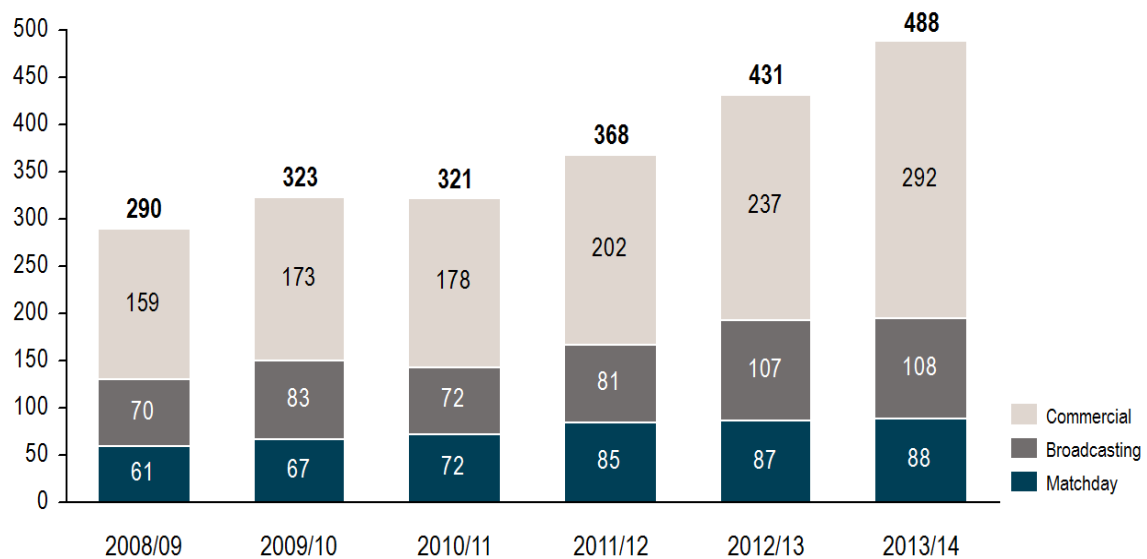
Bayern Munich recently emerged as one of these 'top' European clubs that strive for global recognition. This can be further buttressed by the declaration of Karl Heinz Rummenigge, the chief executive officer (CEO) of Bayern Munich AG: 'We are no longer just regional or national. It is not a secret that we want to be international' (Demireli, 2013). FC Bayern has exemplary demonstrated the transformation from a sports club to a service company due to its constant sportive as well as economic success. Bayern Munich was one of the first professional football clubs that realized the economic potential of the strategic positioning of their product features and created the

required infrastructure to successfully market their brand nationally (Puck & Wirth, 2007).

Furthermore, due to the fact that revenues gained from merchandising and sponsoring are still in large part generated domestically, therefore higher sales potential lies within foreign markets. Underlining this finding, Rummenigge further states: ‘During the last couple of weeks, we have analysed our situation in detail and quickly realized that we have a certain backlog demand outside Germany’ (Costa, 2014).

With the commercialisation of football in Germany, Bayern Munich is regarded as the most successful football club (FIFA, 2013). As illustrated in Figure 5, Bayern Munich’s revenue profile has been heavily increasing since 2008.

Figure 5: Bayern Munich Revenue by Stream from 2008 to 2014 in EUR million



Source: Own table (adapted from statista.com, 2015)

Although, there has been a steady rate of progress regarding the earnings of Bayern Munich, the club has not yet fully maximised its revenue opportunities and profitability (Orejan, 2011). However, Bayern Munich is facing a fundamental challenge that many leading European football clubs are being confronted with. Due to the fact that they have exhausted their national market segment to a large extent, now they have to focus more and more on their international marketability (Schulze-Marmeling, 2013). Although Rummenigge stated, that ‘there is no other football club in the world to be as

strong on the domestic market as Bayern Munich’, he also realized that ‘the limits in Germany are defined’ (Wolff, 2015). Based on the philosophy of football, fans rather than supporters always want to have something new that they can associate with and so should the club (Deloitte, 2014). According to Deloitte, Bayern Munich is the most popular football club in Germany with the largest market share in terms of football enterprise (Deloitte, 2014). Therefore, the implementation of an internationalisation strategy by the leading German club should take a centre stage. Coupled with the current exemplary performance of the club both locally and internationally, it is imperative for the club’s management to consider market expansion in ‘football developing economies’.

Furthermore, due to FCB’s splendid performance in the UEFA Champions League as well as in the World Club Championship, there is a clear indication that the club is very well positioned to take advantage of international branding and market opportunities (Zitouni, 2014). With regard to the impact of global branding on internationalisation, one can say that companies that have realigned their policies to develop positive global brands have better success rates with internationalisation (Schulze-Marmeling, 2003). The success rate has been attributed to their global brands, which help the organisations in creating brand equity at a fast pace once they enter international markets. Apart from the club’s direct participation in prestigious competitions, Bayern Munich has recently emerged as the face and image of the German national football following the inclusion of seven club members in the national team of Germany that won the 2014 FIFA World Cup (Deloitte, 2014).

In light of the identified challenge of market saturation in Germany and Europe, the current study will aim to investigate Bayern Munich’s potential international strategy of venturing into the Indian sports market. The overall aim of the study can be easily understood when it is broken down into smaller and specific objectives. The specific objectives of the study include:

- To identify the internal factors that drive the need for the internationalisation of Bayern Munich

- To identify the market conditions in India that makes it an ideal target for Bayern Munich's ambitions regarding internationalisation
- To find the best internationalisation model that can apply to Bayern Munich for its market entry into India
- To identify the best strategic marketing options that can be adopted by Bayern Munich to facilitate its success and growth in the Indian market

1.2 Methodology and Structure

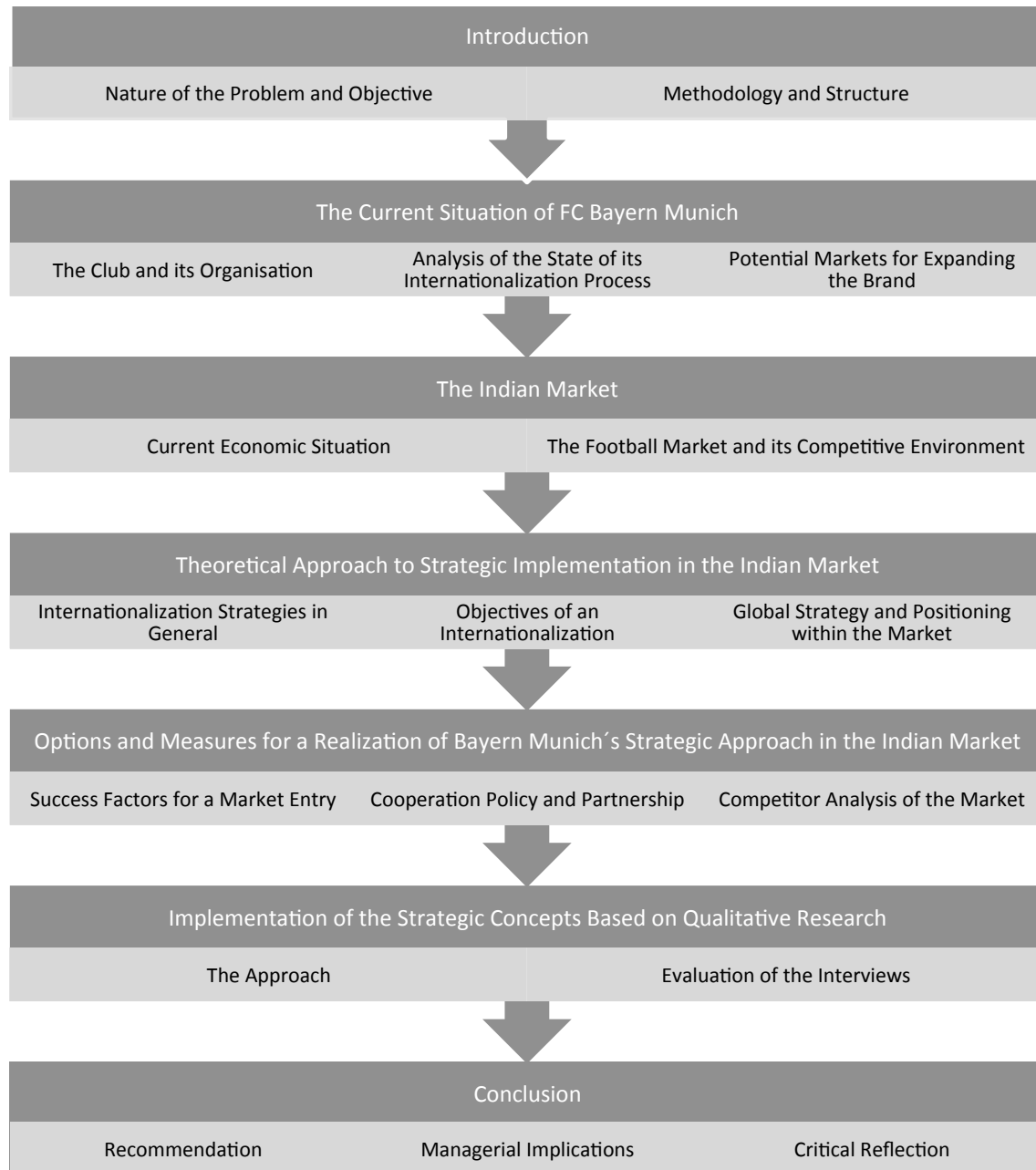
Having stated the background and purpose of this thesis, the paper will now mention the sequence of content and the structure.

This paper employs a qualitative research approach to get a viewpoint on the internationalisation process in the professional football industry. The focus of this study is on the leading German Bundesliga football club FC Bayern Munich.

The paper is structured into seven chapters. A short introduction will be followed by Section 2, which will focus on the Bayern Munich club, its state of internationalisation as well as elaborate on future potential markets. Section 3 will concentrate on the Indian market as well as analyze its current economic situation on the one hand, and on the other hand, investigate its football market with its competitive environment. Section 4 will review the existing literature on Internationalisation Strategies along with an elaboration on the most suitable approach for Bayern Munich vis-à-vis the Indian market. Subsequently, Section 5 will analyze partial internationalisation strategies that Bayern Munich may apply for a potentially successful market entry. This section will additionally include an analysis of the competition between European teams that are already active in the Indian market. Figure 6 presents the structure of the paper. To conclude this thesis, the practical application of the previously determined strategies will be discussed in Section 6. Furthermore, various interviews have been conducted with both Bayern Munich authorities as well as close stakeholders to investigate the practical application of the previously derived theoretical strategies. Lastly, on the basis of the statements and information generated by the interviews, the Conclusion will

recommend a potential internationalization strategy for Bayern Munich for a sustainable entry into the Indian market and round off with a reflection on the paper's key findings.

Figure 6: Structure of Thesis



Source: Own illustration

2 The Current Situation of FC Bayern Munich

2.1 The Club and its Organisation

Due to its constant economic and sportive successes, FC Bayern Munich is often seen in Germany as a paradigm for the transformation process from a football club to a market-oriented service provider. FC Bayern was the first Bundesliga club to realize the economic opportunities regarding a selective commercialization of its product and to create the necessary infrastructure for this purpose. By means of a professional management in the 70s, which at that time was far ahead of everything else in Germany, FCB had already tapped new sources of revenue, for instance through the establishment of VIP boxes at the stadium. Nevertheless, it was Uli Hoeness, the Bayern Munich manager in the 80s, who gave a big boost to the club's fortunes by consistently pursuing the professionalization process and implementing the organization's economic structure at the same time. For this reason, FCB was also the first Bundesliga club to set up an institutional control structure in the form of a board of directors. This ensured the club's development as per the principles and philosophies of a typical globally commercial organisation. With a corporate governance structure in place along with its sporting success, the club's primary priorities are now growth and profitability. In terms of organizational structures, Bayern Munich separated clearly between commercial and sport competences (Puck & Wirth, 2007). According to Karl-Heinz Rummenigge, the key to FCB's success was that they 'have always worked their way back, never going into the red nor signing a player they could not afford, building up crowds and membership after pay TV fuelled football's boom in the 1990s, developed a youth system that produced Philipp Lahm, Bastian Schweinsteiger, Thomas Mueller and other world class mainstays, then raised the money themselves to build the arena and leave the old Olympic Stadium, where the running track distanced the crowd from the team, Bayern Munich are focused on pushing on, not being reined back' (Conn, 2013).

Bayern Munich is the Bundesliga leader both in terms of sportive success and in terms of commercial accomplishments. Today, FCB accounts for 295,062 members and 3,792 fan clubs. These members still own 75 per cent of the club's stakes and vote every three years for the senior advisory board of directors. The other 25 per cent are sold to German corporations and key strategic partners such as Adidas, Audi and Allianz in

return for 275 EUR million (FC Bayern München, 2014) Concerning Bayern Munich's revenue figures, there is a difference between FCB's official figures and the ones mentioned in the previous chapter referring to Deloitte's Football Money League, as Deloitte is making adjustments to these figures to create a 'more meaningful comparison of the football business on club to club basis' (Deloitte, 2015). Therefore, according to the financial statement, FCB generated a record of 528.7 EUR million in revenue for the past season 2013/14. This stands for an increase in sales by 22 per cent compared to the previous season. In particular sponsoring and merchandising activities with revenue acquired of 222.9 EUR million were a decisive factor as it represents an increase of approximately 20.4 per cent to the previous season. Besides, match day operations as well as television coverage rights are the other large sources of income, accounting for 140.8 EUR million and 59.9 EUR million respectively (FC Bayern München, 2014). Bayern Munich's chief financial officer (CFO) Jan-Christian Dreesen emphasizes the significance of these figures by stating: 'There is no doubt that Bayern is at a stage they have never been before, both on a sporting level as well as economically' (FC Bayern München, 2014).

2.2 Analysis of the State of its Internationalization Process

'Currently, FC Bayern Munich is in an absolute top position concerning the world football market, and now we have to ensure, on the one hand, to keep this position, and on the other hand to strengthen the position of our successful brand globally' (Volkmar, 2014).

According to Deloitte's Football Money League 2015, Bayern Munich is ranked among the top three European clubs in terms of sales revenue. Nevertheless, compared to Manchester United, Real Madrid and FC Barcelona, Bayern Munich has a shortfall regarding its revenues from television coverage rights. This primarily results from the considerable potential of the club's internationalization process that has not yet been fully been exploited (Deloitte, 2015).

In the particular case of Bayern Munich, one can say that growth in terms of revenues from **match day** operations seems to be nearly exhausted. FCB's stadium - the Allianz

Arena including its 106 VIP boxes - is already sold out for years. Nevertheless, Bayern Munich is pursuing a philosophy to sell tickets at fairly and relatively constant average prices. Regarding traditional **commercialization**, it appears that Bayern Munich is also more and more reaching the limits on the national level. From a global perspective, however, there exists significant growth opportunities for the brand FC Bayern Munich, particularly in the areas of sponsoring and merchandising (Hollasch, 2014).

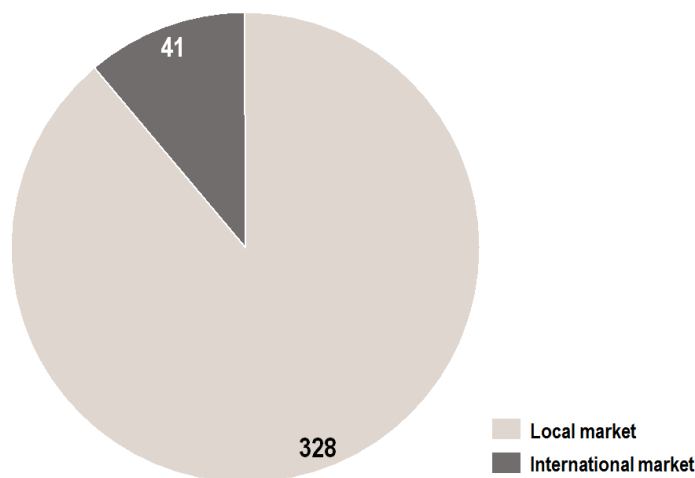
Although Bayern Munich's potential in the global market is highly lucrative, it is necessary that the management critically examine the dynamics and ramifications of the internalisation process. The club should, therefore, undertake strategic examination of the potential markets to identify prospective gains and losses.

In the case of the European market, it can be stated that the club is facing stiff competition from the already established national clubs in England, Italy, Spain and France (Orejan, 2011). The majority of the European markets are dominated by traditional clubs, which enjoy local and national support from fans as well as the respective governments. For example, Real Madrid and Barcelona dominate the sports fan base in Spain while traditional clubs such as Juventus, AC Milan and Inter Milan dominate in Italy (Deloitte, 2014). Similarly, Manchester United, Liverpool, Arsenal and Chelsea are household names in England. However, due to Bayern Munich's participation at the major European cup, the Champions League, the club does also - to a certain extent - cover the European market. Nevertheless, it is a financially sound proposition for Bayern Munich to venturing into the other global markets such as Africa, Asia and India. It can be noted that India and other Asian countries have started focusing largely on the expansion as well as the commercialisation of their local football facilities after witnessing the significant economic role played by football in Europe (Orejan, 2011). To replicate the success of European football in the developing world, there is certainly a need for these countries to have 'models' they can refer to as part of their growth and commercial programmes. This is where Bayern Munich with their experience in the game has an advantageous opportunity to go for expansions in the international markets. As a result of the globalisation effect, countries regarded as emerging markets have become the centre point for growth and expansion for several multinational corporations due to the favourable marketing and setting up opportunities

in these countries. The same scenario has been replicated in the sports industry with the game of football being the most lucrative venture.

Furthermore, Figure 7 exemplifies the earlier described problem of Bayern Munich's concentration within Germany for its largest source of revenue while its European counterparts such as FC Barcelona, Manchester United or Real Madrid already possess huge shares in the international market.

Figure 7: Geographic Source of Bayern Munich's Revenue for 2013 in EUR million



Source: Own table (adapted from Deloitte Analysis, 2013)

However, FCB took the first step in implementing their expansion strategy by opening an international office in New York. Subsequently, they played two friendly matches there, including one against the Major League Soccer (MLS) All-Star team and launched a dedicated US website with an online shop. In the first instance, the purpose was to increase FC Bayern's brand awareness in the United States and also to attract new sponsors on medium terms (Costa, 2014). Bayern's global expansion strategy is not solely restricted to brand profile; in order to connect with one of FCB's most important fan groups, the club announced a partnership with 'Global Premier Soccer', one of the largest youth football associations in the US, in November 2014 (Deloitte, 2015).

With regard to their internationalization process, the Bayern Munich management are presenting the organisation more aggressively than in the past: The club's **website is online in seven languages**. Apart from German, English, and Spanish, Japanese, Russian, Chinese and Arabic speaking fans can also access the latest news about FCB in

their national language. Hence, there is also an **English version of FCB's web-based TV channel**. This leads to the fact that FC Bayern has an online presence for 24 hours. Moreover, with the help of their **social media offensive**, which began with Facebook and Twitter some time ago, Bayern seized the opportunity to move closer to fans and potential customers. Nevertheless, these activities represent necessary and standard public relations work. Hence, global competitors are still far ahead of Bayern Munich and the Bundesliga in this aspect. A comparative look at the respective numbers of followers on Facebook of the top European clubs reveals that FC Barcelona leads the table with 81.5 million followers, followed by Real Madrid and Manchester United with 81 and 64 million followers respectively, while Bayern Munich with 26.5 followers lags far behind the top three. Bayern president Karl-Heinz Rummenigge has also realized this gaping deficit and admitted that 'both, the Bundesliga as well as Bayern Munich, have not done enough in the past to catch up in this perspective' (Demireli, 2013).

Another important factor concerning Bayern Munich's internationalization process is the assignment of Pep Guardiola as head coach. Rummenigge underlines this by stating: 'In the plans for the new international division, Pep is playing a key role. He is probably the most popular; the most important coach in the world and with him our team is growing in popularity' (Conn, 2013).

Furthermore, it's a fact that external pressure on FCB to go for internationalization is comparatively lower than elsewhere in Europe. In comparison to their Spanish competitors, FC Bayern can gain comfort from a healthy national economy as well as rely on globally successful shareholders such as Adidas, Allianz and Audi. However, with regard to long-term prospects of FCB, significant commercial growth seems to be only possible through internationalization. Especially in terms of catching up with their main European competitors, who along with their respective national leagues have been taking advantage of international commercialization for the past several years (Hollasch, 2014).

Therefore, it's very important to FCB's vision, along with their response to the challenge that they have become too dominating and unhealthily large for the Bundesliga, is that German football should make use of the club's current appeal as well as success by taking it as an opportunity to attract the world. Hence, according to

Rummenigge: ‘People are looking at us as being too strong in the Bundesliga national level but we are looking at the European and international levels, and we see that we have to go further’ (Conn, 2013). At the same time, he highlights FCB’s significant role in the German football market: ‘We will open our international offices, tour abroad and, in the end; it will also help the Bundesliga. The other Bundesliga clubs will follow this example automatically; they have to. We see Bayern Munich as the “locomotive” of the Bundesliga’ (Conn, 2013).

2.3 Potential Markets for Expanding the Brand

In the economies of those countries where football is promoted as national sport, the significance of football as a business activity has risen as well. A search through literature reveals some important factors that need to be considered while making attempts to go international. Having identified the need for Bayern Munich to expand its brand internationally, it is important that the characteristics of potential markets have to be thoroughly researched to enable the club to select the most favourable markets.

First of all, there are some characteristics that are essential for any football club and which illustrate the basic properties of a target country:

- Magnitude regarding the population of the country
- Potentially large purchasing power
- General interest in football (certain number of existing supporters)
- Functioning media landscape
- Sponsorship opportunities

In addition, there are characteristics that are relevant to both football clubs as well as industrial corporations. One of these characteristics is a **rapidly growing and healthy economy**. When doing business in international markets, football clubs have to select potential markets that can guarantee a rapidly growing economy (Ross, Ellipse & Freeman, 2004). This is because the economic outlook of a country represents the overall trade and commerce attitude of customers. For instance, the more rapid the growth rate of the economy, the higher are the chances that people within the country will have better purchasing power to respond to new business products and services

(Masaaki, 2006). This, however, is based on the knowledge that the economic growth index of countries is often determined by the individual contribution of citizens (Wong, 2005). Again, countries with rapid growing economies are more likely to have better economic indicators including currency strength, inflation, interest- and unemployment rates, all of which affect success of new businesses (Nederpelt, 2012).

The second characteristic of a potential market refers to **market similarities with the home country** of the company. In this instance, it will be important that potential markets should have market similarities with Germany when it comes to football as a game. This is an important characteristic because when new businesses are introduced to international markets, it should be easy for the new consumers to adapt themselves to the new business (Paul, 1998). Meanwhile, it is easier for consumers to adapt when they are already engaged in market variables that can be considered similar to what is being introduced. Referring to the product lifecycle, Maccormack stressed that, due to the fact that profitability is often maximised at the growth and maturity stages, it is usually important for companies entering new markets to spend very little time in the introduction stage so that they can move quickly to the growth and maturity stages (Maccormack, 2008). At the same time, the duration in which the introduction stage will be completed can be linked to how fast the consumer base is capable of learning about the newly introduced business (Littlefield & Roberts, 2012). This means that when there is no similarity between what is being introduced and what exists in a potential market, it becomes more difficult for consumers to understand the new business and thus take longer to move from the introduction stage to the growth stage.

The third factor or characteristic defined by Masaaki is **language and culture** (Masaaki, 1997). On the issue of culture, it can be said that the extent of compatibility of the potential market's culture with what exists in the domestic country determines the ease with which the new workforce can work with the new company (Maccormack, 2008). This refers to both the traditional cultures of the people in the international market and the organisational cultures that influence work relations in those countries. Therefore, Bayern Munich's success in any potential market will be highly dependent on the mutual coexistence or fallout of organisational duties with the local culture and language of the consumers. For example, local staff in the international market will

undertake most of the club's marketing, sales, and other corporate engagements. While the local staff works in accordance with their country's cultural perspective, it is important that the business model of the international company they are working for should be maintained (Nederpelt, 2012). It is at this point that the synchronization between the parent company's culture and the potential market becomes an important issue. On the other hand, when two countries speak the same language, there are better chances of ease in cultural integration even though their cultural heritages may be different (Clement, 2006).

In this context, Russia, Brazil, Japan, China and India constitute potential markets that fulfil the above stated characteristics. However, it needs to be stated that none of the countries fulfil all the characteristics. Therefore, it is imperative to focus on the one particular market with the highest fulfilments that are most significant and important for growth. Based on this, China would be the most suitable market. Nevertheless, Bayern Munich is already planning on entering the Chinese market by opening an office in 2015. Therefore, India will be analysed in more detail in the following chapter.

3 The Indian Market

3.1 Current Economic Situation

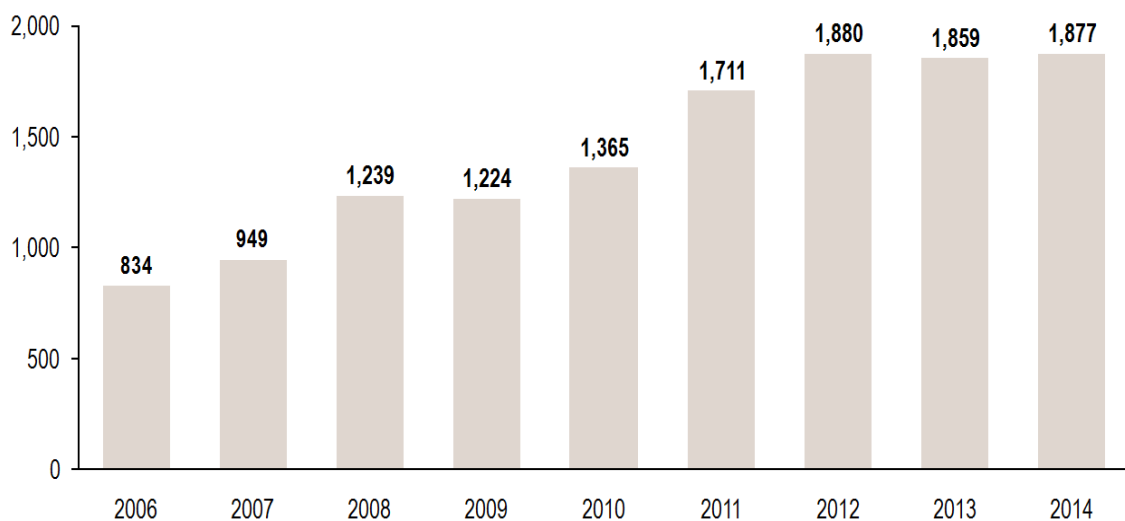
India, officially known as the Republic of India, is the seventh largest country as per geographical area, and the second most populous in the world with more than 1.2 billion people. Achieving independence in 1947, the South Asian country is known for its cultural diversity and is also among the world's leading democratic countries. For the past decade, India has been experiencing a constant growth in its GDP, along with a continuous growth of liberalization since 1991 till today. The country is also opening its doors to attract investors and foreign companies to promote growth (Pestle Analysis, 2014)

With regard to a top European football club intending to enter a country like India, the 'PESTLE Analysis' provides a general and clear picture and is a helpful strategic management tool that presents a useful framework to analyse the environmental pressure on business in that foreign country.

Politically, India - currently the largest democracy in the world - has successfully created an impressive international reputation in terms of industrialization and globalisation. This is because the country is considered to be a favourable market destination that assures investors of political peace and stability (Meredith & Shafer, 2014). Since May 2014, Narendra Modi has been the Prime Minister of India. His agenda is largely based on economic-political framework. After years of regression, inflation, and rising unemployment, the new Prime Minister primarily wants to boost the economy, professionalize the administration and create jobs for millions of job seeking Indians (Auswaertiges Amt, 2014). Knowing the adverse effect of political unrest on business, it can be stated that investors in all business sectors need political sustainability as an assurance for business success (McConnell, 2007). Specifically for Bayern Munich, the club's area of operation, which is football, requires an atmosphere of peace and stability. This point is made in relation to the fact that there are countries that have had their football leagues suspended due to political unrest, as in the case of Egypt's uproar in 2012 (Confederation of Africa Football, 2014). This shows that political stability in India offers a conducive atmosphere for Bayern Munich's entry in that market.

From an **economic perspective**, India's industrial reforms in 1991 have continued to be a major stake in the country's continuous economic growth over the past two decades (Coyne & Balakrishnan, 2006). Despite a slow-down of the economic growth to below 5 per cent, India still belongs to the fastest growing economies in the world with a current GDP growth of 4.7 per cent. With regard to the 1.2 billion population, India will not only be the most populous country on earth by the mid of century, but also be ranked third - behind China and USA - in terms of its GDP. Besides the country's GDP of \$1.86 trillion in 2014, which represents a robust economy, specific economic variables and regulations were put in place to present an image of the country as being investor-friendly. Examples of such investor-friendly policies include reduction in industrial licensing, trade liberation, liberalisation of foreign capital, and a relatively low inflation, which currently amounts up to 4.3% per annum. Figure 8 shows the tremendous GDP growth that India has been experiencing since 2006 (Central Intelligence Agency, 2014)

Figure 8: GDP of India from 2006 to 2014 in USD billion



Source: Own table (adapted from tradingeconomics.com)

Furthermore, the sheer size of the Indian economy, its demography and the comparatively large growth rates, alongside China, will turn the subcontinent into an important prospective market. Unlike in China, the domestic demand even further promotes the general economic development in India.

India's perspective regarding long-term growth is moderately positive due to a young population and correspondingly low dependency ratio, healthy investments and saving rates, and an increasing integration in the global economy.

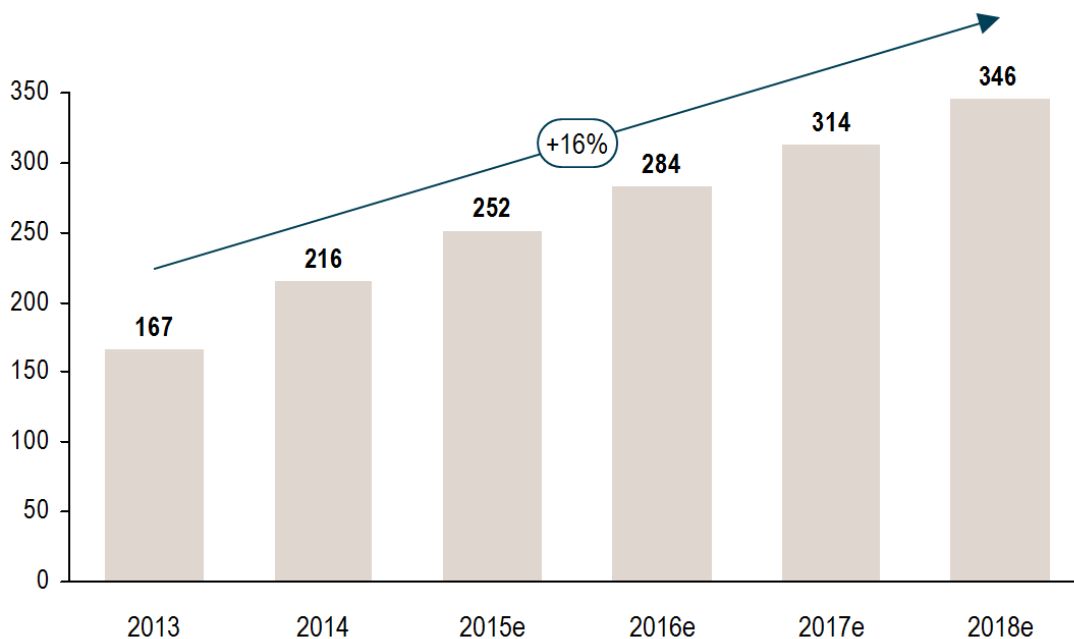
An important reason in the context of mid- and long-term growth forecasts is the so-called 'demographic dividend'. The share of the working class between 15 and 59 years will increase up to 70 per cent by 2026. The extremely beneficial relation between generations should support the sustainable growth. Nevertheless, to a large extent, the required jobs still have to be provided. Likewise essential are solid public investments in education and health (Auswaertiges Amt, 2014).

Referring to **social factors**, one can first of all say that India has a relatively young population. The average age of India's 1.2 billion inhabitants is 27 years. In comparison, the average age of Germany's population is 46 years. This can be very beneficial with respect to a potential market entry for a leading European football club like Bayern Munich because this sport in particular is followed by the younger generation in India. Therefore, FCB's potential target market in India can be defined as very large. Furthermore, although Hindi is the most widely spoken language and the mother tongue of 41 per cent of the population, English enjoys the status of subsidiary official language and is the most important and used language for national, political and commercial communication. However, the downside is that India has not yet fully addressed several challenges, including poverty, corruption, violence and discrimination against women and girls (Central Intelligence Agency, 2014).

Technologically, India is one of the world's fastest growing economies in terms of infrastructural and educational advancement (McConnell, 2007). Given the important role of technology in modern business, Bayern Munich might be in a better position to take advantage of this situation to promote and enhance its marketing and commerce in this country. This is because using technological platforms for marketing has been recognized to be one of the most effective and efficient ways of approaching marketing in today's competitive business environment (Cianfrani & West, 2009). What is most desirable is the rate of penetration of technology into rural India (Deisell, 2011). Furthermore, when speaking about the present number of Internet users in India, one has to say that only 15 per cent of the people have access to Internet. Nevertheless, due

to the magnitude of the Indian population, this figure represents around 252 million users (see Figure 9), which results in the fact that India is ranked third - behind China and USA - with regard to Internet users worldwide. The growth of Internet users in India can also be recognized by the overall compound annual growth rate of 16 per cent from the year 2013 until 2018. Obviously the same goes for the use of Facebook and other popular social media platforms, while the numbers will also hugely increase within the next few years.

Figure 9: Number of Internet Users in India from 2013 to 2018e in million



Source: Own table (adapted from Statista, 2015)

Moreover, India has a **legal system** that is predominantly based on common laws and it is generally classified as credible, competent and exemplary (Lymbersky, 2008). What does this mean for Bayern Munich? The club has the chance of enjoying huge legal protection, especially when it comes to copyright issues. This is because commercial revenues, most of which comes from the sales of merchandising, represent an important financial source for Bayern Munich.

From an **environmental perspective**, the list of severe issues is extensive and India continues to be criticised for doing very little in its industrial and service sectors in terms of minimising pollution and other forms of environmental degradation (Holly, Coyle & Koshiba, 2010). Moreover, rapid industrialisation and a growing population

are strains on natural resources and the environment as well (Prezi, 2013). This has led to a number of interventions, including noise and waste control, being implemented as response to the global criticism (Drnevich & Croson, 2013). Meanwhile, football followership is strongly attributed and linked to both noise making and waste generation, especially on match days. The implication of this to Bayern Munich is that there may be pressure groups in the country that may stand against any event or activity of the club that may be related to the generation of noise and waste.

Furthermore, from an industrial and business perspective, a number of **strengths** can be associated with doing business in India, especially for an internationally recognized football club like Bayern Munich. First, there is a balance in representation for both public and private sectors (Sterne, 2005). This means that as a private investor in India, Bayern Munich will have a fair competition, which will not be intimidated by government or public sector companies. Second is the low cost of labour and skilled human resources (Deisell, 2011). This means that if Bayern Munich wants to use local expertise, they can find a large number of qualified university graduates and employ them at a comparably lower cost than that in Germany. Furthermore, there is a continuous increase in inflow regarding foreign direct investment (FDI), which means that Bayern Munich will be operating in a business atmosphere that is very beneficial for FDIs (Warner & Brown, 2011). India's forceful economic growth is another factor that can be viewed as a strength regarding a potential market entry in that country. Besides, for any European football club to enter the Indian market, it will be beneficial that a consumption oriented growing middle class currently evolves in India. Furthermore, daily business in India will be simplified due to the fact that English is widely used as a business language. Finally, one of the most significant strengths of India is the large and growing sales market.

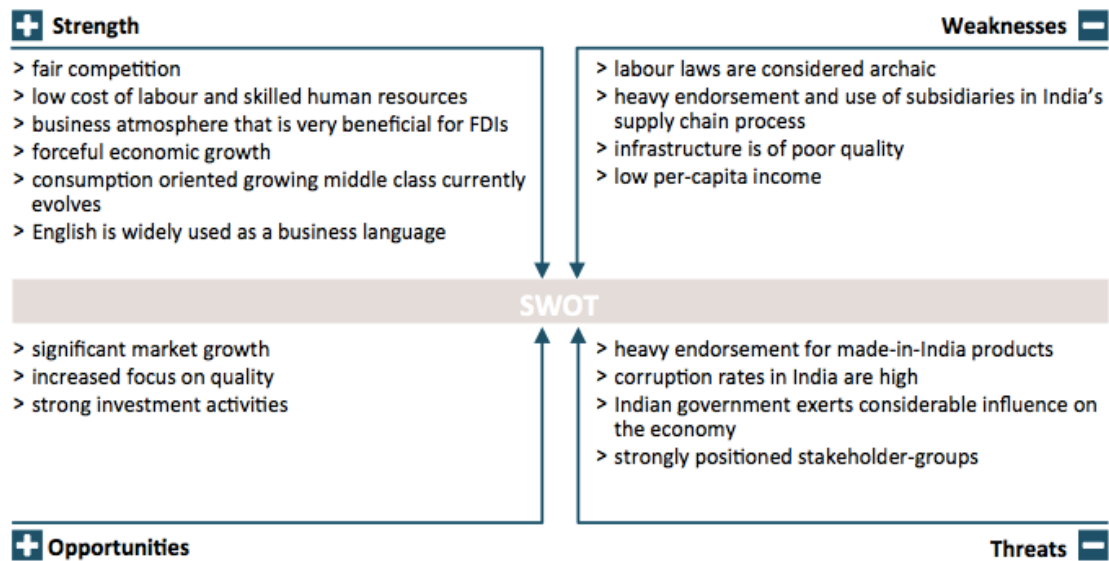
However, there are also inherent **weaknesses** that may deter Bayern Munich from successfully doing business in India. First, the fact that some labour laws are considered archaic and thus not conducive to modern business growth constitutes one key weakness (Deisell, 2011). Second, there is heavy endorsement and use of subsidiaries in India's supply chain process (Sterne, 2005). This means that there might occur a certain extent of expenses that may make Bayern Munich to lose out to these subsidiaries

(Madden, Kelly & Roth, 2010). Third, in comparison to Germany and most other European countries, India's infrastructure is of poor quality and not up to the standard (Czinkota & Ronkainen, 2010). Last, another weakness, especially in the context of Bayern Munich's sale of merchandise, is definitely the low per-capita income in India.

However, there are some **opportunities** that may be tapped into to overcome the above-mentioned weaknesses. One of these is the identified market growth that has been linked to massive outsourcing opportunities in India (Bradley, Desai & Kim, 2013). It has emerged that in the initial stage of Bayern Munich's presence in India, the club could resort to outsourcing its merchandising sales from Germany before setting up an own merchandising department in India. Furthermore, due to the fact that there is an increased focus on quality in general in the country, this can also be transferred to the public's interest in sports (Madden, Kelly and Roth, 2010). In addition, one can experience strong investment activities especially in the private sector.

Since there is heavy endorsement for made-in-India products, there is a significant **threat** to Bayern Munich's penetration in the Indian market. This is because the club's products and brand are certainly going to be considered as foreign in that country. Corruption rates in India are high, and this poses a threat to Bayern's business success, especially when the club decides not to pay bribes and kickbacks (Madden, Kelly & Roth, 2010). Another threat in the context of doing business in India is the fact that the Indian government exerts considerable influence on the economy. Hence, Bayern Munich would be dependent to a certain degree on governmental support towards football in order to foster the sport across the country. Finally, India has strongly-positioned stakeholder groups and Bayern as a football club would also have to deal with them.

Figure 10: SWOT-Analysis Indian Economic Situation



Source: Own table

3.2 The Football Market and its Competitive Environment

In order to successfully implement a 'product' in the appropriate market, one has to obtain various information and data such as consumer needs, market potential and the general competitive situation of the market (Bühler & Nufer, 2010). Due to the execution of numerous qualitative and quantitative methods such as questionnaire surveys or cross-sectional examinations, the required information for an implementation process is generated. This process not only presents great relevance for general market research, but also is increasingly adaptive to the sports and football markets. Therefore, the following section on the one hand elaborates on the characteristics of the Indian football market, and on the other hand illustrates the impact of a potential market entry by a leading European football club on related stakeholders within a competitive environment with the help of theoretical market research methods.

To begin with, some figures are presented in order to receive a first impression of the Indian football market: According to the FIFA, India is the third largest football market of the world with 20.5 million football players. Moreover, India has 6,540 registered clubs and 38,640 officials and referees (FIFA, 2015). As previously stated India is the world's second most populous nation and promotes the 10th largest economy. At

present, India's national soccer team is at number 171 out of 209 in the official FIFA rankings - just behind countries like Madagascar, Malta, or the Maldives. In the world cup qualification, the Indian national team dropped out early. Therefore, to describe India as a relatively huge under-performer in the world's most popular sport would not be too unfair. Despite its large population, India has been unable to produce any world-class player so far. Inadequate infrastructure and indifference towards football, coupled with the country's obsession with cricket, are some of the impediments to the success of soccer in India (Hannon, 2014).

Although cricket is still by far the country's favourite sport, it is not as though football is not popular in India. Matches featuring top European football clubs, especially those from the English Premier League, frequently draw large television audiences in India, especially among the young and affluent. Similarly, last year's FIFA World Cup in Brazil accounted for a TV viewership of 50 million people in India (McDuling, 2014).

Therefore, the organizers of Indian football want to take advantage of this momentum. In 2010, the International Management Group (IMG), which is one of the largest marketing agencies worldwide, teamed up with Reliance Industries Limited, one of the largest corporations in India, in order to revise the country's football infrastructure. This partnership has taken control of Indian football from top to bottom: Everything from the development of the domestic league, including sponsorship, advertising, merchandising, and licensing rights to the management of the Indian national football team (Hannon, 2012). 'It is our goal to radically popularize this sport', says IMG-Reliance Vice President Andy Knee, adding: 'We want more children and teenagers to learn and use their talent to play football straight from the scratch' (Lobe, 2014).

The organizers want to arouse euphoria for football in India accompanied with an aim to participate in the 2026 FIFA World Cup (Klotz, 2014). However, the important first step towards the right direction was taken when the Indian Super League (ISL) was established and has been taken place for the first time from October till December 2014. This league should lay the foundation for the development of an Indian football culture, which in the long-term perspective shall generate its own identity, better players and an internationally competitive team. In this context, the strategic partnership with the English Premier League is of particular importance. From the country of the former

‘colonial ruler’, the ISL will receive support regarding organization, promotion, and fan-engagement as well as club management in terms of installation of an efficient infrastructure and establishment of anti-drug and anti-corruption guidelines (Klotz, 2014). Furthermore, the league was backed by a couple of Indian conglomerates as well as by the country’s most prominent sporting luminaries and Bollywood stars. Based on a franchise system, eight teams played for the title. In order to further promote the league, each team was provided with a so-called “marquee-player”. For this reason, international stars like Alessandro Del Piero, Freddie Ljungberg, Robert Pires or David Trezeguet have all come out of retirement to play in the Indian Super League. One can say that the US and Australian domestic leagues served as role models for the ISL. After years of development and promotion of their leagues, both countries are now consistently qualifying for the World Cup. The US even made it through to the knockout stages in three of its last four tournaments.

In 2007, when FIFA president Sepp Blatter paid a visit to India to launch the country’s premier football competition, the I-League, he hoped it would awaken the sleeping giant. Now, the Indian Super League seems to have done much more. ‘Indian football has rolled out of bed and is now up and about’ (Mergulhao, 2014). Suddenly, the nation is discussing Indian football and fans are flowing to the stadiums everywhere, with the result that the spectator figures are reported to be the fourth best in the world (Mergulhao, 2014). Moreover, a total of 429 million people in India watched the Indian Super League live on television, which leads to the fact that football is now the second most-watched sport in the country after cricket. It has been noted that the ISL went beyond demographic boundaries and captured the attention of a diverse fan base. Surprisingly, 57 per cent of the 429 million-strong audiences were women and children. The final between Atletico de Kolkata and Kerala Blasters in itself generated 57 million spectators. Nita Ambani, the chairperson of IMG-Reliance, summarizes ISL’s success by saying: ‘The beautiful game has successfully captured the imagination of people of India and we have experienced the joy of watching the birth of a footballing nation’ (Times of India, 2014). Besides, on the basis of an average stadium attendance of 22,639, the Indian Super League is now the most attended league in Asia and globally ranked 5th with respect to stadium attendance (Ray, 2014). Furthermore, the ISL can be seen as first test run for another upcoming event, the Under-17 FIFA World Cup in

2017. This will for the first time put international focus on the Indian football market since India will be hosting such an important tournament (Lobe, 2014).

India still has a long way to go in making its presence felt on the world stage regarding football. Support is needed from the government, media and businesses. Most importantly, the general public needs to embrace a football culture. Nevertheless, with regard to the Indian football market now and also in future, Cricket remains the major competitor. For this reason, it remains to be seen whether the adage ‘cricket was the game of the fathers and football is the game of the sons’ is indeed true or not (Keohane & Crabtree, 2014).

When further analysing the Indian sports market in general, it is essential to examine their contributing stakeholders and investigate their interconnection within the competitive environment. Thus, five different forces can be attributed to serve as a seminal analytic tool to determine the industry’s present condition. This tool investigates potential new entrants, bargaining power of customers, substitute products & rivalry, and suppliers in a firm’s industry or product market.

Porter’s five forces analysis framework is useful to investigate if there is competition in an industry. The framework draws on the industrial organization to stem the five forces that determine the competitive intensity and subsequently the attractiveness in an industry (Hill & Jones, 2010). In this context, attractiveness refers to the overall profitability of an industry. An unattractive industry, on the other hand, is one in which the combination of the five forces acts to bring down the overall profitability of an organization. A very unattractive industry would be one in which pure competition drives down available profits of a firm to the level of normal profits. The framework’s five forces comprise the threat of new entrants, threat of substitute products, bargaining power of buyers, bargaining power of suppliers and industry rivalry (Hill & Jones, 2010).

To begin with, the first force investigates the **potential entrants** in the Indian football market. In 2007, the Indian Professional Football League (I-League) was established in order to raise interest regarding football among the Indian population. However, the I-League is very far off from the public perception and the glamour of European teams as

several clubs struggle to keep themselves afloat, making it difficult to attract young talents (Hannon, 2012). Owing to the fact that the football market in India is an open market, new leagues may be welcomed to the market at any point in time (Wong, 2005). Hence, a new entrant - the aforementioned Indian Super League - entered the Indian football market in October 2014. Most of the time, the success rate of new entrants is directly determined by the status quo of the existing competitors, which in this case is I-League. After the first successful execution of the Indian Super League, the planning and development of the second season has started already (Vasavda, 2014). The first ISL season began with eight franchise clubs. Unlike other traditional sport franchise leagues like the NBA, where new entrants are a rarity due to high franchise fees, the ISL rather seeks the entrance of newly formed clubs. According to Chris Punnaakkattu Daniel, a Germany-based Indian football journalist and consultant, 'the second season could see new franchises entering the competition. There are many interesting cities which could have their own ISL franchise if they fulfil certain criteria' (Outside of the Boot, 2014). These criteria, for instance, include the usual financial expenditure that must be fulfilled by a franchise for being legitimate to own a team. Apart from this, a franchise has to ensure that it possesses a grass root development plan regarding football in their home city. This requirement shall prevent the clubs from spending huge amounts of money on players' salaries, but investing too little on the development of the sport (Shekkeer, 2014). Furthermore, the ISL's franchise system in its first edition has also instantly attracted the interest of two European top clubs - Atletico Madrid and ACF Fiorentina. Both clubs are partial owners of the ISL clubs FC Pune and Atletico Kolkata (Kamath, 2014). Besides financial investments into the partnership, the European clubs are primarily supporting their ISL clubs in terms of overall team development as well as providing technical staff to the franchise and helping them find and sign up international players (The Hindu Business Line, 2014).

The second force refers to the **bargaining power of the customers**, who in this case refer to the customers of Indian football. According to economist Michael Porter, 'Customers have bargaining power over an industry when it is easy for them to switch to another supplier and also when the product is like a commodity' (Porter, 1981). Three types of customers distinguish the Indian sports market - fans, media and corporations. All of them vary in their degree of power. According to a survey, the fan

base among the urbanized population within the age group of 16 to 69 years regarding the football market in India amounts for 94.8 million people, which represents 36 per cent of the total population. However, due to the latest success of the Indian Super League, it is very likely that the fan base fairly increased during that tournament. Furthermore, after Cricket, football is clearly the number two sports in India. Furthermore, Indians are more interested in their own football league than in any of the European top leagues (Repucom, 2014).

Referring to the second customer - the media - one can say that this is also an important stakeholder because in India, sport is predominantly followed through the media. Hence, among all medial traits, it is television, which is by far the most commonly used in order to receive sport information (Repucom, 2014). Concerning football, together with the launch of the ISL, one of the world's leading TV broadcaster, Rupert Murdoch, can not only call himself an investor of the overall league, but also bought the ISL broadcasting rights for the next 10 years through the Indian entertainment and media company Star. Sam Balsara, chairman at Madison World, asserts: 'If large investments come into football, it could create another sporting culture in the country, instead of only cricket' (Bushan & Sharma, 2013). Furthermore, the respective numbers of TV viewers for football and cricket are not that far apart. As previously stated, 429 million viewers watched the ISL live on their TV screens, which makes it – as previously mentioned - the second most watched sport in India after cricket. In comparison, 74.7 million viewers watched the ISL's first match, while the first match of the Indian Cricket Pro League, widely considered to be a success, was watched by 66 million. However, for perspective, the first match of the 2008 Indian Premier League (IPL) in cricket was watched by 195 million people (Times of India, 2014). Moreover, due to the fact that the English Premier League as well as the World Cup enjoys a large increase in the number of followers, European football clubs in general perceive a huge potential in the Indian football market (Bushan & Sharma, 2013).

The third customer segment of the Indian football market is corporations. In order to further promote football in India, it is not only necessary to receive revenues through corporation sponsors, but, according to Punnakkattu Daniel, it is of particular importance to receive support from European football clubs and associations in the

context of infrastructure and organisation as well (Greß, 2014). However, due to the fact that sport has a huge influence on the Indian society, various businesses are attracted to this promising platform and therefore invested a total of \$1.83 billion in the Indian sports market in 2014. This illustrates a 25 per cent increase in investments only during the last five years (Statista, 2015). Owing to the people's obsession with cricket, Indian companies have been primarily associated with the sport for a long time now. However, other sports like football are gradually increasing their appeal vis-à-vis sponsorships as new leagues like the ISL are being established. Moreover, the cost of sponsoring at the highest level of cricket is very expensive and out of range for many businesses. This is the reason why many companies seek cheaper and less exploited sports in order to promote their brands (Bundhun, 2014). Hence, one can say that the newly founded ISL represents such a lucrative and interesting new platform. For this reason, the ISL was able to feature a variety of national as well as international sponsors, namely *Hero*, which was the title sponsor for the league, *Maruti Suzuki*, *FMCG*, sports and finance brands like *Amul*, *Puma* and *Pepsi*, along with *Muthoot Finance* and *Dr Reddy's Nise Gel* (Bundhun, 2014).

In order to derive further insights into the current status of the football market in India, the following section will shortly elaborate on two forces at the same time - **substitute products** and **rivalry**. While the Indian Super League is first and foremost competing against Cricket in the Indian sports market, it is important to differentiate football from this competitor. According to Punnakkattu Daniel, 'Indeed, cricket is the number one sport in India, but football is the game of the masses' (Fritsch, 2009). Furthermore, unlike Cricket, which exhibits a rather male-dominated fan base, football in India attracts a very diversified target group that includes women and children (BBC, 2014). Hence, the launch of the ISL in connection with the introduction of international stars such as Alessandro Del Piero and David Trezeguet, not only promoted football in India but also enhanced the league's recognition worldwide, while becoming a major competitor for cricket at the same time (Sarkar, 2014).

The last force shall investigate the **supplier** in the context of the Indian football market. In this regard, suppliers for sports equipment shall be examined. Referring to this, one has to first of all mention that Adidas and Nike dominate the global football market as

its major suppliers with cumulative revenues generating approximately 4.5 EUR billion per year (Weir, 2014). In the context of ISL, there is still no single sports equipment supplier that holds a dominant position. However, Adidas is the only kit manufacturer that equips more than one ISL club, namely FC Goa and FC Pune City (ISL Tickets, 2014). Furthermore, Adidas is also the most established sports equipment producer among the Indian population and in the Indian football market as well (Repucom, 2014). Concerning the general sports market in India, Reebok had the largest market share until Adidas acquired it in 2006. This, however, greatly strengthened Adidas's position in the country and led to a current market share of 75 per cent in the sports equipment market in India (Venugopal, 2012). Nevertheless, another sports equipment manufacturer, which claims significant stakes in the Indian football market, is Puma. They not only equip the ISL club Kerala Blasters, but also present themselves as the official ball supplier of the Indian Super League (Daily, 2014). Although Adidas is well positioned in the Indian football market, it yet remains to be seen which sports equipment manufacturer will sustainably dominate this market within the next couple of years.

The application of Porter's Five Forces Model in the context of the Indian football market makes it evident that the highly competitive environment combined with consumers' attitude towards the ISL play significant roles in boosting the successful acceptance of football in India. At the same time, football related activities in India in the last couple of months including the ISL, have experienced a positive trend in the country, holding out hopes for this market to flourish as well as the potential to attract new consumers, sponsors and international organizations. The latter comprise both foreign corporations and top European football clubs, who view this budding industry in India as having huge business potential. Consequently, they have started investing in the Indian football market to promote it in both the domestic and global circuits. It is therefore necessary for Indian football to highlight its diversity from competitors in order to enhance the game's significance in society and also to generate higher revenues to reinforce the positive development in this particular field.

4 Theoretical Approach to Strategic Implementation in the Indian Market

4.1 Internationalization Strategies in General

There are several international models that Bayern Munich can consider in case it decides to increase the organization's engagement with the Indian market or if it thinks of opening an on-site office of its own. Bessant and Buckingham observed that the type of internationalisation model used could influence the degree of success in entering an international market. In this regard, four major internationalisation strategies are discussed, and on the basis of the club's current internal position, the best among the four will be recommended for Bayern Munich (Bessant & Buckingham, 2003).

The first strategy deals with the **Uppsala Model**. Breal and Myers (2010) describe the Uppsala Model as a market entry approach, which requires the companies to enter international markets in four stages. Johanson and Vahlne (1990) support the claim by stating that this particular internationalisation model requires an enterprise to gradually increase its international involvement. The four stages of involvement are namely sporadic exports, use of agents, use of sales partnerships, and wholly owned subsidiaries (Sharma & Terence, 2005). In the first stage, companies usually export to the targeted market in a very irregular manner. The objective is to study the response of consumers in the target market. Once the response from the first stage turns out to be positive, the second stage is to seek sales agents with physical presence in the target market. These agents are, however, expected to be from local entities having deep understanding of the dynamics of the international market (Sterne, 2005). If the use of agents turns out to be successful, the next stage calls for a close partnership with a local company. At this stage, there is a bigger presence in the foreign market, but the feasibility study continues to go on. The final stage is used as a permanent entry by the company and to disclose a wholly owned subsidiary in the target country.

The second internationalisation model that is commonly mentioned in literature is the **Transaction Cost Approach**. Ranong and Phuenngam (2009) refer to this strategy as a very cost effective approach that is often preferable for new market entrants. As per the Transaction Cost Approach, the company seeking to go international identifies a local

company that it finds viable and competitive for the domestic market and directly invests in this local company (Bessant & Buckingham, 2003). This strategy is considered to be cost effective because it is a form of international merger, which does not require a physical start-up in the international market. In effect, it is possible for the foreign company to have the required representation in the international market without having to spend start-up capital unlike green field investments (Douglas, 2011). In the case of Bayern Munich, the Transaction Cost Approach could be used to identify a local football club in India that might share the same philosophies. FC Bayern would then invest in that club and have their brand associated with it. Consequently, FCB could then start doing business by promoting its own club and brand through this local club.

Industrial Network Approach is another internationalisation strategy used by both new competitors and older market participants. According to this strategy, the company seeking to go international has to identify a number of local companies that share the same philosophy, and then follow the same procedure as that of the transaction cost strategy. However, the difference is that the company seeking to go international partners with the local entity rather than investing in it (Pyzdek, 2012). This means that the issue of merger does not apply in the case of industrial network strategy since there is no financial commitment to the local company. Instead of a financial commitment, the prospecting company ensures that the local entity is engaged in a service or product sector with the prospect of introducing a new service or product in the market. For instance, Bayern Munich could engage in industrial network strategy with an Indian television broadcaster. This could be beneficial because a partnership with a television broadcaster that presents Bayern Munich's matches to the public can boost both profitability and brand awareness.

The last internationalisation strategy is the **Eclectic Paradigm Approach**. As the name suggests, this strategy involves the combination of several advantages of doing business (Campbell, Lo & MacKinley, 2007). According to Johanson and Vahlne (1990), the eclectic paradigm explains the extent, form and pattern of international production rather than focusing on a single methodology for entry. Some of the specific advantages of using the eclectic paradigm by a prospecting company are: Ownership-specific, internalisation-specific and location-specific advantages (Johanson & Vahlne, 2014).

This implies that the prospecting company can choose any two strategies that promise to offer one of the three business advantages (Sharma & Terence, 2005). Very often, companies seeking to gain ownership-specific advantages go for a combination of the Uppsala strategy and Transaction Cost Approach. Those seeking internationalisation may combine any of the three, but the transaction cost and industrial network approaches are particularly favoured. On the other hand, those eyeing location-specific advantages prefer the use of Uppsala Model along with transaction cost strategy (Sharma & Terence, 2005). These permutations emphasise that those preferring the eclectic strategy go with an open mind, which is ready to accommodate whatever helps the prospecting companies to achieve their goals (Warner & Brown, 2005).

Following the overview of the various internationalisation strategies, the Uppsala Model could be considered as the most appropriate for Bayern Munich in its internationalisation approach. There are a number of reasons for this particular preference for the Uppsala Model in the case of Bayern Munich. First, it will offer the club the opportunity of studying and understanding the Indian economic market and the football market as well before taking the step to open a wholly owned subsidiary in India. Referring to the Uppsala Model's advantages for companies using the approach, Gurr, Woodward and Marshall (2013) indicate that such a gradual entry means that the prospective company will have sufficient time to become acquainted with and adapt to the local market before reaching the final stage of entry. Furthermore, Bayern Munich could use the period of adaption to complete its investigation of the market. With regard to internationalisation strategies, Kevin and Subramaniam (2012) observe that companies, which move from far away countries to other host countries, might suffer from supply chain constraints when they do not have the opportunity of studying the market sufficiently in order to ascertain the exact demand orientation of the market. This type of challenge could be resolved by the Uppsala strategy.

Another advantage of the Uppsala Model is the ability to minimise the different forms of risks that are associated with doing business. Allen (2008) describes internationalisation as a major risk taken by companies. This is because the companies may either succeed or fail. However, whether the final outcome is successful or not can never be known until making the actual move of entering the market. This implies that

relying on feasibility study may be useful, but this cannot give realistic outcomes until the companies actually register their real presence with their products or services in the international market. Meanwhile, when Bayern Munich decides to use the Uppsala Model, they will be required to start their market entry process by registering a physical presence in the Indian market, though very gradually and slowly. Regarding an industrial company, for example, it will be possible for the enterprise to determine the real pattern of consumer demand at the sporadic export stage. In case the response is negative, the risk of recording losses will not weigh heavily on the company since the exports might have been done in a sporadic manner. But in case the response from the market reveals the need for more products, the company can then easily move to the second stage by sending across several products. Therefore, another important reason for selecting the Uppsala Model is the extent to which Bayern Munich could directly manipulate in the overall Indian market. This is because the Uppsala Model not only allows the prospective company to enter the targeted country in a gradual manner, but even after entering the international market on a permanent basis, the prospective company also has the opportunity of entering different segments in the international market in a gradual manner (Gurr, Woodward & Marshall, 2013). In most cases, this is done according to geographical, demographical and cultural segmentations to understand how different market sectors respond to the company. Basing the discussion on Bayern Munich and India, it could be noted that the Indian market is such a large one that it cannot be fully explored within a short span of time. Using the Uppsala Model, Bayern Munich can start its segmentation from a very small area in India, preferably from the country's commercial capital. After a certain time, the club can enter other areas of the market through the same stages of the Uppsala Model used initially to enter the country.

However, there are possible red flags that the club should look out for if it wants to make the most out of the Indian market while using the Uppsala Model. Already, Bayern Munich's other global competitors, including Real Madrid, Barcelona and Manchester United, have made successful entries in the Indian market. Notwithstanding the advantages, the Uppsala approach can be criticised for being a relatively slow internationalisation strategy in terms of implementation. This means that there is the possibility that while Bayern Munich uses this gradual approach, its competitors would

be using the period to consolidate and confirm their brand equity in the Indian market. This is a very likely disadvantage that will arise from the use of the Uppsala Model because once Bayern Munich begins going through the stages of this particular model, the other competitors will identify this and could put in place their own strategies to curb the overall effect and market threat that Bayern Munich will pose after it has finally settled in the Indian market.

4.2 Objectives of an Internationalization

There are several objectives why industrial enterprises as well as football clubs may want to engage in an internationalisation process. With regard to industrial enterprises, the main reasons for going abroad are the need to extend the company's product lifecycle as well as to diversify risk. However, the intentions of leading European football clubs to go for internationalization are somewhat different. For instance, as stated earlier, the almost saturated German football market makes it vital for clubs like Bayern Munich and Borussia Dortmund to seek additional markets and sources of revenue (Schulze-Murmerling, 2013). For this reason, the internationalization process also seems to be inevitable with regard to the international competition from the British Premier League or Spanish Primera Division (Hollasch, 2014). Therefore, according to Bayern Munich's Director for Strategy and Internationalization, Joerg Wacker, the main goals for an internationalisation are in the first instance to increase brand awareness and then to generate additional revenues through sponsoring and merchandising in the following step (Oediger, 2014).

4.3 Global Strategy and Positioning within the Market

A company builds a global strategy when it has a strategic guide towards globalisation (Campbell & Wasley, 2013). When developing a global strategy, it is helpful to differentiate between the three ways of international expansion on the basis of an organisation's current international position, resources and capabilities. However, when speaking about global strategy, one has to first differentiate this approach with respect to international and multinational strategies. For example, Lynch (2014) explains that in

terms of an **international strategy**, the organisation focuses on its objectives primarily in the home market. Nevertheless, this strategy can also imply objectives regarding overseas activity and therefore an international strategy is needed. Another factor that needs to be mentioned in the context of an international strategy is that any competitive advantage is mainly developed for the home market. Regarding **multinational strategies**, the organisation engages in a number of markets beyond the home country. However, since customer demand as well as competition is different in each country, there is a need to formulate distinctive strategies for each individual market. Hence, according to a multinational strategy, competitive advantage is determined separately for each market. Finally, when it comes to **global strategy**, the organisation not only considers and handles the entire world as one large market, but also expects it to be one source of supply with only low local variations. In this case, competitive advantage is built largely on a global basis (Lynch, 2014). This means that having a global strategy requires Bayern Munich to have a strategic guide that will be used for the club's entire internationalisation approach.

In case Bayern Munich decides to execute a global strategy, it will face certain benefits as well as confront some costs simultaneously. Referring to the benefits, the emergence of new markets should be mentioned first. When entering new markets, it is Bayern Munich's goal to generate additional sales from merchandising products on the one hand, and to earn more profits through new sponsoring deals on the other hand. Closely related to the emergence of new markets is global brand recognition. This is because it represents the benefit to be derived from having a globally recognized brand. It will be much easier to negotiate with potential sponsors and at the same time sales volume in terms of merchandising articles will most likely increase due to the increase in brand awareness. Furthermore, another benefit would be global customer/fan satisfaction. FCB fans are more satisfied as they enjoy better access to the brand. Finally, an advantage would be economies of scale. In terms of FCB, economies of scale would lead to cost savings through higher volume production concerning all kind of merchandising products, fan jerseys and signature cards. In contrast, a potential global strategy also entails several costs. The main cost concerning such a strategy for Bayern Munich would be the physical effort for the team to go for regular promotional tours to distant markets, affecting training and fitness as well. The increasing costs of

administration and communication are two additional costs that go along with a global strategy (Lynch, 2014). Nevertheless, one can say that generally the costs of applying a global strategy are much more severe for an industrial economy than in the case of a leading football club.

Campbell, Lo and MacKinley (2007) also note that there are some important resources that companies must possess to effectively build a global strategy. The first is **adequate funds**. This is needed as a result of the cross-border expenses that will accrue, regardless of the internationalisation strategy that is used by the club. Ulfelder and Lustik (2007) in a study found that the commonest fund capitalisation used in building a global strategy is \$1 billion. The second key resource is **quality**. According to Howard (2006), the global market has the largest number of competitors that can be found in any single country. When going global, it is expected that a company or a club such as Bayern Munich can trust on the competitiveness of its quality. This is because once a club goes global, buyers within the larger global market will be asking a very simple question: Why should they select Bayern Munich over other football clubs? The answer to this question must be found in the quality presented by the club.

The third key resource that is referred to in literature for building a global strategy is **lengthy time horizon**, which according to Bloom (2011) means that a global strategy is built over a number of years. In view of this fact, the club must have the resilience to withstand competitive global pressure over a very long time frame. By implication, a potential entry of Bayern Munich in the Indian market may not mean the club will readily begin to realize positive incomes. The extension process must therefore be time bound and a patient process that is well nurtured and monitored to grow. There is also the resource of **innovation**, which will help distinguish Bayern Munich from its competitors in the way they do business. This is because innovation offers businesses the opportunity of re-thinking and doing the same thing that others would do in a different manner (Noora, Tuunanen & Alon, 2005). For companies to be successful in terms of innovation as part of the global strategy, Ulfelder and Lustik (2007) recommends the use of research and development as the means to learning more about the global market and knowing how best to diversify the business approach in the

market. For Bayern Munich, the Uppsala internationalisation approach will help to make research and development very easy and effective.

Once Bayern Munich settles in the Indian market, **market segmentation** shall be an important tool to ensure that the club identifies its strategic market segment and strategically realigns itself with it. Indeed, in the absence of good market segmentation, it will be impossible to know the right target group that responds well to the club's brand through its sources of revenue including broadcasting, merchandising and match day proceeds (Cambel & Wesley, 2013). The club is therefore recommended to use research and development to study the Indian market in order to identify different demographic groups and how they respond to the club. More importantly, the targeting of the segment must be based on the younger generation, as there is sufficient evidence to suggest that football following is higher among this section of the Indian population (Bloom, 2011). But even among the younger generation, the club needs to go further into understanding how to create sub-segments within the larger segment. For example, the club's following may be heavily populated among males or females, the high class or middle class, foreign nationals or indigenous Indians, and so on. Once this understanding is reached, the club could then focus its strategic marketing on the identified segment.

5 Options and Measures for a Realization of Bayern Munich's Strategic Approach in the Indian Market

5.1 Success Factors for a Market Entry

'International strategy is a form of diversification into new geographical markets. It is often, at least, as challenging as diversification' (Johnson, Scholes, & Whittington, 2008). Hence, it 'is a document that supports the planning of geographical diversification' of companies and organizations (Grünig & Morschett, 2008). Apart from possessing great significance for several other business areas, internationalization strategies are also gaining in importance within the sports industry.

Thus, a club can effectively increase its recognition within a specific region by adequately positioning its brand as per the greatest demand. This market segmentation allows for the identification of potential target groups. This will point at the best applicable design of the marketing mix, constituting the most significant factor to impact a clubs' positioning within the industry (Nufer & Bühler, 2013). Consequently, the club can efficiently position itself and rapidly hike its brand recognition by implementing the appropriate methods. These methods or activities should primarily focus on aspects such as transfers, promotional tours, strategic alliances, television marketing and merchandising. In the context of the strategic approach, the aspects of transfers, promotional tours and strategic alliances contribute to the internationalization process, while television marketing and merchandising are the target variables (Puck & Wirth, 2007). The practical application of these activities would be analysed in the context of football clubs. Therefore, an examination will be carried out on the significance of these strategies on a club's internationalization approach and their contribution towards a successful market entry as well. The initial section shall primarily highlight prospective market entry methods, followed by a focus on cooperation behaviour, before finally conducting an analysis of the competition between European football clubs in the context of the Indian market.

The possible success factors regarding Bayern Munich's potential entry in the Indian market are:

Promotional Tours

At present, promotional tours constitute marketing instruments that actively penetrate the target markets. Promotional tours are also responsible for influencing the perception of individuals in a society and can work well for a football club such as Bayern (Smith & Schultz, 2005). According to historical records, the English clubs were among the first to discover the benefits of promotional tours and trips. Some of the benefits include the harnessing of reasonable sums of money in the short run while popularizing a club (Dolles & Soderman, 2011).

Bayern Munich's promotional tours in India can include public training sessions, media conferences as well as friendly matches. Such activities are perceived to attract fans and they can further increase image recognition as well as hike the popularity of Bayern Munich in India.

Promotional tours also generate value for a club by enhancing sales and merchandising activities. These promotional tours should be scheduled in regions where individuals are soccer fans. Subsequent to the success of the initial promotional tours, the following ones should be held in areas where football is less popular.

The promotional tours should include both matches and fun activities. These activities, for example, may include an interaction between the players and fans through meet-and-greet sessions, signing autographs and taking photos (Bridgewater, 2010). Fans appreciate the opportunity of meeting their favourite players and taking photos with them is like every fan's dream.

Promotional tours and friendly matches are an important instrument of improving the exposure of Bayern Munich in the Indian market. These tours and friendly matches are also responsible for creating a physical presence of the club in the Indian market. Through such tours and friendly matches, fans of the team living in India can have a real experience and feeling of the club at play. Promotional tours and friendly matches can also be an avenue in which the club can be exposed to Indian talents.

Transfers

Besides promotional tours, transfer of players is another plausible method of popularizing football in India.

In this respect, Bayern Munich could sign a domestic talent from an Indian club. This would not only ensure the presence of Indian football fans at Bayern Munich since they will be eager to watch their own people among the international stars but also create enthusiasm for football in general. Furthermore, when being the first European top club to sign an Indian player, Bayern Munich would also position itself very favourably with regard to potential Indian sponsors.

The Role of Stars

Bayern Munich has contracts with some of the best players in the world. In the recent world cup in Brazil, seven German players were from the club (Bausenwein & Brouwer, 2014). Owing to their reputation and charisma, such superstars play an essential role in popularizing a team. Bayern stars can take over special ambassadorial roles to play football in India. They could also be used as ambassadors to spearhead campaigns against child labour and rape in India. The image of such social acts will positively translate to the club's brand and have an impact on the team's presence and popularity in India. As a result of such positive campaigns by the club, it is likely that citizens will become fans of football.

TV Marketing

Regarding Bayern Munich's internationalization process, TV marketing can be a key strategy to be used by the club. To increase the club's popularity in India, the establishment of an extensive broadcasting network may be necessary. TV is undoubtedly a powerful tool in marketing. In addition to TV marketing, centralized and decentralized marketing strategies can be used as well (Jeannet, Hennessey & Jeannet, 2004).

Any centralized marketing strategy entails the promotion of football activities by an institution such as the DFL, which controls and promotes advertisements and promotional activities. Centralized marketing in India will increase Bayern Munich's

popularity in the country. It is a less costly method of popularizing the sport because there are no financial implications on a club. Decentralized marketing strategies involve the execution of marketing activities by individual clubs themselves (Neelamegham, 2000). Bayern Munich can establish an internal television channel, which can be used to communicate and interact with the Indian fan base. Independent marketing of the Bayern Munich brand can attract fans and supporters in India more specifically (Bausenwein & Brouwer, 2014).

Even though the Internet is a popular ‘avenue of advertisement’ in the present day, TV still commands a strong followership, particularly in India (Neelamegham, 2000). Bayern can promote its brand on TV by using promotions and advertisements. Another ingenious strategy that the club can apply is to air its documentaries and features on Indian TV channels to boost its presence.

Opening of a Local Office

A local office is a great measure that can be used by an organization. Bayern Munich should consider opening an office in India to ensure that fans and supporters have direct access to the club. The opening of a local office in the U.S was successful and the experience could be replicated for the Indian market as well. The office should be used as the local hub in India. In addition, the physical office will come in handy as fans, players and other stakeholders can pop in at any time and interact with club employees. Moreover, setting up an office in India will ease the coordination of activities within the country.

More specifically, the local office in India could be used to sell the club’s merchandise and paraphernalia. It should be noted that success or failure of the local office would depend on the level of marketing launched to introduce the Bayern brand to the Indian fan base.

Youth Academies

Youth academies will also help in supporting Bayern Munich to become popular in India. Youth academies can also act as training centres to nurture young talents. With youth academies in India, Bayern can popularize its brand amongst young individuals in

the country, who will go on to constitute the next generation of football fans (Bausenwein & Brouwer, 2014). Talents are also important with regard to the popularity of a club. Local Indian players can be trained and shaped to become stars, and who will later play for Bayern. Youth academies will not only popularize the club but also football in general within the country.

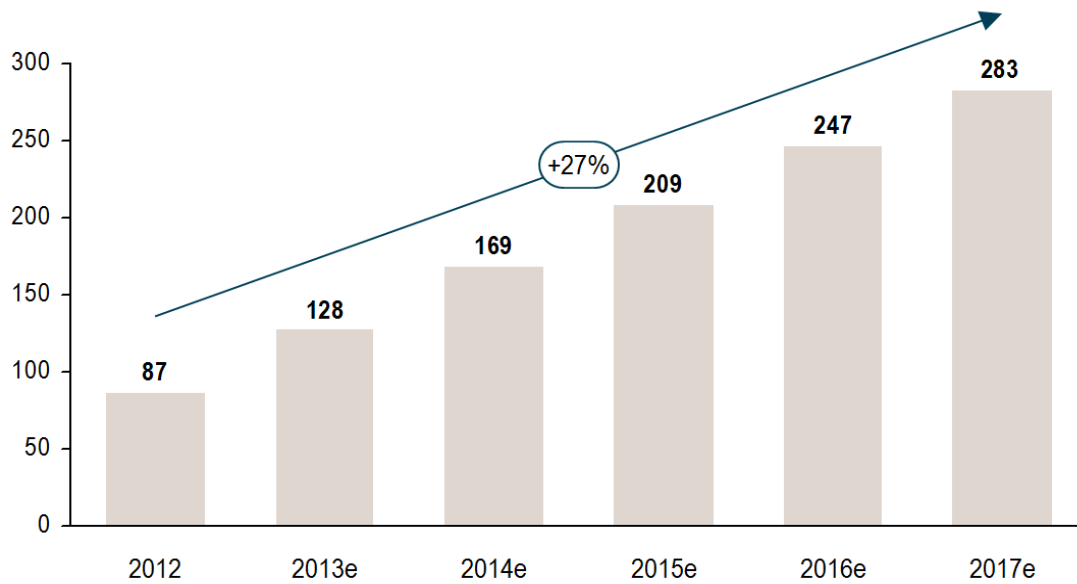
Merchandising Stores

Merchandising stores are a popular commercial way of selling a club's brand. Fans often buy jerseys of their favourite players. Bayern should set up these stores in India for selling jerseys, bands and other club-branded items. Not only do these stores popularize a football club, but also ensure a flow of extra income from sales.

Social Media

The social media has emerged as a modern marketing tool. Facebook and Twitter provide rich platforms for consumers to interact with organizations. In penetrating the Indian market, Bayern needs to consider setting up a dedicated Twitter account and Facebook page to facilitate interaction between fans and the club. These social media platforms should be informative as well as interactive. India has an enormous population of about 1.237 billion individuals. However, only a small percentage of these individuals use the Internet, with even less number of individuals being active on social media. The most popular social media sites in India are Facebook, Twitter and LinkedIn with YouTube, Tumblr, Pinterest and Foursquare taking off (Statista, 2015).

However, it should be noted that India has a very vibrant population of youths, who are active followers of football. Apart from being football fans, they also happen to endorse the use of technological tools such as the Internet and social media networks. Referring to Figure 11, the number of social media users in India did increase by 27 per cent on average every year since 2012 and is prospected to further grow by the same level within the following years. In 2015, there will be an estimated 209 million social media users in India. Therefore, when Bayern Munich decides to enter the Indian market on a sustained basis, it would have an easier way of marketing its presence in this international market.

Figure 11: Number of Social Media Network Users in India from 2012 to 2017e in million

Source: Own table (adapted from Statista, 2015)

5.2 Cooperation Policy and Partnership

The type and size of a brand's network plays a significant role in determining the competitiveness and growth in a given market. Nevertheless, for a network to be created, it is pertinent that there is a policy of cooperation and partnership with other players in the industry. As part of its entry into India, Bayern should establish a cooperation policy and partnership.

Strategic Alliances

Having strategic alliances could facilitate market entry, but also push the course and reputation of Bayern in India. It is well known that Bayern cannot achieve the same level of corporate representation in India as compared to Germany. However, by using corporate alliances, the club's interests will be supported by the alliance partners. To ensure success in India, it is expected that the alliances formed will be strategically positioned towards a level, which would improve promotional prospects for the club as well as marketing.

Strategic alliances and partnerships ensure that the allies and partners play their roles in marketing the club and that the club affords its partners benefits in the form of revenues from the sales of merchandise.

Moreover, existing alliances are one of the ways for Bayern Munich to get access to the Indian football market. Considering strategic partnerships with German companies that are already established in the Indian market can be beneficial for Bayern Munich with regard to sharing of resources as well as the risk involved in an investment in the new market. The German global sports equipment manufacturer and one of the major sponsors of FCB, Adidas, have been active in the Indian market since 1996. Therefore, the company has the requisite experience and understanding of the market dynamics and consumers in India, which is an important factor when looking for a partner in a new market. Adidas could provide adequate publicity and support the launch of fan clubs for Bayern Munich, because they already have a customer base in the country. The recent merger of Adidas with Reebok, where the latter had a larger market share in India, could be an advantage for Bayern Munich since it can use a larger consumer base. Adidas could advertise and launch specific products as well as promotion events for Bayern Munich, which will boost the foreign club's introduction to the Indian population.

Reliance Industries Limited could also be an ideal strategic partner for Bayern Munich as the former is one of the largest and most influential corporations in India. Such a partnership would be beneficial for FCB, particularly regarding its public image. Reliance's influence and reach across the vast country could be a useful marketing tool for the club, because the corporation's brand recognition and impact in the country will make Bayern Munich better known and approachable by the locals. Eventually, the organization of promotional tours, setting up of training camps, exchange programs and building of training and fan centres would become easier. As previously mentioned, Reliance together with IMG is trying to restructure Indian football. For this reason, a joint effort to promote Indian football in association with one of the top European football clubs would most likely be very appealing for Reliance as well. In turn, Bayern Munich along with the DFL would be able to help Reliance in improving the structures of the Indian football market. On the other hand, Reliance could support Bayern Munich in its market entry endeavour and to share the club's ideology of football and brand as a world-class team among the Indian population.

Cooperation Deals with the Media

Bayern Munich could also increase its popularity by signing partnership deals with leading media stations in the country. They have already entered a partnership with the second largest Indian newspaper company, The Hindustan Times. Another lucrative partner would be 'The Times Group'. It is the oldest and largest media company in India and has by far the largest audience. Likewise, it could be of interest to sign a partnership with a valuable television network that focuses mostly on sports. STAR Sports is one of the major sports networks in the country and is one of the founding members of the Indian Super League as well as takes the ISL to millions of Indians. The fact that from 2015 onwards, STAR Sports has become the new broadcaster of the German Bundesliga is certainly advantageous and symbolizes the network's general interest in German football (Nalapat, 2014). STAR Sports is a well-established brand in the Indian football scene and economically able to invest in such a venture. Obtaining a sponsor such as STAR Sports is important if the club wants to create sustainable value in the country. Acquiring a sponsorship deal with the broadcasting firm could give Bayern Munich additional coverage to the broadcast of the Bundesliga.

Media is a very efficient way for advertising and selling a brand to the public in the modern world. An agreement with a media company, which is developing programs and content that is both interesting and meaningful, would greatly increase the football team's popularity in a foreign country. TV programs that focus on German football, and specifically on Bayern Munich, could also familiarize the Indian population with the German team. This would give the Indian public an idea of Bayern Munich.

Sponsorship

Sponsorship by Indian firms is an important cooperation policy that can be effectively employed to improve the entry success of Bayern in the Indian market (Dolles & Soderman, 2011). Bayern Munich needs to acquire sponsors with good brand names that are well known to the people and also economically stable. Bayern could seek sponsorship deals with Indian firms, which will become like branded partners of the club. Followers of such organizations will thus indirectly be associated with the club. Companies may refer to their partnership with Bayern on their premises, which can be

easily accessed by customers. This would also improve the club's image and recognition in India.

Direct cooperation with the football bodies in India is also a superb way of promoting the club in the country. Bayern Munich could organize foundations, training camps for both coaches and young players, tournaments between junior team players in the academies and offer to train gifted Indian players.

Periodical training camps, where current players from Bayern Munich visit India and interact with promising young players, would foster the team's name throughout the country.

Setting up a lottery is another tool that can be used by the club to raise awareness. For instance, individuals who purchase FCB products enter a lucky draw, and the winner could win a trip to Munich including tickets for live matches in either the Bundesliga or the UEFA Champions' League.

5.3 Competitor Analysis of the Market

The first European top clubs have realized the potential of the Indian market and competition for strategic first-mover positions as well as market shares has just begun. Thus, three major European teams with regard to their different market activities in India will be analyzed.

5.3.1 FC Barcelona

Similar to Bayern Munich, FC Barcelona has a successful history regarding their national and international achievements. According to Deloitte's Football Money League, Barcelona is ranked fourth – one place behind Bayern Munich – concerning its revenue generation. In 2014, the club has generated revenues of €484.6 million, which however means an increase of only 0.5 per cent compared to the previous year (Deloitte, 2015).

Since their initial announcement in 2011 to enter the Indian market, Barcelona has realized a couple of activities in India:

In 2012, FC Barcelona with its worldwide operating football school 'FCB Escola' entered a partnership with 'Conscient Football' - an Indian football development initiative - to set up a football campus in Delhi, India (FCB, 2012). The aim of this annual campus is to provide a long-term training- as well as a platform for development for young and aspiring Indian footballers. Participants in the two initial camps were selected from over 100 schools located in over 20 cities in the country (FCB, 2012). According to the director of FCB Escola, Xavi Marce: 'India is an important and strategic country for FC Barcelona, given their growing interest in football' (SBI, 2011).

In addition, FC Barcelona managed to sign up with the famous Bollywood star Ranbir Kapoor. He will officially serve as brand ambassador and further promote FC Barcelona's popularity in India (SBI, 2011).

Barcelona also signed its first sponsorship contract with the telecommunications company Nokia India for the Indian market. Nokia India, which is usually associated with cricket in India, signed the deal in order to tap into the football fan base (CIT, 2012). As per the agreement, Nokia will be the official mobile device partner of FC Barcelona in India and support all other marketing promotions by the club (CIT, 2012). In line with the agreement, Nokia started a campaign with the slogan 'Tiki-Taka', which is based on Barcelona's famous playing style of short passes. In the campaign, consumers were engaged through various touch points such as television, activation and digital (CIT, 2012). The following statement from the former CEO of FC Barcelona, Antoni Rossich, also underlines the value of the sponsorship agreement with Nokia India: 'Asia is very important region for us and we are confident that this association with Nokia India will create an excellent platform for the Indian youth to engage with us, and bring the club closer to its Indian fans' (CampaignIndia, 2012).

FC Barcelona was not only able to enter the Indian market as one of the first leading European football clubs by launching a youth academy in Delhi, but also to generate additional revenues in India through the sponsorship deal with Nokia India. Besides the youth program and the new corporate partner, the ambassador agreement with Bollywood star Ranbir Kapoor will also lead to an increase in popularity of FC Barcelona at the entertainment-oriented Indian population.

5.3.2 Manchester United

Manchester United has been falling short in the national Premier League as well as in international competitions. Nevertheless, economically 2014 was the most successful year in the clubs' history. United was able to increase their revenue from €424 million in 2013, to €518 million in 2014 (Deloitte, 2015). Unlike Bayern Munich, United's commercial strategy consists of adding multiple regional partners from developing markets such as China or South Korea to their already imposing global partner portfolio. In 2014, only revenues from commercial operations increased by 24 per cent (Deloitte, 2015).

Furthermore, Manchester United has a significant competitive advantage over Bayern in terms of the Indian market due to the clubs' already existing large possession of brand equity in international markets. While Bayern is currently making efforts to popularize its brand in international markets, Manchester United already has a well-established global brand that is well known on the Indian market. This implies that Bayern Munich would have to compete with a well-introduced club that already possesses established roots. Moreover, it cannot be neglected that India, as a former British colony, might initially rather be oriented towards the British Premier League than the German Bundesliga.

For this reason, Manchester United used its popularity to grant licenses for merchandising stores as well as restaurants and bars. This represents the simplest and quickest market entry, because everything United needs is a partner who acquires the license and conduct the business in India.

Furthermore, in 2013 Manchester United once again strengthened its global partner portfolio by signing an official partnership deal with Apollo Tyres, which is the second largest Indian tyre manufacturer (Thakkar, 2013). The company became the official 'tyre partner' of the club in both India and the UK (Thakkar, 2013). An initiative that has been launched between United and Apollo was the production of football pitches constructed from used tires. These pitches have been opened to the youth in communities within the UK and India with the sole purpose of encouraging individuals to become acquainted with football (Thakkar, 2013).

This underlines that Manchester United has a strong interest in the promotion of football in India as it certainly sees itself in a favorable position when enthusiasm towards football in India will arouse.

5.3.3 ACF Fiorentina

Referring to the latest Deloitte's Football Money League, the Italian football club ACF Fiorentina is not among the top 20 teams in terms of revenue generation (Deloitte, 2015). Fiorentina does also not possess a history of successes in Champions League and national league as compared to Bayern Munich. Nevertheless, Bayern should not underestimate ACF Fiorentina as a serious competitor regarding their internationalisation activities on the Indian market.

ACF signed a strategic partnership agreement with the Indian Super League team FC Pune. As per the agreement, Fiorentina provides FC Pune with assistance in terms of technical advisory in return for a potential shareholding following the initial period (Netto, 2014). For ACF Fiorentina, this partnership illustrates an important milestone regarding its internationalisation process, because together with Atletico Madrid, which also launched a partnership with an ISL club, 'they are the first European high-profile football club to invest in the Indian football market' (Baker & McKenzie, 2014). With the objective of brand internationalisation, ACF Fiorentina has developed several activities with respect to foreign markets by exporting the know-how of professionals at the club, combining it with the abilities of local partners and establishing relations with the territory and domestic institutions. According to Sandro Mencucci, CEO of ACF Fiorentina, 'It is indeed a great opportunity for us to associate with FC Pune City, as it is a platform for us to nurture football talent amongst India's youth. Pune is a young and vibrant city in India and is a great destination, which is synonymous with the definition of football - young, vibrant, global and youthful. ACF Fiorentina has tirelessly worked towards raising the level of football in Italy and through this tie-up, we only hope to help the much needed growth of the wonderful sport of football in a country as beautiful and lively as India' (Netto, 2014).

In general, one can say that ACF has thoroughly prepared and chosen their market entry to India by signing a partnership with an Indian Super League club. Due to this partnership and its association to FC Pune, ACF is able to position themselves on the

Indian market. Therefore, according to ACF Fiorentina's business and brand development manager of, Sergi Bernadi, 'we believe that we have set up the right basis to start to leverage this project in terms of commercialisation' (S. Bernadi, personal communication, January 2015).

6 Implementation of the Strategic Concepts Based on Qualitative Research

6.1 The Approach

Following the earlier determination of the theoretical methods regarding internationalization into a new market, the present section shall further investigate these strategies in the context of deriving a potential market entry strategy for FC Bayern Munich into India. In order to verify and authenticate a potential method's execution in practice, various interviews with FCB stakeholders were executed so as to receive comprehensive opinions regarding the prospects for a successful, durable and sustainable market entry into India. In general, interviews belong to the key measures of qualitative research, which facilitate the study of issues in detail.

Within the scope of this paper, interviews were conducted with the following stakeholders:

- Andreas Kufner
(FC Bayern Munich AG – Department of Strategy and Internationalisation)
- Steffen Busch
(DFL Deutsche Fussball Liga GmbH – Head of Int. Marketing)
- Hiro Kishi
(Deutsche Telekom AG – Vice President of Sport Sponsoring)
- Tim Roehn
(German Journalist – Welt, Bild, Spiegel)
- Thomas Richter
(TSG 1899 Hoffenheim GmbH – Head of Internationalisation)
- Chris Punnaakkattu Daniel
(Indian/German Journalist and Football Consultant for the Indian Market)

Hence, these six interviews with stakeholders of FC Bayern Munich were conducted with the aim to receive different assessments regarding the Indian market in general as well as on the most important factors responsible for a potentially successful market entry in India.

6.2 Evaluation of the Interviews

‘The Giant is still sleeping’, says Andreas Kufner (FCB), alluding to Sepp Blatter’s statement a couple of years ago that the Indian football market is a sleeping giant. Nevertheless, Kufner continues by saying that ‘when it comes to the youth and children in certain regions of the country, one can see that football as a sport is on the rise, especially when we look at our work on youths, because India is the country that provides the highest number of participants for “FCB Youth Camps” after China’ (Kufner, 2015). Furthermore, in the context of evaluation of the potential of the Indian football market, Steffen Busch (DFL) says that it ‘is huge and potent and it will see some massive economic developments where the first set of revenues from sponsorship will come. However, the development of football will pose a challenge, because football in India is only entertainment. Very little happens with regard to club sports, youth football and so it’s definitely an ambivalent market’ (Busch, 2015). Busch continues that a return on investment in the short-term will be difficult, but on a long-term perspective, India is a very exciting market. He further states that it is going to be especially difficult in the short-term because of the supremacy of the English Premier League in the Indian football market, ‘because of the Commonwealth and the absence of any sort of language barrier’ (Busch, 2015). Nevertheless, Busch concludes that ‘if you look at the economy and also the media market, it does not take a stretch of imagination to say that India, also as part of the BRIC states, is a country to watch’ (Busch, 2015). Moreover, with regard to TSG Hoffenheim’s trip to India during the summer of 2014, Thomas Richter said that Cricket is the number one sport in India, but there are also a few places where ‘the people are passionate about football (...) and more interested in the larger balls than the small ball’ (Richter, 2015). According to Chris Punnaakkattu Daniel, who in his capacity as an expert on Indian football market has advised a couple of European football clubs on their activities in India, ‘the Indian football market is in a critical and decisive phase for leading many processes in the right direction’ (Punnaakkattu Daniel, 2015). However, he is convinced that the Indian football is on the right track, in particular with regard to the ISL as well as the upcoming Under-17 FIFA World Cup. While the European top leagues like Premier League, Primera Division or Bundesliga are already followed by many millions of fans, ‘the ISL was able to spark enthusiasm throughout the population regarding Indian

football’ (Punnakkattu Daniel, 2015). Nevertheless, the ISL is only one important element amongst many to promote football in India. But, ‘the desire for successful football in India is huge’ (Punnakkattu Daniel, 2015).

Support Infrastructure / Getting Started

The leading German football club FC Bayern Munich started their Indian chapter in 2005, when they decided to send their second team to Kolkata to participate in the 111th IFA Shield, which is an annual football competition organized by the Indian Football Association (CPD Football, 2011a). However, FC Bayern’s second visit to India was of another dimension. On the occasion of their Asian Tour in 2008, they decided to play a friendly match in Kolkata against the Indian I-League club Mohan Bagan AC, which was also meant to be the farewell match of German and Bayern legend goalkeeper Oliver Kahn. The hype and enthusiasm around Bayern’s visit to Kolkata can be illustrated by the stunning crowd of 125,000 at the Saltlake Stadium in Kolkata. Uli Hoeness, Bayern’s chairman at that time, stated after the match: ‘I’ve never expected this here in India! The excitement was incredible!’ (CPD Football, 2011b). Till date, the team has undertaken two more appearances in India. In 2010, the Bayern Munich ‘All-Star Team’ visited Kolkata for a benefit match on the one hand to promote football in general in India and on the other hand, as stated by Bayern Munich’s ‘All-Star’ player Paul Breitner, ‘to find out more about the future of Indian football’ (Goshal & Heier, 2010). In 2012, within the scope of their winter training camp in Doha, Bayern Munich visited Delhi to play a friendly match against the Indian national team. According to Kufner, this visit was ‘a success for the media as well as for the sponsor Audi, which acted as the presenting partner’ (Kufner, 2015). Besides the appearances with Bayern Munich teams, the club has also been active in the Indian market in terms of events for fans and youths. On the one hand, there is the Youth Cup, which is a school tournament with the final being played in Delhi and from which the best will be selected and invited to Munich to play at the Allianz Arena. This tournament has been hosted twice with the third edition coming up soon (Kufner, 2015). Hence, another youth event is the Allianz Junior Football Camp, which is an annual event with over 40,000 aspirants from 800 schools across 120 cities in India, organized and executed by FCB’s strategic partner Allianz and Bayern Munich is the official partner (NDTV Sports, 2013). Busch further

underlines the importance of getting involved with the basics when entering a football market like India by saying that clubs ‘need to establish themselves through meaningful connections with the media and local sponsors whether you get involved in youth work and the training of coaches or something else’ (Busch, 2015).

When you recollect FCB’s first approaches to the Indian market in 2005 with the previously discussed Uppsala Model theory, one can discern a lot of similarities during the club’s first phase of the internationalisation process. According to the Uppsala Model, a company should first start its expansion strategy by carefully studying and understanding the characteristics of the foreign market. Hence, within the starting process, a company has to take sufficient time in order to become acquainted with and adapt to the local market. Due to the fact that Bayern Munich has been visiting India with its teams since 2005 as well as through youth works several times, the club was able to get a clear picture of the Indian football market. Furthermore, when studying the market, the prospecting company can identify the demand orientation of the foreign consumers and therefore minimise risks associated with doing business in a new country.

Journalist Tim Roehn goes one step further, by bluntly stating that in order to ‘find gold’ in the Indian market, it takes more than some mere youth work. ‘Practice pitches as well as stadiums have to be built, and the know-how of football experts has to be transferred to India, because almost everything that has been done so far, did not go far enough’ (Roehn, 2015) TSG Hoffenheim’s manager for internationalisation, Thomas Richter, is of the same opinion. He is certain that in order to be successful in the sub-continent in the long run, ‘it is important to strongly promote the national league in India, because the Indians need to see their own heroes and stars to identify with them. Indian football has to gain in strength, then the interest of the people will grow’ (Richter, 2015). Nevertheless, Richter also admits that one has to see the Indian football market as a long-term project, which involves a ‘journey you do not complete in two or five years - it will take time’ (Richter, 2015). In general, with regard to India’s low position in the FIFA ranking, he thinks that it has so far been a ‘disappointing result’ in particular when taking into account the size of the country and its massive population. Therefore, according to Richter, top European clubs can only think of investing in

marketing, ‘when football itself is more popular in India and when you can awaken the population’s interest’ (Richter, 2015). For this reason, TSG Hoffenheim, within the scope of their promotional tour during the summer of 2014, decided along with the Indian company Unilazer to ‘initiate a youth program and a talent scouting program to find the most talented and best youth players to train them in order to be selected for the 2017 Under-17 World Cup hosted by India’ (Richter, 2015). The aim of this youth project is to promote football in India and receive an overall impression of the potential of players as well as to support the Indian Football Association as they seem to be ‘reluctant in pushing things forward and are not pro-active when it comes to setting up youth programs’ (Richter, 2015).

The matter of fact that any company may have to support the local market in order to generate additional revenues and be successful in the long run, is something, the Uppsala Model does not include in its theory.

TV Presence / TV Marketing

Television marketing is another very important area for a top European football club looking at prospects in India as it broadcasts and establishes the German brand among Indian fans and football lovers. Television presence is important for two reasons. First, the club is aiming to increase brand awareness through television marketing when entering a new market. In this context, Kufner goes even further to assert that ‘unless you appear on TV in any market, it doesn’t make much sense to engage in other areas’ (Kufner, 2015). Second, the commercialisation of a football league’s TV rights is an important source of revenue for an individual club. Kufner agrees upon this by saying, that ‘this is a very important source of revenue for Bayern Munich’ (Kufner, 2015) It became more after the DFL increased the annual turnover of the marketing of their TV rights from €75 million to €150 million. However, there is a dilemma as it is difficult for the DFL to determine whether to aim for the broadcasting channel with the maximum coverage or the one that offers the most money. Kufner is of the opinion that to strike a balance in between is the best starting point. In this regard, he is very pleased with the new Indian broadcaster of the German Bundesliga, Star Sports, which is a larger channel with much better coverage than the previous one. Kufner says that this ‘definitely is an important step and will get more people in India to watch the

Bundesliga' (Kufner, 2015). Moreover, Kufner knows that the audience figures in India with regard to the Champions League and the World Cup Finals are strong, which underlines that there is a certain excitement as well as engagement regarding football. Nevertheless, according to him, one now has to ensure that this excitement is transferred to other events as well, for instance to the German Bundesliga (Kufner, 2015). Steffen Busch underlines the importance of being promoted by television by saying that 'above all in particular in countries, which are new to football, is the presence in the media' (Busch, 2015). That India plays an important role regarding the DFL's plans is confirmed by Busch, who says that the 'big economies and large media production sites are the most interesting ones' (Busch, 2015). He continues by stating that expansion plans also include South East Asia, the US, South America, Russia and 'those markets that are growing rapidly, like India and sub-Saharan Africa' (Busch, 2015). The manager for internationalisation at TSG Hoffenheim, Thomas Richter, thinks that the promotion of the club's own league is most important in order to be successful in a foreign market. According to Richter, one has to first create a certain buzz about the brand in the Indian market and raise the popularity before thinking about generating revenues. He says that 'to show up with your truck and sell stuff, that's not going to work' (Richter, 2015). According to his perspective, a club can only benefit from an expansion when 'the league is known and TV picks this up and the people see that there is interest in that league and say we want to incorporate the league and broadcast the games and are also willing to pay for it' (Richter, 2015). Concerning the competition with the English Premier League, Richter also has a clear position: 'The Bundesliga itself, whether clubs or players, they do not need to hide. We have a number of international stars too (...) and therefore, you have to give them an option and make them realize that they can play football as well. Then, you may have the opportunity to compete with the Premier League' (Richter, 2015).

Promotion Tour & Friendly Match

An essential measure that Bayern Munich needs to focus on during its attempt to increase brand awareness in India is to conduct a promotion tour with their first team. According to Kufner, FCB has already conducted such promotional tours in several countries so far, and these tours definitely include many aspects: First and foremost, one

wants to strengthen brand awareness and the contact with one's existing fan base as well as to increase it. In addition, it is important to look good for potential sponsors and to represent the Bundesliga in a 'bright light'. Hence, in particular when you think of being active in a country with a long-term perspective, it will be crucial to establish contacts with foreign chambers of commerce, trade chambers and other political institutions. Finally, a promotion tour is obviously also connected with a certain financial interest' (Kufner, 2015). On his part, Hiro Kishi, the head of sport sponsoring at one of FCB's most important strategic partners Deutsche Telekom, is of the opinion that Bayern Munich possesses all the necessary requirements to be successful in a foreign country: Reliability, national and international success, honesty, and acceptance throughout society (Kishi, 2015). With regard to the general utilization and development of promotion tours within clubs from the Bundesliga, Kufner states that the attitude has changed substantially. While the clubs have recently spent their summers and winters in Turkey or Spain, they will now go all over the place and connect training camps with promotion tours. Kufner continues that the DFL has contributed a lot in this direction by enabling the clubs to have the time for such things. According to Busch, it is essential that the teams are present for instance in India in order to increase the general awareness of the Bundesliga as well as the German clubs. 'Just showing presence and making an appearance is important', says Busch, because 'the club has to appear overseas, play overseas, train overseas, do something with former players or play a trophy tour' (Busch, 2015).

One example of this is TSG Hoffenheim, which was the first Bundesliga club to conduct a promotion and charity tour in India in coordination with the DFL during the summer of 2014. The tour comprised a friendly match against a local team, charity projects in coordination with their strategic partner SAP as well as training sessions with Indian children. Richter says the planning of the trip as well as the selection of the destinations was very important because as previously mentioned there are a few places in India where football has a larger influence than cricket. Therefore, Hoffenheim decided to visit Mizoram and Goa, two places where the people are crazy about football (Richter, 2015). Furthermore, Richter knows that TSG Hoffenheim is not as popular as the leading European clubs like Bayern Munich or FC Barcelona, which 'are able to create a buzz even before they embark for the trip' (Richter, 2015). For this reason, the

previously mentioned opportunity regarding scouting and training of young Indian talents in relation with the Under-17 World Cup in India was rather unexpected. However, ‘this is something that in the German media is somehow falling short’, says Steffen Busch, and adds, ‘they often only report on the strains of travelling and any sort of negative impact it could have on the training schedule’ (Busch, 2015). Nevertheless, it is important that during such a promotion tour, you not only have to satisfy your fans, but also your coach. Therefore, one has to ensure that there is a balance between promotion activities, physical strengthening and recovery. As for the team and players, ‘promotion tours are well accepted’, says Tim Roehn, who has attended a couple of promotion trips together with Bayern Munich. He further states that ‘the players are aware of the fact that these exhausting trips are part of life for a player from a top international club’ (Roehn, 2015). Busch even goes one step further by saying that these promotion tours exposes the players to different cultures as well as ‘gives young people a chance to gain new experiences, to expand their horizons and grow closer together’ (Busch, 2015). He concludes this line of thought by saying that when effectively applied, these trips to foreign countries ‘will support the human development and could therefore benefit your sporting development as well’ (Busch, 2015).

This approach is also consistent with the previously discussed theory. According to the Uppsala Model, after having investigated and understood the foreign market at great length, the next step for a company is to start the market entry process by making physical presence in the target country. However, Bayern Munich has shown the ideal way to do so regarding its prospective entry in India. A company should not rush and rather go about the whole process on a gradual basis.

Talent Scouting / Transfers

Another key step to establish oneself in a foreign market like India would be to scout for local talents and transfer Indian players with potential for training. ‘The top European club, that would contract the first Indian David Beckham, will strike a vein of gold’ (Punnakkattu Daniel, 2015).

Yet, Kufner reiterates FCB’s general policy towards player contracting and says they would never do a transfer just for the sake of merchandising. However, a good example

where such a transfer currently seems to work out is the bargain of the Chinese player Xizhe Zhang by VFL Wolfsburg. Although, Wolfsburg's manager Klaus Allofs is underlining that the tie up with Zhang has nothing to do with any public relations or sponsorship interests in the Chinese market, his introduction in Wolfsburg was broadcasted live to 44 million viewers in China (Barrenscheen, 2014). Kufner, on the one hand, admits that it would be a jackpot for any European club to possess a top player from a new economically strong and enthusiastic football nation. Especially with regard to merchandising, it would be 'a great thing for the individual club, the fans, as well as external media, the popularity in the new country and for the existing sponsors', says Kufner. But on the other hand, he is of the opinion that 'this is not something that we are likely to see in near future', as players from China or India 'are not at the same level yet' (Kufner, 2015). Also a transfer of a young Indian player to FCB's successful youth department is not possible. Although 'it would be a nice side effect if we could find a really talented boy', India does not allow signing any player until he reaches the age of 18 (Kufner, 2015). According to Punnakkattu Daniel, the current Indian youth teams have some great talent. He is of the opinion that if these talents 'get the chance to receive their "fine-tuning" in Europe, then we will certainly see one Indian player in the Bundesliga or another European league' (Punnakkattu Daniel, 2015).

In the context of tapping into youthful talents, one has to admit that TSG Hoffenheim's scouting project in association with the Indian company Unilazer is certainly a very promising strategy. Hoffenheim now has the opportunity to create a buzz regarding Indian football and also receive a good overall impression with the visibility of potential stars as it plans to identify and nurture potential Indian players for the Under-17 World Cup, which will be the first big football event in India. Richter explains that initially it is all about the systematic setting up of the infrastructure and to promote the children, and subsequently find an Indian player with potential and train him up to the level where he would be ready to play in the Bundesliga (Richter, 2015).

Social Media / Other Club Activities

Another factor that cannot be underestimated is a club's social media activity and other endeavours that do not require the physical presence of the team, and which also contribute to a club's recognition in a certain market.

FCB uses digital media for both corporate communication and also as part of its economic objectives for internationalisation. Although the brand Bayern Munich is already well known in Germany and Europe, there is a lot of potential in the Asian countries, says Stefan Mennerich, who is Director of Digital Media at FCB (Sellin, 2014). For this reason, FCB is producing more and more content in different languages and adapts the content according to the cultural requirements of the respective countries. Therefore, in order to deliver specific content that fulfils the cultural requirements of the Indian market, FCB has to further analyse this new market. For instance, before Bayern Munich started to produce content for the Chinese market, they visited China and held meetings with local agencies on how to use and produce the media in the most reasonable manner. Hence, according to Mennerich, the main task will be to make a distinction between contents for single countries and certain platforms. Thus FCB is going to internationalise further (Sellin, 2014). According to Kufner, besides the coverage of the Bundesliga and the success of the team, the third elementary point that contributes to international success refers to what the club does apart from the team. In this perspective, Kufner mentions that it is important to find a way to keep the fans happy, particularly international fans who don't have the opportunity to attend live games. Therefore, FCB needs to create contact points, which can also be used to expand the fan base and 'turn mere supporters into real fans' (Kufner, 2015). Examples for such contact points include sponsored events, fan and fan club events, club media as well as social media activities. 'This is where we can increase our reach and eventually monetise it' says Kufner (2015). The success of FCB in particular and the Bundesliga in general in the Indian market 'will depend on whether we will continue to grow digitally and manage to get to the young target groups by means of using these channels' (Busch, 2015). Busch elaborates by saying that in order to promote the Bundesliga, one has 'to integrate more and more but step-by-step with the target groups' (Busch, 2015).

New Partnerships with Sponsors / Support of Existing Sponsors

Besides TV marketing and promotional tours, strategic alliances as well as sponsorship deals constitute yet another potential option for generating a broad reach and hence successful expansion of brand recognition within a market.

In general, Kufner is of the opinion that within the next few years the share of revenue earned from the internationalisation process will increase since the turnover of Bayern Munich will also go up. The main reason for this are potential international sponsors, as the signing of any contract will generate a lot of additional revenue. Hence, with regard to merchandising, which also is a sound source of revenue and in particular ‘a good indicator to find out how popular you are’, the margins for the clubs are much smaller than compared to sponsoring (Kufner, 2015). Until now, FCB has decided only to enter into global partnerships. However, according to Kufner, this may change as this orientation is being currently reconsidered. Also the regional sponsorship deals can be beneficial in two ways. On the one hand, they will arm FCB with the chance to earn further revenues from a foreign market, and on the other hand, it would particularly result in an increase of brand presence in the foreign market. One example is the hosting of events along with the respective regional sponsor. As previously mentioned, one partnership that FCB has already struck in India is with the second largest newspaper in the country, The Hindustan Times (Kufner, 2015).

Another kind of partnership that also represents an interesting market entry strategy is to form a strategic alliance with a local club. In reference to the Indian market, European clubs such as Atletico Madrid as well as ACF Fiorentina have established these strategic alliances with the ISL teams Atletico de Kolkata and FC Pune respectively. Though Kufner agrees that it is an ‘interesting construct’, he avers that a partnership with a local club is ‘something that we didn’t actively pursue in the past and it’s not really our plan for the near future’ (Kufner, 2015). Nevertheless, Kufner considers one possible option when FCB could ‘really pursue things and where they could be completely involved with regards to staff, knowledge exchange and everything’ (Kufner, 2015). Another possible partnership could involve one with an Indian company as for instance done by TSG Hoffenheim, which decided to join this ‘exclusive cooperation’ with Unilazer, which took the first step and initiated the youth project that now scouts for and promotes the most talented youths in India.

Furthermore, Bayern Munich’s existing strategic partners like Deutsche Telekom AG are also of interest in the context of the internationalisation process. According to Hiro Kishi, if FCB plans to enter the Indian market, ‘it is likely that Deutsche Telekom

would support them' (Kishi, 2015). Kishi elaborates by saying that 'a potential market entry of Bayern Munich in the Indian market would involve certain synergies' (Kishi, 2015). For instance, the image of the partner: FCB is market leader in the Bundesliga, while Deutsche Telekom is market leader for telecommunications in Germany. Kishi is convinced that if the reputation and awareness of FCB increases overseas, the reputation and recognition of the Deutsche Telekom would increase as well (Kishi, 2015).

An engagement in a partnership with a local company also illustrates an important step in the Uppsala Model. Partnerships with local firms can to a large extent facilitate the market entry of a foreign company.

Opening of Local Office

Concerning the theory of the Uppsala Model, the opening of a wholly owned subsidiary or local office constitutes the final step of the gradual internationalisation process.

However for FC Bayern Munich, the opening of a wholly owned local office would also constitute the final step towards a long-term oriented engagement with the Indian market with a permanent local presence. Concerning the relevance of establishing a local presence, Joerg Wacker, FCB's Director for Strategy and Internationalization, states that for the sustainable positioning of a brand within a market, it is essential to be physically located in the target market (Demireli, 2013). This is why Bayern Munich opened their first office in the US in April 2014. As already previously mentioned, the two main goals with regard to the opening of an office are in the first step to increase their brand awareness, before Bayern Munich tries to monetize on that in forms of additional revenues through merchandising and sponsorship deals (Oediger, 2014).

In order to achieve the first goal, it is important to adapt to existing structures as well as innovate constantly. Kufner says that on the basis of the local office, FCB wants to 'strengthen the proximity to the market for 365 days a year' (Kufner, 2015). On the one hand, this means that they have to increase the corporation with media companies in order to increase their presence in the local media, and on the other hand plan activities such as fan events, youth events or training camps for women. As a result, FCB could create a 'boost in popularity', which would lead to an increase in the fan base, while becoming more attractive for potential new sponsors as well as provide a basis for the

renewal of existing partnership agreements. Nevertheless, Kufner admits that so far they haven't signed any new sponsors since the opening of the office in the US market. 'But that is not our focus right now. Our focus is on brand expansion' (Kufner, 2015). Furthermore, while the opening of an office is also connected with costs, it is 'obvious that in the long-term, it has to bring in a certain return on the investment' (Kufner, 2015). According to Punnakkattu Daniel, an opening of a local office in India would send a positive signal for Indian football in general, as well as strengthen Bayern Munich's position in the sub-continent (Punnakkattu Daniel, 2015). Moreover, due to the fact that FCB would be the first foreign sport club that opens its own office in India, it could make use of the 'first mover advantage'. By being the first leading European football club to enter the Indian market, Bayern Munich would be able to generate a competitive advantage by acquiring superior brand recognition and customer loyalty.

7 Conclusion

In conclusion, a final recommendation regarding a potential market entry strategy will be stated. Then there will be a recapitulation of the main findings of the thesis, which will be followed by listing the limitations of this paper and general outlook for future research.

7.1 Recommendation

For leading European football clubs, it will become more and more difficult in the upcoming years to raise their revenue from national sources, particularly with regard to revenues from match-day and the domestic market for merchandising. Therefore, as one of the leading European football clubs, Bayern Munich is forced to raise additional sources of revenues and to expand to countries that are new to football. In this respect, they have to approach countries and markets where football still is in a development phase but with good prospects for expansion.

Therefore, for Bayern Munich to be successful and profitable in India in the long run, a potential market entry strategy could be executed with regard to the following four steps:

1.) Build and invest in the foundation

Bayern Munich is one of the most successful and famous football clubs in the world. They already have a solid basis due to the fact that they have already made a couple of appearances in India and also established a partnership with the second largest Indian newspaper. Apart from Bayern Munich, no other top European football club has up to now taken any concrete and sustainable steps in India.

Since ‘the giant is still sleeping’, Bayern Munich has to first of all promote the ‘wake-up process’. In order to be sustainably successful in the Indian market and to generate revenues in the long run, Bayern Munich has to support and to promote India’s football infrastructure by selective investments.

The three potential areas where FCB could invest into are:

- Youth Football: Apart from its periodically held existing youth camps, FCB could take as inspiration TSG Hoffenheim’s example and first invest in a

scouting program, before establishing an own academy and train and promote talented players among the youth on permanent basis.

- Indian Football Association: Owing to the weak and inconsequent football system in India, FCB together with the DFL or even the Deutsche Fußball Bund (DFB) could transfer know-how to the Indian Football Association in order to support them in building football structures and guidelines.
- Professional Football: Entering a partnership with a professional football club from the Indian Super League and support them technically as well as structurally with the help of Bayern Munich's expertise.

2.) Encourage recognition of German football

In the second step, Bayern Munich in collaboration with the DFL and the DFB has to boost not only themselves, but also the image of German football and in particular the German Bundesliga. In this regard, the DFL recently already took a step in this direction by signing a new contract with one of the largest Indian TV broadcaster Star Sports, which will give the German Bundesliga a comprehensive media presence. As additional step, the DFB could arrange a friendly match between the German and Indian national teams. If the world champions were to come to India, that would guarantee an enormous promotion for both German football and Bayern Munich as well as for the Indian football in general.

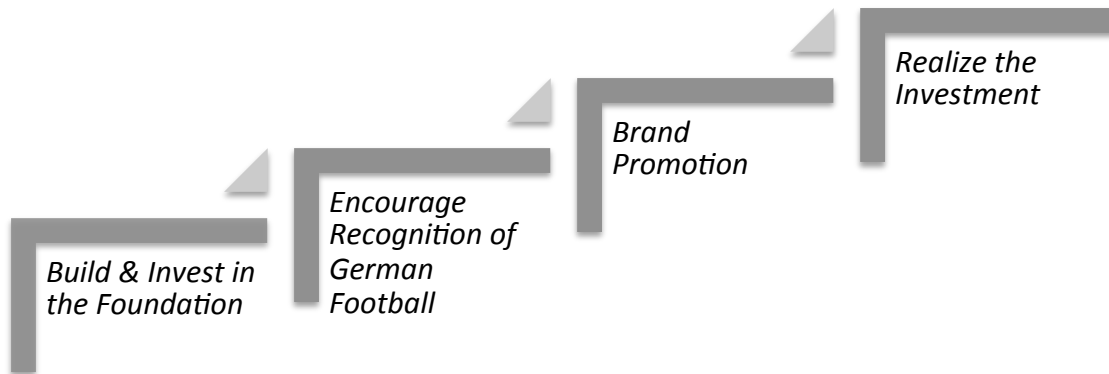
3.) Brand promotion

When enthusiasm towards football among the Indian population starts to rise, the third step for Bayern Munich will be to promote their brand. In this context, the most usual measure is to conduct a promotion tour and play friendly games. Showing presence with all their 'stars to touch' in the Indian market would illustrate an important initiative to raise brand popularity among the Indian population. Furthermore, Bayern should also concentrate on enhancing their social media activities. As previously mentioned, nowadays social media has become a significant communication tool with clubs being able to directly interact with fans and 'followers'. Another way to promote the brand could be through the transfer of an Indian player. If Bayern Munich would be able to contract one of the greatest Indian talents aged above 18, it would most likely lead to a

huge increase in the popularity of FCB in India. This would illustrate an interesting strategy, even when the player would not meet FCB's quality standard, because one could let him play in the Under-23 team of Bayern Munich in the beginning and see whether he improves his standard of play. Nevertheless, even in this way, the hype would be enormous. Furthermore, Bayern Munich should also emphasize the relationships with their existing strategic global partners like Telekom, Audi or Adidas as they could significantly support a sustainable entry to the Indian market through their international recognition. An alternative could be to establish strategic alliances with domestic companies. Thus, Bayern Munich could approach potential target groups in a more specific and efficient way. Hence, concerning FCB's internationalisation objectives, they should rather consider forming co-operations with globally operating partners, since these partnerships significantly contribute to the club's international recognition as well as its general global strategy.

4.) Realize the investment

The final and on-going step would constitute the realization of the investment. At the time, football in India has woken up and the Indian population became aware and enthusiastic about German football and in particular about Bayern Munich, the opening of an own local office would be the logical conclusion. With its local presence, Bayern Munich could actively monitor and regulate media activity through direct interactions with broadcasting companies. The club should therefore try to establish a close relationship with the leading media corporations in 'print', 'online' and 'television' for effective and efficient brand positioning and moreover reach a broad scope within the Indian society. Establishing a local presence is not only essential for monitoring and regulating broadcasting activities, but also for entering and maintaining strategic partnerships. In general, one can say that with the opening of an own office in India, Bayern Munich would be in a very favourable position with regard to the generation of additional revenues from new sponsorship deals with large Indian corporations as well as from merchandising sales.

Figure 12: Key Steps of Market Entry Recommendation

Source: Own illustration

Concerning the question of an appropriate time for the leading German club to enter the Indian market, one could say that an early entrance by Bayern Munich should lead to a significant competitive advantage over other European rivals in the context of establishing the foundation for a meaningful increase in their recognition in India. Furthermore, this could provide the basis for an efficient promotion as well as positioning within the target market.

The gradual process from the initial investment into the structure of the Indian football market, over a rise in the activities regarding the promotion of German football in general and in particular of their own brand, to the opening of an own office constitute the primary factors for a sustainable establishment of FC Bayern Munich within the context of the Indian market. Nevertheless, India still needs time to develop its football market and thus we are speaking about a mid- to long-term perspective. However, now is the right time to make the first step and to position the FCB brand as one of the first leading European football clubs to enter the Indian market, because ‘India is already a very interesting market that will surprise us all one day in the foreseeable future’ (Busch, 2015).

Summarising, according to Punnakkattu Daniel, the Indian Super League has shown that there is a lot of money in the Indian market. The emergence of a large middle class

that not only possesses money but also wants to spend it is largely visible. Top European football Clubs will be able to earn money in India, but only if they are willing to plan long-term and invest at the beginning. ‘India is not the place to make ‘a quick buck’, but with the right planning and patience successes can be realized’ (Punnakkattu Daniel, 2015). Therefore, to speak in the words of the CEO of the Indian Super League, Anupam Dutta, ‘Come on, India. Let’s football’ (Klotz, 2014).

7.2 Managerial Implications

The following section briefly recapitulates the key points of the thesis by means of a clear breakdown:

- Like any industrial enterprise, leading European football clubs like Bayern Munich are also reaching their revenue limits in their domestic markets and for this reason have to enter new markets.
- For any expanding football club, the most important criteria of a potential target country are that it is a football development country, it possesses a certain magnitude in population, it is sports oriented and it has a healthy and growing economy.
- While comparing the theory of an internationalisation process as illustrated by the Uppsala Model between a globally-positioned industrial enterprise and a leading European football club, one can say that the two processes are very similar if not the same.
- In order to be sustainably successful in a football development country like India, an expanding football club like Bayern Munich has to first of all invest in the foundation of the foreign football market to potentially generate additional revenues in the long-term.

7.3 Critical Reflection

An exemplification of Bayern Munich’s expected revenues concerning a potential market entry in India would have been revealing. However, due to the fact that the development of the Indian football market is still at a very early stage, concrete market

potentials are currently not possible to quantify. The scarcity of available pertinent data was one of the limitations of this thesis. Thus, the available data essentially came from the Internet and newspaper publications because the 'scientific literature' is mostly silent on the concept of 'sport management' in general and particularly on the internationalisation of a football club. The problem with the type of data sources used in this thesis is that they are not always reliable. Therefore, the data used in this paper were cross-referenced so as to check for credibility and validity. In addition, extensive empirical enquiries need to be undertaken for in-depth verification of the propositions made on the consumer's perception of Bayern Munich, which however was beyond the scope of this thesis. Furthermore, conventional business literature cannot always be transferred to fit the model of sports management, thereby leading to a further reduction in the amount of scientific data to be reviewed. A broader analysis of several clubs that are eyeing expansion into various foreign markets would allow a more comprehensive and deeper understanding of the strategies that are required to successfully proceed with an internationalization campaign. Furthermore, the number of interviews conducted exemplifies a slightly distorted evaluation with regard to a potential market entry strategy for India. Therefore, additional interviews, in particular with main competitors of Bayern Munich as well as with officials from the Indian football market, would have been beneficial to more reliably assess the potential of the Indian football market.

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Appendix

Appendix 1: Interview with Andreas Kufner - Department of Strategy and Internationalisation FC Bayern Munich

C. Pueckler: *So let us start with the first question if this is ok for you? Am I correct in saying that the possibility of generating revenue internationally by means of match-day revenue, exploitation of TV Broadcasting rights, sponsoring and merchandising are pretty much exhausted? If this is not the case, where do you see the potential to increase this revenue?*

A. Kufner: That's a good question. I could probably spend the next 30 minutes just talking about this. But hopefully I won't take that long. Within our club we don't differentiate, and we cannot really differentiate between national and international generated revenue. This means that on match-days the revenue is obviously generated in Munich for home games and in case we don't play international friendly games or Champions League games. But in the case that we play away during the Champion's League or the Bundesliga, we don't have anything to do with this. I guess here we are talking about the Bundesliga home games. But here too our international fans attend the games. Either way we would consider this to be a national source of revenue and all the prices associated with the Bundesliga are, and this is well-known, far lower than in other leagues and Bayern is somewhere in the middle. There are good reasons for this. It is not because Bayern could not ask for more, we can and we could increase ticket costs and still sell out. We could definitely ask for more and for the hospitality rights as well.

With tickets there are only about 6000 in total. We have a very competitive pricing structure also when compared to the rest of Europe. Bayern is keeping its revenue low... no, wrong word, not the revenue but the ticketing prices. We keep them as low as possible because fact is, it's very difficult to get tickets unless you have a season ticket and those are limited to 35,000 or unless you're a member of the fan club and a member of the club and have a priority when it comes to getting tickets. Bayern and especially Uli Höness said years ago that once you have mastered to overcome the numerous hurdles that exist than you should not stumble at the last one and by that he was referring to the pricing. But having said this, let's talk about the revenue generated during match-days, it would be easy to increase that from one day to the next. If you set your prices according to supply and demand, however in the near future this won't be happening. Whether they continue to keep adding a couple thousands seats to our Allianz stadium remains to be seen. I don't know. However any sort of big jumps in pricing- and this is my answer to your question here...

C. P.: *It won't happen.*

A. Kufner: We will not see this. Now, one thing that has not been exhausted is the possibilities of

generating income through the marketing and sale of TV broadcasting rights internationally. The DFL nationally and internationally processes every country separately. In some countries they offer bundles but all this is managed by the DFL. Revenues derived from the sale of TV rights internationally as well as nationally are on the rise. On a national level they are good but far lower than in other countries. There are many reasons for this. Germany is a so-called free TV country second to none and I believe we will never see the sort of revenue like in let's say Spain, Italy or England... but possibilities exhausted? In no way. The international revenue generated through the sale of TV rights will increase over the next couple of years. That is a given. But it is not exhausted in any sense of the word.

When we come to sponsoring and merchandising? No. Overall we have seen quite an extreme increase over the last years. Our revenue derived from sponsoring increased by 10 to 15% every year. Merchandising... I am not entirely sure of the figure but it has doubled over the last three years and of course we now have a situation where the increases are becoming less likely because we already operate on such a high level but looking back to three years, no-one would have predicted a doubling of the revenue derived from merchandising. Of course there are a lot of increases, which are due to the international context but not only. To be honest Germany is still our strongest market when it comes to the sale of merchandise. Sponsoring is another area where you cannot really differentiate between national and international revenue. Of course we have some sponsors who enjoy global exclusivity with regards to the sector they are in. This means we have one Airline sponsor, one tyre partner, one motoring partner and so on. And they all have global exclusivity. They don't all use Bayern Munich in their communications and advertisements in every country but that means that within that sector we are not allowed to sign deals with their competitors. Therefore when it comes to sponsoring we cannot really distinguish between national and international.

Something that can happen later on is that we have regional sponsoring but this is a different topic, with regional I am referring to local/ regional overseas, which is overall in all three areas not exhausted completely. Especially in the international context with reference to all the points I have mentioned. Here I do think that there is potential to increase revenue.

C. P.: *Exactly. So what you are saying is that with regards to the national level also in the areas sponsoring and merchandising these avenues of revenue have not been exhausted?*

A. Kufner: No. No. See it is like this. Bayern Munich is becoming a more and more expensive and valuable brand in every aspect. We are attracting better and better players, we are winning more matches, our popularity grows. We have more contacts through TV appearances; the number of spectators, the followers on our social media sites and so all of this is what is making us more valuable. For example let's say you book a TV spot, so an add on TV with say the channel Super RTL or whether you place the same add with RTL, it may be the same spot but it will be worth more if it is being played on the channel RTL because there far more people can see it. RTL has a higher coverage and therefore the channel can

request more payment. Basically a higher coverage translates to more fans, to more contact with fans and therefore, although the service is the same, you can request more money.

C. P.: *I understand. So let's move to the second question- if it doesn't conflict with any confidentiality obligations that may be applicable here. In comparison, what was the international share of the total turnover and how was it distributed across the revenue drivers being merchandising, sponsoring, friendly games, marketing of TV rights?*

A. Kufner: Even if I wanted to answer this, I really cannot because it is all so combined. Take merchandising as an example. Of course we know how much turnover our US-online Shop has generated but how many Americans... Okay, let us put it this way. Americans have the opportunity to buy merchandise from our US online shop but they also have the chance to purchase this directly from our normal online shop. However when American citizens travel to Germany they can purchase things from our shops here and so we don't really know whether it was purchased by an American or our neighbour from across the street. There is not way to record this. In other cases it's easier. This is our merchandising structure.

Let's say you purchase something overseas with Adidas they give us their figures and we can establish from this, what are our rates per country from all the Adidas Shops but if you look at the final licensing fees paid to us by Adidas, we have no way to distinguish between national and international outlets. This means... Sure you could do it, definitely but it is very complex. Take for example friendly games. Sometimes these are covered by sponsorship agreements where we do not receive additional revenue and in the case where we do get paid extra, and let's say it is a lot, still we play for our sponsors and this means even if we play overseas, we will get paid from our sponsors. So do you class this as a national generated revenue or internationally generated revenue? This means it's very complex. With the marketing of TV rights it is relatively simple to see how much we receive from the DFL. Overseas they generate, this is well known, around 70 million to 75 million altogether, which the DFL generates internationally from the sale of TV rights and here we receive a certain percentage, which is higher than for the nationally derived revenue. When it comes to the total sum, it is quite difficult to give you a percentage because within the several sub points it's all different. But our home market is still the most valuable to date. By far.

C. P.: *But could you maybe say that internationally generated revenue will at least make up 10% of the total revenue generated?*

A. Kufner: Yes, definitely.

C. P.: *Okay and to add to this here is my next question, what economic and thereby strategic importance does Bayern Munich allocate to the process of internationalization as an extra avenue of revenue and if*

you have to predict and look 5 to 10 years ahead, what share do you expect to see between the revenue derived internationally as compared to nationally?

A. Kufner: Well it's very important strategically. And that applies to the entire club. Then specifically for Jörg Wacker who is responsible for these international concerns and who is the boss of the respective departments within Bayern Munich. Of course, absolutely. We at Bayern know that other than organising a couple of friendly matches and youth camps we have not exactly been as pro-active as we could have been and should have been. There are plenty of reasons for this. One is that unless you appear on TV in any market, it doesn't make much sense to engage in any other areas. Of course TV is an absolutely important point here. DFL on the other hand will retort and say, hey guys, if you don't do anything about it, how do you expect the Bundesliga to be broadcasted on the best channels? So here we have a classic scenario of the chicken and the egg.

Now both parties, the DFL as well as Bayern, have made some great progress with a lot of effort behind it and we are showing some great results and hence we are absolutely on the right way here. The share will continue to increase as the turnover of Bayern Munich is increasing, that is a given. If you were able to distinguish here, which as I said earlier is very difficult than you could see our national revenue will also increase. But the international revenue is more likely to grow. This will be due to international sponsors where, with the signing of one single contract, a lot of money can change hands. Of course the margins for the clubs are much smaller in merchandising when compared to sponsoring. Here merchandising is also a good indicator to find out how popular you are. Of course. In which country you are popular.

Talking about TV rights and revenue derived from the sale of these rights through the DFL makes up a very important avenue of revenue for us, specifically the international revenues are significant and will help us and our club and what we are seeing now is a huge increase here with the monies doubling from 75 million to 150 million.

C. P.: That's something.

A. Kufner: Of course the cross-distribution is not equal. It depends on your success over the past years and these are quite significant amounts we are talking about here.

However and I know I am moving away from the question a little here but it is often quite difficult for the DFL to determine who to go with. Do you go for the channel that offers the most money or do you choose the channel that has the best coverage? Both are important points. The money and the coverage. And of course the middle is a good starting point, ideal is good coverage with good money but what would FC Bayern go for? It's not entirely clear. Of course the coverage is important but would Bayern be ready to say, we don't need money from the sale of TV Rights? It is something that we wouldn't say either. So far in the case of the DFL and I think they're absolutely right here...

C. P.: *They choose the middle path?*

A. Kufner: Yes, they strike a balance. Take China for example, we have a fantastic coverage so on average there are 9 million people who want to watch Bayern Munich play. In India and I may be getting ahead of myself here but football is currently broadcast via the channel Neo Sports...

The numbers there are moving into a positive range but now for the start of the new season it's changing and we will be broadcasted on Star Sports, a far bigger channel with much better coverage. I don't really know the financial background here. That is DFL business but it is definitely an important step and will get more people in India to watch the Bundesliga. The Champions League is very well positioned across most countries. So there I have to say it is vital that Bayern has such a good track record in the past Champions Leagues.

C. P.: *Let's move to the next question, over the last couple of years you focused on strengthening the popularity of the brand Bayern Munich in certain selected countries especially through promotional tours, friendly games, training camps and social media. What were some of the motivating factors to decide to go ahead and expand the brand FCB and to actually open a first overseas office in the USA?*

A. Kufner: Well the most important points are correct plus we did a lot of youth work and some public viewing events with fans overseas. Generally speaking, what are your objectives as a Club? Do you want to keep your fans happy, especially your international fans who do not have the opportunity to attend life game? You want to create contact points for your fans. We want to expand our fan base and turn the mere sympathisers into real fans. Overall and this is where we go back to the topic of coverage, when we look at the coverage in terms of number of fans, this is our reach boosted by other contact points with fans in a physical manner through events, fan clubs, media or social media.

This is where we can increase our reach and eventually monetise it. This is our general approach. We benefit from expanding our reach. This is something you have to nurture and expand on and here our goal is, when we look to the US, it is important to expand existing structures as well as innovate constantly. And on the one side this is the job of the US office, to increase our presence in the US media, to increase the corporation with the media, to plan activities such as fan events and youth events, training camps for women in winter, a tour last summer with existing sponsors, we're in talks with the Goethe Institute across 11 states which has been written about. The fact that we will have access to new sponsors is just an added bonus. We want to strengthen the proximity to the market for 365 days a year. This is our target. This cannot work in every country but in the US we have taken a first step and next will be China. These countries are the most important for the club and our large sponsors and what plays a role here, of course, is the fact that they are strong economies and well situated when it comes to sports and the size of the population and so on. So these were our motivating factors here.

C. P.: *So now you basically touched upon my next question here. Jörg Wacker said in an interview that his objective is to make sure that the brand Bayern Munich is visible in the USA all year around. What steps are being undertaken to secure such an outcome? You just spoke about a certain corporation with the Goethe Institute for example.*

A. Kufner: Exactly. Yes we want to pay attention to the underlying sentiments here and look towards the club media, a strong presence on the social media, our website. So for social media for the US where we have a special editorial office with a US website, a US app. We conduct interviews for US magazines, events with fan clubs, youth projects, and training camps. These run on the event division but the highlight is when the men play every two years in the US. That is our plan. So along these three lines. And then from this we have other events. This is the way forward, to be present at street level and active across all media 365 days a year.

C. P.: *Okay. Then another thing I am interested in is what kind of costs are associated with the opening of an office in a city like New York?*

A. Kufner: Well I can't really tell you but of course we pay rent and of course you need...Employees. And they need a budget so they can put all this into action. They may have to travel and they have to be insured a bit so yes, there is a lot of costs here but it's something that we believe is worth it.

And of course in the long term it has to bring a certain return so we have to see some return on our investment, so that's a given.

C. P.: *So I think that is something that you're willing to accept because it is profitable in the US. Then moving on to our next question, many clubs like Madrid, Barcelona, Manchester United or PSG have what is called a global strategy, so they see the entire world of football as one single market where they want to offer their products equally. Does the FCB pursue the same path and/ or is it the same strategy that you actually apply today?*

A. Kufner: To be honest apart from Manchester United I wouldn't know which club is pursuing a so-called global strategy on purpose. Generally speaking, even if this does not really address your question, there are three elementary important points which contribute to the international success of the club and will contribute to the popularity of the Club and that is the coverage of the Bundesliga matches overseas, the success of the teams in the National League as well as the Champions League and thirdly what does the club do apart from the team. How was the club placed when it comes to media presence, what kind of activities does the club organize overseas, big or small, to build on the Fan base and to encourage the sponsors of Bayern to increase the support internationally.

So these three points together, sporting performance, TV coverage internationally and of the Liga as well

as the club activities will determine whether your club is great not so great. Therefore if we take Real Madrid, they are great when it comes to the sporting performance and the Spanish league is covered well and the same applies to Barcelona. They have fantastic players and they market them really well. Something that we do not push so much and the teams do great work. There is no doubt. You mentioned PSG and I have to say so far I haven't really noticed that they take their stars on tour. And of course this leaves us with Manchester United, a club that is just world's apart from all other clubs. I think there are football clubs with a sense of entrepreneurship but Manchester United is no longer football club. You can take that as a compliment or as criticism. When you think about the staff structure, the number of staff, the structure as well as the costs as the amount of investments made to increase revenue. Most clubs will focus on providing the best possible Club media in order to create contact points with your fans, to create appearances in a country with fans and children and the media and that is why clubs send their teams...

C. P.: To make an appearance.

A. Kufner: And to earn money. And then here you have to distinguish between regional sponsorship, will the club engage here? Yes or no? So basically this means for example, would Bayern Munich enter a sponsorship agreement with a pasta manufacture in Thailand? Currently the answer is no. Currently we will only enter global partnerships. Other clubs do this differently. This is currently being discussed. This is a differentiation that a lot of clubs practice, this topic of how to deal with regional sponsors. Yes.

C. P.: *Of course. This is what this stems from. I read in the study, this is not one of my findings so I don't know whether PSG is really following a global strategy however in that specific study they were talking about regional sponsorship as well as a multinational strategy, this means that you would market a product for India specifically, or for China in line with local market requirements...*

A. Kufner: Yes but which product?

C. P.: The brand etc.

A. Kufner: The brand itself, exactly because merchandising itself is a product. So when we release a product in China, I can either use a generic product or one with special characters and match it like this by not using 'normal' characters, something that I could use in the US.

This is something that would interest me. I'm pretty sure that this is not the case. That you employ different media partners in different countries, the newspaper X in one and an Internet provider Y in another country, of course. That the concept for your Facebook is created by say an Indian in India, yes, because they may have a unique way of communicating. Yes. That I believe. But for a club and in this case I am thinking of Barcelona and Paris in detail (inaudible 00:24:24) I never heard that before.

C. P.: No they are not doing multinational strategies, they pursue a global strategy. This means that...

A. Kufner: I understand. So they do the same thing everywhere.

C. P.: Exactly the same thing everywhere. Basically in the end it is what Bayern Munich does as well.

A. Kufner: In the end the approach as I said...

C. P.: The only thing that you could possibly...

A. Kufner: And then you can break it down to the Club media events and regional sponsorships or not.

C. P.: *So let's move onto the next question. Overseas Leagues and their Top clubs especially the Premier League in England and Premier Division in Spain have been conducting this process of internationalization for quite some time and therefore have a head start to you and the entire league. What do you think can be done to catch up to them?*

A. Kufner: Instead of focusing on the negative and the things that you haven't done, you should tackle those areas that you as a club and league can influence. Use club media, send your professional players on tours, and engage in youth work, fan events and we have to be active there. To represent as ambassadors, offer special deals to traveling fans, offer ticket deals to overseas fans, so these options already exist and more and more Bundesliga teams make use of them and put this into practice. So if you look back to the past 1 1/2 years and how many German teams have spent their winters or summers... this all costs something. They did not just train in Turkey or Marbella but they went all over the place. Looking back, it's changed substantially. And these promotion tours are not everything but definitely a first step in the right direction and with regards to the DFL... to refer back to your second question, they play a huge part here.

The DFL has contributed a lot here. Especially the way they plan the match-days. They try their best to enable the clubs to have the time for such things. Sometimes it's difficult the way it is. There are several departments who have a say here. The DFL and the clubs but generally speaking I feel that the DFL tries everything in its power so that the teams can travel. Then if you only look at the tours the DFL organizes international media exchanges and visits; the DFL has a pool of Euros for clubs who are internationally active whether with professionals or the youth or something else that is of relevance for interesting markets. They can support them and all of this together probably results in the fact that more clubs are active and want to become more active. And they benefit from some of the victories that Bayern Munich and Dortmund have had in the Champions League over the past years. And the DFL of course could make use- and this goes to your 10th question.

They benefit when the clubs...

C. P.: Are successful.

A. Kufner: Yes, more successful in their matches as well as being more adventurous and going overseas with the Bundesliga whether popular or less popular, they are all Bundesliga clubs and because of the quality of the match as well as the popularity of the clubs the DFL is positioned well when it comes to marketing the TV rights and hence this development is positive for the clubs as well as the DFL.

C. P.: Definitely.

A. Kufner: Looking ahead to the next rights period we see many new channels emerge and this is exciting. In the US we change from a small channel to a huge channel now. In India as well, as a second example. When we get to catch up with all the leagues is an entirely different matter. Important is that you keep growing and the clubs keep growing at the rate that is planned and envisioned and if in that process you manage to overtake other leagues it's great but...

C. P.: *But the focus should be on you?*

A. Kufner: Exactly.

C. P.: So with the help of all these extra revenues you mentioned, the signing of new TV deals, there's a huge jump where we are looking at a doubling of revenues from one year to the next.

A. Kufner: Well these are fixed time frames so the rights period is not from one year to the ...

C. P.: Oh so it's just because now we have the start of new...

A. Kufner: Exactly. But this will run for 2 to 3 years. So there won't be much of an increase over that time and then you will re-assess.

C. P.: *Okay then let's just take a quick look at the Indian market, the president of FIFA Sepp Blatter said that India is a sleeping giant, the financial Times of India says that cricket is the game of the fathers and football is the game of the sons. Let's take it from the viewpoint of Bayern Munich, is India a lucrative market for example where one could open a third overseas office?*

A. Kufner: Well let me just give you my answer to the question you had there at the end and then let me give you my comment on India. We will open our office in the US some time next year. China will be next but I don't think we will open a next one immediate after that. Not in any case and especially not in India. India is definitely a sleeping giant. I agree there. However this is a sentence that we've been hearing for the past 7 to 8 years and the giant continues to sleep. The giant is still sleeping. Cricket was the game of the fathers and football was the game of the sons. I can believe that. At the moment the ratio is about... when you take the 10 most popular sports in India you will find the reverse situation from Germany so you have 1234...789 and in place 10 is football. As you said earlier especially when it comes to the youth

and children in certain regions of the country and even if football as a sport is on the rise... However when we look at our youth work India is the country that participates the most after China. Of course it's an extremely large country and you have many people there but still, this does not mean that they are all football crazy. It is the case but when it comes to football India remains a difficult country. To really generate some significant revenue there is very difficult. And this does not only apply to football clubs. It's also effects suppliers, manufacturers who work with football. The growth figures are great for both the clubs and the manufacturers of sporting equipment but the level is not great.

C. P.: *Okay so I guess you have to say that currently it would not be worth it to make yourself more available on the market?*

A. Kufner: Well altogether and this is the question, generally speaking it would probably be worth it to make yourself available across many countries of the world, however you have to set priorities as a club as well as a business and here I think it's safe to say that for now India would not be the next country to approach.

C. P.: *So let's just think, hypothetically speaking, if let's say Bayern Munich was to introduce its brand to the Indian market, what steps should be taken?*

A. Kufner: Well it's not really a hypothetical case because as I said in my email, you don't need an overseas office to enter the market.

An office will serve as a multiplier to the market. It will help of course but there are not many clubs that have overseas offices but who still are actively engaging with the market and therefore what we have done and this is so to say our adapted multinational strategy for six countries which- when it comes to importance- rank higher and amongst the six countries we have the US of China. The media structure and by this I mean the club media office for a specific country in form of a media cooperation with publishing houses, with magazines, with newspapers and other portals and youth activities in the country, professionals in the country and then there are events for fans. Fan events. As well as setting up a merchandising structure so these are the four pillars. Media, youth and fan events, merchandising and professionals. These are all things that we have done and let's take the merchandising structure.

That is something that we haven't specifically matched to Indian requirements but we had a couple of attempts to push the topic and in 2008, in 2012 and in 2010 our professionals visited the country and (inaudible 00:34:52) and take the Youth Cup, which took place two times over the last couple of years and it will take place again now in the form of a school tournament with the final being played in Delhi and from those the best will be selected just the same way as it's done in other countries and at the end of the year they will come to Munich and will play in the Allianz arena. It's a pretty classic setup so to say. We have an active partnership with Hindustan Times, which is the second largest newspaper in India and Allianz, which is a company that has its own youth program in India where we have more than 30,000

young participants so we covered all of these areas.

And here I would have to refer to the documentation but I have to say that here we are definitely enjoying a rising popularity and the TV numbers are good, they continue to increase and will do so again with the coming season. Adidas says we are the club that has done the most in India, with regards to appearances. Without having set the focus on India. No English team has organized a professional match in India. But of course India being part of the Commonwealth and having English as the national language- this is not an excuse but it's part of this, of course India is closer to the Premier League.

C. P.: Than the Bundesliga.

A. Kufner: As such... And if you look at the audience figures in India regarding the Champion's League and the finals are strong. It shows that there is an excitement about these large sporting events. And now you just have to make sure that you manage to transfer this excitement on to the smaller events. However in general these are some of the measures we introduced and continue to introduce in India however without it being a focus market and without any plans in the near future to open up an office over there.

C. P.: *To what extent can Bayern Munich in line with a potential expansion- this is something we touched upon earlier. India. This time we can keep it general. So expanding wherever- on existing experience and current market position- to what extent can Bayern count on the support of existing large sponsors so Audi, German Telecom or Allianz?*

A. Kufner: Yes and no. There's no real guarantee. Of course they have the rights to accompany us on such a journey and to advertise with us overseas in any way shape or form. Whether they would do it, whether they do it or not, whether they have the budgets or are interested in such an undertaking at all, these are the questions that will pop up and that will be assessed on a case by case basis. Let us take Audi for example, they are very active when it comes to friendly games where professionals play overseas but they are much less involved when it comes to youth work of legends. They are mostly interested in supporting anything that involves professional players. Allianz is very very active when it comes to the youth, overseas and it set up its own structure by means of the Allianz Football School. That's a totally different story. Adidas simply, and I am putting simply in inverted commas here, they tag along with projects and support us by supplying T-shirts and outfits but they don't organize their own events with a few exceptions. For example Adidas will exclusively support the Youth Cup India.

But we give a lot of input to our sponsors, to our large sponsors to run certain international projects and then some say yes, some say no and some say maybe and then you move onto the second-round, so it's not really a given but you carry on like this. But in general, I have to say it's a great start that we have so many different sponsors available to us and even though a large part has their headquarters in Germany but they are usually very large multinational global companies and active overseas in many ways.

C. P.: *I can believe that. I would like to add a question here. Do the sponsors themselves sometimes make suggestions, let's say for example they want to increase their activity in a certain country, say India or China or wherever? And if we take German Telecom who are associated with T mobile US, does it happen that the sponsors approach you and they say, how about it, we do something in this country? Are you up for engaging a little more with a certain country? Or do the sponsors stay out of it?*

A. Kufner: It's basically a give-and-take. I mean of course there is a degree of understanding when it comes to identifying the countries which have top priority and not. The sponsors and we know this and that's just how we do it. And it's not that we only make the suggestions but also the partners. Absolutely and then there you can, as a club, be the passenger sometimes and not the driving force so to say.

C. P.: *Exactly. Understood. Okay let's move on to the next question. FC Bayern in India in 2008 for the farewell game of Oliver Kahn, in 2010 (inaudible T2 00:04:14) and in 2012 a friendly game. What were your impressions and are there any experiences that are useful or that can be in a sense... how would you rate the interest in Bayern Munich and the excitement for soccer? And also interesting is, were you approached by new sponsors, Indian sponsors after those events?*

A. Kufner: There are many facets associated with such a tour. Of course you want to strengthen the contact you have with your existing fan base, you want to increase your fan base, you want to make your existing fans happy but you also want to make your coach happy, you want to also look good for potential sponsors and you want to represent the Liga in a good light. You want to create contacts to foreign chambers of commerce, trade chambers and other political institutions so this means that the objectives of such a trip are manifold. Of course you want to do well financially too in the short run. So it's difficult to generalize here. If you just go by the figures generated by TV viewers and Stadium visits, in 2008 – I was not there- but there were 125,000 people present in the stadium in Calcutta. 2012 in Delhi, and this was my baby so to say, so in Delhi there were 45,000 and to that date the most visited football game in Delhi had only attracted 25,000 spectators. So no, the stadium may not have been sold out. I think 60,000 was maximum capacity and it was only 45,000 but it was 20,000 more than ever before.

So you have to say that it was a success. We played against the Indian national team, the so-called football heroes and it was a sort of farewell game because they were saying good-bye to their national team. So we have to say that it was a success for the media as well as our sponsor Audi who acted as our presenting partner. Parallel to our friendly game was a Car Show and it really was one of the reasons why this friendly game took place. So Audi was very visible there and the whole thing went off really well. When we talk about the legends, those matches garner a different kind of attention because here it's really not about getting the most viewers on TV and that you get maybe 50,000 people in the stadium. Here we had about 10,000 people in the stadium and we played against an Indian selection, we had the sponsors on board and there were events for children so an entirely different concept but also a success.

Generally speaking and also looking at the documentation, our Fan base is growing but this is not country specific but it's a general phenomenon across the board and it depends on how active the club is or not. And this growth, which is spurred on by the sporting success helps us. Now if you look at the TV figures coming out of India over the last three years we see this growth too. It's incredible. So therefore we have to say that we're moving in the right direction and commercially you have to say that especially the numbers generated by Adidas and in football in general these figures are very manageable compared to other countries because they have a completely different approach. And no, we do not have any Indian sponsor or companies who have their main base in India. We didn't find it over there or haven't found it since then and so if that had been our main objective, then there we would've failed. But it wasn't our main objective. But of course we want to remain visible in the country.

C. P.: Here I would have one more question and that being... No that's just something I had written down about the sponsors. Okay, so let's just continue with the next question, also in reference to India, we have slightly touched upon this topic, all the really important competitors like Barcelona, Manchester United, Paris St. Germaine are already active, just to name an example, they are continuously active on the Indian market. Does this constitute additional motivation for you to become more active in India according to something like a 'me too' strategy? My question is to what extent do you look towards the competition when it comes to internationalization?

A. Kufner: Well we touched upon this briefly before. If you find a club that is more active than us in India please show me. It is not that we are extremely involved but neither are the other clubs. You have to see... everyone is doing some sort of youth work and we have two with the Allianz Junior football camp, which is big with 40,000 members and with Adidas it is slightly smaller but quality wise a little better. Barcelona only runs camps and Manchester United's as well, Paris I really don't know what they do there. Neither professionals nor legends have played there and this means, I would really like to find out where exactly you read that these clubs are very active in India.

Basically... what the clubs do is pretty much the same across the board but everyone does it in their own way. Some clubs simply hand out licenses. That is something we do not do. Not with the youth nor with seniors but in the end the result is that every club tries to be as close as possible to their fans and to build on their fan base and to send their top players to the country, to engage with club media, to match merchandising and marketing structures, to engage with youth and in the end to play good sport and increase your popularity. And in the very end to earn more money. But as I said this is what most clubs strive for and there are small differences here and there.

C. P.: Well talking about FC Barcelona well, during my online research. I don't know how far-reaching and sustainable their activities are. Barcelona as you just said they have their FCB Escuela or as you said earlier, what they do is they issue licenses and so they don't really do it themselves but they have two

or three FCB Escuelas in India and take Manchester United, this is something we spoke about earlier, they also outsource their initiatives, handout licenses, of course with merchandising and mega stores, bars, restaurants, training camps...

A. Kufner: Exactly but here I would ask you to get into the details. As far as I know there's not one Manchester United restaurant left in India. Because the licensee either realized he was making losses or because he went bankrupt completely. So when we make such statements we have to be careful because let's take us for example. Say you type in Bayern and India you will stumble across something that's been published years ago about the opening of a youth academy in corporation with the government of Calcutta. Something like that. But in the end it was never built. But still you would find some sort of press release and in the same way you would find information somewhere that Man United has cafés in India and hence you take it for a fact...

C. P.: I actually took my information from the homepage.

A. Kufner: Okay.

C. P.: So I would be quite surprised to learn that they completely shut down over there. Unless they did not update it?

A. Kufner: No I believe that there are a few there but I know that some have been closed down.

C. P.: And that they are not running well.

A. Kufner: In any case not all of them are closed and if I have said that earlier, I cannot be sure. But just because something has been mentioned somewhere, and I am not talking of any club specifically, but just because something was opened at some point or talked about it does not have to exist anymore. That is my point.

C. P.: *Okay so let's move on to the next question, RC Florence as well Atletico Madrid have formed strategic alliances with new clubs in India's Super League and in this way positioned themselves on the Indian market. This is a proven tactic for quick market entrance especially when it's comes to increasing your own popularity. How do you assess this kind of a step and can you imagine that Bayern could enter a similar partnership with a local club? Again in this case, it does not have to necessarily relate to India but in a general sense. Let's say, by means of the franchising system this is possible in the US as well. So I would like to know, in general, do you see that this could be a strategy that Bayern Munich may be open to?*

A. Kufner: Well in the past we've had to club partnerships. One with the American team Redbull and one

with the Japanese team Urawa Red Diamonds and both of them are not currently running and there are good reasons for that. The club partnership can be an interesting construct but it's something that we didn't actively pursue in the past and it's not really our plan for the near future. It just has to be a good match so that it makes sense for both sides. So just content wise there are not many things we need, I mean where we can learn something about the topic of brand management or finances and in this is where we would have to be compatible and in general we have a really high standard of quality and therefore we do not issue licenses and only really pursue things where we can be completely involved with regards to staff, knowledge exchange and everything.

And just to give your name to something for the sake of it, to some Indian club without really having any role to play when it comes to structures is a method that doesn't really go along with our own club philosophy. This is something that would be needed so those clubs in India who do this... there's a lot of money behind it and here too we have a completely different approach. We are not going to buy ourselves into anything, like the Americans for example for 90 millions nor in India for far less money. We as a club have so much to offer that it is enough. It has to be or not. But without money ever exchanging hands. But basically we will see, the Indian Super League is an interesting project and we will have to wait and see whether the clubs that are currently backing the Indian clubs will continue to do so and how everything will turn out in the end.

C. P.: Yes. So here we move onto the 17th question. At the end of 2011 a couple of officials from Bayern Munich visited India, Mumbai and Delhi, to watch over 1000 kids play football in the hope of finding a special talent to be invited to join their special the boarding school. First question is, was this search successful and the second question, we briefly touched upon this last time, what kind of results could we see if you suddenly found an Indian top player in one of the leading clubs in Germany? I can imagine that if that was the case it would automatically attract new sponsorship revenues?

A. Kufner: Yes basically the stated topic goes back to 2011, that was during the Youth Cup and it was a topic that stretched from the end of summer until May 2012 so they appeared in India in October and December, in January and in May and they repeated the same thing last year and again this year so it's not just a one off. Basically this is a construct... it would be a nice side effect if we could find a really talented boy here but this is not really anyone's focus right now. This is partly a social initiative. We involve children from socially weak classes as well as some children from clubs. And so the best 10 best players were invited to come to Munich after a long selection process and then they played against the 10 best from other countries. And there... and I just want to mention this on the side, they also trained with the coaches of our youth team and in the end played in the Allianz Arena. India however does not allow us to bring talented youth to Munich so even if we did find someone you would not be able to sign them until he reaches the age of 18. So this is a topic that actually affects a few countries and unless the parents also move and officially change their place of residence then it would be a different story but in a similar setting Barcelona was slapped with a 2 year transfer ban. So given that we are sticklers for the rules

this... just to be mentioned on the side, we would not be allowed to bring a 16 or 17-year-old across.

Apart from this the overall quality is simply very different from Europe. So as an example we have an Austrian selection from Vienna and there was a Youth Cup and they probably played at the level of the Indian national team. This just... that as an example. It's the same with China. They were not much better. They may have beat India but still... it was not a great quality either. The level of play is just different in Europe than in India and China. Basically any club would draw the jackpot if they had a top player from a new economically strong football crazy nation. But... and here we get back to the question of quality of play and there they are not at the same level yet.

At Bayern you have to be a world-class player to be allowed to play and therefore there are many clubs at lower levels who would probably be quite open to such a thing and would not have the same high demand and lesser hurdles. But still there's hardly anyone from the mentioned countries where they have succeeded and in so far if that had been the case, of course, it would be a great thing for the individual clubs. For the media, the fans, the club media and external media, for the popularity in the country and existing sponsors especially if we think of merchandising but yes that's not something that we are likely to see in the near future so to say.

C. P.: No and in any case I have seen quite a few articles, both Rummenigge as well as Hoeness have always maintained, they would never do a transfer just for the sake of merchandising and this means, as you just said, the quality has to be right, he really has to be a world-class player who then will be transferred. For the sake of merchandising alone you'd never do that. I think so.

A. Kufner: Exactly.

C. P.: *That's absolutely correct. Another interesting point is, especially if you look at the development. Every year when the Youth Cup takes place and you see okay, have the Indian or Chinese youth teams improved? I think this is an interesting story in general. Furthermore let's move on to the next question. Manchester United enters corporations with both American and Asian businesses to increase the presence on the local market. Can you imagine that for the sake of facilitating the market entrance in India you would enter into a similar partnership with a large Indian company? You have just mentioned this or, I apologize, you mentioned this last time that the FCB really only enters global partnerships overseas. That you would never say enter a partnership with an Italian pasta manufacturer, so a regional sponsor?*

A. Kufner: Yes whereas we are currently reconsidering. So regarding the openness of the club and the interest of the club things may change. Of course it's a possibility where not only financially you can get a little bit more out of a country, but mostly it would result in an increase of your brand presence in a given country organizing events with your respective regional sponsors who of course have to be active.

Otherwise they would just pay money to the club without doing much for it. So it's just really interesting this question. And definitely it's a possibility for us.

C. P.: So these were the questions that were on my list. Time permitting I would like to add two more questions, which just came to my mind? I read a couple of articles this week, so it's something that you're probably aware of too, so TSG Hoffenheim has conducted a tour of India in summer and as a result of this they entered a partnership with an Indian company, a sort of talent scouting they are conducting hoping to recruit the best youth across India and prepare them for the U-17 World Cup in 2017 in India. What is your personal assessment here? What do you think about this undertaking of TSG Hoffenheim?

A. Kufner: All I can say is FC Bayern Youth Cup. The colleagues from Barcelona have started their Escuela Camp and other teams call it something else and TSG Hoffenheim this and we call it FC Bayern Youth Cup. Whether it is a competition or a training camp... I think it's a great initiative of course that Hoffenheim took their entire team there and that is fantastic and goes exactly with what I said earlier that every club by itself will create its own structure and some clubs are more popular and in those cases the building blocks are more popular and or effective or not. That depends. But of course basically it's a fantastic thing what Hoffenheim is doing there.

C. P.: Okay a final question regarding question number 5 where we talked about the brand presence of FCB 365 days a year in the US. Have you attracted new sponsors from America as a result of this? Also with the opening of the office in New York can you see an increase in the demand for merchandising?

A. Kufner: Well we have to be careful that we do not mix things up here. The purpose of the office is not to push merchandising. The revenues that are derived from merchandising rely on the popularity of the club, the activities of the club in a given country. What matter is how many people can see the club play on TV, how many people switch on to watch the games? And so the office is there to boost the popularity of the club in the US through activities with existing sponsors, through activities with fan clubs, through activities with the Goethe Institute and so on, through work with local media and as a result of these activities run by the office we may see a boost in our popularity, an increase of our fan base and thereby we become more attractive to new sponsors and fans regarding merchandising. But you don't open the office and then expect more merchandising revenue.

When it was opened and it's an important tool because it helps us reduce delivery charges and delivery times and in the correct language and appropriate topics, something where you don't have to go to the global online store where you will have higher costs due to delivery and time concerns. But the main focus is, it is not a who has to sign one deal after the next but that they can help promote the topic of Bayern Munich in the US. They can enter into new corporations, strengthen ties with existing partners and for this reason maybe provide a basis for the renewal of existing partnership agreements. This will give you a larger fan base, more popularity, a larger platform that you can act upon both nationally and

internationally and that's why it costs three Euros more. And of course, but this is not the priority, you will contact companies and businesses to tease out common interests. But so far no, we don't have any new sponsors that have come our way as a result of the opening of the office yet. But that's not our focus right now. Our focus is on the brand expansion.

C. P.: *I understand why you opened this office, but basically I wanted to know whether you have seen any results as a result of this step?*

A. Kufner: Yes, yes. The media interest in FC Bayern has skyrocketed and the popularity according to market research is also rising. The number of Fan clubs has risen from 9 to 38. The revenue generated from merchandise has significantly increased, so for those reasons there's many things... also connected to the tour of course and the other activities before that and the great advantage is that we are presented there all year around and can do all the things that we couldn't before.

C. P.: *Understood. Great. Thank you very much indeed, it was really interesting, very helpful, very insightful interview.*

Appendix 2: Interview with Steffen Busch – Head of Int. Marketing Deutsche Fußball Liga GmbH

C. Pueckler: *So let's just begin with the first question, at the moment the DFL is generating revenue of approximately €73 million derived from the sale of TV broadcasting rights overseas. Have you set any targets here regarding the revenue? What are you aiming for over the next couple of years or are you hoping to reach? I know that currently... I think this figure is not exactly up-to-date because of the rights period, which I think is now closed for the next three years?*

S. Busch: For the next five years. In most countries. Yes you're right in saying that as of 2015-2016, starting now this coming August, we are entering a new rights period where some quite significant changes can be seen in the portfolio of those channels that are broadcasting internationally, so for sure, one of the most important deals is that we signed with Fox in over 80 countries, so we will appear on their channels.

So basically that's a step up to one of the largest channels, or take India as an example where we move away from Neo, which is a rather small or mid-sized channel to Star Times, which is a big channel and in the similar fashion we see growth across the board. The figures associated with this are not really a secret anymore because it has been publicized somewhere. So originally the goal was set at about €150 million and we will get there in the next couple of years.

C.P.: *Great. That means almost a doubling of the existing revenue?*

S. Busch: Yes.

C.P.: *That is amazing. Other than that, do you have plans or goals... you mentioned the €150 million and it's something that you mentioned a few times. Are there any other figures available, say in 10 years, let's look ahead a little further, do you have a target or are you just going from one period to the next?*

S. Busch: Okay, so regarding a concrete figure... in any case the next period ends in 2020... so it is a medium or long-term prognosis. After that of course we have some forecasts and wishes but nothing concrete or official that I could name right here.

C.P.: *Now moving on to the second question regarding additional sources of income of Bundesliga clubs generated through sponsoring and merchandising, as well as revenue generated by the DFL through the exploitation of TV rights. Keeping this in mind, according to you which countries have the most potential here and are therefore the most interesting markets?*

S. Busch: I mean I will mirror the division you applied in your question in my answer. So you spoke about revenue generated from TV broadcasting rights, sponsoring and merchandising. Let's start looking at it from our point of view, we definitely have exploited a huge potential for growth in a lot of overseas markets and we can continue on like this and we can say that the big economies and large media production sites are the most interesting here. They will continue to play a large role and amongst them are South East Asia, of course the US, America, but in perspective also South America, Russia and then as the next step those markets that are growing rapidly, India and sub-Saharan Africa. One market that will definitely play a special role is the Chinese market, especially when it comes to the topic of sponsorship and especially with regards to merchandising it is one of the most exciting markets.

It's a different story when you look at the media, the marketing of TV rights and revenues. We deal with a strong channel, which has the best coverage and will be our strategic partner for the next couple of years. We just renewed our contract, which has been in place for the past 20 years. Being the national broadcaster it is also a Free-TV channel so hardly a cash cow so to say at least not if you compare it to the private channels who are competing with each other quite aggressively. So if you look at China... it's probably one of our most important markets but just looking at the revenue generated by the marketing of TV right, it's not really and it won't be in the near future...

But in the area of sponsoring and merchandising it's definitely important. And to sum this up, China is a bit of a special case also when it comes to the topic of sports merchandising and I think this can be said for the clubs too, with these big economies you have to just take it case-by-case and assess every single market separately and look at what role football is playing in that country. Are they playing football or is

it merely a form of entertainment and if you carry on along these lines, you quickly identify challenges posed by the Indian market. It's big and it's potent, it will see some massive economic developments where the first set of revenues of sponsorships will come from, however the development of football will pose a challenge. Football is only entertainment. Very little happens with regards to club sports, youth football and so it's definitely an ambivalent market.

C.P.: *For now that is the case. That's correct. Very interesting. Now if we move onto the third question, this is where we will come to the market in India. Last summer for the first time a Bundesliga team has gone on an official promotional tour to India. This was TSG Hoffenheim. How would you assess this trip and what were some of the objectives? I'm not sure how much you know about it?*

S. Busch: Well, Bayern Munich has been to India as well. As you know the very last game played by Oliver Kahn took place in India and in so far it was not really the first team that traveled there.

C.P.: *Yes but am I not right in saying it was the first club that spent an extended period of time in India for an entire promotional tour?*

S. Busch: Yes over the last years, that is correct and I'm not entirely sure how Mr. Richter classified it. There were a number of reasons as far as I know and I understood that it was not a standard promotional tour but also a trip aimed to strengthen teambuilding and furthermore it was an end of season trip with a bigger useful purpose. So for us this was of course a very courageous trip and therefore something that we supported and we appreciate TSG Hoffenheim for having taken it upon them to visit such a rather difficult country. Traveling to some corners like the foot of the Himalaya. The fact that they had the courage to try this out and give it a go. Important for us was that one match was broadcasted on Free TV, so that was a great thing. We also appreciated the work the team did with local charities and the local sponsor SAP. And we know today that Hoffenheim continue to engage with the youth in India through youth work and grassroots projects and therefore it appears to be, from our view and the club's view and the sponsors SAP, it appears to have enjoy unabated interest and sustainability and so we see this as a very positive thing.

C.P.: *Exactly. That was my impression when I spoke to Mr. Richter. I was really surprised because first I thought it was just a promotional tour, also from everything that I read online. I was very surprised that its main purpose, as you just said yourself, its main purpose was to strengthen the team spirit over summer, so a teambuilding exercise and so basically they killed two birds with one stone. On the one hand it's a teambuilding exercise and on the other hand it is a promotional tour together with the sponsor SAP. I think it was incredibly positive and Mr. Richter also reported it as a success. All of this.*

S. Busch: This is a part of it. It's something that honestly in the German media is falling short a little bit. They often only report on the strains of traveling and any sort of negative impact it could have on the

training schedules, of course in the case of Hoffenheim it took place after the season and so it was not that important but now looking at the schedule for January or the activities that last took place in July and will hopefully take place again this year. You have to be honest, of course sports has to be a priority and you have to be prepared for the season and the games, these areas should not suffer.

But there is another side to it, one that was clearly communicated by Hoffenheim... what are we talking about in the end? You take a group of young men in a team setting not to say Austria but to a country, which offers other impressions, a different culture, so it's a way of giving young people a chance to gain new experiences, to expand their horizons and grow closer together. This is something that you can and should be applied effectively by the sports directors because these are impressions that will help with the human development and could therefore benefit your sporting development. I find this very interesting.

You have to be realistic. But it is exciting and therefore we believe this undertaking by Hoffenheim was something that was great and successful.

C.P.: Definitely, especially when we look at this... I find this interesting, how do you... as a club enters a market like India, what should be your first step? And the path that Hoffenheim has chosen also with regards to youth work, for example organizing talent scouting in corporation with an Indian company... well, the next big sporting event to take place in India is U-17 World Cup in 2017 and they are planning to prepare a large part of the team. I think that's really interesting and exciting and if they manage to pull it off exactly as planned, then you automatically have a foot in the door.

S. Busch: Excactly.

C.P.: Let's move on to the next question and this is where we start talking about Bayern Munich. In your view would you say that a long term and continuous expansion strategy similar to the efforts in the US would be profitable for the club as well as the Bundesliga?

S. Busch: Definitely, when you think long-term. But you have to say that in India... this is something you will find now that you are occupying yourself with this topic. The buzzword here is mid and long term. I think in the short-term it's difficult to set a foot... to see a return on your investment. But in the long run of course India is a very exciting market. In the short-term difficult because the way football is placed there at the moment, even if it is being marketed as a popular media product, second only to cricket. But to be honest it works in the big cities. It works very well but countrywide football is not there yet. Secondly and more importantly India being a former colony the Premier League is the top dog in India. The Premier League is ahead of us everywhere but of course in India especially because of the Commonwealth and the absence of any sort of language barrier. So compared to other countries this complicates things in India for us. But of course if you look at the economy and in the short-term also the media market it does not take a stretch of the imagination to say India, also as a part of the other BRIC

states like Brazil, Russia, India, China of course, India is a country to watch.

I don't doubt that if you find the right anchor you have really exciting possibilities there. The right anchor means clubs who are active overseas need to establish themselves through meaningful connections with the media and local sponsors whether you get involved in youth work and the training of coaches or something else. So really just a trip there once a year to play a little football, that's not enough. You have to create something of a homebase, an anchor and a context. Regardless of whether FC Bayern makes a move in India, India is definitely a very exciting market and one that will surprise us all one day in the foreseeable future.

C.P.: Yes great answer. This is exactly how I see it. And from everything that I have read about the situation at hand, also in the football market, so I see it like that too. In the short time I can't really imagine that there are some exciting revenues to get out of the return on investment but I believe this is the time and if you consider being active there for the long-term then one should consider to get a foot in the door. To establish yourself, whether it's through youth work like TSG Hoffenheim or other initiatives. In any case I think it's really interesting, so by saying this I will now get to my final question. Is an official strategy in place for the exploitation of the Bundesliga internationally and how do you catch up to teams like Spain and England? This is something that of course you just touched upon, the Premier League of course has a completely different history and they have been active far longer and as a result they enjoy this head start but do plans exist where you say, okay, if we apply this we can catch up to other teams?

S. Busch: Maybe just to say something about the structure of what you said. When we talk about overseas and especially England we very often stress that this is not about catching up or overtaking but we just reflect upon ourselves and try to improve our business and better our business. You will not find anywhere in any business plan that we are looking to overtake England when it comes to the overseas business. We are simply too far away and that's not our benchmark but when we talk about Spain we don't really talk about a league so much but two brands, Barcelona and Madrid. When we look at leagues, honestly speaking, we see ourselves as being ahead of Spain, Italy and France in any case. We want to be in second place and establish ourselves there. I think the Italian League is viewed in a slightly different light than the Bundesliga and Premier League.

So our strategy in connection with the clubs is that we as the DFL, I speak about the topic of marketing, that we focus very much on what we are capable of doing and what we can do here and that is in content marketing, digital activities like social media, as well as our efforts to provide a best possible TV product with a better service. What we're already doing today is that any channel licensed to broadcast the Bundesliga will receive far more content, new shows, highlight shows, special shows from us than any other clubs and of course we try to expand our social media side. We focus a lot on our digital presence. We also have our licensees in PR; we massively invest in media presence. So what we can do is spur growth by means of media activities and content activity. In connection with the clubs, we have taken

some strategic decisions that we, the DFL, we don't organize training camps ourselves but financially support the clubs who do this. So we support and give them the incentive. Together we worked out a catalogue of measures that are being applied right now in Orlando or in South Africa or the TSG Hoffenheim so the clubs that satisfy the demands laid out in the catalogue can continue to work and help promote the brand. So if you want to put it this way, the clubs are like outsourced event units, if you want to put it that way.

And this is something, which is roughly speaking our strategic division and definitely for us, as well as other leagues and our competitors you can say this, there is one strategic pillar which is that your club and the Bundesliga have to be present and as a club appear overseas, play overseas, train overseas, do something with former players or do a trophy tour. Just showing presence and making an appearance is important. But above all and this does not only apply to us, what we need above all in countries, which are new to football is presence in the media. I think you can start with the USC or the American Leagues, NBA, NFL, those that are really fantastic in this department and then move to the football leagues in Europe. For us all I think it's safe to say that the success will depend on whether we will continue to grow digitally and manage to get to the young target groups by means of using these channels with individual efforts. For example, all our Chinese digital activities we do with Chinese partners in China and for China. It is something that I think is very important. We would never just translate our English website into Chinese and say, okay that'll do. But I believe that here it is important to integrate step-by-step more and more with the target groups to promote the Bundesliga. And this is something we need to process.

C.P.: *I think that's an amazing approach. It's something that just makes a lot of sense. And this is something... I think you've just touched upon that, the Super Cup for instance, if this would take place overseas for example?*

S. Busch: Well let's say it's always been a big topic and also in the media and you have to be honest that over the next two years it's...

C.P.: *Not in the talks?*

S. Busch: It's not. It would be a lie. This and next year it's not the case. Eventually one day for sure, it will be possible, for example, for official matches like the NBA is doing right now. That is something that is possible but we are not going to start playing Bundesliga matches overseas. For the Super Cup maybe, there it's a possibility and a topic but as I said, it's not as current as it was maybe two years. For the next two years it's probably safe to say that this will not happen.

C.P.: *Okay great, so basically we've come to the end of the five questions and it did take a little longer than originally planned but I want to say thank you, it was a really interesting for me and thank you for being so elaborate when answering my questions and for taking the time.*

S. Busch: My pleasure.

Appendix 3: Interview with Thomas Richter – Head of Internationalisation, Match Operations & Licensing TSG 1899 Hoffenheim GmbH

C.Pueckler.: *You went to India on an 8-day promotional tour with the entire team this summer, what were your objectives and the motivation for this tour? I am also interested to hear how you assess the tour altogether?*

T. Richter: Well, fact is we did have a very long break over summer because of the World Cup...

And then we were thinking of the best ways to use this time and we did not want to just send all the players off on holiday but occupy them in some way.

And there is always a lack of motivation after the season when there are no games left to play and the players are simply left to continue training in the training camp, so therefore we wanted to find an activity that is sporty, where you keep moving with some sense of competition but mainly we wanted to do something that does not take place here but something different. That was the first reason.

And we wanted to avoid having too long of a break over summer. We wanted to keep the players occupied for an extra week and so the second reason was that we wanted to do something to strengthen teambuilding. We wanted the players together on this trip, hoping it would unite the players more. So to spend time together away from the pressures we experience at home like the business of Bundesliga but a trip that is... well not necessarily relaxed but a trip where sports is not the sole focus.

For this very reason we chose India as our destination. We didn't want to go on holiday to Dubai or something. The team was supposed to experience and see something new and different. Just to be open for... Well India is very different from Europe and Germany especially.

So that's what we wanted... to sensitize the team to some extent.

The third point is that we did not only mean this to be a promotional tour, that was not the original thought behind it but we wanted to work with local charities, so we asked for things from Puma and our previous sponsors and suppliers and carried everything with us to India and distributed it. We visited some local charities and trained with children. So it was a mix of social initiatives and getting the team closer together and show them that things can be different, that football does not only take place in the stadium but has uses elsewhere too.

So that was the motivation behind it.

C.P.: *That's so interesting. I did some online research and found a few articles and there are a variety of things you did. So it was not just a mere promotional tour but as you said before, you visited charities as well as travelled the country.*

T. Richter: Exactly.

C.P.: That's very interesting and of course it's a step away from the usual stock standard promotional tours that other top clubs undertake.

T. Richter: For us... You know this concept of a promotional tour may sound good but you have to be realistic. We at Hoffenheim are not one of those clubs..., if we were to travel to the USA there may be a mention somewhere in the newspaper. But we are not Bayern Munich or one of the clubs that do this consciously from England or Spain, clubs that have a reputation and are popular enough to create a buzz even before they go on the trip.

For us it was not a promotional tour, we were not looking to win over new markets or anything. We were motivated by these three points.

C.P.: *Very interesting. I have one more question regarding this because I read somewhere that despite or let's say within the framework of your largest sponsor SAP, you had one promotional event, basically to conduct a sponsorship event with SAP over there. Am I correct?*

T. Richter: Yes. SAP has... Well they did not sponsor the entire trip but they subsidised it. So in return we attended a presentation by SAP that showcased products used in sports and SAP had invited people to attend this event, amongst them were business partners and other people, which are interesting for SAP. So we were invited to attend as well. So during the entire trip that was pretty much the only thing that we did for SAP.

C.P.: That's great and surely your presence there- an entire Bundesliga Team like TSG Hoffenheim- that must have had a great impact, I can imagine.

T. Richter: Yes of course, for the DFL this was also an important trip. Before the trip we were in close contact with Steffen Busch who is responsible for overseas marketing within the DFL or more for the clubs of the Liga to be precise. So we were in very close contact with them and our media department on how to approach this event.

C.P.: *Okay so this would lead me to my third question because officially and according to the DFL you*

actually did represent the German Bundesliga during this trip as international ambassador of the DFL and as you just mentioned, SAP had subsidised the trip or supported you in some way, so my question would be, to what extent did the DFL do the same? You said yourself that you arranged yourself with the DFL but other than that what was... I mean this was an important trip for the Bundesliga given that a Bundesliga team visits a country, which potentially signifies a new market. To what extent was the DFL able to support you there or to what extent did they support you?

T. Richter: Well to the extent that the DFL too subsidised our trip. We have something like an index, a catalogue of provisions regarding the corporation between the clubs and the Liga. There are a few things the club has to provide, for example to try to positively impact your environment during the trip and this has an effect on the entire Liga and in return you receive subsidies. Those subsidies are fixed. This means they are non-negotiable and it's something that relates to the 5-year assessment of UEFA.

When you did not participate at all over the past five years, you will only receive a basic subsidy but if you did play internationally then you will receive extra income and in the end the destination of your trip will also play a role, whether it takes place in Europe or overseas. These are all fixed rates and so it is very easy... let's say you consider travelling to Brazil then you list the several occurrences and then you will know automatically what money you will receive from the DFL.

C.P.: *Okay, so there is a normal mechanism that comes into play here?*

T. Richter: Exactly. One that can be used by all the clubs.

C.P.: *Okay, great. That concludes this. Now if we could take a small step back to the trip to India, so my second question. The undisputed and unchallenged national sport in India is cricket and what interests me is what was your personal impression regarding the public interest of Indians in football, in general, as well as your view on the popularity of German football and German clubs in India overall? I took a look at a couple of pictures from your trip and one can say that the interest was large, also when you played your friendly game over there.*

T. Richter: Yes that's true. You have to differentiate a little bit. India's a very large country and with our perception it's quite difficult to grasp it and the history of the country is interesting and we consciously chose our locations, like Mizoram where the friendly game was hosted, as well as Goa on the West Coast, here we chose two destinations in India, which are quite different from one another and the rest of the country. In both places people are passionate about football. I would say football is the number one sport in these two places. If we had travelled to say Puna or Bangalore or Calcutta you will find that cricket is much more present. When you drive through the streets wherever there's an open space you will see children who play cricket and not football. It is like that. Cricket is the number one sport in India. But the two places we visited, on the one side Mizoram and Goa, Goa used to be a former Portuguese colony and

therefore...

C.P.: In any case interested in football.

T. Richter: Exactly. And therefore it was good, we felt well looked after during our trip.

C.P.: *So this means these were the places where people are crazy about football?*

T. Richter: Exactly. We really felt that, we really did.

C.P.: So that makes sense.

T. Richter: Well for example in Mizoram after the game the following morning we trained with children and we were expecting 50 children to show up but in the end there were 300 children on the artificial pitch, so this excitement just showed how excited people are and how children just love the round ball.

C.P.: *They prefer the football to the cricket ball?*

T. Richter: Yes that too, but I actually meant it in comparison to rugby; rugby is also not so big there but they were simply more interested in the larger ball than the small ball.

C.P.: *Personally speaking, I find the Indian market very interesting simply because sports and especially ball sports are very important to India. They have been playing cricket for dozens and hundreds of years and very well too. They play tennis and have some good players there too. The one thing that seems to lack and that is surprising to me is that they don't really have a good Indian football player. But I can imagine that in the course of this rising interest in football also due to the activities initiated by the Indian Football Federation I think we will see a lot happening over the next couple of years. And this is where I would like to give you my final question. Sepp Blatter, the president of Fifa has said that India with regards to the market of football is a sleeping giant. In regards to economic aspects, what potential do you see for European top clubs to generate extra income in India with regards to selling of TV rights and sponsoring or merchandising? A perfect example I would say is Bayern Munich with all its possibilities- they went ahead and just opened an office in the US and want to expand on their branding in the same way as many other European top clubs have done it for many years. What is your impression? To what extent do you see that India is ready to generate additional income through TV rights, sponsoring and merchandising? Is India ready? What do you say?*

T. Richter: I think you have to take one step at a time. Before we think about generating income, the first step has to be to generate some popularity. Without popularity the rest would be very difficult. If you just show up with your truck and sell stuff, that's not going to work. First of all football has to be more

popular than it is right now and secondly you would have to really promote the Bundesliga over there and that usually goes with TV. So as of next year Fox will broadcast the games of the Bundesliga.

They are switching from Neo to Fox and to my knowledge they will have a different format. While Neo treated it as a secondary matter, Fox will actually promote football as such. So that means we will feature on TV and once this is achieved then it is the club's responsibility in cooperation with the DFL to place the single clubs. It is difficult to say how fast all of this will happen. If you look at America, how long they took, although it is a sports crazy nation and has different finances available on average, how fast all this happens... I mean before the World Cup in 1994 there was no sports, no football, it was just the big sports and then the MLS slowly took off and then there were some international stars so you gained a certain prestige there. Then the national team became more successful but still you simply cannot compare the MLS to other professional leagues in the US. It's way behind those. Therefore it is important to promote the Liga in India and I think the key lies here, Indian needs to see their own heroes and stars and identify with them.

The Liga itself has to be strong. Also Indian football has to gain strength and then the interest of the people will grow. This journey you do not complete in two or five years but this will take time. India is currently ranked 150th in world.

C.P.: Yes they have a long way to go.

T. Richter: Yes for a country of this size and with such a massive population that is a disappointing result. And now we have to see... when football itself is more popular in India and when you can awaken the interest only then can you start thinking about marketing. So what we are doing and I don't know whether you heard about this, we only publicized this last week, we are going to do a project with an Indian company called Unilazer.

C.P.: I hadn't heard about it.

T. Richter: It's about Unilazer promising to take a first step in this direction, it's a private company and in view of the U-17 World Cup 2017 in India there is a talent scouting round where they will visit schools and scout out the 13 and 14-year-olds to promote them, especially so that in three years when the World Cup takes place in their own country in 2017, that the children will be promoted for three years and at the age of 16 or 17 can participate in the World Cup. So basically it's a systematic training.

C.P.: *That is sensational. This means you with TSG Hoffenheim are trying... Is this an exclusive thing that you do in partnership with the Indian company or are there any other European or Bundesliga clubs involved?*

T. Richter: No this is exclusive. It's just in cooperation between us and the company Unilazer.

C.P.: *That's great. So the aim is to initiate a youth program, a talent scouting program to find the most talented and best youth to train them so that they can be ready for the U-17... is that what it is?*

T. Richter: Yes the U-17 World Cup 2017 in three years.

C.P.: *Exactly the U-17 World Cup so that they can participate there. And then you have.. Now that's really interesting... because by means of the talent scouting event you create a buzz in India, which gives you a good overall impression of the... whether you can see some potential stars or high achievers in India and I mean if you get there- and this is hypothetically speaking- if you manage to get an Indian up to the level where he can maybe play in the Bundesliga, that alone would be great and profitable with regards to marketing?*

T. Richter: Yes. That would be the final step. But in the beginning it's all about systematically setting this up and the children will visit us. A group of the thirty best children that have been scouted are invited to train here in Hoffenheim and make use of our facilities here.

C.P.: That's perfect.

T. Richter: Yes but that is so... well we had some requests why Hoffenheim and whether we are moving away from the football but that's not the case at all. We are simply offering our support. The project was initiated by Unilazer because they would like to promote all of this because the local federation itself is somewhat reluctant in taking this forward and not pro-active when it comes to setting up youth programs and we will see what comes out of it.

C.P.: And the company, it is Unilazer?

T. Richter: Yes.

C.P.: *Are they a long-term partner of yours or did this come about during your last trip?*

T. Richter: For us? No. This came to existence during our tour.

We didn't know about this company Unilazer before the trip to India. So that's when the first contact was established.

C.P.: *Perfect. That's great. Really interesting. So basically you can sum up everything by saying that the first step would be that India has to strengthen its own structures and infrastructures in order to raise the*

popularity of football in the country. Once that is achieved, also with help of other European clubs, then maybe you can start taking the second step and say, okay, let's try, whether with TSG Hoffenheim or Bayern Munich, a club that due to its history has a certain advantage, to create a buzz about the brand on the Indian market and raise the popularity and then probably, thinking long-term now, the third step would be, if possible, after arranging TV marketing to somehow try to generate some sponsoring or merchandising income. That's probably the three steps that you have to go?

T. Richter: I think regardless of whether that third step will even take place, being that you can sell tricots and merchandise, important is to promote the Liga there. And if the Liga is known and TV picks this up and the people see that there is interest in the Liga and they say, okay, we want to incorporate the Liga and want to broadcast the Liga games and are willing to pay for it, only then the clubs can benefit because all this money will be distributed amongst the clubs.

So when the Liga is successfully marketed then the clubs will benefit. You can see this over the last couple of years when the overseas marketing of TV rights moved from €0 to €75 million a year generated by the Liga or so and that is a considerable increase.

C.P.: *Exactly. That is definitely something although you have to see, thanks to the research I conducted I know that there is a huge gap between the TV marketing income of the Bundesliga and the Premier League. I think the Premier League has generated income of 700 million. They then of course have different opportunities and possibilities at their disposal.*

T. Richter: Correct and that doesn't surprise me at all. If I think that the English league has been doing what the DFL is doing now, only they have done it for the past 10 years.

C.P.: Exactly. They have been engaging overseas and promoted the product being the Premier League very successfully and hence they have a huge advantage there. So let's say a channel in India says we have been broadcasting the Premier League for over 10 years, very successfully and we are ready to pay something for it, now moving on to the Bundesliga, we first want to find out whether this works and whether the people want to see it at all.

So of course we cannot expect the same income but important is that we take the first step. And the Liga itself, whether clubs or the players, they do not need...

C.P.: To hide.

T. Richter: To hide, exactly. We have a number of international stars too so we don't need to hide but what is important is especially with local Leagues, whether these are clubs in Africa and Asia, they all covet European football. In those countries where they want European football, you have to make sure

that you match the success of the Premier League in some way. You only get there when you have something special and if people, say in Uganda, only get to watch the games of the Premier League because we are not broadcasting the Bundesliga there then of course they would only be interested in watching the games of the Premier League and they only want to see that of course. You have to give them an option and make them realise, see here, they can play football as well. Then you may have the opportunity to compete with the Premier League and if not replace them at least share some of their success.

C.P.: I see it just the same way. Especially if you consider that the Premier League or the Premier Division has been doing this for years but as you said, with regards to the business efficiency of German clubs and the success over the last couple of years, I am positive that we can catch up with other leagues since the standard of football played is so attractive. Great. Mr. Richter, thank you so much. That was it and more than I had expected and hoped for. Thank you so much for this short interview.

Appendix 4: Interview with Tim Roehn – Journalist

Question No 1:

At the beginning of 2012, during a training camp in Qatar you accompanied FC Bayern Munich on a short visit to India. How would you assess the public interest in Bayern Munich as well as football itself?

The general interest that the public showed for Bayern Munich really surprised me. It was much smaller than we and the accompanying journalists expected. At the airport in Delhi not more than 20 fans greeted us and there were no special security arrangements or anything. Without any problems the team passed through the terminal of the airport to their bus, which took them to their hotel in the city center of Delhi.

Here we noticed that at least the media showed immense interest in the German champion. The large hall where the press conference was held was completely over crowded. There were around 200 local journalists.

The stadium where Bayern played against the Indian National team was half-full, with 35,000 spectators so here the interest was moderate.

Question No 2:

What was your impression of the involvement of the Indians? Would you say that back then a fan culture was already visible?

Not, not really. Or at least not the way we experience it with European or South American fan culture. In the stadium people were celebrating, dancing and singing on the pitch. It felt like they were only remotely

interested in what was going on that day. More important was the fact that there was a football match going on, featuring a famous team.

Question No 3:

The headline of your article covering the short visit to India, published in Spiegel is “The Bavarians are digging for gold”. Can you imagine that with a long-term strategy on the Indian market they would strike gold?

This is a very interesting question and one that not only FC Bayern Munich is wracking their heads over but also many officials in football worldwide. Take the candidate to the Fifa presidency Jerome Champagne, he considers India to be the single market with the most growth potential when it comes to football. And he is not the only one. However, many go by the sheer size of the population and what they do not consider is that when we take into account the Leagues, promotion of talent etc., football structures in India are weak. There is no plan in place to show how we can actually move ahead in a country as large as India. Just now they founded a new national league with a lot of pomp and circumstance, hoping to increase the popularity of football.

I see a problem here. Maybe this will shift the focus on to football here for a while, but since they work with foreign stars, fans will not identify with them. So I don't think that this is how you do sustainable work.

To really strike gold there you need training programs for the youth. You need to invest in training grounds and stadiums and the relevant know-how needs to be brought into the country. Everything else they have been doing so far simply falls short.

Question No 4:

How about the mood and acceptance within the Bayern team when it comes to a difficult “PR-trip”, especially when it takes place during an important and exhausting training camp?

It may sound like a cliché but it is a fact: they are professionals. They know that these sorts of things, even exhausting trips are part of the job of a player in an international Top-Club. So they accept it, without problem. How much they actually felt like going, here I can only guess- but I cannot be sure. Due to time constraints they actually saw very little of what the city and country had to offer. Everything was geared towards the successful return to the second half of the Bundesliga-season and sporting success. However I am pretty sure that a few players appreciated this change.

Appendix 5: Interview with Hiro Kishi – VP Sport Sponsoring Deutsche Telekom AG

Question No 1:

For over a decade German Telekom has been committed to FC Bayern Munich as their largest sponsor. What are the main objectives behind such an engagement?

First of all it is about brand awareness and brand strength, so an increase of our image value. This has increased steadily since we started working with FC Bayern Munich. We achieve this by means of optimizing our sponsoring concepts and so-called activation, for example, offering product bundles: when a fan purchases a Telekom product he or she will get a Bayern Munich tricot. We increase our customer appeal and thereby manage to gain and retain new customers and this helps us achieve our third goal, which is to increase profit. By means of these product bundles or other measures like the Telekom-Cup we manage to generate more revenue.

Question No 2:

How do you assess the FCB's current process of internationalization and what significance does the international presence of FCB have for German Telekom?

We believe that the FCB is taking the right steps by moving onto the international stage. FC Bayern Munich fulfills many of the necessary criteria here: reliability, victories- both at home and overseas, honesty, public acceptance. With the market entry overseas synergies are created for the business, image of the partner, "market leader" in the Bundesliga= DTAG is also a market leader. When the popularity of FCB increases overseas, so does ours.

Question No 3:

As a longstanding partner, has German Telekom coordinated and performed any international activities with the FCB?

Yes. We used the brand "FC Bayern Munich" with subsidiaries in Hungary, Poland, Netherlands, Albania and the US in many ways. For example we used the logos and the word mark and in some cases we worked with their star players like with Arjen Robben in the Netherlands.

Question No 4:

The FCB is increasing its presence on the US market and has recently opened its first overseas office there. What opportunities does this create for the German Telekom? Or how beneficial is the long-term presence of FCB for the German Telekom in markets of strategic importance?

We benefit from the market entry and so does our subsidiary T-Mobile US. For example during a recent US-visit, players made exclusive appearances at T-Mobile outlets where they gave interviews and autographs. In cases where the FCB has a local player under contract, like Julian Green who is a US-citizen, especially in cases like this both sides will benefit. Furthermore we used the test matches over there to present the FCB tricots featuring the T-Mobile logo, so the connection between the FCB and T-Mobile has been established and is generating popularity.

Question No 5:

The market presence of FCB is tantamount to the presence of the clubs main sponsors. How interesting would a market entry in India be for German Telekom given it goes hand in hand with a significantly more active local presence? Is it possible that German Telekom could benefit from the presence of FCB on the Indian market and further promote its own brand?

Although German Telekom has shares in the Indian telecom company Devas Multimedia, the current focus is on the European and American market. If FCB entered the market in India, it would probably create some synergies again but it is not our focus at the moment.

Question No 6:

How can a profoundly well-placed company like German Telekom, present in many markets worldwide, support the internationalization process of FCB? And do you believe that the German Telekom could assist FCB during their market entry in India by providing contacts and distribution channels or help solidify their market entrance in any way?

Basically Telekom can help FCB with the internationalization process in its focus countries, countries that can be important for both, FCB and Telekom; it's possible to host a training camp or test match in Poland, for example, because at the moment the FCB has a polish player in the cadre (Lewandowski). It would certainly be possible for Telekom to assist FCB with a market entry in India.

Appendix 6: Interview with Chris Punnaakkattu Daniel – Consultant for the Indian Football Market

Question No 1:

Currently India only ranks number 170 in the world in football. Nevertheless it seems that especially thanks to the introduction of the Indian Super League (ISL), as well as the hosting of the Fifa U17 World Cup in 2017 the “sleeping giant” is slowly waking up. What is your assessment of the status quo of the Indian football market?

Indian football is in a critical and decisive stage. The Indian national team has fallen back a little further after their performance at the Asia Cup 2011. So you could say that Indian football has since taken a step back when compared to previous years. Nevertheless a lot is happening with Indian football. The Indian Super League, the U-17 FIFA World Cup in 2017 and everything that follows from this, altogether it has a positive influence on football on the Subcontinent. India is no longer considered as being football wasteland by the rest of the world. The international perception has shifted. Many people didn't and still don't know that football has a history in India and that people there have been kicking around the ball for far longer than even people in Continental Europe! After the first season of the ISL a few Indian players went overseas. This is a big step if you consider that before the ISL only 5 (!) players ever managed to go overseas! The Indian youth teams show some great potential. The national A-Team has a new coach and they have a whole new momentum.

I think we are currently in a phase where we can set a whole new direction. What is important now is to transform some of this national and international interest and help carry football forward. It is a difficult and long path but I see a lot of opportunities. Regarding the development of football in India there are many factors that come into play here. Here too the involvement of overseas federations and Clubs will be decisive.

Question No 2:

The national sport in India is Cricket, without a doubt. How would you describe the interest in football in India, how important is football in India today?

India has a longstanding tradition when it comes to football. The Calcutta Derby gets up to 120.000 spectators into the stadium. The problem however is that the national, Indian football does not enjoy broad support but is merely concentrated in a few pockets. A real stronghold for football we find only in West Bengal, Goa, Kerala and some places in the Northeast of the country. There, football is the number one sport.

International football is being watched all over the country though. The Premier League, the La Liga, the Bundesliga or the Champions League, these are watched by many millions of fans and their stars are revered. The ISL has managed to awaken the interest for football all over the country. Now it is a matter of sustaining this excitement and projecting it on to the regular League, the I-League and also the other competitions.

The excitement is there. What the ISL has taught us is that it is possible to get the people behind you with such concepts. International stars, entertainment, Bollywood and professional marketing have turned the first season of the ISL into a huge success.

Question No 3:

How does the newly formed Indian Super League affect the football and interest in the sport?

The ISL has shown that such a unique- and from an international perspective also bizarre concept can work very well in a country like India! It is something that you try to communicate to clubs, associations, sponsors and the media: You have to really respond to the Indian people and surrender to the mentality of the people. But for the real impact of the ISL, we will have to wait and see. Eventually the ISL will replace the I-League as the highest league and then the I-League will be the second league. The success of the first season of the ISL showed us that people can get behind football and how much excitement they feel for the sport. Indians talk about it with pride, they anticipate the action and participate passionately.

What is important now is to maintain the high quality of the ISL matches without neglecting the other matches or the national team. The ISL is just one-stepping stone and more of those are needed to promote football and achieve the desired success. People would love to see successful soccer in India. The ISL has shown what can be achieved in India within a few short weeks.

Question No 4:

What else has to increase the significance of football in India?

That is a really good question and it requires a lengthy, complex answer. In a nutshell: the ISL was and is an important segment, which demonstrated that the locally played football can be “sexy”. You have to build on this. However the interest in football also depends on the success of the national team. The success of the national team is vital when it comes to increasing the significance of the sport. People are longing for sporting success and qualifying for the World Cup. But Rome was not built in a day. First some of the groundwork needs to be completed. Youth work, training of coaches, professional structures in Clubs and associations, training of referees, improvement of the infrastructure, transfer of Indian players to overseas clubs, cooperation with clubs and associations etc., etc., etc!

What we need are Indian poster children, Indian superstars playing in Europe who serve as idols to the youth back home! Indian stars that can replace the Cristiano Ronaldo, Lionel Messi and Co. to show the youth those Indian star players can have success on the international stage!

There are many, many factors at play that can help raise the profile of football in India. This needs to be communicated to the fans. Not an easy task given the fact that the longing and impatience are equally great. We have to build a solid foundation; this is something that can only be achieved with focus and correct strategic planning.

Question No 5:

Manchester United has been active on the Indian market for years; their local marketing strategies include merchandising mega-stores, bars and restaurants as well as football academies. FC Barcelona

also runs a football academy in India. Then again clubs like Atletico Madrid and AC Florence participate in the ISL. Which one of these strategies do you consider to be the most sensible and successful?

To determine the “success” you really need to understand what the objectives of the involved clubs were. You cannot and shouldn’t compare the individual efforts of the clubs. Normally English Clubs such as Man United, Arsenal, Liverpool or Man City find it much easier to position themselves on the Indian market because the Premier League is the most popular there and all over Asia. However this does not mean that Clubs from Germany, Spain etc. don’t have their place!

The approaches of the named Clubs are simply different. I think that first of all, in the case of Atletico Madrid people will be reminded of the success of Atletico Calcutta in the ISL and one thing that definitely leaves a lasting impression is success on the pitch.

But if you ask me which club succeeded the most at positioning itself on the Indian market due to its marketing strategy, I find it difficult to answer this for you!

I think Bayern Munich has managed to make quite a name for itself because of its past engagement there. There is no other European Club that has done more in India than Bayern Munich. Nevertheless, Bayern alongside many German Clubs is now focusing mainly on the markets of USA and China.

Question No 6:

According to you are there any other ways for European Clubs to ensure their long-term popularity and market presence in India?

Clubs can establish themselves in India and make a name for themselves with a well planned out and long-term strategy. If you only make a quick appearance and then leave, that is not going to work. There are different approaches to establishing market presence for your brand in India. Whether it is in the area of youth work, cooperation with Indian clubs, visiting the country with you’re A-team, or signing or training Indian football talents in Europe.

Question No 7:

This process of internationalization should bring Clubs additional avenues of revenue. How much profit could you expect to see being generated through the Indian Football Market, again thinking long-term?

The Indian Super League has shown that there is a lot of money tucked away in India! In India we see the emergence of a large middle class that has money and wants to spend it. Football Clubs can make money out of India if they are ready to plan long-term and invest to begin with. It is not place to make 'a quick buck' but with the right planning and patience this can be realized.

Furthermore there is the option of promoting talent, which is what I mentioned earlier. The Club who can call the first Indian David Beckham his own will have literally struck gold.

This is something that Clubs should seriously consider. They should not look for ready talent but raw young talent and help train and develop them! This will increase the probability of an Indian talent managing the switch to one of the Top Leagues many times over, something that would then help open the door to the Indian market.

Question No 8:

How popular or significant is the German Bundesliga in India?

The Bundesliga is enjoying more and more popularity! The La Liga and Premier League still enjoy a higher profile but the international success of FC Bayern Munich and the work the Club has done in India has left a lasting impression. The German National Team also boosts the image of the Bundesliga. Many people perceive the Bundesliga differently now.

People in India see the efforts the Bundesliga makes in India and they appreciate this. Both, FC Bayern and also TSG 1899 Hoffenheim have contributed a lot to this by visiting the Subcontinent in the past.

Question No 9:

You have supported TSG's India-trip significantly this summer. One of the results of the trip is the cooperation with Unilazer, an Indian company which is now going to promote young talent in preparation for the U-17 World Cup in 2017 in India. Do you think it is possible that we see an Indian player get transferred to a Bundesliga team within the next 5 years? If so, what significance would this have for Indian football?

Basically the possibility of an Indian player joining the Bundesliga within the next 5 years always exists. The potential amongst the youth has always been great. Unfortunately India has never been recognized as a significant talent pool. According to me this is a mistake, especially when I think back to my own experience with the Indian Youth National team. I remember the training camp with the Indian U-17 National Team in Hennef that I was instrumental in organizing. Back then we organized a friendly match against the youth team of the 1 FC Cologne who had players like Luka Podolski, Lukas Sinkiewicz and

Co. on their team. Back then the general impression was that the Indian youth displayed more talent than the German youth in the same age group. But other than this sentiment there is little that remains from these days. The current Indian U-17 teams have some great talents too. These young talents should be given the opportunity to get their 'finishing touches' in Europe. If this happens, we will definitely see an Indian player in the Bundesliga or another League in the coming years.

This would have a huge impact on football in India, as I mentioned before. What the Indian youth need is an Indian poster child. Successful Indian players in Europe would automatically promote the growth of the football market in India.

Question No 10:

The German Football Club Bayern Munich has been active on the Indian market. What steps would the Club have to undertake to raise the awareness of their brand as well as generate long-term revenue?

FC Bayern Munich already has a good reputation in India. Both the First and Second Team have traveled to India, so has an All-Star Team, and the FC Bayern Youth Cup, these are all great steps. Indian football fans appreciate the efforts made by Bayern Munich in India. The success of the team adds to the image and Bayern is considered to be one of the Top-Clubs there.

The FCB now focuses on the markets in the USA and China, as they themselves will tell you. It remains to be seen what positive impetus are directed at India in the future to maintain the current status and further improve on it. I think Bayern Munich is in a really good position to establish themselves in India compared to other Clubs and European competitors. As I mentioned a few times now, you need long-term planning to see any sort of revenue in the end and this applies to all Clubs.

Question No 11:

This year Bayern Munich has opened its first office in New York with the objective to be "present on the American market for 365 days a year". How would you assess a similar project for the Indian market at the moment?

I think that Bayern Munich has completed its first significant step regarding its overseas marketing with the opening of this office. In the future we will definitely witness more openings of overseas offices in other parts of the world. It would send a positive signal to the Indian market if India would be considered here. This would certainly strengthen the position of Bayern Munich on the Subcontinent because they would be the first overseas club to do so in India. In the short-term I believe that the opening of an office in China is more likely.

Other Clubs are following this example. Borussia Dortmund is in the process of opening an office in Singapore. More clubs will follow.

An overseas office is a MUST in the process of successful internationalization.