

TOWARDS A HOLISTIC OPTIMISATION OF THE EUROPEAN INTER-CLUB FOOTBALL COMPETITION SYSTEM

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Abstract. *The European inter-club football competition system is based on the national championships of the 55 member countries of the Union of European Football Associations. The European competitions are divided into 3 levels of 32 teams: the Champions League, the Europa League, and the Conference League. They run each year in parallel with the national championships, crowding the competition calendar and reducing the efficiency of participating teams as they have to fight on more fronts than teams that do not qualify for European competitions.*

We will present an innovative model of the European inter-club football competition system, in which the current European competitions will be restructured and the divisional models of the national championships will be extended hierarchically to the European level. The methodology used is a simplified multi-criteria analysis and the tomato garden analogy, as well as highlighting the opportunity for venture capital and private equity financing of the new competition system and the small teams in the lower divisions in this inflationary period.

We would have a 1st European division with the top 20 teams, a 2nd division with another 20 teams, a 3rd division with 2 regional series, a 4th division with 6 regional series, a 5th division with 18 regional series, a 6th division represented by the national championships and a promotion and relegation system between these divisions.

In the new system, a team will only play in one official competition. A team will no longer be able to play in the national championship and, in parallel, in a European competition. In each division or series of 20 teams, there will be only 38 matches per season, one match per week, from September to May next year.

Keywords: *championship, globalization, innovation, new trends, research, UEFA.*

Introduction

The importance of optimizing the European inter-club football competition system results from the current competition system being overloaded and chaotic, with all sorts

of national and European competitions created to satisfy the needs of small interest groups. At a national level, there are championships and cups, with the best teams qualifying for the following season in European competitions organized on three hierarchical levels, with teams qualifying for European competitions playing in parallel with national competitions. Only the 1st European competition is important, the other two being organized more to satisfy the need to Europeanise football.

The current European inter-club competition system is based on the 54 national championships of the 55 member countries of the Union of European Football Associations (UEFA), the difference made by the Liechtenstein teams playing in the Swiss championship. The national championships are made up of the top divisions of each country's domestic divisional pyramid system and are made up of a maximum of 20 teams in which each team usually plays each other, both home and away. The best teams in each league qualify for the strongest European inter-club competition called the UEFA Champions League, other teams qualify for the 2nd European inter-club competition called the UEFA Europa League and the 3rd European inter-club competition called the UEFA Conference League (Table 1). The weakest teams in each championship, a maximum 3, are relegated each year to the 2nd division of the respective country. In addition to the national championships, at a national level, there are also national cups, which are knockout competitions whose winners qualify directly to the UEFA Europa League (Geeraert & Drieskens, 2015; Sugden & Tomlinson, 1997).

Table 1. The distribution of teams from national championships in European competitions (Source: Authors' own research results/contribution)

National championship ranking	Champions League		Europa League		Conference League Qualification
	Competition	Qualification	Competition	Qualification	
1 st – 4 th	4	-	2	-	1
5 th	2	1	2	-	1
6 th	2	1	1	-	2
7 th	1	1	1	-	2
8 th – 11 th	1	1	-	1	2
12 th – 15 th	-	2	-	1	2
16 th	-	1	-	1	2
17 th – 54 th	-	1	-	-	3
55 th	-	-	-	-	1

In order to better exemplify the qualification system of the national championships in the European competitions, as well as the relegation system of the weaker teams in the 2nd divisions, we will analyze the case of the strongest national championship (the English one) according to the results of the last 5 years (Table 2).

Table 2. Distribution of the teams in the highest ranked national championship (Source: Authors' own research results/contribution)

Position in the national championship	Result
1 st – 4 th position	Qualification to UEFA Champions League
5 th – 6 th position	Qualification to UEFA Europa League
7 th position	Qualification to UEFA Conference League
8 th – 17 th position	Without European presence
18 th – 20 th position	Relegated in the 2 nd national division

Following the completion of the qualification process, which takes place each year in July and August, all 32 teams qualified for the start of each European competition are determined. Each year, the system involves a group phase from September to December and a knockout phase from February, with the final in May. Next, we will look at the UEFA Champions League competition system, the strongest European inter-club competition (Figure 1).

<p><u>Group phase</u> 8 groups of 4 teams The group winners and 2nd placed teams qualify for the knockout phase</p>	<p><u>Knockout phase</u> 8 group winners against 2nd placed teams Quarter-finals with the remaining 8 teams Semi-finals with the best 4 teams Final with the best 2 teams</p>
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Figure 1. UEFA Champions League competition system (Source: Authors' own research results/contribution)

Literature review

Venture capital and private equity financing offer high returns through the relevance of proactive strategies and social media-based investment opportunities (Teten & Farmer, 2010) and is suitable for small new football clubs in emerging markets (Prelicean, Boscoianu, & Lupan, 2014). Financial and sports performance evaluation shows that short-term over-indebtedness leads to increased sporting performance at the expense of long-term financial sustainability (Galariotis et al., 2018). The investments will be recovered faster through sustainable development strategies and responsible investment (Prelicean & Boscoianu, 2020) whether football clubs are more open to investment funds through alternative diversified portfolio management strategies in dynamic emerging markets, considering the implementation of liquidity and innovation constraints (Vrajitoru et al., 2021).

The social involvement of football clubs in the organization of football competitions should be greater than UEFA's sports policy (Sugden & Tomlinson, 1997). The development of the European football competition system will attract more sponsors based on multi-criteria analysis in a market worth over €30 billion. More than €60

billion in sponsorship is attracted in world sport. The 5 biggest European football leagues (England, Spain, Germany, Italy, and France) attract over €4 billion in sponsorship. Middle East companies spend the most, €250 million. (Górecka, 2020).

Reducing the number of matches per season will increase teams' quality and sporting performance, as players need more than three days' rest between matches (Scoppa, 2013). The revenue per match will increase and financial strength will determine team performance (Arsu, 2021). In order to have a sustainable market strategy, the new system must be dynamic and innovative (Boscoianu et al., 2018) and contribute to the development of the European Union in terms of football, with implications for the homogeneity of national championships (Geeraert & Drieskens, 2015).

Methodology

A new European inter-club football competition system will be proposed, the study being conducted between July and August 2022. It will be based on a pyramid system, extending the existing national competition systems at a European level, with national championships becoming level 6 of the value pyramid. A simplified multi-criteria analysis and tomato garden analogy of the relevant features of the proposed new system will be carried out (Scoppa, 2013; Prelipcean et al., 2014; Boscoianu et al., 2018; Prelipcean & Boscoianu, 2020; Vrajitoru et al., 2021). The opportunity for venture capital and private equity financing of the new competition system will be highlighted, as we will be dealing with a new business model, but especially the importance of these financing models for small teams in the lower divisions (Teten & Farmer, 2010; Galarioti et al., 2018; Górecka, 2020; Arsu, 2021). It is a good time for reforms because financing currently has real-negative interest rates, due to the period of high inflation we are going through. It should be mentioned that this is only a temporary period, until national banks raise interest rates above the inflation rate.

Results and discussions

In the history of sports competitions there have always been reforms. It is time for the competition systems established at a national level to be extended to the European level (Table 3). The next step will be to consider the European continent as a country, where we will have a 1st division of Europe with a classic championship with 20 teams, a 2nd division also with 20 teams, and a later ramification of the competition system, which at level 6 will include the national championships as regional competitions (Figure 2).

**Table 3. A new model of European inter-club football competition system
(Source: Authors' own research results/contribution)**

Divisions	Number of teams	Promoted teams	Relegated teams
1 st division	20	European champion	2
2 nd division	20	2	2
3 rd division	40 (2 series of 20 teams)	2	6
4 th division	120 (6 series of 20 teams)	6	18
5 th division	360 (18 series of 20 teams)	18	54
6 th division	54 national championships	54	each country's decision

1 st division	20 teams																	
2 nd division	20 teams																	
3 rd division	Eastern regional series									Western regional series								
4 th division	RS1			RS2			RS3			RS4			RS5			RS6		
5 th division	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
6 th division	54 national championships																	

Figure 2. Divisions and series structure of the proposed new competition model (Source: Authors' own research results/contribution)

The 1st division would contain 20 teams. Each team would play each of the other 19 teams both home and away, totaling 38 matches in a year. The team that wins a match after 90 minutes will receive 5 points and the team that loses will receive 0 points. In case of a draw, an extra time of 30 minutes will be played, with 4 points for a win and 1 point for a loss. In case of a draw after 120 minutes, penalty kicks from 11 meters will be taken, with 3 points for a win and 2 points for a loss. At the end of the season, the team with the most points will be declared the winner and the European champion. The last 2 teams will be relegated to the 2nd division.

The 2nd division will also contain 20 teams, the 2 best teams at the end of the season will be promoted to the 1st division and the 2 weakest teams will be relegated to the 3rd division, according to the same rules as in the 1st division.

In the 3rd division, there will be 40 teams divided into 2 regional series, east, and west, of 20 teams each. The 1st place in each series will be promoted to the 2nd division, and the last 3 teams in each series will be relegated to the 4th.

In the 4th division, there will be 120 teams, divided into 6 regional series of 20 teams each. The 1st place in each series will be promoted to the 3rd division, and the last 3 teams in each series will be relegated to the 5th.

In the 5th division, there will be 360 teams, divided into 18 regional series of 20 teams each. The 1st place in each series will be promoted to the 4th division and the last 3 teams in each series will be relegated to the 6th division.

In the 6th division, there will be 54 national championships recognized by UEFA, where each country will be free to decide its own competition system. The champion teams of each national championship will be promoted to the 5th division of European football.

A simplified multi-criteria analysis and a tomato garden analogy of the proposed new system's relevant characteristics

In order to perform a simplified multi-criteria analysis, we will analyze the 6 options represented by the 6 divisions of the proposed new European inter-club football

competition system according to 7 analysis criteria: UEFA Champions League (I), UEFA Europa League (II), UEFA Conference League (III), current national league systems (IV), implications for players (V), implications for supporters (VI) and implications for investors (VII).

The criteria will be compared, giving a value of 2 for the most important criterion, 0 for the least important, and 1 for both criteria in case of a tie. The criteria will be ranked by calculating a percentage weight (Table 4). Scores from 1 to 7 will be given for each option corresponding to each criterion (Table 5). The weights are multiplied by the scores, added together, and the options are ranked (Table 6).

Table 4. Ranking of criteria (Source: Authors' own research results/contribution)

Criterion	I	II	III	IV	V	VI	VII	Total	Weight	Ranking
I	1	2	2	2	2	2	2	13	26,5 %	1
II	0	1	2	0	0	0	0	3	6,1 %	6
III	0	0	1	0	0	0	0	1	2,0 %	7
IV	0	2	2	1	2	2	2	11	22,4 %	2
V	0	2	2	0	1	0	2	7	14,3 %	4
VI	0	2	2	0	2	1	2	9	18,4 %	3
VII	0	2	2	0	0	0	1	5	10,2 %	5

Table 5. The scores of the options corresponding to each analysis criterion (Source: Authors' own research results/contribution)

Criterion Options	I	II	III	IV	V	VI	VII
1 st division	7	2	1	3	6	4	5
2 nd division	3	7	1	2	6	5	4
3 rd division	3	1	7	2	6	5	4
4 th division	4	2	1	3	5	7	6
5 th division	3	2	1	4	5	7	6
6 th division	3	2	1	7	6	5	4

Table 6. Ranking of options (Source: Authors' own research results/contribution)

Criterion Options	I	II	III	IV	V	VI	VII	Total	Ranking
1 st division	185,5	12,2	2,0	67,2	85,8	73,6	51,0	477,3	1
2 nd division	79,5	42,7	2,0	44,8	85,8	92,0	40,8	387,6	5
3 rd division	79,5	6,1	14,0	44,8	85,8	92,0	40,8	363,0	6

4 th division	106,0	12,2	2,0	67,2	71,5	128,8	61,2	448,9	3
5 th division	79,5	12,2	2,0	89,6	71,5	128,8	61,2	444,8	4
6 th division	79,5	12,2	2,0	156,8	85,8	92,0	40,8	469,1	2

As expected, the winning option is represented by the 1st division which will include the best 20 teams and the one that will be the European champion at the end of the season. Surprisingly, the 2nd place was taken by the 6th division represented by the national championships, which denotes that the stakeholders cannot change their mentality in a short period of time, keeping in their subconscious the principles on which the European inter-club football system has been built so far. The regional divisions will be closer to the supporters’ hearts than the 2nd and 3rd divisions, due to the lower expenses involved, the shorter distances to travel, and the increased probability of being closer to the favorite team.

In order to better exemplify the new European inter-club football competition system, we will make a tomato garden analogy of the 6 proposed divisions, from the investors’ perspective (Figure 3).

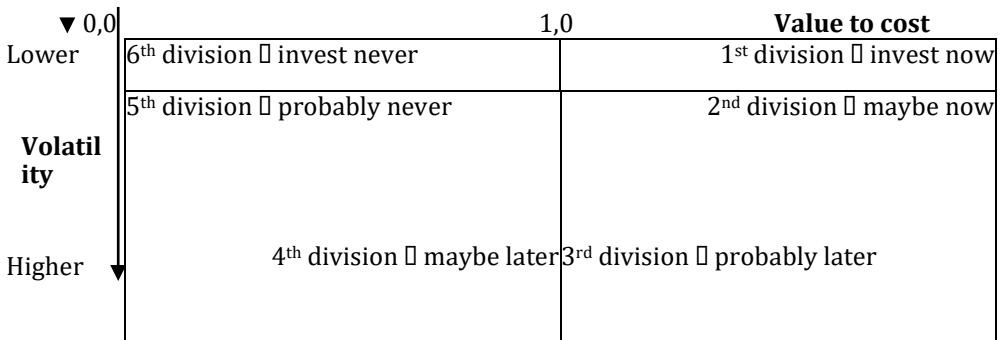


Figure 3. A tomato garden analogy applied to the new competition system (Source: Authors’ own research results/contribution)

It is obvious that investors will flock to the 1st division because the financial rewards here are the highest and they have the possibility to win the European title, which will bring them permanent image income. In the 2nd division, the investments will be smaller, taking at least a year to reach the 1st division. In the 3rd division, the investments will be even smaller because the waiting time to reach the 1st division is at least doubled. In the 4th division, the investments are already delayed, and the distance to the top is increasing. In the 5th division, we are already talking about regional investments in local teams that play football more for fun and to promote the sport among young people. In the 6th division, we will have the national championships, which will promote sport among children to educate and maintain general health.

Highlighting the opportunity for venture capital and private equity funding of the European inter-club football competition system

Being a new competition format, it will require venture capital investment, which is specific to a start-up business. Given the business’s scale, large financial institutions can only provide this funding through investment funds. These financial institutions will be

associated with UEFA and will participate in the decision-making on the long-term development of this business. In general, new businesses operate at a loss in the first few years, in this case, profit is assured from the first year due to the continuity of the previous competition systems, which ensured an accelerated growth of turnover. Venture capital funding will also be used to develop small teams in the lower regional or national divisions. These teams promote football at the level of a region or a city, they need funding to ensure better conditions for the players and to be closer to the people. Only through massive investments, these small teams can grow and then promote to the higher divisions of the European system with the prospect of bringing high profits in the future. The real reward for the investors will come when they sell these teams after promoting them to higher divisions, generating higher revenues.

UEFA and its managed competitors are not listed on the stock exchange and can easily access private equity investments. This type of business financing can be attracted through TV rights, sponsorship, or corporate social responsibility investments. Private equity investments will be more suitable for club teams participating in all levels of competition. Powerful financial institutions will mainly invest in the top division to compete at the highest level and gain image capital in addition to financial revenues, as is the case with Manchester City, Newcastle United, or Paris Saint-Germain, and the know-how gained from sports competitions in North America (NFL, NBA, NHL, and MLB). The lower divisions will enter smaller investment funds, hoping that through good management they can promote to the 1st division in the coming years, to use the football teams as locomotives of the whole business. Private equity investments in small teams in the lower divisions should not be neglected, whereby small financiers can advertise locally, gradually strengthen the club they represent and, in the long term, can promote to higher divisions while developing their own business.

It's a good time to develop new business ideas, and new competition systems and fund new teams, as we live in an inflationary period where bank interest rates are below inflation, which temporarily makes funding relatively cheap. This whole process must be rushed until national banks raise interest rates above the inflation rate to normalize the market, especially as interest rate increases also help lower inflation.

Each country will be free to determine its own competition system for the 6th division. We believe that in the case of Romania, the best option would be the championship with only 10 teams, as in Switzerland. The 10 teams will play 36 matches in a season, twice round-robin. This competition system will attract investors because the revenue per team will be double that of a 20-team league. The best team will be promoted to the 5th division of European football, having a financial power superior to teams from other countries that keep the classic system with 20 teams. Only 1 of the 10 teams would be relegated, representing 10% of the total. In the classic 20-team championship system 3 teams are relegated, representing 15% of the total. The money received by those teams during a season is lost by relegating teams. By relegating only 10% of teams instead of 15%, 5% more money is kept in the championship. The beneficial effects will be exponential in the long term and we believe this business model will be copied by as many countries as possible.

Conclusions

Society, business and sport are evolving and sports competition systems have to adapt too. As managerial implications it is proposed to replace the current competition system based on national championships with one based on European cohesion, by extending the existing pyramidal systems at national level with divisional systems at European level. In the current system 233 teams from the 54 national championships of the 55 UEFA member countries participate in the European competitions, as a superstructure of the national championships (teams from Liechtenstein participate in the Swiss championship). In the proposed new system there will be 560 teams participating in the top 5 European divisions, with the national championships representing the 6th division of European football, in which different teams than those in the top 5 divisions will participate.

The advantages of the new system are that the national championships will complete the system rather than duplicate it as at present, relaxing the competition calendar for footballers, who will play 38 matches in a single competition, rather than fighting on several fronts as at present with a maximum of 67 matches per season for teams in England. This reduces the number of injuries and increases the quality of matches by keeping players physically fit. The greatest interest will be in the 1st division and the national championships, with interest in the intermediate European divisions set to increase greatly as the national specificity fades and the European consciousness of the population grows.

Although we currently have inflation, we also have economic growth with relatively cheap financing. Amid falling inflation and rising interest rates, economic growth will moderate and financing will be harder to obtain. However, long-term modern venture capital and private equity financing systems seem to be well suited to this business model, regardless of future economic and financial fluctuations. The globalization of financial markets will mean that small football clubs in developing countries in the lower divisions of European football will have long-term competitive advantages over those in developed countries. People's need for entertainment, sport and competition has been evident since ancient times and today's physical wars will be fought through sport in the future.

The most important contributions of the proposed competition system combine qualitative and quantitative aspects. The 1st European division would have 20 teams compared to 32 in the current UEFA Champions League, a 2nd division also with 20 teams and the branching of the system from the 3rd division to link with the national championships in the 6th division. Extending the promotion and relegation system from national to the European level to ensure the cohesion of the whole system contributes to the future development of the European Union and creates the conditions for its future enlargement. It can therefore be concluded that sports can also significantly impact politics.

The research is limited to European inter-club football competitions with repercussions on national championships recognized by UEFA, without considering the FIFA Club World Cup, inter-club competition systems of other continents, and women's and children's competitions. In future articles, we will analyze the systems of the FIFA Club World Cup, the Romanian national football championship, and the women's and children's competitions at the European and world level.

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