

## Chapter 2

# Has the Amount of Available Financial Resources Become the Predominant Factor in Sporting Clubs' Successes and That of a Country's National Team? The Case of Turkish Basketball Clubs

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**Abstract** If we compare the economic rankings of countries to that of their national sports results, we notice that there is a strong correlation between the two. Indeed, the top 10 ranked economically find themselves in part, but only in part, at similar rankings on the sporting level. India and Brazil do not transform their economic performances on the sporting chart; Russia and Australia are better ranked on the sporting scale than from an economic point of view. We must note that the idea that sporting success principally means economic investment is a fairly recent observation and one that should be nuanced if we take the example of soccer in which clubs and national teams from smaller countries like the Netherlands or Portugal have excelled even when faced with large, economically strong nations like Germany, Great Britain, or France. It seems that the market's globalization as well as the sporting competition is a part of the explanation because it necessitates more and more cumbersome investments. But, public funding no longer suffices to finance sporting events and it is sometimes badly used by bureaucrats who lack expertise. As a result, the solution ends up being private funding from renowned enterprises that are efficient on the competitive markets. However, the funding capacity of enterprises is directly linked to the economic conjuncture of countries where the funding capacity develops. Turkey (classified 17th in the world on an economic scale and 41st on a sporting scale at Rio in 2016) constitutes a good illustration of this complex relationship between economic means and sporting results. The results of Turkey's basketball clubs attract attention. The qualification of the Fenerbahçe

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club during the last three ULEB Euroleague Final Four (2015, 2016 and 2017) and its Euroleague Final Four's title at the last edition (2017), or moreover Galatasaray's victory in the ULEB Eurocup (2016) represent exceptional successes that surprise sports analysts. However, behind these sporting achievements, privately funded money appears, given by sponsors who financed the construction of new sports halls and the recruitment of players on an international level. The sporting expenses of Turkish enterprises during the last 10 years have increased considerably, in relation to the good economic health of the country. We propose an analysis of the link between economic resources and sporting performance, applied to the case of sports in Turkey, in order to show the complexity of this issue. We shall see that the hypothesis of a direct explanatory influence is not always valid and that other factors should be taken into consideration.

**Keywords** Sports economics • Budgets of sports clubs • Sporting results • Sports sponsorship

## 2.1 Introduction

In 2015, the economy of the biggest and most popular sporting leagues was worth 40 billion dollars (Gayant 2016). This economy brought together major North American leagues (NFL, MLB, NBA, and NHL) and the top five European soccer leagues (Germany, England, Spain, France, Italy). Sporting clubs coming from these leagues thus dispose the financial means needed to optimize their sporting activities (the game itself and any peripheral entertainment) and the organization of the practice of these sports, but still without being able to guarantee their sporting results. Because sport stays fundamentally unpredictable, the very principal of sporting competition being that there is necessarily a winner and losers, losers who always have a certain probability of winning (Neale 1964; Sloane 1971; Vrooman 1995). However, an uneven repartition of means could impact the idea of fair competition; the clubs that are well-endowed financially can optimize their chances of success (in recruiting the best competitors, the best coaches, in investing in the best equipment, etc.) to the detriment of clubs that are less well-endowed (Andreff and Szymanski 2007; Andreff 2009).

More broadly speaking, if we compare the economic ranking of countries to that of their national sporting results (those of the Olympic Games in Rio in 2016), we also argue that there is another strong correlation to be found. Indeed, the top 10 on an economic scale (the USA, China, Japan, Germany, Great Britain, France, India, Italy, Brazil, Canada – according to the gross domestic product, The World Bank's PIB 2015) is found in part, but only in part, on a similar ranking considering their sporting successes (the USA, China, Great Britain, Russia, Germany, France, Japan, Australia, Italy, Canada). India and Brazil do not transform their economic performances on the sporting level; Russia and Australia are better ranked on a sporting

scale than from an economic point of view. In the great international soccer competitions (organized by FIFA and UEFA), the economic level of a country also influences the rankings but not in an automatic fashion (Drut 2014). Thus, the clubs and the national teams of small countries like the Netherlands or Portugal have at times excelled faced with great economic nations like Germany, Great Britain, or France. Because if the sporting competition imposes greater and greater investments, public funding (that of the states and of territorial communities – towns, regions) no longer suffices to finance events that cost more and more (notably in infrastructure); and it is at times not properly handled by bureaucrats who lack expertise.

As a result, the solution ends up being private funding from renowned enterprises that are efficient on the competitive markets (through sponsoring and direct investments in the clubs). However, the funding capacity of enterprises is directly linked to the economic conjuncture of countries where the funding capacity develops.

We propose a two-part analysis. Firstly, we shall see that the economic model of the biggest and most popular European soccer and basketball clubs appears to be a model of efficiency, the level of sporting success being relatively correlated with the clubs' budgets. Next, we will focus on and deepen our analysis using the case of Turkish basketball clubs in order to see if the European model is transferable to them and to see their special features.

## 2.2 The Economic and Sporting Model of Soccer Clubs and of Professional European Basketball

In 2015, the world economy of soccer was estimated at 145 billion dollars and was growing regularly at the annual rhythm of 3.5% (Les Echos 2012). This presents the particularity of associating a strongly expanding, globalized demand (notably following the opening of new markets in Asia) with a geographical near-monopoly of soccer club's products and services essentially situated in Europe. As a result, this structural imbalance is shown through inflation in the payroll and transfer rights (the market's balance essentially made up of the cost for players), as well as media rights and marketing.

In Europe, there is a relative correlation between soccer club's budgets and their sports performances (Kuypers and Szymanski 1999; Kuper and Szymanski 2012; Desbordes and Chanavat 2016; Pawlowski and alii 2010; Cetin and Tribou 2011, 2014; Drut 2014, Tribou and alii 2015). Indeed, possessing an income superior to the average of that of other clubs permits them to recruit the best current players for each team's key positions and to possess the best substitutes and to cope with the temporary unavailability of players, in offering them revenues that are higher than average and having the capacity to outbid on the transfer market by proposing more elevated rights than those of other clubs.

According to Deloitte, a consulting firm (cited by Le Monde de l'Economie 2016), out of the 3.3 billion euros spent by the top 5 European clubs in 2016, 1.4

billion was spent by English clubs (70 million average per club, 100 million for the top 4 clubs – Arsenal, Manchester United, Manchester City, and Chelsea, an all-time high for the transfer of Pogba from Juventus to MU for an amount of 105 million) and only 195 billion by French clubs. Let us highlight that these abnormal British club expenses are not always causally linked with their results: Manchester United and Chelsea not having access to UEFA Champions League this season (2016/17) in spite of their great investments. Note that this inflation of the rights of transfers is favored by the internationalization outside of Europe: the new Chinese, Russian, Indian, and Turkish clubs, as well as the Gulf Countries henceforth participate in the transfers bidding. For example, the transfer of the Brazilian Hulk from St. Petersburg at Shanghai cost the Chinese club 55 million euros, almost as much as that of the Stones to Manchester City (55.6 million).

And so, the payroll of English clubs reached 1.84 billion euros in 2013–2014 compared with 0.96 billion for French clubs (German, Spanish, and Italian clubs falling between 1 and 1.3 billion). English clubs are thus better financially armed to win European matches because, besides their financial capacity to put the best players on the field, they are also able to recruit the most reputable coaches and to invest in training infrastructures and thus to train at a better level. And this economic advantage's effect on the sporting results is accentuated following the signature of new media rights on the English market (3.6 billion euros in national and international rights per season for 2017–2018 vs. 745 million for French clubs). As a result, the last place club team in the English championship (Aston Villa during that season) will receive two times more rights than the winner of the French championship (Paris Saint-Germain). This confirms Barros and Leach's analysis (2006, in agreement with Guzman et Morrow 2007) that had shown that the efficiency of English clubs increases along with their budgetary size, in relation to the size of the city they are representing, insuring them the more or less important crowds of spectators.

This diversity regarding budgetary capacities results in economic models that are markedly different from one country to another, which weigh upon the competition conditions (Perri 2011). On the one hand, French clubs are constricted to a strong rigor of management under the strict control of the DNCG (Direction Nationale du Contrôle de Gestion – National Board of Management Control) which are exposed to a tax system which has the reputation of being the most cumbersome in Europe; on the other hand, the Spanish clubs which are strongly in debt and at the limit of bankruptcy are artificially supported by the Spanish State. The German clubs distinguish themselves by a profitable management of their renovated stadiums (notably in giving their names to these stadiums). But the generalization of the Break Even Rule of the UEFA should lead to harmonization.

Let us also consider that the sponsoring rights reinforce the economic inequalities between the clubs. For example, the English club Manchester United holds the record for its jersey branding (65 million euros spent by Chevrolet) and the record of equipment supplier sponsoring (97 million euros from Adidas), faced with a Paris SG that is three times less endowed (25 million euros from Emirates and 20 million euros from Nike) (Tribou 2016). A branding sponsor who aims to optimize his visibility in a championship will naturally have a tendency to principally orient his

investments towards the clubs which dominate the championships to minimize the risks of a below-par performance. A branding sponsor will equally be attracted to the opportunity to be able to fuse his image with that of celebrities from well-known clubs (the stars of Manchester United competing with those from Real Madrid; and forcing the less known players from Stoke City or from Sporting Gijon into the shadows). It is the Emirates' brand image strategy that is present on the English market with Arsenal (38.5 million euros), on the Spanish market with Real Madrid (30 million), and also the French market with Paris SG (25 million euros). At the same time, the equipment suppliers are also in the bid to dominate soccer: Adidas is in the lead with five major clubs (Manchester United – record of 97 million euros, Bayern 60 million euros, Chelsea 40 million euros, Real 39 million euros, Juventus 23 million euros, Milan AC 20 million euros), Nike having signed with Barcelona (35 million euros) and with Paris SG (20 million euros), Puma (Arsenal 42 million euros), and New Balance (Liverpool 35 million euros) limiting itself to a sole club (Tribou 2016).

Thus, we note a relative correlation between the club's economic means and their sporting results (Table 2.1).

But this assessment should be nuanced. Indeed, considering their budgets, the English clubs should largely dominate the European championships. Yet, the Spanish clubs experience greater success with, it seems, less financial means (Bridgewater 2010; Szymanski 2015, Grygowski and Tuillier 2016). How can this be explained? Using the following four explanations:

1. The first reason is primarily sports-related. Neale (1964; continued by Sloane 1971) emphasized the specificity of a sporting competition that rests upon the uncertainty of the result. Indeed, spectators' interest in attending competitions (notably soccer games) is linked with the non-predictable quality of the results. The effect of incertitude is a source of emotion and gives value to the sporting event. Even if the richest clubs regularly monopolize the top rankings, this challenges the growth of the market in provoking a rapid de-loyalty of the spectators (touched by discouragement). Thus, the completely unanticipated triumph of the club from Leicester City in the *Premier League* in 2015–2016 (faced with clubs with large budgets like Arsenal, Chelsea, and Manchester City) rekindled spectators' interest in the English championships. As a consequence of this characteristic, clubs that have the largest budgets are themselves too involved in the uncertainty of the sporting result, a probable but never certain result.
2. A second reason consists of the human factor, without a direct link with the financial means of clubs: the quality of the training methods for the players, of coaching for the matches, etc. (Lorca and Teste 2010). A less well-paid coach and thus very motivated to prove his/her talent may prove more effective than another famous coach who has nothing to prove. A player in the making, who is worth less according to the transfer prices, can also win in motivation versus a player who has accumulated fortune and celebrity. It seems that the motivation to win is not solely a question of revenues and of bonuses; or, more precisely, that this motivation also rests upon the revenues that one aims to earn in the

**Table 2.1** Sales figures for soccer clubs and for sporting results

Top 5 European clubs (2014–2015 season)	Total sales figures for the clubs (media rights, sponsoring, and transfers + ticket office income and by-products) (Mds€/ billions of euros)	Of which are national media rights (M€/millions of euros)	Of which are international media rights (M€/millions of euros)	Debt (M€/millions of euros)	Value of the number of players (Mds€/ billions of euros)	Number of winning clubs in the <i>League of Champions</i> and in the <i>Europa League</i> the last 10 years
English clubs	3.2	1298	850	3000	3.8	3
German clubs	2.5	641	45	691	2.4	1
Spanish clubs	2.3	625	236	3250	2.9	11
Italian clubs	2.2	857	117	1700	2.4	1
French clubs	1.3	607	32.5	153	1.5	0

*Sources:* DNCG Report, Bundesliga Report, Calcio Report, Liga Report, Guardian Review; in *Sport Eco*, 2/2016

future. Kuper and Szymanski (2012) thus explain why “the most expensive strikers aren’t those who score the most” (relating to the title of their work): a well-paid striker would be less motivated than another who aims to earn more money through proving that he is capable of scoring.

Managerial human resources are also involved. Meningou and Vierstaete (2012) note that the success of clubs is not always linked to their budgetary size owing to the fact that occasionally managers are irrational in their management choices. These authors cite the example of League 1 French clubs who stake everything on a hypothetical involvement in a European Cup, to the detriment of an ongoing National Championship (in regard to recruitments and of investments in infrastructures). A bad national ranking could prevent them from gaining access to the European level of competition.

3. But the explanation is also (and above all) economic. The very unequal repartition of media revenues and sponsoring of the Spanish Championship to the advantage of two dominant clubs (Real Madrid – ranked 1st and FC Barcelona – ranked 4th, in 2014–2015) is an element of explanation behind their European performances. The English clubs have more means, but they are more equally divided. Indeed, the English system of repartition is equally divided, between 20 clubs for half of the media rights, the other half being divided in function of the number of times the club games are broadcasted on various television channels (25% of rights) and of final ranking (25%). This results in English clubs in the middle of the table that are much better equipped than their Spanish competitors but Spanish clubs in the top 5 that are endowed with more income than their English counterpart.

Moreover, Pache and N’Goala (2011) note that the biggest and most popular clubs managed as if they were commercial enterprises tend to place the priority on the maximization of the most profitable income – media rights, sponsoring, by-products – and secondly on winning games. This is in accordance with Drut’s analysis (2014) that distinguishes the 100% sporting logic of national teams (their priority being to qualify and then to reach the final rounds) from the economic logic of clubs aiming rather for sales figures and a distribution of revenues to their stockholders (from the capital gain acquired from transfers) than sporting results.

4. Add a last explanation linked with the clubs’ debt. The Spanish clubs have the most in debt in Europe (3.24 billion €) ahead of the English clubs (3 billion), while the French clubs are the most virtuous and the least in debt (0.153 billion). Debt thus contributes to sporting success by reinforcing the financing capacity of the investment. It should be noted that the progressive implementation of the Break Even Rule by the UEFA will force the clubs that are in debt to better control their budgets, notably in the case of funding by stockholders (this especially concerns the English championship: 11 clubs are owned by foreign stockholders compared to 4 in France, 3 in Spain, 2 in Italy, and 0 in Germany). Be that as it may, currently, out of 30 European clubs that regularly find themselves in the finals of the *Champions League*, only 4 possess balanced budgets (Les Echos 2012).



This financial threat (the need to reimburse those who provide the finances) leads the managers to adopt management policies for the clubs in order to increase their cost-effectiveness. This happens through diversifying the entertainment offers (adding diverse peripheral products to the central product of the sporting competition: musical shows, sporting tourism, enterprises' seminars, catering, etc. – following the example of FC Copenhagen in which the soccer game itself was no longer the priority, but instead became less important than the other products and services that the soccer club offered, such as musical performances or catering. This was a result of the yield management's attempt to fill the stadiums (and to regulate income; if there are less spectators, the ticket prices become cheaper, or if the stadium becomes full, the ticket prices can increase). Some projects are under consideration – increase the attractiveness of the spectacle by adopting the rule of the offense point (the team with the strongest offense, scoring goals, being favorable in comparison to the defensive team, which is detrimental to the competition) and above all the project of adopting the North-American salary cap (establishing a ceiling for the salaries permitting the re-establishment of a minimum of sporting concurrence and to reduce the clubs' debt).

The economic model that soccer provides is transposable to other collective, professional sports, and notably to European basketball.

In soccer as in basketball, the record-holding European club is Real Madrid: 9 titles in the Basketball Euroleague and 10 titles in the Soccer League of Champions. The economic model seems to impose itself upon the two championships. The Euroleague organized by the ULEB (European Association of Basketball Leagues) is a semi-closed league: out of 16 clubs in competition, 13 are assured to not be relegated; the others are each invited to sporting seasons. The objective is to move towards a closed league (a private league such as the NBA) in 2019, bringing together the clubs from the main cities. Let us note that basketball is currently at the center of a major conflict between the international historic federation (the FIBA) provided with a subsidiary for Europe (FIBA Europe, association of German rights) and the ULEB (private company of Spanish rights) created in 2000 to develop more attractive competitions for the media and for the sponsors. Up until the 2015–2016 season, the ULEB organized the two main competitions (*Turkish Airlines Euroleague*, C1, and *Eurocup*, C2) while the FIBA organized the *FIBA Europe Cup*, C3, which received less attention from spectators, particularly on television. Since the 2016–2017 season, the two entities are in an open conflict. The FIBA created a new private society of Swiss Rights (the *Basketball Champions League* held at 50% by the FIBA, at 50% by the 10 national leagues) opposing itself head-on to ULEB in C1 with rival competitions: a *Champions League* in C1 and a *Europe Cup* in C2. This struggle for power is not only sports-related, it is above all economic, and the expression of the choice of sponsors and of media outlets. The ULEB signed a contract worth 600 million euros with IMG Media, in addition to the contract with Turkish Airlines permitting their name to be on the stadium as well as with a pool of partners determined to weigh in on the sporting competition, whereas the FIBA struggles to find sponsors. This illustrates the growing role of economic partners in the organization of the sport spectacle: the sponsors, certainly, but also the owners/



investors from the biggest and most popular clubs, the equipment suppliers who provide for the teams, and the media who diffuses the images. This economic weight of the ULEB explains assembly of the biggest and most popular clubs: Real Madrid, FC Barcelona, CSKA Moscow, Maccabi Tel Aviv, Olympiacos Athens, Fenerbahçe Ülker, and Anadolu Efes Istanbul notably.

Drut (2014) shows that an open league certainly forces clubs to compete with one another in order to avoid the descent into a lower division but also to accumulate preventative resources to keep in reserve in case they face relegation (notably due to the revenues used for transfers). In comparison, the closed league could lead to a club that is certain of its maintenance, to neglect the sporting results and the ranking in order to concentrate their energy on optimizing the marketing and financial products (media, sponsoring, licensing, trading of players). However, this takes on the risk of losing its crowds of live spectators who stay very attached to the results (Andreff 2009). The solution adopted by the richest clubs is to guarantee crowds through the presence of celebrities (that they collect from training centers of the less prestigious clubs). They no longer need to train players, but instead can buy whichever players they like from the less wealthy clubs.

Let us illustrate our analysis through the case of the Professional Basketball Championship in France that possesses an average club budget of 4.66 million euros (M€) and a brute, average mass salary of 1.51 M€. This signifies that a third of the budget goes to the salary of the players and of the technical staff. Thus, the smallest club (Le Havre) that has 4 times less financial means for recruiting the best players and coaches than the biggest club (Limoges) will begin the championship with a heavy handicap. There is thus a disparity of chances and an unfair sporting competition.

When we analyze the relationship between the budgets and the sporting results of 18 Professional French clubs, we observe a relative correlation. Indeed, the sporting ranking for 2015–2016 shows that the top 5 championship teams are all in the top 8 concerning their budgets, but in a markedly different order (Table 2.2): Chalons obtained a 4th place with a budget ranked 8th, whereas Monaco finished first with the 6th place budget. The last team according to the rankings – Le Havre – is also the club possessing the smallest budget (2.58 M€).

But let us note the counterexample of Limoges, which falls at the 10th place of the championship in spite of the highest budget of the Pro A (7.67 M€).

**Table 2.2** Top 5 championship rankings of basketball Pro A in France: 2015–2016 season

Ranking of clubs	Budgets
1. Monaco	6th budget: 4.71 M€
2. Strasbourg	2nd budget: 6.23 M€
3. Le mans	4th budget: 5.85 M€
4. Chalons	8th budget: 4.63 M€
5. ASVEL	3rd budget: 6.21 M€

It is also appropriate to take into account the internal budgetary structure of clubs. Certain clubs assigning a larger part of their budgets to the payroll than others, they increase their sporting capacities, or their ability to win games, in being able to recruit the most expensive players. This is the case of Monaco who, despite a modest 6th place budget (4.71 M), possesses the third mass salary of the championship. This permits Monaco to recruit even more sporting talents (under leadership of their Ukrainian president who is a banker).

The relationship between financial resources and sporting results thus must be clarified. An in-depth analysis of the Turkish Basketball Championship will permit us to propose an initial model.

## 2.3 The Case of Turkish Basketball Clubs

Currently, it seems that without the financial contribution of private or public enterprises, the sporting success of Turkish clubs and teams would no longer be possible (Cetin and Tribou 2011, 2014). Yet, the sports sponsoring investments depend upon the economic health of a country. If the economy is growing, the enterprises possess the means to invest in sports; on the contrary, reductions in expenses principally affect communication and notably sponsoring. The example that Turkey provides us is indicative of this (Polo 2012).

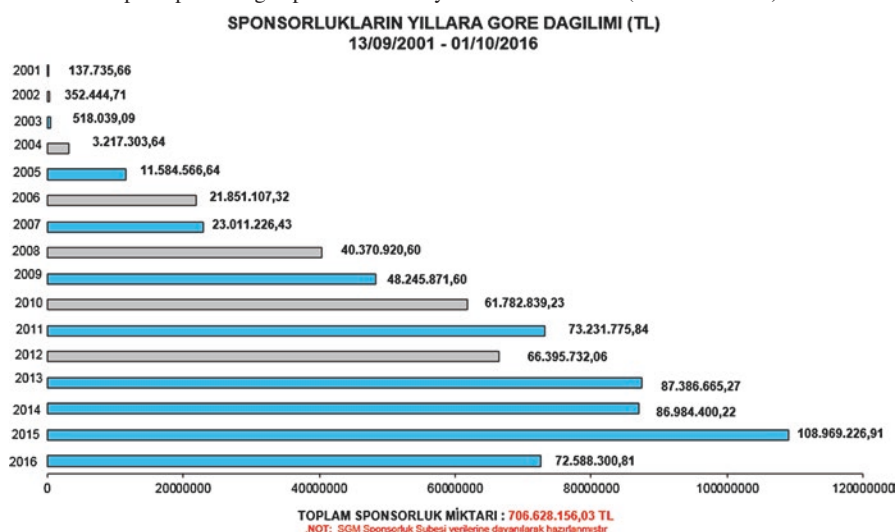
We propose an analysis of the causal connection between the sporting performances of Turkish basketball clubs and the economic investments of those who finance them (viz., through applying the European professional club model mentioned above) through the research of documents as well as a series of interviews with the sponsoring managers of the main Turkish enterprises.

The Turkish economy is ranked 17th globally and has more or less stayed in this position for more than 20 years. Indeed, the gross domestic product of the country (GDP) has grown regularly since the start of 2000; it passed about 265 billion dollars in 2000, to reach more than 480 billion in 2005, approaching 720 billion in 2015 (Table 2.3). It has thus multiplied by 2.6, which permitted the Turkish economy to wield the resources in order to notably invest in sports, in a country possessing a player and spectator potential of 80 million inhabitants.

**Table 2.3** Evolution of Turkey's GDP (millions of dollars, 2000/2015)

Year	GDP	Year	GDP
2000	265.384	2009	616.703
2001	196.736	2010	731.608
2002	230.494	2011	773.980
2003	304.901	2012	786.283
2004	390.387	2013	823.044
2005	481.497	2014	799.001
2006	526.429	2015	719.620

Source: National Bureau of Statistics (TUIK)

**Table 2.4** Sport sponsoring expenses in Turkey from 2001 to 2016 (in Turkish liras)

Total sum: 706, 628, 156.03 Turkish liras (TL)

Source: Sponsoring Office

Indeed, despite the context of a global economic crisis, the Turkish economy has strongly developed itself with the fulfillment of great works of infrastructure (in the sectors of transportation and of construction) notably linked with sports. Certainly, thanks to public financing, twenty-something soccer stadiums were constructed all over the Turkish territory and numerous sports halls were built in order to host clubs, their players and their spectators. Thus, Istanbul has three sports halls (Fenerbahçe Ülker Arena, Sinan Erdem, and Abdi İpekçi) with a capacity of 15,000 spectators and 5 sports halls with a capacity varying between 5000 and 7500 spectators, which renders the city the European capital of basketball in terms of crowds (according to the French sports newspaper *L'Equipe* from November 4, 2016).

Turkish economic growth has equally had a remarkable impact on sports sponsoring expenses. According to the information from the Turkish office of sponsoring (dependent upon the Sports Minister, Table 2.4), these expenses went from an annual sum of about 140,000 Turkish liras in 2001 to 60 million in 2010, achieving 109 million in 2015 (equivalent to about 37 million dollars). From 2001 to 2015, the sum of sponsoring expenses was 706 million Turkish liras (235 million dollars), and this “explosion” of sponsoring investments continued (with the exception of the year 2012). Let us note that without a doubt the reality surpasses this figure, because the official Sponsoring Office does not take inventory of the totality of its expenses (as certain sponsors do not officially declare their expenses).

According to the Sponsoring Office, the finance sector is the sector that spends the most. During the last 15 years, their investment in sports has risen to 145 million Turkish liras (equivalent to 48 million dollars). At 2nd place for investors, we find the sector of services with 103 million in expenses (34 million dollars), then the transportation sector (30 million dollars), the electricity and electronics sector (18 million dollars), that of construction (17.8 million dollars), of the food processing industry (14.5 million dollars), of the sporting industry (12.6 million dollars), of health (9.3 million dollars), of telecommunication (7.5 million dollars), and of the automobile (7 million dollars).

Within each sector, it is remarkable to note that the companies that attain the largest sales figures are those that invest the most in sport. This is notably the case of the two first Turkish companies – Turkish Airlines (Table 2.5) and Türk Telekom (Table 2.6) – of which the brand values are estimated at 2.5 and 2.4 billion dollars and who are the two main sponsors of the country (Table 2.7).

**Table 2.5** Interview with Ergün Köksoy, brand supervisor of Turkish Airlines (verbatim)

Since 2000, Turkish Airlines has had a strong economic development in direct relation to our sponsoring activities. In 2003, we had 65 planes for 10 million travelers, 335 and more than 60 million in 2016, with destinations including 117 countries. In 2016, we were selected as the best Turkish brand and as one of the best in Europe.

Turkish Airlines started their sponsoring in 2010 in the soccer clubs Manchester United and FC Barcelona, next with popular athletes like Kobe Bryant (NBA), Lionel Messi (soccer), and Caroline Wozniacki (tennis). Our objectives were to develop our notoriety on a global level. Currently, we are diversifying our contracts by including other sports like golf or rugby but also by including other cultural and social projects in order to show our citizenship.

With our sponsorship of Euroleague basketball (until 2020) with strong notoriety, we seek to reach an international target: firstly, basketball fans in Europe and, beyond that, the spectators in the rest of the world, because Turkish Airlines Euroleague is broadcasted in 200 countries to about 2 billion people. Prior to, during, and after the games, we lead different expediting operations for our brand.

At the same time, soccer sponsoring allows us to reach a larger public, notably during Euro 2016, because soccer is the most followed sport in the world and the most efficient for reaching our target. Further, our tennis sponsoring, as well as golf and ruby sponsoring, seeks to reach the business class.

Sponsoring also permits us to lead hospitality operations with our partners and with our clients and to present them with our products. For example, during Euro 2016, our airline hostesses welcomed the soccer players, like in a company airplane in order to show our know-how concerning how we welcome our clients. We renovated the same promotion for the Antalya golf event, because reception and welcoming are important values in Turkey.

**Table 2.6** Interview with Celal Ayyildiz, Turk Telekom Sponsoring Manager (verbatim)

*With all of these sponsoring investments in the sports domains, Turk Telekom has become a brand that all the soccer fans know. They remember and like our brand. Our contribution to Turkish sports conforms to the identity of our brand. We bring to sports what we bring to the country: an added value. No matter how the clubs perform, well or badly, our support strategy stays the same.*

**Table 2.7** Ranking of Turkish companies according to the value of their brands (ranking from Brand Finance 2016 – <http://brandfinance.com>) and sponsoring activities

Company and brand value	Sponsoring	Company and brand value	Sponsoring
Turkish Airlines: 2.5Mds (billion)	Basketball (ULEB Euroleague, Turkish Federation), soccer (UEFA), rugby (rugby challenge cup, IFK Helsinki), tennis (tournaments), golf (tournaments), equitation, windsurfing, etc.	Turkcell: 1.4 billion	Basketball (federation), track (federation), soccer (federation), swimming (federation)
Türk Telekom: 2.4 Mds (billion)	Basketball (Türk Telekom club), soccer (naming the stadium Türk Telekom Arena, clubs from Fenerbahçe, Galatasaray, Trabzonspor)	İş Bankası: 1.3 billion	Chess games (federation)
Arçelik (Beko): 1.9 billion	Soccer (brand: Beko – FC Barcelona), basketball (FIBA and national leagues from Germany and Italy)	Anadolu Efes: 1.2 billion	Basketball (Anadolu Efes club – men's team)
Akbank: 1.6 billion	Cultural sponsoring	Yapi Kredi: 0.98 billion	Football (UEFA Champions League)
Garanti Bankası: 1.5 billion	Basketball (federation)	Halkbank: 0.958 billion	Volleyball (Halkbank club, men and women's teams)

**Table 2.8** The criteria behind the choice of sport used by Turkish Airlines

1. Develop the notoriety of the brand
2. Bring positive, measurable values to the brand – values that conform to the identity and to the strategy of the brand
3. Reinforce the brand's position in relation to its competitors
4. Allow the realization of public relations operations with partners as part of the sporting events
5. Increase the size of clientele's wallets and their customer loyalty through hospitality operations

Source: <http://www.turkishairlines.com/tr-tr/kurumsal/sponsorluklar>

Among the other most active companies, let us equally cite Beko/Arçelik (from the Koç Group), Turkcell, Lassa, Garanti Koza, Doğuş Group, and Ulker; and let us note that certain companies with an international dimension equally and logically invest outside the borders of the country. But one of the most dynamic on the sporting scale is the aeronautical company Turkish Airlines (Table 2.8). Its name is directly associated with the Euroleague basketball (in the form of a contract that obligates the ULEB, the owner of the event, to evoke the name of *Turkish Airlines Euroleague* to the media); this company was also a sponsor of the UEFA through *Euro 2016* and also sponsored tennis, golf, and rugby events both in Turkey and abroad. Let us note that its sporting activism correlates with its economic growth and its privatization started in 2006 (more than half of the capital): the number of travelers transported passed 12 million in 2004 and went to 61.3 million in 2015,

and the company is now worth 2% of the country's economy. Another company is also fully present in sports; the society of the sector of electrical appliances Beko. This company sponsored many national European leagues like those from Germany, from Italy, and from Lithuania (Cetin, 2015: 244); this company is equally a partner of the FIBA (the official federation of basketball competitor of the ULEB) and of Barcelona's club. Also let us name the company Garanti Koza, from the construction sector, which strongly invested in tennis in becoming, in 2016, the Gold Sponsor of the final tournament of the ATP Masters (bringing together the top 8 players), that of Sofia's ATP tournament in Bulgaria and the ATP and WTA tournaments (ATP male players and WTA female) in Istanbul.

The role of sponsors in the development of Turkish sports has been primordial. Indeed, apart from some traditional sports like wrestling or weightlifting, Turkey has never shined in sports until the 1980s. Historically, the shortfall in sporting results is explained by the weak interest given to the sport by the Turkish politicians (different from European, Occidental politicians who very quickly understood that sport, very popular, could help them win elections). Another explanation emerges when one associates the degree of political stability of the country with its sports performances. Indeed, since 1945, each period of stabilization has been followed by sports successes. Thus, from 1950 to 1960, the Democratic Party permanently installed in power recorded 19 Olympic medals (including 12 gold in the 1952, 1956 and 1960 Olympic Games), then the number of medals fell (6 in 1964, 2 in 1968, 1 in 1971, 0 in 1976) in a context of political chaos (coups and terrorism). Similarly, from 1983 to 1991, the ruling Anavatan Party counted 11 medals (including 3 gold in the 1984, 1988, and 1992 Olympics). Since 2002, the current AKP Party already has 30 medals (including 6 gold at the 2004, 2008, 2012, and 2016 Olympics).

The economic consequence has been the chronic weakness of public budgets assigned to sports, not deemed a priority faced with societal urgencies like defense (the army) and education. However, at the start of the 1980s, a small number of pioneering enterprises from Istanbul took an interest in collective sports that attract a lot of spectators like basketball and volleyball. They decided to promote the sports that, according to these enterprises, were summoned to develop themselves in the Occidental world. Let us note that at the head of these companies were bosses that were convinced of the future of Turkish sports not only in the economic interest of their companies but also as a means of socialization. From the start, the sponsoring from these companies took on a "citizenship" dimension: helping with sports development certainly for commercial reasons (the sponsors acquiring the notoriety and enhancing their image) but also for reasons of social responsibility. Let us look at the example of the pioneer Eczacıbasi, a pharmaceutical company that created its own basketball team between 1970 and 1980. The company thus actively participated in the development of Turkish basketball in rendering it popular and in "exporting" it beyond the borders (Atabeyoğlu 1970: 99; Cetin 2015: 283; Gencer and Berkman 2004). The club Eczacıbasi also formed numerous players and coaches who became the best in the country and who found themselves on the uniforms of the Turkish

national team (named Balkan champion in 1981 then qualifying for the final round of the European Championship in 1993).

Following the example of Eczacıbaşı, the brewing company Efes Pilsen took the reins. This company also created its own basketball team in 1976 and, during 40 years of involvement in Turkish basketball, Efes Pilsen won the title of Turkish champion 13 times, the Turkish Cup 10 times, and the President's Cup 10 times. Its sporting successes also exceeded the national scope through the realization of historical achievements on the European level (participating in the Final for the *Cup of Cups* in 1993, their title from the *Korac Cup* in 1996, two qualifications in the *Final Four* of the Euroleague/SuproLeague in 2000 and in 2001). Thus, Efes Pilsen was the first Turkish basketball team to play in a European final, to qualify for the *Euroleague's Final Four*, and to win a European Cup. This also opened door of the North American NBA to Turkish players (Mirsad Turkcan and Hidayet Türkoğlu were formed by Efes Pilsen).

And so, the Efes Pilsen club has long been considered the main Turkish basketball school that permitted the other clubs in the Turkish championship to be supplied with high-level players. The club's sporting success also permitted the bettering of the national team's performances, composed of multiple players from Efes Pilsen (notably during the Final of the European Championships in 2001, then on a global level in 2010). Despite being defeated twice in the finals, Turkey has become a major player in European basketball. One could even argue that Efes Pilsen has become one of the great brands of European basketball.

The marketing analysis that one could undertake using Efes Pilsen's investments in sports sponsoring for over 40 years leads to the analysis that their main objective was strategic. Indeed, since the start, the company's marketing directors posed as a hypothesis that the combination of the product of beer and the spectacle of basketball was able to shape an association profitable for the brand. In the 1980s, the Turks wished to gain access to an Occidental way of life, and, for them, consuming beer or interesting themselves in a sport with media coverage like basketball could appear as a symbol of this way of life (Okay 1998, 329). The branding strategy worked perfectly because it largely dominated the Turkish beer market for more than 30 years, with 70% of the market. The competition is, because of this, completely stifled and absent on the sporting scene. The second reason that this marketing option was able to be communicated through sports was the promulgation of a law in 1984 making it illegal to advertise alcoholic beverages. Following this law, the sales of Efes Pilsen fell by 50%, which forced the company to react by amplifying their sponsoring investments, notably in basketball (Okay 1998, 329).<sup>1</sup>

In the Turkish economy, Efes Pilsen constitutes a reference, an example to follow. Their sporting and commercial success incited other companies to invest in basketball as well. Among these companies, Ülker, a cookie brand, also formed their own team in 1993 and this team became the great rival of Efes Pilsen until

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<sup>1</sup>In 2011, Efes Pilsen was forced to modify its name following the promulgation of the law that forbids the presence of tobacco and alcohol brands in sporting and musical activities. The club has since been named Anadolu Efes.



2006. Thanks to this rivalry between these two teams from Istanbul, basketball gained popularity. Today, it is the second most popular sport after soccer. And other enterprises, other brands, followed the movement initiated by Efes Pilsen: Tofas (Bursa), Oyak Renault (Bursa), Türk Telekom (Ankara), Tuborg (İzmir), and Banvit (Balıkesir).

If we consider that the three main sponsors of Turkish basketball are Efes Pilsen, Ülker, and Tofas (from the automobile sector), we are dealing with three clubs disposing budgets that are 2–3 times higher than the average of other clubs and who have dominated the championships from the beginning of the 2000s. This permits these clubs that are more financially endowed by their sponsors to recruit the best Turkish coaches and players but, above all, foreigners. As a consequence, between 1995 and 2006, Efes Pilsen won six national titles, Ülker won five titles, and Tofas two titles, very far ahead of the other clubs.

However, the sponsors had to deal with the difficulty of having to fill the sports arenas and halls, that being an essential condition for the success of their communication strategies. Indeed, even if the media broadcasts the game, it is necessary that the halls be sufficiently filled to guarantee a certain ambiance. Because with a lack of ambiance, the media audience might turn away from the televised game or from the Internet sites (Tribou 2016). If during the European Cup games, the halls were full (bringing together between 10,000 and 15,000 people, notably thanks to partner enterprises who took on the habit of distributing free tickets and of organizing transportation for the fans), however, the National Championship games took place in halls that were practically empty. This led the sponsors to put pressure on the broadcast media by putting the purchase of advertising venues into the balance and, for certain ones, by reviewing their strategies.

Thus, in 2006, Ülker decided to dissolve its team, in order to transfer its capital to the country's most popular club: Fenerbahçe. This decision to invest in a club with strong notoriety wielded fruit. Indeed, Ülker's sponsoring helped the club construct its own hall of 15,000 people in 2012, for an overall cost of 60 million dollars. This ultramodern hall (the Ülker Arena) with its 44 boxes and its VIP areas also offers restaurants that attract the spectators. Further, for more rent-ability, the hall also welcomes cultural activities outside of the basketball games. The financial contribution from Ülker made Fenerbahçe into one of the most successful basketball teams in most recent years. Indeed, the club qualified for the last three Final Fours of the Euroleague (2014/15, 2015/16 and 2016/17; F.Bahçe won the Euroleague title at the last Final Four -2016/17- which has been organised in Istanbul) and it has become the second Turkish team (Efes Pilsen) to achieve this European feat.

The money from sponsors thus greatly contributes to sporting success. According to Maurizio Gherardini (former manager of the Toronto's NBA club and currently Fenerbahçe's manager), the success of the club makes sense because "here there are the best coaches, the best players and above all the best sponsors (...) within what is today the best league in Europe" (*L'Equipe* newspaper, 4/11/2016). For example, this exterior financing permitted the club to recruit, in 2013, one of the best coaches in Europe and the most well paid, the Serbian Zeljko Obradovic (winner of eight editions of the Euroleague with the biggest and most popular clubs: Partizan,

Badalona, Real Madrid, Benetton, and Panathinaikos). The president of the club, Aziz Yildirim, completes the analysis of the manager (Hurriyet; 14 May 2016). According to him, the club that spent 120 million euros in 4 years for an income of only 60 million euros wouldn't have been able to survive economically without exterior help. Further, the assistance is also public if we consider that the Turkish state accords a fiscally advantageous system to the clubs (with a tax rate of about 15%, that is to say, largely less than in other European basketball countries). This indirect assistance from the state also translates itself into a sporting advantage for recruiting the best players on the continent because; besides a less burdening tax for the clubs, the players are not directly required to pay taxes. They receive the net salaries (after the tax deductions), the clubs taking the responsibility for the taxes.

Another example of the role that the sponsors play in the clubs' sporting success is provided by the Darüşşafaka club. The company Doğu Group (a group present in multiple sectors: banking, real estate, media, construction, tourism, automobile, etc.) became Darüşşafaka's sponsor in 2014. However, at this time, the club played in the second division. In 3 years the club, with the economic support of Doğu, reached the first division of the Turkish Championship and also reached the Euroleague by benefitting from wild cards (at two separate occasions: in 2015/16 and in 2016/17). But why is there this mark of favor from the organizers the Euroleague?

The first reason concerns finances. Doğu Group, the main sponsor of Darüşşafaka, is also a sponsor of the Euroleague (along with other brands like Seat and Zubizu that are close to the group). We can thus suppose that the decision to give favor to Doğu is linked with its financial influence. The second reason is marketing. Doğu Group financed the transformation of an auditorium in Istanbul into a space able to welcome international basketball in conformity with the Euroleague's standards. The Volkswagen Arena (from the name of the German brand distributed by Doğu in Turkey) can welcome 5000 spectators and offer them a spectacle worthy of the best sporting arenas of the North-American NBA (giant central screen, electronic scoreboards, light shows, music, games for the fans, dance shows during the time outs, etc.). The amount of Doğu Group's investment is secret (it is the law in Turkey), but it is estimated that the club's budget is around 20 million euros of which a great portion is provided by the main sponsor.

Other examples of fruitful "marriages" between clubs and sponsors could be noted, like that of the great rival of Fenerbahçe – Galatasaray – and the bank Odeabank. This certainly contributed to Galatasaray winning the ULEB Eurocupin 2015/16 and being able to participate in the ULEB Euroleague. It seems that in the absence of financial support, Turkish clubs did not have any chance to succeed sports-wise, because the revenues of the ticket office and media rights did not suffice in compensating for the minimum expenses in order to reach the European level. We can also use the example of the club of Beşiktaş sponsored by Sompō Japan or even that of Karşıyaka sponsored by Pinar; these two clubs finding themselves in the Champions League of the FIBA in 2016–2017.

The main result of these interviews with the club managers and the companies is to be able to explain where the motivation of the enterprises is principally located.

According to them, this motivation is based upon the public's interest for basketball and the media broadcasting of the games, because along with the modernization of the sporting halls, the crowd attendance regularly increases. Thus, at the time of the Euroleague games, the sporting halls of the biggest, most popular, sponsored clubs are more or less full (95% on average for Fenerbahçe, between 80% and 85% for Darüşşafaka, between 65% and 80% for Galatasaray, between 50% and 70% for Efes). Another factor in the positive attitude of sponsors is the broadcasting of the games. The competition between television channels is very lively as many public and private channels are candidates for the broadcasting of the clubs' games. During the 2016/2017 season, two private channels (Lig Tv and NTV Sport) and the public channel TRT broadcasted the Euroleague games, while another private channel (A Sport Tv) broadcasted the FIBA Champions League games.

## 2.4 Conclusion

The analysis of the economic situation of Turkish basketball clubs in regard to their sporting performances shows the existence of a particularly causal link. A club has little chance of success in the absence of financing that permits it to recruit the best players and coaches and to have at their disposal a sports hall equal to their sporting ambitions. In the Turkish case and unlike Western European clubs (for whom the media rights weigh very heavily), the provisions from sponsors seem determining. A Turkish club can only very difficultly be successful without aid from partners.

However, it is necessary to note a negative effect to this providential financing. Since the 2015–2016 season and under pressure from sponsors, the clubs are authorized to integrate even more foreign players into their clubs than before. It is now possible that the 5 starters, a group that earlier would have consisted of a minimum of two Turks, henceforth consists of 100% foreign players. As a result, the clubs play more and more with numbers that are predominantly, even exclusively, foreign. Fenerbahçe, for example, does not use practically any Turkish players in the Euroleague. The Turkish players thus progressively lose expertise and the national team seems to be on the decline. Indeed, since the Euro 2011, Turkey has no longer qualified in the quarterfinal. Thus, the better results obtained by Turkish clubs thanks to their sponsors should be put into perspective by the not-so-good results of national teams.

Further, Turkish enterprises do not only sponsor Turkish basketball clubs, they also collaborate directly with the organization of international federations (notably the ULEB). Thus, Turkish Airlines is the main sponsor of the Euroleague until 2020, at the side of Doğuş Group, of [Nesine.com](http://Nesine.com), of Zubizu, and of Tadim, co-sponsors of this major European basketball event. And it is not by chance that the ULEB chose Istanbul as the organizing city of the 2017 Final Four (for the second time after 2012). At the same time, they also are interested in other collective, popular sports like soccer or volleyball. Thus, the bank Vakifbank accompanied its female volley-

ball team to the title of the Champions League in 2016 and financed the construction of a new sports hall in Istanbul.

However, this implication on a sporting scale for Turkish enterprises remains fragile, as it is directly dependent upon the good economic health of a country in a very uncertain international geopolitical context.

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