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**Brand Valuation in the
Global Football Industry:
The Impact of Brand Value
on Capital Market
Dynamics**

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Introduction

In recent decades, football has evolved from a simple sporting competition into a complex global entertainment industry, in which clubs operate much like multinational corporations within capital markets. Against this backdrop, and consistent with the growing importance of intangible assets in the modern economy, the corporate brand and its associated relational value (brand equity) have become key drivers of competitive advantage and long-term value creation.

However, the financial measurement of a football brand presents complex accounting challenges. International standards (primarily IAS 38) prohibit the recognition of internally generated brands on the balance sheet, creating a structural gap between accounting net worth and actual Enterprise Value, a gap that can only be bridged through external valuations or during extraordinary transactions. In a sector characterized by highly volatile operating revenues (heavily dependent on the uncertainty of on-field results), accurate brand valuation and management prove essential for attracting investors, stabilizing cash flows, and mitigating business risk.

This thesis aims to examine the economic processes through which brand value is generated, protected, and quantified within the global football industry, analyzing the extent to which brand equity influences the financial stability of sports clubs. The work is structured into four chapters:

- Chapter 1 analyzes the historical evolution, macroeconomic impact, and financialization process of the football industry, ranging from the role of stock markets to legislative reforms.

- Chapter 2 outlines the theoretical framework regarding intangible assets and brand equity (drawing on the models of Aaker and Keller), while examining rebranding strategies as a lever for international repositioning.
- Chapter 3 develops a comparative analysis of fair value estimation methods (Cost, Income, and Market approaches), highlighting their structural limitations and the prerequisites for their application to strategic assets.
- Chapter 4 presents an empirical case study based on Brand Finance’s “Football 50 2025” report. By applying the Relief-from-Royalty method, it analyzes the valuations of top European clubs (such as Real Madrid and PSG) and the commercial challenges facing Italy’s Serie A in the global market.

Chapter 1: Football: evolution from sport to global industry

1.1 The Football System: Economic Dimensions and Social Impact

Over the years, football has transcended the concept of sport, becoming a true vehicle of communication and passion. It's undeniable that today, football is no longer seen as a simple game, but as an instrument capable of bringing people together, simultaneously establishing itself as a global business sector. This shift over the last 30 years has also meant that the presidency and management of clubs has gone from being a simple sports club to a well-structured organization, made up of managers and experts capable of governing real businesses.

Just to give a glimpse of the relevance, importance, and influence this sport has on today's society, consider these data: below are information from Report Calcio 2025, the annual report on Italian and international football developed by the Federation Study Center (FIGC, Federazione Italiana Giuoco Calcio, Italian Football Federation), in collaboration with AREL (Agenzia di Ricerche e Legislazione, Research and Legislation Agency) and PwC Italy¹. It's clear that football is still the number one sport in Italy today, both for amateur and professional players, and for the number of followers and fans that professional teams generate.

According to Report Calcio, *"the football system's main asset is represented by youth activity, which involves nearly 900,000 young footballers, with almost one in four*

¹ FIGC, Federazione Italiana Giuoco Calcio. (2025). Report Calcio 2025.
<https://www.figc.it/it/federazione/federazione-trasparente/reportcalcio>

children between the ages of 5 and 16 registered with the FIGC." Another positive element is undoubtedly the exponential growth of women's football, as registered players more than doubled between 2008 and 2024, reaching nearly 50,000. Furthermore, the women's football movement produces a total value of €3.2 billion in terms of impact on Italian GDP, also thanks to the incredible increase in TV ratings for the women's Serie A over the last three years.

Another important aspect is undoubtedly the way this sport serves as a vehicle for integration and inclusion, being a very useful tool for bringing together and uniting different peoples and cultures, especially at a young age. There are approximately 60,000 young foreign-born soccer players in our country today, that is, 10% of foreign students between the ages of 5 and 16 enrolled in Italian schools, coming from approximately 150 different countries.

That said, Report Calcio contains also useful information regarding the following that professional football has, with data that allows us to understand how simple football clubs have become, over time (especially in the twenty-first century), real companies attentive to profit, to the maximization of revenues and the minimization of costs.

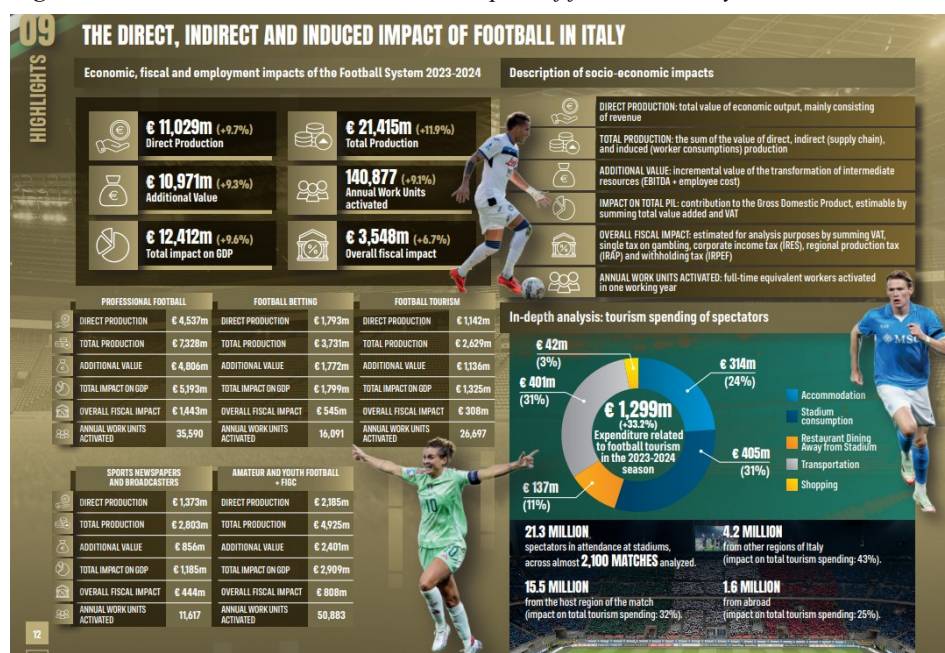
In this sense, the number about people watching this sport is quite self-explanatory: *"football continues to be one of Italians' great passions, with over 30 million interested people that are over 18, and it is considered the most followed sport among both men (79%) and women (41%). Specifically, the TV audience in 2023-2024 exceeded 470 million viewers in Italy, and the cumulative global audience nearly reached 2.8 billion; considering Serie A alone, 710 million fans follow the Italian top division worldwide, a*

75% increase compared to 2021-2022. 67% of fans worldwide also believe that the Italian top division is a symbol of Made in Italy at the international level”.

Another key aspect is the follow-up these professional clubs have on social media, on which they are considered leading companies in Italy, “with approximately 300 million fans and followers, 3 billion interactions, and 3.3 billion views on YouTube”. This virtual dimension is closely related to people's engagement with team brands, as this can be considered an element capable of building fan loyalty and bringing value to sports clubs. Therefore, as will be discussed in detail later, team logos have incredible value and importance. Certainly, fan brand engagement with a team can be influenced by various factors, such as sporting results or the purchase of iconic players who generate higher revenues and increased brand value, but this will be addressed in more detail later.

Returning to some numbers that allow us to understand the economic impact football has nationally and internationally, the following data is presented.

Figure 1: The direct, indirect and induced impact of football in Italy



Source: FIGC, Federazione Italiana Giuoco Calcio. (2025). Report Calcio 2025.

This figure presents data describing the impact of this discipline on the country, considering three distinct yet interrelated aspects: the direct impact (which concerns the value of production linked to core football activities, like revenues from TV rights, sponsorships, and merchandising). The second is the indirect impact, for instance the impact of the supply chain; in other words, it is the value generated by those companies that produce goods and services for the football world (examples include sports equipment suppliers or security personnel). The third impact is the induced impact, meaning, workers' consumption in the general economy; it is equal to the value generated by employees in the football system (including companies in the supply chain) who spend their salaries on goods and services such as food, transportation, etc.

Below are reported key figures to highlight this impact:

- Total production of € 21.415 million (+11,9%), which is the total of the three value productions aforementioned: direct, indirect and induct;
- Total impact on GDP of € 12.412 million (+9,6%), which in an index that shows the total value of final goods and services produced internally in a country in a given period of time; here the contribution to Gross Domestic Product is estimated by summing total value added and VAT (Value Added Tax);
- Overall fiscal impact of € 3.548 million (+6,7%), meaning taxes generated by football sector for the benefit of the country. It is estimated by summing VAT, single tax on gambling, corporate income tax (IRES, Imposta sul Reddito della Società), regional production tax (IRAP, Imposta Regionale su Attività Produttive) and withholding tax (IRPEF, Imposta sul Reddito delle Persone Fisiche);
- Annual Work Units activated equal to 140.877 (+9,1%):

- Tourism spending of spectators equal to € 1.299 million (+33,2%), which is equal to the expenditure related to football tourism that comprehends accommodation, stadium consumption, transportation etc.

As mentioned, revenues in the sector also have a favorable impact on the State, especially at the fiscal level. Indeed, tax and social security contributions from the professional sector alone over the last 17 years have reached an aggregate of almost €20 billion. Indeed, for every euro invested by the Italian government in football (considering the contributions paid to the FIGC through the CONI and Sport and Salute filters), the country system achieved a return in tax and social security terms of €20.5, representing a formidable investment multiplier.

This shows how football today is no longer simply a sport or a form of entertainment, but a true economic engine for the country. It is, in fact, a business with a very high return on investment, and demonstrates how the money invested by the State is only a minor portion of the final revenue. This can be seen as an advantage for the country as a whole, given that with the amount of taxes paid by the football system, the state could theoretically provide financial resources, for example, to smaller sports that aren't as popular as this one, or to other struggling sectors. Football should therefore be viewed as a highly profitable enterprise and business for Italy, requiring very little public funding in proportion to what it returns.

Obviously, this perception of football as a growing business sector is present, if not even more pronounced, abroad as well. In fact, in order to understand the economic dimension of this sport, it's useful to look at the international level as well.

Figure 2: International Benchmarking



Source: FIGC, Federazione Italiana Giuoco Calcio. (2025). Report Calcio 2025.

- In 2023, Europe' top divisions reached an aggregate revenue equal to € 26.8 billion, 12% more than 2022 (€ 23.9 billion) and 16% more than the pre-Covid-19 period in 2019 (€ 23 billion);
- Similarly, salaries went through a gradual increase, reaching its peak in 2023 with € 18.0 billion;
- For the first time in history, a football club alone surpassed € 1 billion in yearly revenue: it was Real Madrid of course, reaching € 1.073 billion in 2023-2024 (in 2009 it was € 407 million, so it more than doubled in these last years);
- In terms of investments in infrastructures, € 25.3 billion were invested for the realization of 226 new stadiums, and this brought an average increase of

attendance of 53.7%. Again, Real Madrid is cited, with a €2 billion investment for the renovation of the stadium Santiago Bernabéu;

- In addition, football is overtime becoming also a form of entertainment at the digital and commercial level. For instance, clubs in the top 10 divisions have 3.1 billion followers on social networks, around 300 million more than in 2023. This is certainly helped by the presence of some world-famous global profiles, renowned not only for being footballers but also for being celebrities capable of influencing the masses. Just think that Cristiano Ronaldo and Lionel Messi have 904 million and 611 million fans and followers, respectively, on various social media.
- Lastly, the focus is put on sponsorships and commercial partners; In 2024, nearly 4,300 trade agreements were recorded, a quarter of which came from abroad, mainly from the United States, England, and Germany. Furthermore, 56 stadium naming agreements are active. In this context, the main sectors are
 - banking and insurance (27%);
 - services and consultancy (11%);
 - technology and electronics (11%).

All these analyzed data aren't just cold, meaningless numbers; they serve to highlight football not as a mere sport but as a business system, a business that influences our country both politically and economically. This activity, in fact, serves as an incredible attraction for foreign investors and a bridge for the creation of international socio-cultural relations.

This sport also plays a very important social role, offering millions of people a means of distraction from everyday problems while simultaneously promoting important values of respect that characterize sport.

In short, every euro invested in football and every number cited translates into infrastructure that enriches our country, jobs for many citizens (from production, to event and team management, to social media management, etc.), and a huge fiscal return for the state (as mentioned above, for every euro invested by the Italian government in football, the country system achieves a return in tax and social security terms of €20.5), which could use these funds to support other sectors.

1.2 The Evolution of the Sector Through Literature

As one might expect, this transformation of football from a sport to a full-fledged industry didn't happen overnight, but was the result of years and years of changes that led to football becoming a source of income for the state as well, changes in the legal system, club management, and public perception. In this sense, it's interesting to analyze the literature over the years to understand the evolution of this sport.

One interesting example is “*The application of the business system concept to the analysis of football business*”, by Karpavicius, T., & Jucevicius, G who already in 2009 began to consider and analyze football from an economic and business perspective.

Football is compared to a real and proper business system, defined here as “*a specific business form, which is based on close cooperation of individual organization for joint objectives*”.

As in all businesses, football also has various stakeholders: groups, individuals, and organizations that are affected and influenced by an industry's activities and decisions.

The main stakeholders presented in this article are²:

- groups of interests: associations and federations which, in addition to organizing sporting activities, also represent the interests of the clubs on a commercial, legal, economic and managerial level;
- suppliers: mainly football players and football schools, which provide professional players ready to play in the sector's leagues;
- customers: they are the fans and spectators, who can be considered the final clients of this service, that is, the people who spend and allow the generation of huge revenues for the sector;
- competitors: competition can be analyzed on two different levels:
 - at the individual football club level, competitors are other clubs in the league, with which there's competition in generating the highest incomes, for instance through the transferring of big players that bring high revenues;
 - at the football league level, competition is among different sports that try to get the bigger portion of audience and interest;
- infrastructures: mainly football stadiums and training centers, but also the organization as a whole that makes the functioning of the business system possible.

² Karpavicius, T., & Jucevicius, G. (2009). The application of the business system concept to the analysis of football business. *Engineering Economics*, 63(3).
<https://www.inzeko.ktu.lt/index.php/EE/article/view/11653>

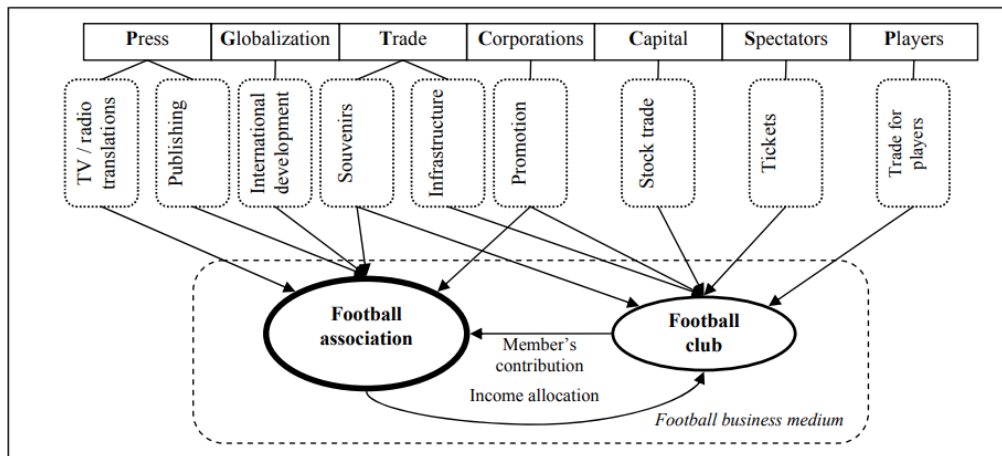
Moving forward, as in any business, even in football as an industry there are revenue streams and costs: it is absolutely key for a business to try to maximize the former and minimize the latter, in order to create huge profits. The revenue streams are different and can vary in size and entity; the main ones are:

- **media**, considered the primary source of revenue, involves the television and radio rights of leagues and associations;
- **globalization**, a fundamental element of the 21st century, allows for expansion beyond one's own geographical area and international borders; this is made possible through marketing campaigns, and above all with a strong and well-known brand, capable of being recognized worldwide and generating revenue;
- **trade**, which includes the merchandising of distribution products and revenue from non-stadium activities. This is, in fact, an infrastructure that earns revenue not only from match tickets, but also from services such as catering, VIP areas, etc.
- **corporations**, this includes all those sponsorship activities whereby companies from all sectors finance teams or leagues in exchange for advertising, visibility, and media exposure;
- **capital**, a central point in this research; it concerns the opening of clubs to financial markets, for example some of them are listed on the stock exchange; this makes them real investment entities subject to the dynamics of the stock market and capital markets;
- **spectators**, who, as already mentioned, translate primarily, though not exclusively, into ticket sales. These people are the public, the end customers of this business, without whom football would not be what it is today. Their passion

for the team and their attachment to the brand make this sport a multi-billion-dollar business;

- **players**, the main actors in this sport, are true financial assets for the various clubs, whose value rises or falls based on their annual performances. The transfer market is a key period in this sport, during which value is exchanged between the various clubs, often at exorbitant prices.

Figure 3: Income flows of football business system

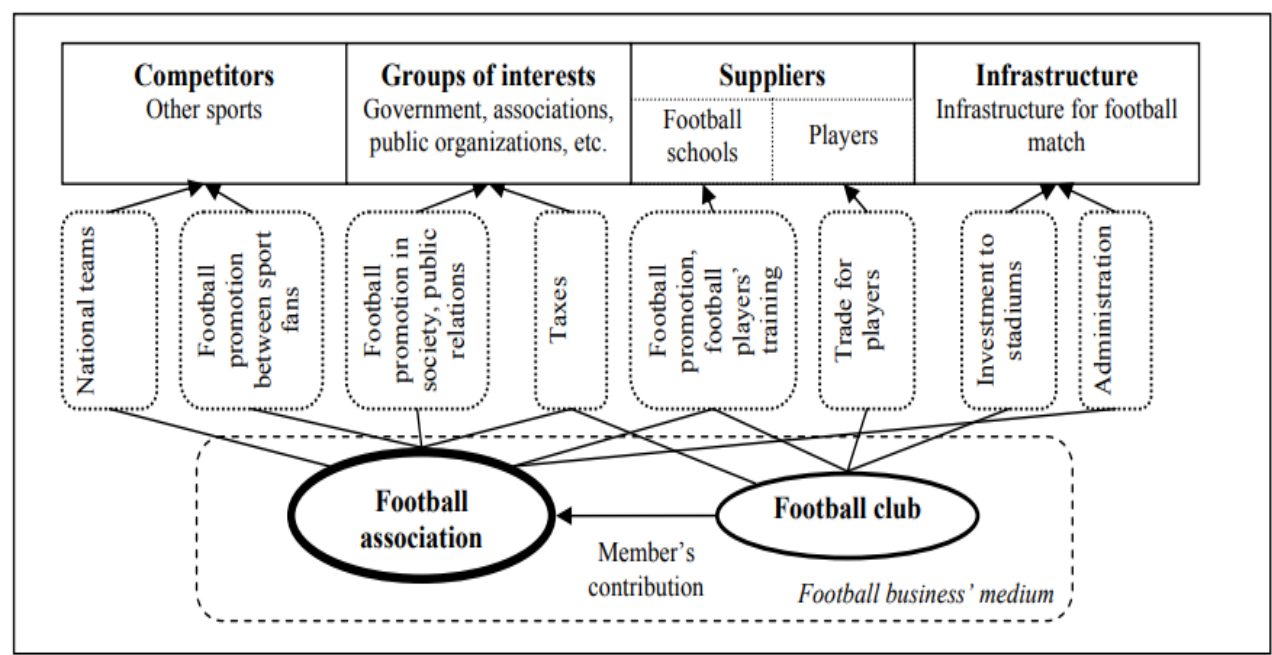


Source: The application of the business system concept to the analysis of football business. *Engineering Economics*, 63(3).

From the figure, it can be seen how all the revenue sources just analyzed impact the football clubs and the football association, each to a different extent. As can be seen, these are not separate entities, but rather closely interdependent, influencing each other. For instance, the association is the main beneficiary of revenues from media, television, and central sponsors. Once received, these are redistributed to the clubs (income allocation) to ensure their development and normal functioning. On the other hand, the clubs pay a contribution (member's contribution) to the association, in order to finance central governance functions, as well as the promotion of the sport and teams at the system level.

By contrast, the system must also face significant costs and investments. The main cost items are presented below.

Figure 4: The expenditure flows of football business system



Source: The application of the business system concept to the analysis of football business. *Engineering Economics*, 63(3).

The first cost item is that of competitors; generally, this term refers to all other sports that can compete with football; this includes expenses for improving the performance of international teams and expenses for promoting the sport, intended to increase its popularity.

The second item concerns interest groups, with a particular focus on economic and social relations with the public sector (governments, associations). Examples include, again, promoting a positive image of the sport among social groups and taxes paid to the state and public institutions.

Then there is the cost of suppliers, meaning those expenses related to the development of human resources and professional skills aimed at developing and improving the sector. Examples include investments in football schools to train professional players and cash outflows related to player transfers.

The final cost item concerns infrastructure, understood as both investments in the physical facilities (stadiums) needed to hold matches and the administrative and bureaucratic costs necessary for the proper functioning of the entire football system.

Once again, a strong correlation and influence can be seen between football clubs and football associations. Clubs make a member's contribution to the system and take care of individual expenses such as stadiums, player salaries, infrastructure, etc. The association, on the other hand, is concerned with using the funds raised by individual teams to promote the sport, through marketing, youth development, infrastructure development, and so on.

This research highlights how this sport has become a true multi-billion-dollar enterprise over time, having a tremendous impact on the economic and social aspects of nations, as well as on the media exposure strategies of major brands. Similar but more in-depth concepts are explained by Erdenedalai Batmunkh, in a 2021 paper entitled "*Role of football in international business and economy*", published by Management Science and Business Decisions.

"Some countries have oil or rare earth, while others have sports". This sentence at the beginning of the article highlights how football is a real financial resource, just like other important resources. Just to give an idea of the magnitude of this sport, the World Cup

final is the most-watched sporting event in history. In 2018, during the World Cup in Russia, the number of spectators counted was 3.57 billion³.

Another interesting point raised is how clubs generate revenue. It's already been explained that this is generated through stadium tickets, shirts, and branding, which we'll return to later. Other methods include attracting wealthy foreign investors; it's well known that many clubs are controlled by foreign funds and owners. In 2018, less than half of European clubs were controlled by European owners (46%), 25% were controlled by North American investors, 21% by Asian owners, and 8% by other investors⁴.

Another useful method used to create value, especially by small clubs that lack significant financial resources to invest in players, brands, stadiums, and advertising, is capital gains. The idea is to invest in industry experts who scout for young talent, nurture them, and develop them, then resell them as true champions for millions and millions of euros. This generates immense revenue, as little is spent on an unknown player who can then be resold for much more, generating a huge profit.

A prime example of this in Italian football is Atalanta Bergamasca Calcio, led by Antonio Percassi, a renowned entrepreneur and head of the holding company Odissea Srl, which includes major brands like Kiko⁵. He also develops and manages the sales networks of major international brands like Gucci, Nike, and Lego. It is precisely this entrepreneurial

³ Batmunkh, E. (2021). Role of football in international business and economy. *Management Science and Business Decisions*, 1(2), 39-56.

<https://publish.thescienceinsight.com/index.php/msbd/article/view/20>

⁴ Lange, D. (2020). A number of foreign owners of top division football clubs in Europe in 2018, by origin. Statista,

<https://www.statista.com/statistics/894012/foreign-ownership-of-football-clubs-europe-by-origin/>

⁵ Antonio Percassi. (15 febbraio 2026). Wikipedia, L'enciclopedia libera.

https://it.wikipedia.org/wiki/Antonio_Percassi

mindset of the president that has allowed Atalanta to generate approximately €460 million in capital gains over the last 10 years: the most notable sales include Hojlund (+€57 million), Koopmeiners (+€44.4 million), Kulusevski (+€39 million), Romero (+€33.6 million), and Bastoni (+€31.1 million), to name just a few⁶.

However, the largest and most expensive transfer in history occurred in 2017, when the Brazilian champion moved from Barcelona to Paris Saint-Germain. The French club paid the Catalans €263 million and guaranteed a five-year contract with a salary of €350 million to the player.

Although exaggerated, this illustrates the value and impact certain champions can have. In fact, a club spending such high sums means they aim to regain all their money through this purchase, and this happens through the increased visibility the club gains by buying certain players. Neymar has, in fact, helped bring PSG more TV rights and fans around the world, and the country has also benefited; in fact, the French league received more broadcasting rights than the previous year. Just to give an idea of the impact, in 2018 the so-called Neymar effect led to the sale of approximately 900,000 Paris shirts, generating a staggering revenue for the club⁷.

⁶ Marota, G. (n.d.). Gasperini, il mago dei profitti: ecco quante plusvalenze ha fatto l'Atalanta con lui in panchina. Corriere Dello Sport.
https://www.corrieredellosport.it/news/calcio/serie-a/roma/2025/09/10-143059789/gasperini_il_mago_dei_profitti_ecco_quante_plusvalenze_ha_fatto_latalanta_con_lui_in_panchina

⁷ Sport, R. S. (n.d.). Psg, che numeri! Effetto Neymar, 900mila maglie vendute in una stagione. Sky Sport.
<https://sport.sky.it/calcio/2018/09/10/psg-record-maglie-neymar-vendute>

In addition, certain players are capable of making the difference, not only off the pitch, but also and above all on it, contributing in a key way to the team's victory; this always translates into higher revenues at the end of the year.

Figure 5: FC Barcelona and Real Madrid CF's European success and operating income

Season	Barcelona Success in UCL	Barcelona's Operating Income ²	Real Madrid Success in UCL	Real Madrid's Operating Income ²
2015 ¹	Winner	174	Semi-final	170
2016 ¹	Quarter-final	108	Winner	162
2017 ¹	Quarter-final	102.1	Winner	181
2018	Quarter-final	111	Winner	94
2019	Semi-final	-37	Round of 16	112
2020	Quarter-final	-	Round of 16	-
2021	Round of 16	62	Semi-final	92

¹Year when Neymar Jr was at FC Barcelona.

²All incomes are in Million USD.

Source: *Role of football in international business and economy. Management Science and Business Decisions*

The figure compares the revenues of Barcelona and Real Madrid, two of the major giants in world football, derived from Champions League performances. It's clear that in certain international competitions, where players like the Brazilian phenomenon make the difference between winning and losing, it's crucial to go all the way and win, as this also has a significant impact on the clubs' earnings.

This demonstrates that the presence of certain individuals on a team brings advantages on multiple fronts, both in terms of performance on the pitch (and therefore a greater chance of winning) and from the emotional point of view of the fans, who increase interest in those clubs and become closer to the club's brand, increasing its value.

As mentioned, another key revenue stream for professional teams is certainly agreements with major global brands. The idea is to receive large sums from companies in various

sectors that pay clubs, or in some cases players, to have them put the company logos or names on their shirts, serving as a powerful advertising vehicle.

The following of certain matches is well known, and the media impact and influence they could have on the public is therefore obvious. As previously reported, for example, in 2018, during the World Cup in Russia, the number of spectators counted was 3.57 billion.

This brand advertising approach is certainly not a new one: a striking and perfectly illustrative example dates back to 1970. Mexico City, Mexico, June 21, 1970. The World Cup final, the most watched sporting event on the planet, is being played, with Italy and Brazil facing off on the pitch. Unfortunately for the Azzurri, the match would end 4-1 to the Brazilian champions, who could count among their ranks immortal champions like Pele, the Brazilian champion who won three World Cups with Brazil. He was a global icon and perhaps the most well-known and followed footballer of that era. Shortly before kick-off, in the center circle, Pele knew all the cameras were on him; the world was watching. He bent down and unlaced his Puma shoes, then relaced them. Only later would it be discovered that the reason was a secret \$120,000 deal between the player and the company, to ensure that Pele would tie his shoes and advertise the brand precisely at the moment of greatest visibility, when all eyes would be on him⁸.

Such agreement brought benefits for every party involved: the footballer collected the sum agreed with Puma, and the company secured significant media exposure which subsequently translated into increased sales.

⁸ D'Angelo, E. (n.d.). La rivalità tra adidas e PUMA attraverso gli scarpini di Pelè. Nss Sports. <https://www.nss-sports.com/it/lifestyle/31821/rivalita-adidas-puma-scarpini-pele>

The same logic applies in today's ever-connected world, where two major brands dominate the football industry: Adidas and Nike. Adidas has forged a unique partnership with FIFA over the years: it has supplied the official World Cup match balls since 1970, and has extended this agreement through the 2030 World Cup. This obviously also applies to the equipment, accessories, and uniforms of FIFA referees and officials⁹.

Nike, on the other hand, focuses more on signing athletes, becoming brand ambassadors. Nike pays Barcelona approximately \$140 million¹⁰ a year to be the official sponsor of the Catalans, and Adidas does the same with Real Madrid, at a cost of \$120 million annually¹¹.

However, a sport as popular as football attracts many other companies from different sectors, as everyone would like to benefit from such visibility. In addition to the two giants previously analyzed, therefore, there are several sponsors.

⁹FIFA (2021). FIFA sponsorship and partner Adidas, FIFA.
<https://www.fifa.com/what-wedo/marketing/sponsorship/partners/adidas>

¹⁰ Skysports (2016). Barcelona confirm record kit deal with Nike, Sky Sports.
<https://www.skysports.com/football/news/11833/10637904/barcelona-confirm-record-kit-deal-with-nike>

¹¹ Reuters (2019). Adidas extends sponsorship of Real Madrid until 2028, Reuters.
<https://www.reuters.com/article/adidas-realmadrid-idINL5N22K7UZ>

Figure 6: Most expensive sponsorships on the shirt of football clubs

Clubs	Club's origin	Sponsors	Sponsor's origin	Annual Worth (in Million £)
Real Madrid	Spain	Emirates	UAE	60
Manchester United	England	Teamviewer	Germany	47
Barcelona	Spain	Rakuten	Japan	47
Paris Saint-Germain	France	Accor	France	43
Chelsea	England	Three	Hong-Kong	40
Manchester City	England	Etihad Airways	UAE	39
Bayern Munich	Germany	T-Mobile	Germany	36
Liverpool	England	Standard Chartered	England	27
Arsenal	England	Emirates	UAE	26
Tottenham	England	AIA	China	25

Source: Most lucrative shirt sponsorships in football with Man Utd falling below Real Madrid after £235m TeamViewer deal. *The Sun*

It can be noted that these companies are all part of oligopolistic markets (in which advertising investment is fundamental), belonging to different sectors, from the air transport sector (Emirates and Etihad Airways) to the financial sector (Standard Chartered and AIA) to the telecommunications sector (Three and T-Mobile). Another important factor is their origin. The top 10 clubs presented are all European, divided into France, Germany, England, and Spain. On the other hand, it's clear that the brands' countries of origin span the entire globe, with only four out of ten brands coming from Europe. This demonstrates how sponsorship is global and attracts investors and brands aware of the sector's strength from around the world.

1.3 The Financialization of the Sector: Capital Markets, Regulation and New Ownership Models

As already extensively explained and analyzed, we have seen how football has undergone a transformation from a sporting and associative game to a fully-fledged industry. Indeed, we can see how European football has undergone a process of financialization, coming into contact with realities such as capital markets and stock market prices. This has been made possible over time thanks in part to legislative changes in this regard.

A first major revolution occurred in the 1980s and 1990s, with many European clubs deciding to list on the stock exchange with the ultimate goal of raising risk capital from the public and institutional investors. As explained by Aglietta, M., Andreff, W., & Drut, B, *in 1983 Tottenham Hotspurs became the first football club in Europe to be floated in the stock market. Since then, dozens of European clubs, mostly English, also have experienced floating their shares*¹².

The Italian clubs that opened their doors to the stock market and went public in those years were Juventus, Roma, and Lazio. This was made possible thanks to a legislative evolution, which allowed football to become the business it is today and will be even more so in the future. A first major turning point came in 1981, with Law No. 91 of March 23, 1981, which established football as a professional sport, characterized by proper employment contracts and salaries¹³. Below are the most relevant articles for this research work:

¹² Aglietta, M., Andreff, W., & Drut, B. (2010). Floating European football clubs in the stock market. <https://hal.science/hal-04140902/>

¹³ Stato, I. P. E. Z. D. (1981, March 27). *LEGGE 23 marzo 1981, n. 91 - Normattiva*.

- **Article 2: Professional Sports:** for the purposes of this law, professional athletes are defined as athletes, coaches, technical-sports directors, and athletic trainers who continuously engage in paid sporting activity within the disciplines regulated by CONI.
- **Art. 3: Athlete's Sporting Performance:** athlete's paid work is the subject of an employment contract, governed by the provisions of this law.
- **Art. 4: Regulation of Employment in Sports:** the paid sporting performance relationship is established through direct hiring and the stipulation of a written contract, under penalty of nullity, between the athlete and the company receiving the sports services, according to the standard contract established.
- **Art. 10: Incorporation and Affiliation:** only sports clubs established as joint-stock companies (S.p.A.) or limited liability companies (S.r.l.) may enter into contracts with professional athletes. The articles of association must provide that all profits be reinvested in the company for the exclusive pursuit of sporting activities.

This legislative decree, and in particular the aforementioned articles, are fundamental for several reasons. Articles 2, 3, and 4 introduce the figure of the professional footballer, as if he were a company employee. Football therefore ceases to be a sport to be enjoyed alongside a first job, but becomes a real job characterized by contracts and salaries. This has allowed clubs to set player fees that other clubs would have to pay to secure their

services, and this mechanism moves hundreds of millions of dollars every transfer window, even today.

Of particular importance is Article 10, which states that only clubs established as joint-stock companies and limited liability companies can enter into contracts with professional footballers. This is the first major legislative step toward the creation of actual companies rather than mere sports clubs. It also states that “*all profits be reinvested in the company for the exclusive pursuit of sporting activities*”. This meant that the clubs could not pursue profit-making aims, and could not reinvest the proceeds earned from football in activities adjacent or connected to it, but could only concentrate on the pursuit of sporting activities.

This limit was overcome by Law No. 586 of November 18, 1996. Conversion into law, with amendments, of Decree-Law No. 485 of September 20, 1996, containing urgent provisions for professional sports clubs. In Article 4, paragraph 1: the second paragraph is replaced by the following: 'the articles of association must provide that the club may exclusively engage in sporting activities and activities related or instrumental to them; after the second paragraph, the following is inserted: 'the articles of association must provide that a portion of profits, no less than 10 percent, be allocated to youth sports training and education schools¹⁴.

A radical change is introduced here: clubs can now engage in activities related and instrumental to football, thus introducing the possibility of creating actual businesses centered around the team brand, through stores and sportswear lines, for example. It is

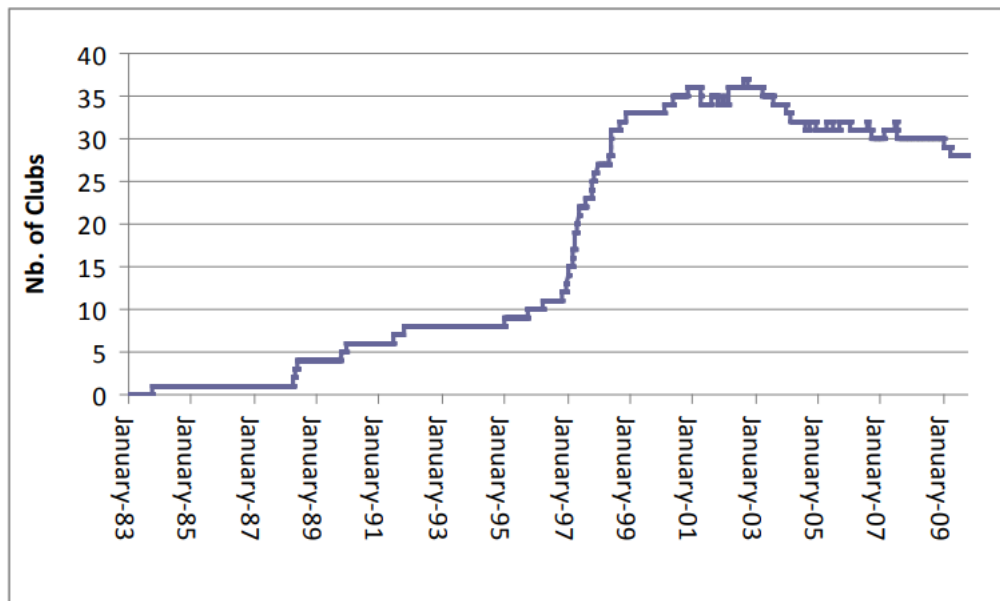
¹⁴ Stato, I. P. E. Z. D. (1996, November 20). LEGGE 18 novembre 1996, n. 586 - Normattiva. <https://www.normattiva.it/atto/caricaDettaglioAtto?atto.dataPubblicazioneGazzetta=1996-11-20&atto.codiceRedazionale=096G0616&atto.articolo.numero=0&atto.articolo.sottoArticolo=1&atto.articolo.sottoArticolo1=0&qId=ff1ef29d-280e-47ee-89cc-b00496a9e548&tabID=0.8260326874096829&title=lbl.dettaglioAtto>

therefore crucial to understand the value of these football brands. Another key change is the paragraph regarding the division of profits. The legislator requires that 10% be allocated to youth sports training and education schools, leaving the distribution of the remaining 90% of profits free, thus allowing clubs to pursue their profit-making purpose. This is obviously a key step towards being listed on the stock exchange, since, as is obvious, no private investor or saver would have invested in companies that by law could not distribute dividends or use them outside of sporting activities.

This evolution compared to the past meant that several European clubs in the 90s were hopeful of benefiting from entering the stock market dynamics and being able to profit from it. However, the transformation of football clubs into listed public companies led to significant structural criticalities. A way for analyzing this phenomenon is the paper by Aglietta, Andreff and Drut (2010) *“Floating European football clubs in the stock market”*. The authors highlight how the late 90s and early 2000s saw a boom in teams opening their doors to the stock market, with a subsequent case of delisting that characterized football clubs until 2010 (the term delisting refers to the removal of a stock from a stock exchange, with the consequent cessation of its public trading; this phenomenon can occur for various reasons, ranging from financial reasons to strategic corporate choices¹⁵).

¹⁵Delisting di un titolo: cos'è e cosa significa per gli investitori? | Banco BPM. (n.d.). <https://www.bancobpm.it/magazine/privati/finanza-personale/delisting/>

Figure 7: Number of publicly traded football clubs in Europe (January 1983-September 2009)



Source: Aglietta, M., Andreff, W., & Drut, B. (2010). *Floating European football clubs in the stock market*.

The authors emphasize that clubs operate in a different way than "traditional" companies: while the latter focus on maximizing profits, football clubs focus on maximizing sporting results and therefore victories. Any new revenue, for example from ticket sales, competition wins, or TV rights, is reused, for instance, to invest in the transfer market to acquire players while remaining competitive or to increase salaries, thus shifting away from a logic of maximizing dividends and thus discouraging investors¹⁶.

Another element of uncertainty is the close dependence between the value of sports club shares and their sporting results. A win or a loss can, in fact, change the value of the shares, and this volatility "*creates uncertainty about the fair value of the stock*". The

¹⁶ Aglietta, M., Andreff, W., & Drut, B. (2010). *Floating European football clubs in the stock market*. <https://hal.science/hal-04140902/>

same applies to players, the teams' human capital: the presence or absence of certain players, rather than injury or transfer, can significantly impact the value of shares.

Therefore, it is clear that focusing solely on football performances makes the value of teams too volatile and therefore unreliable. It is in this context that the importance of a correct brand valuation comes into play: it becomes the essential tool for identifying a solid intangible asset, capable of generating consistent cash flows independent of the club's individual performance on the field. This gives stability to the value of football clubs, which is why understanding how to value a brand is of fundamental importance.

A similar conclusion and idea regarding the factors influencing stock values and brand importance is presented by a study conducted by Mustafa AY1A, Hüseyin Enes ERKOÇAK, presented in their article “*The Effect of Financial and Sports Achievements of Football Clubs on Stock Values: A Study on European and Super League Clubs*”.

These scholars conducted research from 2016 to 2019 to highlight the effects between sporting results and other variables on the stock prices of 14 European clubs, including three Italian ones: Juventus, Roma, and Lazio. The authors used a panel data econometric model, attempting to highlight how the dependent variable varied as the independent variables varied. The model and formula used are presented below¹⁷,

$$HSD_{it} = \alpha_{it} + \beta_1 \text{PİYDEĞ} + \beta_2 \text{LİGP} + \beta_3 \text{KUPS} + \beta_4 \text{KULGELİRİ} + \beta_5 \text{HARCBONBD} + \beta_6 \text{ROA} + \beta_7 \text{KALDO} + \beta_8 \text{ROE} + u_{it} + \varepsilon_{it}$$

where:

- HSDs is the dependent variable and the stock value of the 14 teams;

¹⁷ Ay, M., & Enes, H. (2020). The Effect of Financial and Sports Achievements of Football Clubs on Stock Values: A Study on European and Super League Clubs. January, 402–413.
<https://dergipark.org.tr/en/pub/tsed/article/732764>

- α indicates the constant coefficient of intersection and it stands for the expected value of the dependent variable when all independent variables are equal to zero.
- $PİYDEĞ$ is the Market Value of the Clubs $PİYDEĞ$;
- KUPS is the number of trophies obtained by the team during the season;
- KULGELIRI refers to the revenues obtained during the season;
- HARBONBD refers to the Transfer Fee spent by throughout the season;
- ROA is the Return on Assets, and it was calculated as $ROA = \text{Net Profit} / \text{Total Assets}$;
- KALDO is the leverage ratio, calculated as $KALDO = \text{Total Debt} / \text{Total Assets}$;
- ROE is the Return on Equity, and it is calculated as $ROE = \text{Net Profit} / \text{Equity}$;
- μ stands for the so-called individual effect, and it refers to the unobserved heterogeneity specific to each club (such as fan loyalty and support).
- ε indicates the error term.

The results are quite surprising: a significant and positive relationship was found between stock price and the team's market value and athletic results. No correlation was observed between number of Cups (KUPS), Return on Assets (ROA), Return on Equity (ROE), Leverage Ratios (KALDO), and Stock Values. However, the truly surprising finding of this study is the negative relationship (at the 1% level) between stock price and revenue: paradoxically, in this study, an increase in revenue led to a slight decrease in stock price.

According to the authors, this phenomenon can be explained and justified by “*the short-term (non-permanent) resources such as match day revenues, broadcasting and sponsorship revenues, revenues from transfer fees (sales), international competition revenues that make up the income items of the clubs in the football industry*”.

All these types of revenues are short-term, volatile, uncertain, fluctuating, and too closely tied to the single result of a match, rather than to the sale or acquisition of a single player or, again, to TV rights that fluctuate and change over time. Furthermore, as already mentioned, it often happens that an increase in revenues immediately and directly leads to higher expenses and costs in terms of higher salaries and transfer fees, new signings on the market, and new expenses for the club.

It's therefore clear that earning more doesn't always necessarily mean the team and the club are worth more. This, again, highlights the importance of proper brand valuation. A strong brand is capable of stabilizing these volatile and fluctuating revenues and making them consistent and periodic, and is able to guarantee, for instance, multi-year sponsorships and commercial loyalty that don't depend on the team's individual results or player transfers.

Figure 8: Total brand values and percentiles of the Countries

COUNTRY	TOTAL BRAND VALUE	Percentile
ENGLAND	6.109.000.000 \$	46%
GERMANY	2.208.000.000 \$	16%
SPAIN	1.984.000.000 \$	15%
ITALY	1.172.000.000 \$	9%
FRANCE	983.000.000 \$	7%
TURKEY	297.000.000 \$	2%
HOLLAND	230.000.000 \$	2%
BRAZIL	173.000.000 \$	1%
SCOTLAND	120.000.000 \$	1%
PORTUGAL	103.000.000 \$	1%
Total	13.400.000.000 \$	100%

Source: Ay, M., & Enes, H. (2020). The Effect of Financial and Sports Achievements of Football Clubs on Stock Values: A Study on European and Super League Clubs. January, 402–413.

The data presented is crucial in order to demonstrate that Brand Value is a multi-billion-dollar reality, with a total of \$13.4 billion around the world, which far outweighs the impact of single-matchday revenues.

Secondly, it explains the English dominance: the fact that England holds 46% of the global brand value, which is approximately five times more than Italy (9%), is the primary reason why Premier League clubs attract more stable capital and international investors. These clubs are valued more not because they simply earn more revenues, but because their Brand Equity is strong enough to mitigate the stock market volatility discussed earlier.

Chapter 2: Intangible Assets and Brands

2.1 Intangible Assets

After focusing on and analyzing the historical evolution and transformation of this sport into a fully-fledged business, the focus is now shifted to a more technical and accounting aspect concerning intangible assets, with particular reference to team logos. Although a significant portion of the football world is tied to tangible assets and resources, such as stadiums and infrastructure, it is equally true that intangible resources and assets such as brands play an increasingly key and strategic role in today's clubs. It is therefore important to analyze the brand as a strategic financial resource, capable of transforming into a fundamental element of value for clubs.

A first and fundamental distinction to make is between tangible and intangible assets¹⁸:

- tangible assets are all assets that meet the requirement of materiality, and therefore have a physical substance; for example: tangible assets include goods, finished products, raw materials, buildings, machinery, etc.
- Intangible assets, on the other hand, are assets that do not meet the requirement of materiality; for example: intangible assets include brands, logos, patent rights, copyrights, and licensing rights.

It's worth noting that efficient management of intangible assets, such as a company's human, social, and intellectual capital, today leads to a greater competitive and

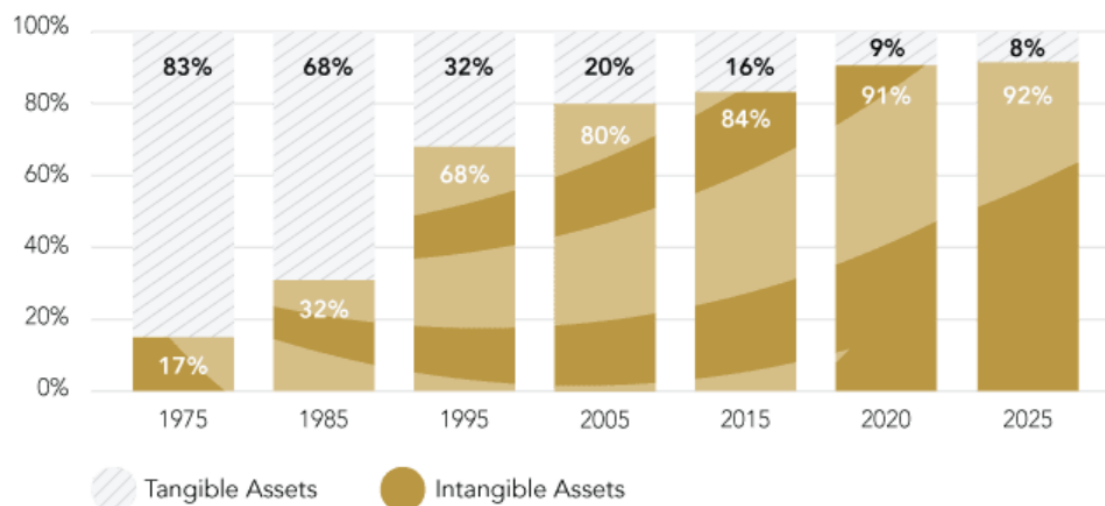
¹⁸ Beni materiali e immateriali. (n.d.).

https://www.economiaziendale.net/lezioni/capitale/beni_materiali_immateriali.htm

sustainable advantage than tangible assets. This is because the former are harder to imitate than the latter, being rare, extremely valuable, and highly profitable¹⁹.

The key role played by intangible assets over time is also evident in the following study, which aims to highlight the changes that the composition of corporate value has undergone over the last 50 years. The reference used is the S&P 500, the most important American stock index, which includes 500 leading companies in their various sectors.

Figure 9: Components of S&P 500 Market Value



Source: Ocean Tomo. (2026, February 9). *Intangible Asset Market Value Study* - Ocean Tomo

From the picture presented, it can be seen that in 1975, tangible assets (for instance property and equipment) accounted for 83% of the corporate value of companies comprising the S&P 500 index, with intangible assets representing only 17%. In 2025,

¹⁹ *Asset intangibili: non li tocchi, ma fanno la differenza* - Università Bocconi. (n.d.). Università Bocconi. <https://www.unibocconi.it/it/news/asset-intangibili-non-li-tocchi-ma-fanno-la-differenza>

exactly 50 years after, the situation is quite the opposite, with this relationship that had completely inverted: intangible assets now constitute approximately 92% of S&P 500 market capitalization, while tangible assets have been reduced to a mere 8%. This shift represents what Ocean Tomo has defined as economic inversion, which is a “*wholesale transformation in the nature of value creation whereby economic worth has migrated from what can be touched to what can be thought*”.²⁰

Intangible assets have been widely analyzed in recent literature, and several authors, researchers, regulatory body and international organizations have proposed various definitions, some similar and others less so. According to Yallwe and Buscemi (2014), *intangible assets are resources used or employed to add value to the business entity*. What’s more, these assets have the characteristic not to possess physical substance like tangible assets, equipment and plant.

The OECD (Organization for Economic Co-Operation and Development) 1992 classification of intangible assets included Research & Development, patents and licenses, and enabling intangible investments, including worker training, information structure and organizational structure. In addition, as mentioned in the European Union's MERITU project (which is a guideline produced by researchers from different universities in Europe), intellectual asset includes:

- human capital;
- structural capital;
- relational capital.

²⁰ Ocean Tomo. (2026, February 9). Intangible Asset Market Value Study - Ocean Tomo <https://oceantomo.com/intangible-asset-market-value-study/>

According to Financial Accounting Standards Board (FASB), intangible assets include²¹:

- Marketing-related intangible assets: trademarks, trade names, service marks, collective marks, certification marks, trade dress (unique color, shape, or package design), newspaper mastheads, internet domain names, and noncompetition agreements.
- Customer-related intangible assets: customer lists, order or production backlog, customer contracts and related customer relationships, non-contractual customer relationships.
- Artistic-related intangible assets: plays, operas ballets books, magazines, newspapers, other literary works, musical works such as compositions, song lyrics, advertising jingles, pictures, photographs, video and audiovisual material, including motion pictures, music videos, television programs.
- Contract-based intangible assets: licensing, royalty, standstill agreements advertising, construction, management, service or supply contracts, lease agreements, construction permits, franchise agreements and operating broadcasting rights, use rights, such as drilling, water, air, mineral, timber cutting, and route authorities, servicing contracts, such as mortgage servicing contracts, employment contracts.

²¹ Yallwe, A. H., & Buscemi, A. (2014). An era of intangible assets. *Journal of Applied Finance and Banking*, 4(5), 17.
https://www.scienpress.com/Upload/JAFB/Vol%204_5_2.pdf

- Technology-based intangible assets: patented technology, computer software and mask works, unpatented technology, database including title plants, trade secrets, such as secret formulas, processes and recipes.

In addition to this proposed classification, these two authors have identified some general characteristics present in the various intangible assets, which make them clearly different from tangible ones. Indeed, all intangible assets feature can be summarized as:

- organizational resources with lack of physical existence;
- provider of future economic benefits;
- protected legally (i.e. ownership);
- obtained from past activities (research and development, training, learning by doing, contractual agreement).

Another similar classification is given by Corrado, Hulten and Sichel (CHS 2005, 2006), who define three main categories of intangibles²²:

- Computerized information, defined as the knowledge rooted in computer programs and databases.
- Innovative property that includes the scientific R&D (reflecting scientific knowledge embedded in patents, licenses and general know-how) but is much broader, including non-scientific R&D or creative property (innovative and artistic content in commercial copyrights, licenses and designs).

²² CHS (Corrado, C., Hulten, C. and Sichel, D.) 2005, 'Measuring capital and technology: An expanded framework', in Corrado, C., Haltiwanger, J. and Sichel, D. (eds), *Measuring Capital in the New Economy*, Studies in Income and Wealth, vol. 65, The University of Chicago Press, Chicago, pp. 11–41.
<https://assets.pc.gov.au/research/supporting/intangible-investment/intangible-investment.pdf>

- Economic competencies like brand equity (for instance, investment to retain or gain market share and investment in brand names), firm-specific human capital (employee skill building) and organizational capital (investments in strategic planning, adaptation and reorganization).

A clear and unambiguous definition in this sense was introduced by international accounting standards in 1998 (IAS 38). An intangible asset was defined in the previous version of IAS 38 as “*an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative services*”²³.

The definition in the revised Standard eliminates the second part of the definition, the one that refers to the asset to be held for use in the production or supply of goods or services, for rental to others, or for administrative services. According to the International Accounting Standards Board, the essential characteristics of intangible assets are the following:

- they are resources controlled by the entity from which future economic benefits are expected to flow to the entity;
- they lack physical substance;
- they are identifiable.

²³ IRFS Foundation (January, 2022), “International Accounting Standard IAS 38 Intangible Assets” https://www.aasb.gov.au/admin/file/content105/c9/IAS38_BC_1-22.pdf

A key point is identifiability. According to the Standard, as in the previous version of IAS 38, a non-monetary asset without physical substance must be identifiable to meet the definition of an intangible asset.

The previous version of IAS 38 did not provide an explicit definition of identifiability, but specified that an intangible asset could be distinguished from goodwill if it was separable; at the same time, however, it clarified that separability was not a prerequisite for identifiability.

The revised Standard instead establishes that an asset meets the identifiability criterion if it is separable or if it arises from contractual or other legal rights, such as a license, patent, or right of use, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

In line with the instructions from the earlier version of IAS 38, the Board determined that an intangible asset can be differentiated from goodwill if it is separable, meaning it can be separated or divided from the entity *and sold, transferred, licensed, rented or exchanged*. Thus, in the scope of intangible assets, separability indicates the ability to identify, and intangible assets with that trait that is obtained in a business combination should be identified as assets distinct from goodwill.

Nonetheless, again in line with the recommendations in the prior version of IAS 38, the Board determined that separability is not the sole indicator of recognizability. The Board noted that, unlike goodwill, the worth of numerous intangible assets originates from rights granted legally through contracts or law. In the situation of acquired goodwill, its worth comes from the accumulation of compiled resources that constitute a purchased entity or

the worth generated by gathering a set of resources via a business merger, like the synergies anticipated to arise from merging entities or businesses.

The Board also noted that while numerous intangible assets are both separable and stem from contractual-legal entitlements, certain contractual-legal rights create property interests that can't easily be separated from the entity in its entirety. For instance, according to the regulations of certain areas, some licenses awarded to an organization can't be transferred unless the organization is sold in its entirety. The Board determined that the emergence of an intangible asset occurs from contractual or various legal entitlements is a feature that sets it apart from goodwill. Consequently, intangible assets possessing that quality ought to be identified individually.

In the football context, this distinction is crucial: on one hand, the goodwill represents the generic value resulting from corporate synergies while on the other hand, the brand is considered a specific intangible asset due to its separable nature and the legal rights that protect it. This principle takes on strategic importance during club acquisitions by institutional investors (for example RedBird with AC Milan): in these phases, the law requires the isolation of the brand's value from the rest of the assets, transforming a qualitative element into a measurable financial value.

In line with the Standard, similar to the earlier version of IAS 38, an intangible asset is acknowledged only if:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity;
- the cost of the asset can be measured reliably.

In updating IAS 38, the Board evaluated the implementation of these recognition standards for intangible assets obtained in business combinations.

Continuing to analyze IAS 38, the Board noted that in a business combination, both criteria, the probability criterion and the measurement reliability criterion, will consistently be fulfilled. In updating IAS 38, it was noted that the fair value of an intangible asset indicates what the market anticipates regarding the likelihood that the upcoming economic advantages linked to the intangible asset will be received by the acquirer.

Thus, the influence of probability is evident in the fair value assessment of an intangible asset. Consequently, the criterion for recognizing probability remains consistently regarded as fulfilled for intangible assets obtained in business combinations.

The Board noted that this underscores a broad inconsistency between the criteria for recognizing assets and liabilities in the Framework (which indicates that an item that fits the definition of an element ought to be acknowledged solely if it is likely that any prospective financial advantages linked to the item will flow to or from the entity, and the item can be accurately measured) and the fair value assessments necessary in, for instance, a corporate merger.

For the football industry, this means that when a club is acquired, for example by new investors, the probability logic explained by IAS 38 is already included in the price. Therefore, the recognition criterion is automatically satisfied, and this translates into an obligation for buyers to map and value the brand as a distinct asset.

In formulating IFRS 3, the IASB observed that the fair values of distinguishable intangible assets obtained in a business combination are typically quantifiable with adequate dependability to be distinguished from goodwill.

The impacts of unpredictability due to various potential results with distinct probabilities are indicated in assessing the asset's fair value; the presence of this range does not indicate a lack of capability to measure fair value accurately.

IAS 38 incorporated a rebuttable assumption that the fair valuation of a finite-life intangible asset obtained through a business the combination can be assessed consistently. The Board determined that it may not always be feasible to accurately assess the fair value of an asset that has a fundamental contractual or legal foundation.

Nonetheless, as long as the sole conditions under which it could potentially not be feasible to accurately assess the fair value of an intangible asset obtained in a business combination that results from legal or other contractual entitlements occurs if it either:

- is not separable;
- is separable, but there is no history or evidence of exchange transactions for the same or similar assets, and otherwise estimating fair value would depend on immeasurable variables.

While creating the 2005 Business Combinations exposure draft, the Board determined that distinct acknowledgment of intangible assets, founded on an assessment of fair value, instead of incorporating them into goodwill, offers improved data for the users of financial statements, even when a considerable level of assessment is necessary to determine fair value.

Consequently, the Board opted to suggest significant changes to IAS 38 in order to eliminate the reliability of measurement standard for intangible assets obtained in a merger of enterprises.

When the Board created IFRS 3 (as revised in 2008), it determined that if an intangible asset obtained in a business merger is distinct or originates from contractual or alternative legal entitlements, adequate data is available to evaluate the accurately assess the asset's fair value. Nonetheless, the Board recognized further modifications that were necessary to clearly represent its decisions regarding the accounting for intangible assets obtained during a business merger.

Furthermore, in Enhancements to IFRSs released in April 2009, the Board revised some sections of IAS 38 to provide clarification on the explanation of valuation methods typically employed to assess intangible assets at fair value when assets are not exchanged in an active market. The Board additionally determined that the amendments ought to be implemented going forward since retrospective application could necessitate certain entities to reassess fair values linked with earlier transactions.

This principle just described is closely linked to the football industry. It legitimizes the implementation of techniques for valuing sports club brands, even in the absence of an active market. The standard recognizes that inherent uncertainty should not result in an accounting omission; indeed, it states that when the asset is separable or derives from contractual rights (which are conditions absolutely met by football brands), it is presumed that reliable measurement and valuation are justified by sufficient information.

A final key element analyzed in IAS 38 concerns internally generated intangible assets: evaluating whether an internally created intangible can be challenging at times, mainly because of problems in:

- *identifying whether and when there is an identifiable asset that will generate expected future economic benefits;*
- *determining the cost of the asset reliably. In some cases, the cost of generating an intangible asset internally cannot be distinguished from the cost of maintaining or enhancing the entity's internally generated goodwill or of running day-to-day operations.*

In order to evaluate if an internally produced intangible asset satisfies the requirements for recognition, there is a categorization of the creation of the asset into:

- a research phase;
- a development phase.

In paragraph 54, the IAS 38 clearly states that “*no intangible asset arising from research shall be recognized, and that expenditure on research shall be recognised as an expense when it is incurred*”. In paragraph 58, it is stated that “*an intangible asset arising from development shall be recognized if, and only if, an entity can demonstrate all of the following*”:

- *the technical feasibility of completing the intangible asset so that it will be available for use or sale;*
- *its intention to complete the intangible asset and use or sell it;*
- *its ability to use or sell the intangible asset;*

- *how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;*
- *the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;*
- *its ability to measure reliably the expenditure attributable to the intangible asset during its development.*

A crucial point for this research is stated in paragraph 63: *“internally generated brands, mastheads, publishing titles, customer lists and items similar in substance shall not be recognized as intangible assets”*.

This is extremely important, as many teams created their own logos when they were founded, and it is therefore a brand that has been entirely generated since the founding years of football clubs. Since the brand is "internally generated," the costs incurred for its growth (marketing, communication) have been spent over the years, leaving the brand's value at zero in the accounting books. This creates a structural divergence and difference between book value and market value of the society, making it essential to adopt external valuation models capable of revealing the true financial standing of the club.

2.2 Brands

After introducing the concepts of intangible assets and brands from a legislative and accounting perspective, it's now important to explain these topics from a strategic and emotional perspective, examining what they mean for fans around the world and understanding how brands can generate higher revenue for the club through a sense of affiliation.

First of all, a clear definition of brand must be provided, although this is not easy since it is a topic that has been widely debated in the literature and, based on what is analyzed, is not easily definable. Even before this, it is necessary to make a distinction between terms that in common parlance are often used as synonyms. Although they are similar and part of the same field, a clear distinction between logo, trademark, and brand is necessary²⁴.

- A logo is simply the graphic element that visually represents a company, product, or service; it can be identified by a symbol, such as Apple's bitten apple, or by a set of characters, as in the case of the Google logo.
- A trademark goes beyond the logo: it encompasses not only the graphic element, but it can also include other distinctive aspects such as the company name, its identifying colors, the slogan, and even the font used to reproduce it. Furthermore, a trademark also has a legal purpose: registering it protects the identity of the company and protects it from unauthorized use.

²⁴ Ufficio Marketing. (n.d.). Logo, Marchio, Brand e Branding: le differenze e a cosa servono. <https://ufficiomarketing.it/leggi.php?post=397-logo-marchio-brand-e-branding-le-differenze-e-a-cosa-servono>

- A brand isn't tangible: it's the set of behaviors, values, and emotions that our company adopts and conveys to the market. It is built through the customer experience (how do those who buy feel?), the company's values (what does the company represent in terms of innovation, tradition, and sustainability?), and reputation (what do stakeholders and the market say about the company?).

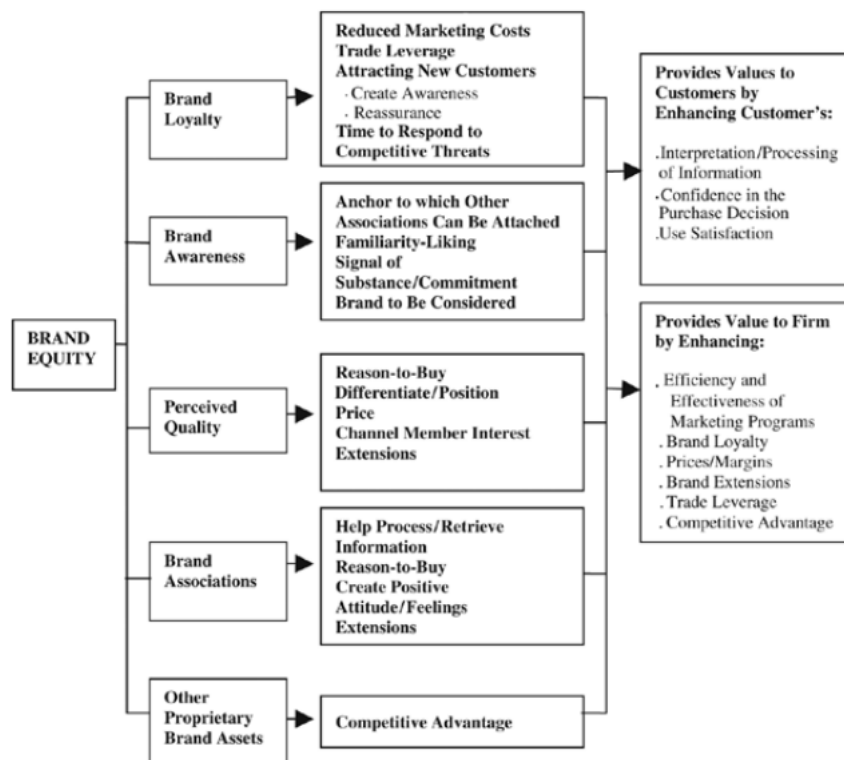
A clear definition was given by Kevin Lane Keller, one of the leading exponents and experts in the field. In his book “Strategic Brand Management”²⁵, he starts from the definition of the American Marketing Association (AMA), according to which a brand is a *“name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.”* In his definition, Keller gives greater focus to the perception of the consumer and the end client, defining the brand as *“a set of mental associations, held by the consumer, that add perceived value to a product or service.”*

Applying Keller's definition to the football industry, the set of "mental associations" the author refers to becomes the primary cornerstone of a club's financial stability. Unlike many traditional commercial sectors, where consumers can switch brands based on convenience, season, or price, football fans demonstrate a visceral and basically indissoluble brand loyalty. In this context, the brand serves as an emotional bridge that transforms a simple sporting entity into a global entertainment icon.

²⁵ Keller, K. L. (2013). *Strategic Brand Management: Building, Measuring, and Managing Brand Equity*. Pearson Education.
<https://vulms.vu.edu.pk/Courses/MKT724/Downloads/Keller%20Strategic%20Brand%20Management.pdf>

Another key concept in this sense that needs to be introduced and explained is that of brand equity. David Aaker, a renowned American economist, introduces the concept of brand equity in his book “*Managing Brand Equity*”, stating that this term refers to the “*set of intangible elements (assets) tied to the brand that can increase or decrease the value of the product offered to its customers*”.²⁶

Figure 10: Aaker's Brand Equity Model



Source: Steenkamp, P., Herbst, F. J., & de Villiers, J. C. (Anno). Towards a client-based brand equity model for selected business-to-business services. University of Stellenbosch Business School.

²⁶ Aaker, D. A. (1991). Managing Brand Equity: Capitalizing on the Value of a Brand Name. <https://it.scribd.com/document/853616398/Managing-Brand-Equity-Aaker-1991>

The assets Aaker talks about can be divided into five categories:

- Brand loyalty is a relatively simple process when applied to the sports industry. In fact, companies outside this world must be able to create a positive experience with the customer, one that is also less price-sensitive due to the relationship of trust that has been built over time. This dynamic in the world of sports manifests itself in different ways, and the reason is clearly identifiable in "faith," which rarely changes with the passage of time and accompanies the life of the individual, in some cases becoming part of everyday life. The great advantage over those who must build brand loyalty for a company in any other sector is that, in this case, a solid foundation is already considered, which can only be enhanced through initiatives ranging from merchandising to the effective use of official social media;
- Brand awareness refers to a consumer's ability to recognize a given sports brand based on a particular characteristic, such as its performance. Therefore, the target audience's knowledge of that brand is considered. An example of this is Real Madrid, which has managed to increase its brand awareness thanks to its strength in attracting some of the world's best players and its continued success, which has made it a true brand with an emotional connection among fans around the world.
- Perceived quality is undoubtedly a key determinant that impacts sports clubs, as it represents consumers' perception of the brand at a strictly qualitative level. For managers, it is a factor closely linked to sporting results, which is why, among the components of brand equity, it is certainly influenced by multiple factors. A very common strategy for increasing perceived quality is to invest heavily in football academy training to promote the idea that, even at large clubs, there is a desire to

focus on young talents who can one day help enhance the team's brand. On the other hand, it is easier for teams that have consistently achieved great sporting success to showcase the quality of their brand; they can afford to invest in high-quality athletes to make the playing experience memorable for their followers. Those lacking these characteristics must work hard to build customer loyalty through initiatives such as establishing a team museum or making pre-match and halftime interactive to make the match-day experience more relevant;

- Brand association refers to the connection that occurs in consumers' minds between a brand and its defining attributes. Various factors can influence it, and it is primarily based on the fans' emotional perception.
- Other proprietary brand assets including patents, trademarks, and relationships with distribution channels, whose primary and direct benefit is maintaining competitive advantage.

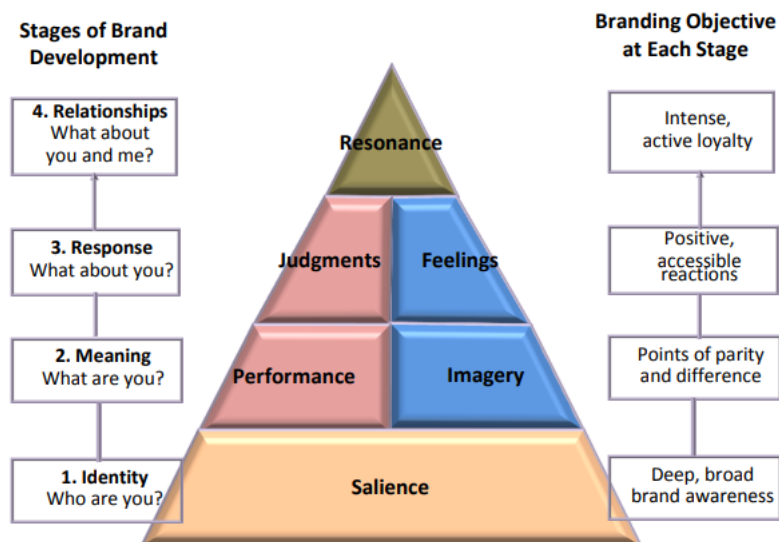
The figure shows that these five elements introduced by Aaker lead to two main and very important outputs:

- Provides Value to Customers by improving the consumer experience through:
 - Better interpretation and processing of product information.
 - Greater confidence and trust in purchasing decisions.
 - Greater satisfaction with the product or service.
- Provides Value to Firm by improving the health and profitability of the business through:
 - Greater efficiency and effectiveness of marketing programs.
 - Strengthened customer loyalty (brand loyalty).
 - Higher prices/margins.

- Greater opportunities for brand extension.
- Strengthened bargaining power in the market (trade leverage).
- Greater competitive advantage.

Another key theoretical model regarding brand equity is Kevin Lane Keller's famous Brand Equity Pyramid, also known as the Customer-Based Brand Equity (CBBE) model. While the previous model mapped the brand's pillars and assets, this one focuses on the consumer, more specifically on the stages of a psychological journey that connects the consumer to the brand, starting from superficial knowledge and culminating in absolute loyalty.

Figure 11: Keller's customer-based brand equity pyramid



Source: Steenkamp, P., Herbst, F. J., & de Villiers, J. C. (Anno). Towards a client-based brand equity model for selected business-to-business services. University of Stellenbosch Business School.

Starting from the bottom and working upward, we analyze the pyramid and note how it is divided into four sequential stages (shown on the left) that correspond to the six blocks of the pyramid²⁷:

- Identity, "Who are you?" This phase is called Salience, it is the base of the pyramid and it represents the brand's ability to be noticed, remembered, and recognized by the customer in times of need (deep, broad brand awareness).
- Meaning, "What are you?" Here we find two distinct blocks (points of parity and difference):
 - Performance: it's the rational part and the focus here is on how the product or service satisfies the customer's functional, utilitarian, and pricing needs.
 - Imagery: it's the emotional and social part and the focus here is on how the brand satisfies the customer's psychological needs (aesthetics, status, history, and brand personality).
- Response, "What about you?", meaning what do I think and how do I feel about you. Again, there are two distinct blocks:
 - Judgements: the customer's logical and rational assessments of the brand's quality, credibility, esteem, and superiority over competitors.
 - Feelings: the emotional reactions the brand evokes (like confidence, enjoyment, self-esteem, social approval, acceptance).
- Relationships, "What about you and me?" This last block is called Resonance, and it is at the top of the pyramid. It represents the highest level of attachment, loyalty,

²⁷ Steenkamp, P., Herbst, F. J., & de Villiers, J. C. (n.d). Towards a client-based brand equity model for selected business-to-business services. University of Stellenbosch Business School.
https://www.researchgate.net/publication/317952494_Towards_a_client-based_brand_equity_model_for_selected_business-to-business_services

and psychological identification between the consumer and the brand (it can be shown through active community, continuous repeat purchases of branded goods, spontaneous word of mouth etc.).

Keller's model is fundamentally useful because it allows us to analyze the football brand as a relational process that begins at the starting point, the identity phase. This association often occurs at a young age for fans, perhaps influenced by their parents, friends, or their favorite player, or perhaps because they are a fan of the club's hometown team. This process culminates in the resonance phase at the top of the pyramid, which perfectly describes the stage at which the fan is no longer a mere passive spectator but becomes an active member of the club's community, establishing a strong loyalty that leads, for example, to the systematic purchase of tickets, merchandise, and season tickets, regardless of on-field results. The model therefore allows to map how a football club can transform its media visibility into a long-term relational and economic asset.

Based on the previously analyzed Aaker model, it is undeniable that in modern football, clubs operate like truly international corporations. Aaker's five dimensions take on unique strategic importance: Brand Loyalty manifests itself in the figure of the loyal fan, whose attachment to the team guarantees stable revenues (season tickets, ticketing) regardless of on-field performance, which is unpredictable and unstable over time. Brand Awareness and Brand Associations describe the club's ability to extend its identity, history, colors, performance, and players internationally, connecting with non-sporting values, lifestyles, or historical icons such as top players. Finally, Perceived Quality refers not only to the competitiveness and quality of the team, but also to the quality of the infrastructure (such as the company-owned stadium) and the efficiency of corporate management.

Aaker's framework analytically demonstrates how building a strong and solid football brand is not just an image marketing exercise, but an essential strategic lever for generating value for the "customer" (the fan, who gains a sense of belonging and a high-quality spectacle) and, by extension, economic value for the company (through richer sponsorship contracts, TV rights, and the monetization of merchandising on global markets).

In the next subchapter the focus will be shifted from these previously analyzed theoretical models to a more practical vision linked to the football industry, like rebranding and personal branding activities, with the ultimate goal of attracting an ever-increasing audience and therefore being increasingly visible and recognizable.

2.3 Rebranding

As already extensively analyzed, football clubs today are truly multinational corporations undergoing ever-increasing strategic changes. In this sense, clubs must increase their value by seeking to reach ever more investors and capital, including abroad. For this reason, one of the most pressing issues in recent years has been the rebranding of football clubs, which ensures that the visual and strategic changes of clubs directly impact their stability and financial growth.

The starting point is the definition of the term rebranding. Below is the definition provided by Muzellec and Lambkin (2006), two of the leading experts on the subject. They define rebranding as *"a strategy in which a new name, symbol, term, or combination of several elements is created for an already established brand with the idea of creating a new identity, different from the previous one, to be instilled in the minds of consumers."*²⁸

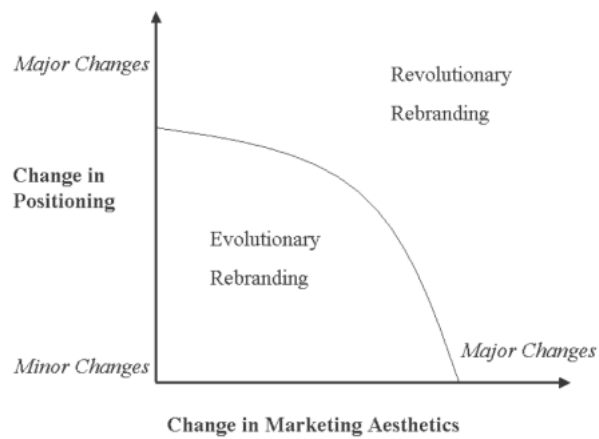
The authors also state that there are two types of rebranding, based on two variables: change in positioning and change in marketing aesthetics. Based on these, rebranding can be of two types:

- Evolutionary Rebranding: it refers to a minor development/change in the positioning and of the company, and it's so gradual and minor that it is hardly perceptible to outside observers.

²⁸ Muzellec, L., & Lambkin, M. (2006). Corporate rebranding: Destroying, transferring or creating brand equity? *European Journal of Marketing*, 40(7/8), 803-824
https://www.researchgate.net/publication/235302846_Corporate_rebranding_destroying_transferring_or_creating_brand_equity/link/54d899f10cf25013d03e66c6/download?tp=eyJjb250ZXh0Ijp7ImZpcnN0UGFnZSI6InB1YmxpY2F0aW9uIiwicGFnZSI6InB1YmxpY2F0aW9uIn19

- Revolutionary rebranding: on the opposite, it refers to a major and very visible change in positioning and aesthetics that fundamentally reshapes the company; this is usually symbolized by a change of name or logo and so this variable is used as an identifier for cases of revolutionary rebranding.

Figure 12: Types of Rebranding



Source: Muzellec, L., & Lambkin, M. (2006). Corporate rebranding: Destroying, transferring or creating brand equity? *European Journal of Marketing*, 40(7/8), 803-824

Another possible rebranding classification according to Muzellec and Lambkin is the level in the corporate hierarchy at which the change occurs. In this case, there are three different levels:

- Corporate rebranding;
- Business unit rebranding;
- Product rebranding.

The most common one in football is the systemic change at corporate level, changing the whole strategy of the company and not just a single product.

In addition to the schematic classifications of the different types of rebranding, it is also important to define the drivers and motives that push companies to undergo this strategic transformation process. Muzellec and Lambkin (2006) propose four different types of inputs:

Figure 13: The four driving forces of Rebranding

Change in ownership structure	Change in corporate strategy	Change in competitive position	Change in external environment
Mergers and acquisitions Spin-offs and demergers Private to public ownership Sponsorship	Diversification and divestment Internationalisation and localisation	Erosion of market position Outdated image Reputation problems	Legal obligation Major crises or catastrophes

Source: Muzellec, L., & Lambkin, M. (2006). Corporate rebranding: Destroying, transferring or creating brand equity? European Journal of Marketing, 40(7/8), 803-824

- Change in ownership structure: it includes extraordinary transactions such as mergers, acquisitions, or the transition from private to public ownership (stock market listing).
- Change in corporate strategy: it includes business diversification decisions, divestments, or, very frequently, internationalization and localization processes to penetrate new geographic markets.
- Change in competitive position: it refers to the need to counter market share erosion, rejuvenate an outdated image, or address serious reputational and crisis management issues.
- Change in external environment: it refers to exogenous and macro-environmental drivers, such as compliance with new legal and regulatory obligations or the response to major global crises and disasters.

Returning to football, it's undeniable that the main driver today pushing clubs to undergo the rebranding process is the goal of diversification, internationalization and targeting ever-wider audiences and fans. Linking the discussion to literature, we note how some teams have undergone an evolutionary rebranding over the course of their history, while others have undergone a revolutionary rebranding.

Figure 14: The evolution of the Barcelona crest



Source: Calcio e Finanza. (2022, 12 novembre). Il Barcellona potrebbe cambiare il proprio stemma. Calcio e Finanza.

Barcelona is a classic example of evolutionary rebranding, as it's evident that it hasn't undergone radical transformations, only minor aesthetic adjustments over the past few years. Of note is that the club's management wanted to rebrand (removing the FCB logo to make it more minimalist and international), but the fans opposed it, blocking the reform. This is closely linked to the fact that in football, traditional brand loyalty can stop

an identity change perceived as too drastic, which could then lead longtime fans to distance themselves and oppose to such changes.²⁹

Figure 15: The evolution of Juventus crest



Source: Borbotti, C. (2017, 24 gennaio). Juventus: un nuovo logo per un rebranding rivoluzionario. *This Marketer's Life*.

On the other hand, an example of revolutionary rebranding is that implemented by Juventus in recent years, which has transformed itself into a truly global media company and focused on brand storytelling, extending the brand into sectors such as fashion and design.

Furthermore, in order to overcome a saturated domestic market, the new minimalist design aimed to appeal to occasional international fans and younger generations, who respond not to geographic affiliation but to visual codes linked to lifestyle.

²⁹ Calcio e Finanza. (2022, 12 novembre). *Il Barcellona potrebbe cambiare il proprio stemma*. Calcio e Finanza.

<https://www.calcioefinanza.it/2022/11/12/barcellona-nuovo-stemma/>

On the other hand, it is undeniable that such a radical change carries the risk of alienating the historic fan base, which boasts strong psychological ownership of the logo. The club has mitigated this friction by incorporating tradition into digital narratives, thus increasing brand value and market bargaining power (for example, with contracts with Adidas and Jeep).³⁰

³⁰Marano, V. (2019). *Il rebranding di Juventus F.C. e le nuove strategie di storytelling* (Tesi di Laurea Magistrale, LUISS Guido Carli, Roma).
https://tesi.luiss.it/25771/1/692931_MARANO_VITTORIO.pdf

Chapter 3: Brand valuation: different methods

3.1: Fair Value Regulation and PPA

As already explained at length in the previous chapter, the regulatory framework under IAS 38 imposes significant limitations on football clubs regarding the assets and liabilities that can be recognized on the balance sheet.

The IAS 38 says in paragraph 63 that: *“internally generated brands, mastheads, publishing titles, customer lists and items similar in substance shall not be recognized as intangible assets”*³¹.

This is extremely important, as many teams created their own logos when they were founded, and it is therefore a brand that has been entirely generated since the founding years of football clubs. Since the brand is "internally generated," the costs incurred for its growth (marketing, communication) have been spent over the years, leaving the brand's value at zero in the accounting books. This creates a structural difference between book value and market value of the society, making it essential to adopt external valuation models capable of revealing the true financial standing of the club. Thus, this creates a structural divergence between the accounting net worth of a firm and its true corporate value on the global capital markets.

This is particularly evident and significant when new ownership takes over a football club (or any company, for that matter) given that the price paid for the transfer of ownership inevitably includes these intangible assets, which were previously recorded on the balance

³¹ IRFS Foundation (January, 2022), “International Accounting Standard IAS 38 Intangible Assets” https://www.aasb.gov.au/admin/file/content105/c9/IAS38_BC_1-22.pdf

sheet at a value of zero. In this context, introducing the concept of PPA (Purchase Price Allocation) is of fundamental importance.

PPA can be defined as the requirement by financial reporting standards to allocate the price paid for the company to the assets acquired and liabilities assumed.³². In other words, it helps to precisely show the value drivers for an acquired company, and help understand what each part of the acquired business is worth.

A large component of the PPA is the identification and assignment of the fair market value of all tangible and intangible assets and liabilities assumed in a business acquisition as at the date of closing. The difference between the purchase price and the sum of assets and liabilities is then recognized as goodwill, the residual value that the company expects to monetize in the future from assets that do not exist today, such as growth prospects or synergy effects³³.

Purchase Price – Fair Value of Identifiable Net Assets = Goodwill

Therefore, a Purchase Price Allocation (PPA) must be performed to isolate core goodwill from the fair value of the acquired net assets (assets - liabilities). One of the leading experts in the field is Mauro Bini, author of the book *“La valutazione degli intangibili: Business combinations and Purchase Price Allocation”*.

³² *Purchase Price Allocation (PPA)*. (2025, October 30). Deloitte.
<https://www.deloitte.com/nl/en/Industries/tmt/perspectives/purchase-price-allocation.html>

³³ Finsights Consulting. (2023). *IFRS 3 PPA insights*.
<https://finsightsconsulting.com/wp-content/uploads/2023/02/IFRS-3-PPA-Insights.pdf>

In his book, he states that from a PPA perspective, core goodwill represents the portion of the purchase price that cannot be allocated to any tangible or intangible asset of the acquired entity.

Consequently, core goodwill is not an amount to be estimated for PPA purposes, but rather the result of the PPA process. Indeed, core goodwill is derived as the difference between the purchase price (or the fair value of 100% of the entity in the case of partial acquisitions) and the fair value of the acquired entity's net assets. For a given purchase price, underestimating the fair value of the acquired net assets leads to an overestimation of core goodwill, and vice versa.

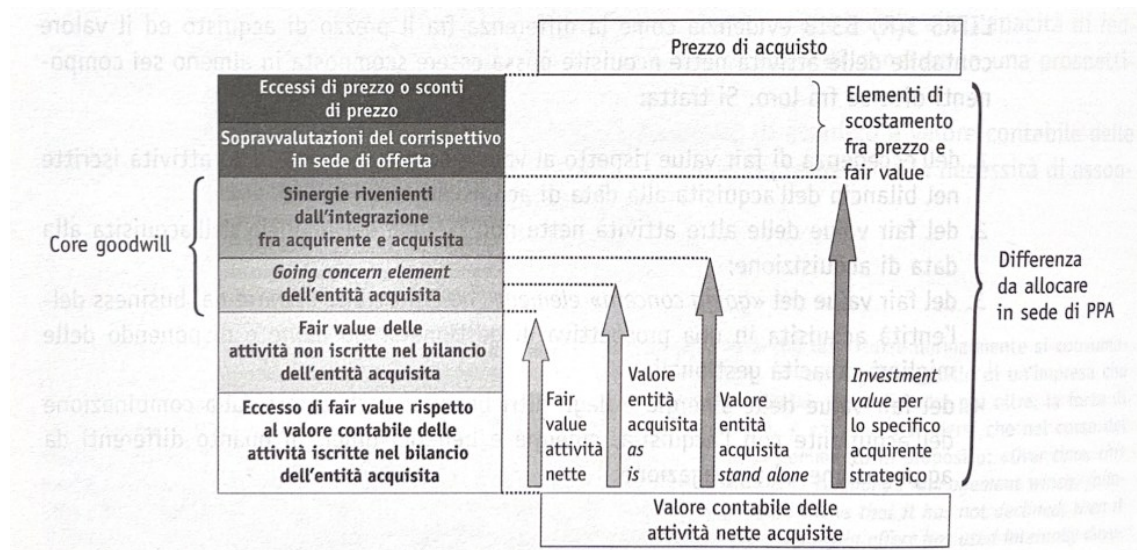
Thus, the PPA can successfully isolate core goodwill from the purchase price only if the fair value of the acquired net assets has been accurately estimated. Since internally generated intangibles (which were not recognized on the acquired entity's balance sheet prior to the acquisition) play a particularly significant role among these assets, the valuation of intangibles emerges as the critical factor determining the quality of the PPA, that is, its ability to derive the correct measure of core goodwill from the purchase price. IFRS 3 B313 highlights that the difference between the purchase price and the carrying amount of the acquired net assets can be broken down into at least six distinct components. These are:

- the excess of fair value over the net carrying amount of assets recognized on the acquired entity's balance sheet at the acquisition date;
- the fair value of other net assets not recognized on the acquired entity's balance sheet at the acquisition date;

- the fair value of the "going concern" element that can be derived from the acquired entity's business, assuming a stand-alone management perspective and the application of optimal management capabilities;
- the fair value of the synergies and other net benefits expected from the combination of the acquirer and the acquiree, synergies and benefits that are unique, as they differ from one business combination to another;
- the overvaluation of the consideration paid resulting from errors in valuing the consideration offered when it consists of financial or real assets;
- excess prices paid by the acquiring entity (due, for example, to a competitive auction mechanism that drove up the purchase price) or price discounts secured by the acquiring entity (for instance, linked to the specific status of the acquired entity, such as a company in liquidation or financial distress), which reduce goodwill (potentially to the point of giving rise to negative goodwill).³⁴

³⁴ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA.

Figure 16: Breakdown of Purchase Price Allocation (PPA) components



Source: Bini, M. (2011). *La valutazione degli intangibili: Business combinations e purchase price allocation*. EGEA.

Neither the first two components nor the last two constitute core goodwill. Core goodwill consists exclusively of the fair value of the “going concern” element and the fair value of the synergies and other net benefits

This breakdown is useful because it allows the gap between the book value of the acquired net assets and the purchase price to be bridged by identifying four distinct fair value configurations. The sum of the net book value of the acquired assets and components (1) and (2) represents the fair value of the acquired net assets.

Adding component (3) to this sum yields the stand-alone value of the acquired entity, which coincides with the so-called “as-is” value of the acquired entity, which corresponds to the value of the entity viewed on a stand-alone basis but based on pre-acquisition management capabilities. If the acquired firm is not yet fully exploiting its earnings potential, the “as-is” value does not fully incorporate the “going concern element.”

Adding component (4) leads to the so-called "investment value. Therefore, it is important to clarify a key point regarding Purchase Price Allocation (PPA) right away. According to the standard-setter, synergies that the specific acquirer expects to realize through the business combination (which are reflected in the purchase price but not captured in the fair value of individual tangible and intangible assets), are classified as goodwill. Since these represent the acquirer's so-called "special synergies," it logically follows that the fair value of the assets must not incorporate special synergies, but only those we define as "universal synergies. The final two components, conversely, explain the difference between the price and the investment value of the acquired entity for the specific acquirer.

By revisiting the concepts introduced by IFRS 3, and analyzed by Mauro Bini in 2011, and applying them to the modern football landscape, one can discern the strategic and operational dimensions of these components. In football club acquisitions, the gap between historical book value and the final purchase price represents a complex mix of tangible and intangible assets, sporting rights, and commercial strength.

In a football club acquisition, component 1 (the excess fair value over the net carrying amount of assets recognized on the acquired entity's balance sheet at the acquisition date) represents the revaluation of tangible assets, such as owned stadiums, training centers, and the historical carrying amount of player registration rights.

Component 2 (the fair value of other net assets not recognized on the acquired entity's balance sheet at the acquisition date) marks the precise point where the club's internally generated brand officially emerges. Under the PPA mandate, club logos, trademarks, merchandising licensing agreements, and corporate sponsorships must be isolated at this specific stage, receiving an independent Fair Value measurement for the first time.

In the football business, the "going concern" element (component 3) reflects the intrinsic value of the club's infrastructure and its established position in highly lucrative leagues and competitions (such as the UEFA Champions League). Conversely, component 4 captures the "special synergies" expected by the specific buyer. For instance, when a foreign investment fund acquires an Italian club, these synergies include the unique ability to globalize the brand. Components 5 and 6 account for premiums or discounts driven by market psychology.

For this reason, there is a need to properly value football club logos so that the sports club is accurately assessed overall. In order to do that, there are certainly internationally recognized valuation methods.

As reported by Mauro Bini³⁵, IFRS 13 Fair Value Measurement recognizes all the principal valuation "approaches" found in the literature as compliant with IAS standards. These are the approaches encompassed by the acronym MIC (Market-Income-Cost), as they are based, respectively, on:

- market data for assets identical or comparable to the asset being valued;
- the income that the specific asset is capable of generating from the perspective of a market participant;
- the cost required to replace the asset within the production combination in which it is integrated.

Since all valuation criteria known in the literature can be traced back to these approaches, IFRS 13 would appear to merely require the use of any "rational" valuation criterion. In

³⁵ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA.

reality, it demands much more; it also clarifies that the valuation technique (the means) must be appropriate for the financial reporting valuation objective (the end), which consists of:

- estimating the price at which a transaction between market participants could take place under orderly market conditions at the measurement date;
- making the greatest possible use of market-observable inputs.

Having identified the objective of the valuation, the standard-setter implicitly establishes the conditions determining the preferred valuation technique: priority is given to the technique capable of reflecting the value that best represents the price achievable in the market at the measurement date, while maximizing the use of market-observable inputs.

The standard-setter is fully aware that the fair value of assets (tangible or intangible) lacking an active market necessarily represents a value estimated based on subjective assumptions; consequently, through IFRS 13, it sought to limit the scope for subjectivity.

To achieve this, the focus was placed on the valuation process, which must be:

- a) rational;
- b) as well-informed as possible;
- c) capable of minimizing the weight of assumptions and inputs not directly observable in the market;
- d) traceable in its development and in the identification of key value drivers, thereby enabling the identification—at the time of initial recognition—of the elements that need to be monitored for potential impairment of the specific assets.

3.2: The Cost-Based Approach

The use of the cost criterion to estimate the fair value of any asset is based on the premise that a market participant would never be willing to pay a price higher than the costs they would incur to create the asset themselves. The cost criterion thus simulates the equivalence between the "make or buy" options available to a typical market participant.

Generally, when the cost criterion is applied, two different possible cost configurations are assumed: replacement cost (or the cost required to recreate an asset capable of providing equivalent utility) and reproduction cost (or the cost incurred to create the specific asset).

The reproduction cost method suffers from the limitation that the higher the costs actually incurred in the past, the higher the asset's value is assumed to be, and this is a premise that is not necessarily true. It follows that reproduction cost (i.e., the sum of costs incurred by the specific entity to create the asset being valued) does not, in itself, constitute a measure of fair value.

On the other hand, replacement cost represents the cost an entity would incur to acquire an asset with the same functionality and utility as the asset being valued. In this sense, replacement cost constitutes the cost of recreating an asset similar to the one being valued as of the reference date, unlike reproduction cost, which represents the cost of creating the specific asset itself, restated in terms of current purchasing power.

The relationship between the reproduction cost and the replacement cost (new) of an asset is therefore as follows:³⁶

Reproduction cost new (= costs actually incurred to create the asset in-house, expressed in current purchasing power)

- Costs no longer necessary (= excess capital costs)
- Damage sustained by the asset (primarily due to reduced maintenance) that can be repaired by incurring restoration costs (= curable costs)
- + Opportunity cost of capital employed (= developer's profit)
- + Risk incentive (= entrepreneur's incentive)

= Replacement cost new (= cost of recreation new).

- The reproduction cost new represents the costs actually incurred to create the asset. Estimation challenges include the possibility to isolate the asset's creation costs from maintenance costs, and the ability to identify indirect creation costs using an appropriate driver. For instance, calculating the cost of creating a brand requires both isolating the costs incurred to establish the brand from routine advertising costs for brand maintenance, and identifying a driver to allocate a portion of indirect marketing personnel costs;
- The excess capital costs include costs incurred in the past that, based on current knowledge or market conditions, would no longer be incurred. An example is the cost incurred to establish a brand which, due to a drop in advertising campaign

³⁶ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp. 401-402

prices between the time the costs were actually incurred and the PPA date, would also be lower;

- The curable costs are costs required to remedy any damage the asset has sustained due to accidental events or inadequate maintenance. For instance, the acquired entity's customer portfolio might require compensation payments for certain production defects, or a brand might require a reinforcement advertising campaign due to an excessive reduction in maintenance campaigns over recent years, etc.;
- developer's profit: a measure of the return on the capital employed to create the asset. This return accounts for the cost of time (risk-free rate) and the systematic risk of the activity, and is applied to the capital employed, net of any excess capital costs. It is a cost component to be applied when it is reasonable to assume that a market participant would recognize it in the price;
- entrepreneurial incentive: a measure of the return on entrepreneurial risk (non-systematic or diversifiable); it represents the premium that a party bearing the risk of creating an intangible asset would demand as compensation for entrepreneurial risk (i.e., for the total investment risk rather than merely the diversifiable risk). Naturally, this cost component is justified only if the asset is genuinely capable of generating an income advantage.

In a nutshell, the cost approach is more reliable for estimating the fair value of assets:³⁷

- for which a direct measure of replacement cost is available;
- for which the impact of excess capital costs, curable costs, developer's profit, and entrepreneurial incentive is very limited or negligible, as they are assets:

³⁷ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 403

- a) that have been recently constructed (= zero excess capital costs);
- b) that have not suffered significant damage or deferred maintenance (= zero curable costs);
- c) that require a short construction period (= limited developer's profit);
- d) to which no specific excess earning capacity can be attributed (= absence of entrepreneurial incentive).

Regarding the cost approach, it is evident that the influence of subjective choices on the valuation outcome is minimized when the replacement cost (new) does not differ significantly from the reproduction cost and the asset's obsolescence can be readily determined using objective parameters. In such instances, the method is simplified, and this very simplification underpins its reasonableness. Indeed, under these conditions, the following equation applies:

Reproduction cost new ($\approx$ Replacement cost new)

– Functional and economic obsolescence (= incurable costs)

= Replacement cost of the asset in its current state of use = Fair value.

Going on, there are three main methods that embody the cost approach:³⁸

- adjusted historical cost (an indirect method, as it starts with the estimated reproduction cost to arrive at the replacement cost);
- current unit cost (a direct method for estimating replacement cost);

³⁸ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 407-411

- standard unit production cost (another direct method for estimating replacement cost).

The adjusted historical cost method should be used when so-called "excess capital costs" are negligible, and there are no "curable costs" (i.e., costs required to repair any damage to the intangible asset). By definition, historical cost represents the reproduction cost of the asset. The adjustments required to derive the replacement cost (new) from the reproduction cost (assuming the absence of excess capital costs and curable costs) relate to three main factors:

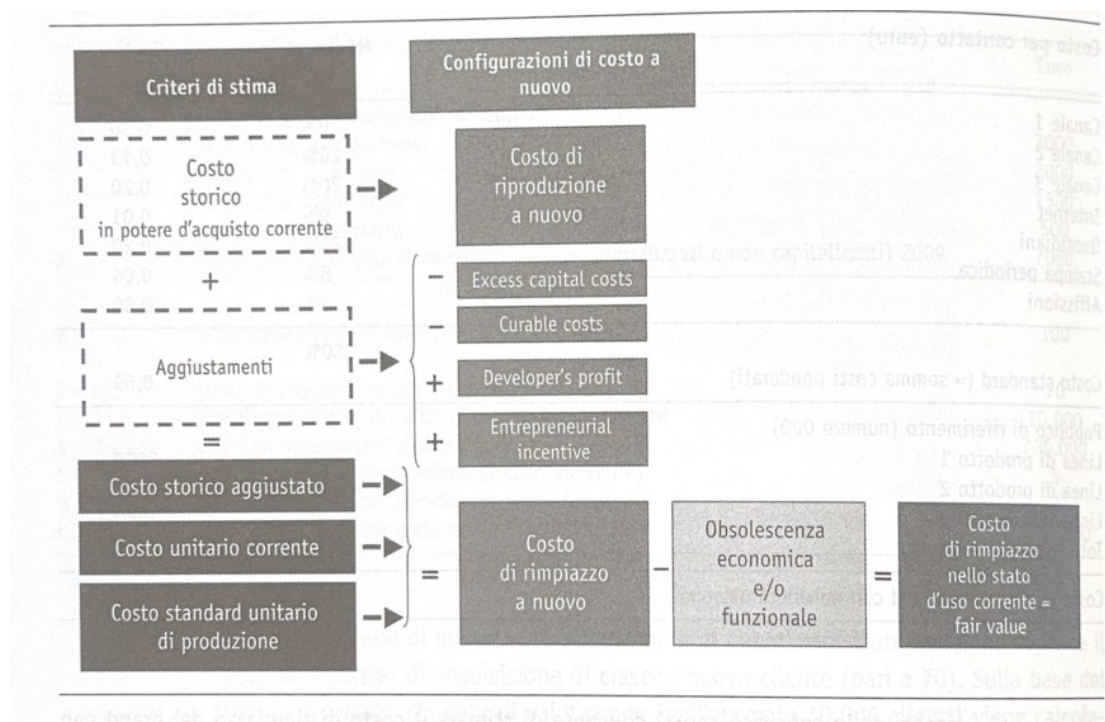
- a) restating costs in terms of current purchasing power;
- b) calculating the opportunity cost of the capital employed (= developer's profit);
- c) the risk incentive (= return in excess of the remuneration for the capital employed = entrepreneurial incentive).

When excess capital costs and/or curable costs are significant, and/or the estimation of reproduction cost is complicated by a lack of data, it is preferable to estimate the replacement cost of the intangible asset directly.

The current unit cost method allows for the direct estimation of replacement cost through a simple "price $\times$ quantity" analysis, where the quantity of production factors (e.g., labor hours, indirect costs, etc.) required to develop the asset reflects the level of knowledge and experience already attained, rather than the costs actually incurred in the past. The logic underlying this method is based on the calculation of marginal cost.

Finally, the standard unit production cost criterion estimates replacement cost based on a summary measure of standard cost. Application of this criterion requires that replacement costs be identifiable on a consistent basis.

Figure 17: The cost criterion for fair value estimation purposes



Source: Bini, M. (2011). *La valutazione degli intangibili: Business combinations e purchase price allocation*. EGEA, p 412.

3.3 The Income-based approach

The income approach measures fair value based on the present value of the future economic benefits the asset is capable of generating over its remaining useful life³⁹.

The income approach is the primary criterion for valuing primary intangible assets capable of providing a competitive advantage to their owner. It also constitutes a valid method for controlling the cost method. As already noted, no one would be willing to pay for an asset a price higher than the present value of the expected benefits from it. The income approach consists of three main steps:

- a) estimating future economic benefits;
- b) choosing the most appropriate income measurement criterion;
- c) selecting the discount rate.

Estimation of future economic benefits:

IFRS 13 Fair Value Measurement clarifies that, when applying income-based valuation approaches, the benefits expected from the asset must reflect current market expectations (like those of market participants). A key aspect, therefore, concerns the prospective information to be used when applying the income approach; this information should reflect the expectations of market participants rather than those of the acquiring entity.

The Fair Value Measurement Exposure Draft outlines an analytical method to be followed when using prospective information derived from the company itself specifically when

³⁹ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 414-417

addressing the issue of using unobservable inputs to estimate fair value. The method can be summarized as follows:

- start with the company's internal forecasts;
- adjust these internal forecasts if:
 - other market participants would use different data and such information is reasonably available (without undue cost or effort);
 - there are specific synergies that the entity is able to quantify.

Thus, the standard-setter recognized the need to introduce a principle of reasonableness regarding adjustments to the company's planned cash flows; this entails considering all available evidence concerning market participant expectations and the acquirer's specific synergies, without, however, requiring further investigation (this is based on the idea that, in the absence of information regarding market participants and specific synergies, the planned cash flows require no adjustment).

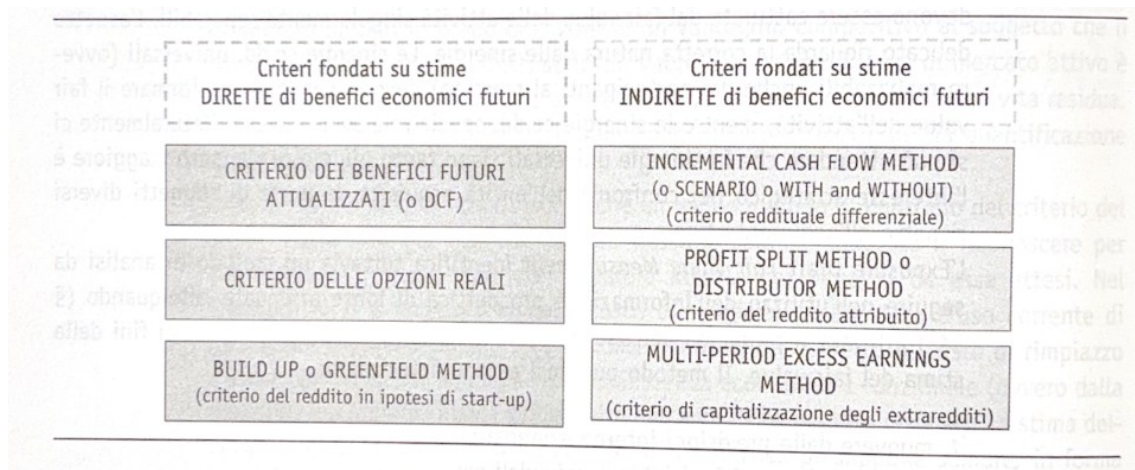
Selection of the most appropriate income-based valuation method:

Income-based valuation methods can be divided into two broad categories depending on whether they are based on direct or indirect estimates of future earnings flows methods based on:

- direct estimates of future economic benefits:
 - Discounted Future Benefits method (or DCF);
 - Real Options Method;
 - Start-up Income Method (or Build-up Method or Greenfield Method);

- indirect estimates of future economic benefits:
 - Differential Income Method (or Incremental Cash Flow Method or Scenario Method or With and Without Method);
 - Attributed Income Method (or Profit Split Method or Distributor Method);
 - Capitalization of Excess Earnings Method (or Multi-Period Excess Earnings Method).

Figure 18: Income-based valuation methods



Source: Bini, M. (2011). *La valutazione degli intangibili: Business combinations e purchase price allocation*. EGEA, p 416.

c) Selection of the discount rate

A significant aspect of applying income-based valuation methods concerns the nature of the forecasts, which may be based on a single scenario or on multiple future scenarios. Typically, the valuation relies on a single scenario, partly because such a valuation is easier to audit. However, there are instances where scenario analysis is required (for example, when valuing in-process research and development, a licensing agreement, or a

non-compete clause). Multi-scenario analysis can apply to both direct and indirect methods of estimating the intangible asset's future benefits; it can be performed by discounting the expected average outcome (i.e., the mean of outcomes across various alternative scenarios, weighted by the probability of each scenario occurring) or, alternatively, using a Monte Carlo technique (assigning a probability distribution to the key variables upon which future benefits depend). IFRS 13 Fair Value Measurement devotes 18 paragraphs of Appendix B (Application Guidance) to the calculation of present value. Specifically, it clarifies that there are two main techniques for accounting for risk in income-based valuations:

- a) the risk-adjusted discount rate technique, which involves discounting contractual cash flows or income streams (for debt instruments) or the most likely cash flows or income streams (in all other cases) at a rate that reflects the specific nature of those flows (e.g., their dependence on the occurrence of certain specific events or scenarios). This valuation technique is based on a single scenario;
- b) the expected present value technique, which involves discounting expected average cash flows derived from multiple possible scenarios. This technique can be applied in two variants: Method 1, which discounts the certainty equivalents of expected cash flows at a risk-free rate; and Method 2, which discounts expected average cash flows at a discount rate that includes a premium for systematic risk.

Criteria based on direct estimates of future economic benefits: the discounted future benefits (or DCF) method

To estimate the value of an intangible asset using the income approach, it is necessary to have a measure of income (or cash flow) directly attributable to the asset in question. This

could be, for example, a contract, an active license for a technology or brand, an order backlog, etc. In all these cases, the asset's value corresponds to the present value of expected future benefits, discounted at an appropriate rate (the cost of capital when using expected average flows, or a risk-adjusted rate when using the most probable flows).

The only critical aspect in applying the income or DCF method concerns the earnings flows to be discounted. In principle, the rule should be that for all finite-life assets, value is a function of cash flows, whereas for indefinite-life assets, value is a function of income flows⁴⁰.

A finite-life real asset can be likened to a finite-life financial asset (such as a bond). To determine the current price of a bond, one must discount the cash flows (interest plus principal) expected over the security's remaining life, rather than just the income flows (interest). Similarly, valuing a finite-life real asset requires discounting the entire expected cash flow.

An actual asset with an indefinite life can also be likened to a financial asset with an indefinite life (such as a share of stock). Relying on cash flows to determine the current value of a share can be misleading, as the valuation of an indefinite-life asset must necessarily be based on discounting earnings flows over an explicit forecast period and estimating a so-called terminal value.

The terminal value is generally derived by capitalizing an expected normalized result beyond the planning horizon. Estimating the value of an indefinite-life asset gives rise to the so-called "truncation problem," which stems from the need to "summarize" (within

⁴⁰ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 423-432

the terminal value) the asset's prospective average normalized result. This result must be expressed net of maintenance investments, which can rarely be assumed to equal those of the explicit forecast period. Indeed, it is merely coincidental if planned investments reflect the reinvestment required to sustain earning capacity beyond the explicit forecast period. For this reason, it is usually preferable to use cash flows for the explicit forecast period and expected earnings when estimating the terminal value.

Real options method

The real options approach can be used to value two different types of intangible assets⁴¹:

- assets for which the expected average economic benefits are negative at the PPA date, but which—by virtue of an embedded flexibility option—allow for the capture of potentially significant economic benefits should certain currently uncertain conditions materialize. This applies to intangible assets that function as "out-of-the-money" real options;
- assets for which the expected average economic benefits are positive, but which underestimate the potential value the assets themselves could unlock if certain future conditions occur. This applies to intangible assets that function as "in-the-money" real options.

In general, the options-based approach can be useful for valuing intangible assets (i.e., assets transferable to third parties or of a legal or contractual nature) associated with past investments (including costs expensed during the period) incurred by the target company

⁴¹ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 433

with the aim of securing a window of strategic opportunity should certain favorable future scenarios materialize.

Start-up Income Method (or Build-up Method or Greenfield Method)

The criterion involves adopting the perspective of a market participant that, possessing only the intangible asset being valued, must acquire all other assets necessary to exploit that intangible asset, starting from scratch (hence the term "Greenfield Method"). This criterion is generally used to value telecommunications and broadcasting licenses and, more broadly, intangible assets of a legal and contractual nature⁴²:

- characterized by a generally long economic life;
- requiring no maintenance or development investments;
- for which the pattern of economic benefits over time does not tend to decline as the contractual term approaches its end.

Valuation based on this criterion relies on projected cash flows spanning the asset's (the license's) entire economic life: from start-up through to the end of its useful life. Cash flows are expressed net of all investments in tangible and intangible assets and all operating costs required to ensure full exploitation of the asset. Adopting the start-up perspective is driven precisely by the need to isolate the economic benefits attributable to the specific asset being valued.

Indeed, by deducting from future cash flows all investments (i.e., investments in plant and equipment, marketing expenses, customer acquisition costs, etc.) required to ensure full exploitation of the intangible asset, one obtains the net benefits attributable to the

⁴² Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 442-447

asset itself (technically, this yields the Gross Present Value, or GPV, of the intangible asset under valuation).

Although the method is based on discounting the net cash flows projected over the entire remaining useful life of the intangible asset being valued, understanding its logic requires distinguishing the sequence of flows into two conceptual components:

- a) the present value of net cash flows projected for the period extending from the attainment of steady-state operations to the end of the asset's useful life (this value accounts for the contribution of all assets to business earnings, not merely that of the intangible asset under valuation);
- b) the present value of net cash flows projected for the period spanning from start-up to the attainment of steady-state operations. Since the start-up phase entails all investments required for full-scale operation of the asset as well as fixed overhead costs (albeit adjusted as the business develops), cash flows during this period are typically negative and effectively serve as the minuend in the valuation formula.

The sum of the first and second terms yields a value representing two components:

- a) the gross present value (GPV) of the intangible asset being valued (= the fair value sought);
- b) the net present value (NPV) of investments in assets other than the one being valued.

Since the criterion implicitly assumes that the NPV of investments in assets other than the one being valued is zero, it follows that the difference between the two terms represents solely the gross present value of the intangible asset being valued, and thus its fair value.

Differential Income Method (or Incremental Cash Flow Method or Scenario Method or With and Without Method)

Indirect income-based methods can be divided into two main categories⁴³:

- methods based on discounting the expected average cash flows indirectly attributed to the intangible asset using the weighted average cost of capital (WACC);
- methods based on discounting the expected average cash flows indirectly attributed to the intangible asset using a rate reflecting the specific asset's risk.

The differential income method falls into the first category. This means that the method in question can be used to value only certain types of intangible assets (typically those of a contractual nature for which direct valuation methods are not applicable, such as non-compete agreements). In general, however, this method is not applied to intangible assets of a strategic nature.

The value of the intangible asset being appraised is derived from the differential income flows resulting from a comparison of expected cash flows under two alternative scenarios: one assuming the presence of the intangible asset within the target company, and the other assuming its absence. The present value of these differential flows (calculated as the difference between the "with-intangible" scenario and the "without-intangible" scenario) is attributed to the intangible asset.

Furthermore, since these flows are discounted using the weighted average cost of capital (WACC), the value of the intangible asset calculated in this manner corresponds to the

⁴³ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 453-455

difference between the Business Enterprise Values (BEV) calculated for the two scenarios.

Attributed Income Method (or Profit Split Method or Distributor Method)

The allocated income criterion (or Profit Split) estimates the value of an intangible asset by identifying the share of income that could be generated by licensing it to third parties or, conversely, by isolating the asset's exploitation within a specific business unit. Unlike the Relief-from-Royalty method, which falls under the market approach, the Profit Split method does not derive its parameters from observable royalty rates; instead, it relies on fundamental assessments aimed at determining an appropriate basis for attributing a portion of the company's income to the specific asset.

Four main versions of this criterion are distinguished⁴⁴:

- a) Comparable Profit / Distributor Method: this is applied by isolating the specific stage of the corporate value chain where the intangible asset being valued constitutes the primary asset. The income attributable to the intangible is determined residually by calculating the average operating margin of a sample of independent third-party companies specializing in that specific stage (industry benchmark) and subtracting the remuneration due to other complementary tangible and working capital assets (Contributory Asset Charge - CAC).
- b) 25% Rule: This is a rule of thumb based on empirical evidence indicating that the licensor of an intangible asset typically receives between 25% and 33% of the operating income generated by the licensee. Based on the theoretical premise that

⁴⁴ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 463-474

the business process can be broken down into four equal stages (technology development, product development, manufacturing, and commercialization), the method attributes one-quarter (25%) of the total operating income to the development of the intangible asset.

- c) Excess Earnings Attribution Method (Interbrand Model): Primarily used for brand valuation, this method breaks down the company's total excess earnings to isolate the component attributable to the brand versus general goodwill. The value is derived by multiplying the net operating excess earnings (calculated after deducting the remuneration for other contributory assets) by the Role of Brand Index (RBI)—a coefficient (ranging from 0% to 100%) that measures the brand's impact on customer purchasing decisions. The resulting figure is then discounted at a rate commensurate with the brand's competitive strength (Brand Strength).
- d) Differential income criterion relative to a benchmark: Estimates the value of the intangible asset by attributing to it the portion of excess income derived from a direct comparison between the earnings performance of the company under analysis and the average profitability parameters of a sample of competitors or the relevant industry.

Multi-period Excess Earnings Method (MPEEM)

Finally, there is the Multi-Period Excess Earnings Method (MPEEM), the benchmark model in Purchase Price Allocation (PPA) processes for valuing a company's dominant strategic intangible asset.

The method relies on the principle of income layering: it assumes that the target company's total income stems from the combined contribution of all corporate assets and

derives the value of the primary asset residually (as "excess earnings") by deducting the ordinary return attributable to other assets from the total income. As a residual calculation, the MPEEM represents the final stage of the PPA and is directly affected by any estimation errors regarding other assets. The overall soundness of the allocation is then verified by reconciling the Weighted Average Return on Assets (WARA) with the Weighted Average Cost of Capital (WACC) and the acquisition's Internal Rate of Return (IRR).⁴⁵

Operationally, the process begins by identifying the dominant asset (like customer relationships or a specific technology) and estimating the revenue it can generate over its useful economic life. Only costs strictly necessary for the operation and maintenance of the existing business are allocated to these revenue streams; the planning data is adjusted to exclude irrelevant expenses, such as research into new technologies or marketing aimed at acquiring new customers.

Next, "Contributory Assets" (working capital, tangible assets, other intangibles, and skilled workforce) are identified, with a return rate assigned to each that reflects its specific risk profile. "Contributory Asset Charges" (CAC), which cover both the return on invested capital and the recovery of capital, are then deducted from the pro-forma operating income, thereby isolating the net income attributable to the dominant intangible asset. Finally, the asset's fair value is determined by discounting these residual excess earnings at a rate commensurate with its specific risk and incorporating, where applicable, the tax benefit derived from amortization (Tax Amortization Benefit – TAB).

⁴⁵ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 479-485

3.4 The Market-based Approach

IFRS 13 Fair Value Measurement, at paragraph B5, defines the market approach as follows: "the market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets (...)".

Valuation criteria based on the market approach can therefore be divided into two broad categories, depending on whether they rely on market prices or on other relevant information generated by transactions⁴⁶:

- a) the direct valuation criterion, which uses prices established in recent market transactions involving comparable assets (the so-called "comparable transactions method"). Applying this criterion to estimate fair value presupposes that prices derived from recent transactions provide objective evidence of the market value of the asset being valued.
- b) indirect valuation criteria, which use other relevant market information:
 - royalty rates established in licensing agreements between independent parties (the so-called "Relief-from-Royalty Method");
 - transaction prices involving companies (or company stock quotes) where the dominant asset is comparable to the asset being valued (the so-called "comparable pure-play method");
 - fair values assigned to comparable assets in other Purchase Price Allocation (PPA) exercises (the so-called "comparable fair value method");

⁴⁶ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 605-607

- values of similar assets derived from independent sources (the so-called "comparable independent estimates method").

Direct market-based criteria (relying on recent transaction prices for comparable assets) are rarely applicable to intangible assets. This limitation arises because strategic intangible assets are seldom sold in isolation from the rest of the business, transactions typically occur via private, non-disclosed agreements, and the assets possess unique characteristics that preclude full comparability.

Consequently, indirect methods are predominantly used. However, since these methods rely on derived data and internal estimates rather than actual prices, they lose the presumption of theoretical superiority associated with the market approach; thus, they require the use of cross-checks (such as the Profit Split and "With and Without" methods) to verify their economic reasonableness.

Relief-from-Royalty Method

The logic behind this method involves envisioning the additional costs a company would incur if it lacked the specific asset being valued and had to license it from a third party. The future benefits provided by the asset are thus represented by the royalties saved (the "Relief-from-Royalty" approach). Although many classify it as an income-based method due to the discounting of these cash flows, its methodological categorization depends on how the data is estimated: if the royalty rate is derived from industry averages, the method constitutes a specific instance of the Profit Split Method; conversely, if it is derived from licensing agreements involving comparable assets, the model utilizes information

generated by market transactions and, under IFRS 13, should be classified as a market-based method.

This method presents a significant limitation: equating the value of the intangible asset solely to the present value of the royalties the company would have to pay to license the asset. Typically, licensing arrangements decompose the original asset into two distinct intangible assets through a split of economic benefits:

- the active license, held by the licensor (owner), the value of which corresponds to the present value of expected royalty flows;
- the passive license, held by the licensee, the value of which reflects the incremental income generated by exploiting the asset (including any synergies).

Based on the "bundle of rights" theory, an asset consists of a set of rights that can be transferred, even partially. If market agreements leave a portion of the total benefits with the licensee (a situation where the royalty rate does not capture the entire economic differential generated by the asset), the present value of the royalties alone does not equate to the value of the asset when exploited directly by an integrated company. Therefore, assuming the enterprise does not own the asset constitutes a logical fiction: if licensees retain a portion of the economic returns in the market, the Relief-from-Royalty Method risks underestimating the intangible asset's true value.

To determine the fair value of the intangible asset using the Relief-from-Royalty Method, the following five calculation elements must be estimated⁴⁷.

⁴⁷ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 615-652

- **1) The appropriate royalty rate:**

the method used to estimate the royalty rate is central to the valuation process; it generally falls along a continuum ranging from the use of market rates observed in recent agreements involving comparable assets to reliance on fundamental parameters.

In practice, the existence of an active, homogeneous market for intangible assets is extremely rare. Available market data often relate to assets that are only partially comparable, partial usage rights, differing regulatory environments, specific terms agreed upon by the parties, or limited information disclosure. To overcome this inherent limitation, standard practice involves a progressive approach structured in three successive steps.

- The first step consists of analyzing fundamental factors (sources of benefit such as price or volume increases, profitability profiles linked to "highest and best use," and risk factors such as barriers to entry or legal protection).
- The second step involves analyzing market data and various contractual forms (lump-sum payments, fees based on revenue or margins, and cost-sharing arrangements), while acknowledging that licensing alliances aim to leverage specific synergies that may prevent rates from being immediately comparable.
- The third step requires an internal profit-split analysis to estimate the income attributable to the intangible asset, excluding specific synergies and focusing instead on universal ones. Finally, comparing and reconciling market data with the profit-split results allows for the selection of a reasonable and defensible royalty rate.

- **2) Revenue streams (or the relevant economic base to which the royalty rate is applied):**

for assets that do not generate a direct revenue stream (such as internally developed logistics software) the method is applied similarly to a DCF analysis based on avoided rental costs. In the case of commercial assets like trademarks or technologies, the calculation base must consist of the specific revenues generated by products that make exclusive use of the asset. If a corporate group is structured into multiple business units utilizing the same intangible asset, the valuation base may alternatively be represented by the revenues of the owning unit alone (adding any royalties charged to other divisions) or by the total group revenues generated through the use of the asset. Furthermore, cash flows must be carefully adjusted and managed in specific instances where the acquired intangible asset is slated to be gradually replaced by an equivalent asset already held by the acquirer.

- **3) Costs the licensor would incur directly, rather than passing them on to the licensee:**

regarding the costs that the licensor would incur directly, there is a close alignment between the royalty rate used, the revenue base to which it is applied, and the costs associated with the intangible asset. The lower operating income the target company would record by entering into a licensing agreement reflects the cost savings made possible by ownership of the asset. These net savings are calculated by subtracting the costs transferred to the licensor (such as maintenance and advertising expenses, routine updates, and administrative costs) from the product of the royalty rate and revenues:

$$\text{Savings} = [(rr\% \times \text{Revenues}) - \text{Transferred Costs}]$$

Considering only royalties without deducting the transferred costs would lead to an overvaluation of the brand's value. Furthermore, in contexts characterized by significant growth and development opportunities, the Relief-from-Royalty Method tends to underestimate the intangible's value, as the royalty rate implicitly includes compensation for development costs; for such assets, defined as PIGA (Intangible Assets with Growth Potential), it is therefore preferable to use income-based valuation methods.

- **4) The asset's remaining useful life:**

another key factor is the asset's remaining useful life, which helps define the time horizon for the revenue streams to which the royalty rate is applied. The same royalty rate implies different asset values depending on whether the useful life is finite (such as five or ten years) or indefinite, in which case the value is derived through the perpetual capitalization of the cash flow. A common error in valuation is inferring the intangible asset's useful life from a comparison with external, similar brands, rather than basing the analysis on the intrinsic characteristics of the asset being valued.

- **5) The discount rate for future economic benefits:**

finally, regarding the discount rate applied to future benefits, it is crucial that it is consistent with the nature of the cash flows and the data used to estimate the overall business value. It should be noted that there is no direct mathematical relationship between the cost of capital and the royalty rate: if the cost of capital doubles, the royalty rate remains unchanged, whereas the overall value of the intangible asset decreases proportionally. Changes in the discount rate have a very limited impact on assets with a short useful life, and this is due to the short

duration of the cash flows, while causing significant value fluctuations for assets with an indefinite useful life.

Comparable pure-players method

The comparable "pure player" approach is used to value long-lived identifiable intangible assets (PIGAs). It is based on the premise that the difference between the Business Enterprise Value (BEV) of a company holding a single significant intangible asset and the value of its tangible assets is attributable to the intangible asset itself, assuming goodwill to be negligible. This method applies to specialized firms and can utilize market quotes or recent transaction prices, either by deducting the book value of net tangible assets to isolate the PIGA's value or by applying revenue or EBITDA multiples⁴⁸.

However, the method faces significant limitations due to the scarcity of data on unlisted entities and the presence of specific deal circumstances (such as controlling stakes involving indivisible synergies or minority interests) that can distort the implied BEV. Furthermore, the sale of a PIGA separately from the company is rare; typically, an entire business unit is transferred, and the transaction price incorporates elements that may lead to an overestimation or underestimation of the asset's true market value.

Comparable fair value method

An alternative criterion based on the market approach involves referencing the Purchase Price Allocations (PPAs) of other companies that have engaged in business combinations

⁴⁸ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 652-656

involving similar intangible assets. Valuation multiples are derived by benchmarking the fair values reported in competitors' financial statements against performance metrics (such as revenue or EBITDA). The primary advantage is that the assets identified in these PPAs already exclude specific synergies, which are instead allocated to goodwill⁴⁹.

The reliability of this method depends on the availability of recent PPAs, the quality of the analyses regarding competitors, and the level of disclosure concerning financial and performance data. The most critical factor is the quality of the PPAs conducted by competitors; consequently, it is essential to use a sufficiently large sample and to identify a model capable of explaining the dispersion of the multiples. Finally, these parameters can be applied to the target company, with their reasonableness verified through an implicit profit split.

Comparable independent estimates method

Another indirect criterion involves independent sources reporting estimated values for intangible assets (typically brands), usually relating to large listed companies, derived from publicly available information and proprietary valuation models used by consulting firms such as Interbrand and Brand Finance.

⁴⁹ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 657-659

These estimates do not necessarily reflect the asset's fair value, defined as the sale price under orderly market conditions at the PPA date. To use them, the following steps are required⁵⁰:

- verify that such values are "value relevant"—that is, that the brand value estimated by the independent party helps explain the market capitalization of the companies to which it relates;
- verify that this value relevance is not attributable to an endogeneity effect by reconstructing the brand value using a model based exclusively on fundamental data and checking whether the stock market capitalization remains significant;
- verify the value relevance of the estimated values by substituting the value obtained through the fundamental reconstruction for the value provided by the independent party.

⁵⁰ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 659.660

Chapter 4: study-case: real example of brand valuation for a football team

4.1 Brand Valuation in Practice: The Relief-from-Royalty Framework

The previous chapter examined the various methods for valuing intangible assets, each characterized by specific strengths and limitations, as well as distinct areas of expertise and application. Regarding the specific subject of this thesis, the valuation of football club brands, the "relief-from-royalty" method stands out as particularly relevant. This is evident both in the theoretical literature and in real-world practice, specifically in the annual brand valuations conducted, which will be the focus of this final chapter.

In the previous chapter, an analysis of the studies by M. Bini in his book “The Valuation of Intangibles” highlighted the limitations and critical issues associated with the cost and income methods, specifically regarding brand valuation. These approaches' shortcomings are summarized below:

- Limitations of the Cost-Based Approach:
 - the historical reproduction cost limit: entity to create the asset being valued) does not, in itself, constitute a measure of fair value;
 - The difficulty of separating the costs of creation from those of maintaining the brand: estimation challenges include the possibility to isolate the asset's creation costs from maintenance costs, and the ability to identify indirect creation costs using an appropriate driver. For instance, calculating the cost of creating a brand requires both isolating the costs incurred to establish the brand from routine advertising costs for brand

maintenance, and identifying a driver to allocate a portion of indirect marketing personnel costs;

- The inapplicability to complex strategic assets (the cost only works under conditions restrictive): "In a nutshell, the cost approach is more reliable for estimating the fair value of assets: for which a direct measure of replacement cost is available; for which the impact of excess capital costs, curable costs, developer's profit, and entrepreneurial incentive is very limited or negligible, as they are assets: a) that have been recently constructed (= zero excess capital costs); b) that have not suffered significant damage or deferred maintenance (= zero curable costs); c) that require a short construction period (= limited developer's profit); d) to which no specific excess earning capacity can be attributed (= absence of entrepreneurial incentive)."⁵¹

- Limits of the Income-Based Approach:

- The "Truncation Problem" and the limits of the DCF on indefinite-life assets (such as brands): relying on cash flows to determine the current value of a share can be misleading, as the valuation of an indefinite-life asset must necessarily be based on discounting earnings flows over an explicit forecast period and estimating a so-called terminal value. The terminal value is generally derived by capitalizing an expected normalized result beyond the planning horizon. Estimating the value of an indefinite-life asset gives rise to the so-called 'truncation problem,' which stems from

⁵¹ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 401-403

the need to 'summarize' (within the terminal value) the asset's prospective average normalized result the reinvestment required to sustain earning capacity beyond the explicit forecast period;

- Limit of the differential method (With and Without / Incremental Cash Flow): *"in general, however, this method is not applied to intangible assets of a strategic nature."*⁵²
- Limit and fragility of the MPEEM (Multi-Period Excess Earnings Method): *"as a residual calculation, the MPEEM represents the final stage of the PPA and is directly affected by any estimation errors regarding other assets."*⁵³

Therefore, as demonstrated in Chapter 3, the Relief-from-Royalty (RfR) method is the most appropriate methodology for estimating the value of a brand:

- Overcoming the limitations of cost- and income-based methods: the cost approach fails to capture decades of history, reputation, and fan loyalty, while the pure income approach (such as DCF or MPEEM) is heavily affected by management inefficiencies, operating margin volatility, and the risk of cascading errors impacting other assets.
- Compliance with IFRS 13: the Relief-from-Royalty method adheres to the fair value hierarchy by maximizing the use of observable market data derived from actual licensing and sponsorship contracts within the sector.

⁵² Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 442

⁵³ Bini, M. (2011). La valutazione degli intangibili: Business combinations e purchase price allocation. EGEA, pp 479

- Isolating asset value: by focusing on avoided royalty payments ($\text{Savings} = rr\% \times \text{Revenues} - \text{Transferred Cost}$), the method separates the brand's true economic potential from the club's operating losses or costs.

Adopting the Relief-from-Royalty (RfR) method precisely meets the requirements set by international accounting and valuation standards, such as IFRS 3, IFRS 13, and ISO 10668. However, the main challenge historically associated with this methodological framework lies in estimating the royalty rate (rr) to be applied to revenue streams. In the absence of a regulated market where individual brands are traded separately from the company, quantifying the royalty rate risks being influenced by the subjective judgment of the appraiser or management.

This methodological issue is rigorously addressed in the work of Rubio, Manuel, and Pérez-Hernández (2016), titled "*Valuing brands under royalty relief methodology according to international accounting and valuation standards*." The authors tackle the subject of brand valuation by proposing a multivariate statistical framework designed to estimate the implicit royalty level based on contractual parameters actually observed in the market. The empirical study conducted by Rubio et al. (2016) focuses on licensing and franchising agreements entered into in Spain across three sectors: food, health/beauty, and fashion. The quantitative framework developed by the authors unfolds in two sequential phases:

- Segmentation via Cluster Analysis: within each industry sector, the sample of companies is divided into homogeneous groups using clustering algorithms. This classification is based on economic-financial metrics such as turnover, investment

intensity, and operating margins, making it possible to isolate groups of companies characterized by similar cost structures and contractual risk profiles.

- Modeling via Linear Discriminant Analysis (LDA): within individual clusters, the authors employ discriminant analysis to estimate the mathematical functions explaining the royalty rates actually negotiated. The results demonstrate that the royalty level does not stem from random dynamics or subjective estimates but is correlated with specific accounting and corporate performance indicators (value drivers)⁵⁴.

The study by Rubio et al. (2016) demonstrates that royalty quantification can rest on solid statistical foundations rather than on the valuer's discretionary choices. By modeling actual licensing contracts based on companies' economic and financial data, the authors derive a neutral estimate, characterized by "implicit impartiality", that fully aligns with the fair value criteria of IFRS 13, which mandates the prioritization of observable market data.

This theoretical framework underpins the methodology applied to football by Brand Finance (2025). The firm does not employ arbitrary percentages; instead, it first identifies the royalty range for the sports sector (Brand Impact) and then positions the individual club within that range using its Brand Strength Index (BSI) score, which is derived from fan awareness and spending behavior. Combining market transactions with brand strength

⁵⁴ Rubio, G., Manuel, C. M., & Pérez-Hernández, F. (2016). Valuing brands under royalty relief methodology according to international accounting and valuation standards. *European Journal of Management and Business Economics*, 25(2), 76–87.
https://www.sciencedirect.com/science/article/pii/S2444845116000148?fr=RR-2&ref=pdf_download&rr=a2f0eec98b0eedd7

thus makes the Relief-from-Royalty approach the most defensible and objective method for valuing football brands.

These concepts of Brand Impact and BSI will be explained in the following subsection, which will examine the valuation of global football brands conducted by Brand Finance in 2025.

4.2 Brand Finance Case

In order to analyze and to see the utility and the concrete application of the Relief-from-Royalty method in football, this chapter examines the “Football 50 2025” annual report published by Brand Finance, an annual report that establishes the top 50 brand clubs with higher value.

Founded in 1996 with the aim of bridging the gap between marketing and finance, Brand Finance is an accounting firm regulated by the Institute of Chartered Accountants in England and Wales (ICAEW). It was the first brand valuation firm to join the International Valuation Standards Council (IVSC). The company contributed directly to the drafting of international standards ISO 10668 (monetary brand valuation) and ISO 20671 (brand strength valuation), operating with a methodology certified by Austrian Standards and approved by the Marketing Accountability Standards Board (MASB)⁵⁵.

Within its methodological framework, Brand Finance clarifies the distinction between three levels of business value⁵⁶:

- Enterprise Value, which is the total value of the entire company, comprising the aggregate of operating assets, structures, and sources of financing (debt and equity);
- Branded Business Value, which is the value of the specific operating division operating under the brand in question, analyzing the entire value chain from

⁵⁵ Brand Finance. (2025). *Football 50 2025: The world's most valuable & strongest football club brands*. Brand Finance Plc, pp 3

<https://brandirectory.com/football>

⁵⁶ Brand Finance. (2025). *Football 50 2025: The world's most valuable & strongest football club brands*. Brand Finance Plc, pp 96-97

<https://brandirectory.com/football>

marketing investments to consumer behavior (in the case of single-brand companies, such as most football clubs, Enterprise Value essentially coincides with Branded Business Value);

- Brand Value, which is the specific value of the brand and its associated intellectual property (such as names, terms, symbols, logos, and designs). Following the definition set out in the ISO 10668 standard, brand value represents the economic value generated by the ability of these distinctive signs to create perceptions and associations in the minds of stakeholders, thereby yielding direct economic benefits for the company.

This separation allows to isolate the commercial strength of the logo from all other asset components (such as a club-owned stadium or the market value of the squad), thus quantifying the brand as a standalone intangible asset that is compliant with IFRS requirements.

After having defined Brand Value in accordance with the ISO 10668 standard, the operational application of the Relief-from-Royalty method requires two complementary steps: isolating the revenue streams generated by the football club and applying a quantitative model to calculate the monetary value of the intangible asset.

According to Brand Finance (2025) report, a professional football club's revenue is broken down into three macro-categories⁵⁷:

- Commercial Revenue: this includes shirt sponsorships, technical sponsorship contracts, the sale of stadium naming rights, licensing agreements, and

⁵⁷ Brand Finance. (2025). *Football 50 2025: The world's most valuable & strongest football club brands*. Brand Finance Plc, pp 94
<https://brandirectory.com/football>

merchandise sales across physical and digital channels. This is the revenue stream most directly influenced by brand strength and the size of the global fan base.

- **Matchday Revenue:** it includes ticket sales for individual matches, season tickets, VIP hospitality packages, and revenue from concessions and catering within the stadium during home games. This category depends on stadium capacity, utilization rates, and average attendance.
- **Broadcasting Revenue:** this includes income derived from the sale of television and media rights for domestic competitions and international tournaments (such as the UEFA Champions League). Although the distribution of domestic rights largely follows centralized models, international proceeds and UEFA performance bonuses are linked to audience figures and on-field sporting results.

After having explained the revenue repartition in football clubs, Brand Strength Index is now introduced. Within Brand Finance's methodology, the parameter used to quantify a club's competitive effectiveness and calibrate the specific royalty rate is the Brand Strength Index (BSI)⁵⁸.

Aligned with the guidelines of the ISO 20671 international standard for brand health evaluation, the BSI functions as a quantitative Balanced Scorecard structured along the Brand Value Chain. There are three main blocks explaining the BSI:

- **Brand Inputs:** this includes operational and marketing investments made directly by the club to strengthen its identity, such as stadium infrastructure upgrades,

⁵⁸ Brand Finance. (2025). *Football 50 2025: The world's most valuable & strongest football club brands*. Brand Finance Plc, pp 98-99
<https://brandirectory.com/football>

youth academy development, digital transformation, and environmental and social sustainability (ESG) policies.

- **Brand Perceptions:** it measures the cognitive and emotional associations formed by stakeholders, evaluating attributes such as unaided awareness, familiarity, corporate reputation, historical prestige, and the appeal generated by iconic players. Empirically, this dimension reflects the levels of salience, performance, and image described in Keller's (2013) Customer-Based Brand Equity model.
- **Customer/Fan Behaviours:** it assesses the behavioral and economic outcomes resulting from positive perceptions by measuring the frequency of official merchandise purchases, the propensity to watch matches (in the stadium or via broadcasters), tolerance for price increases, and long-term loyalty.

This last point regarding the empirical measurement of perceptions and behaviors relies on data from Brand Finance's Global Brand Equity Research Monitor, an ongoing sample-based study that gathers opinions from over 14,000 sports fans across 14 strategic markets (including the UK, USA, China, Brazil, Saudi Arabia, Japan, and major European countries). The collected primary data are weighted, normalized, and converted into a composite score on a scale of 0 to 100. This final score corresponds to a qualitative classification known as the "Brand Rating", which is structured on a graded scale ranging from D (lowest) to the AAA+ (highest) level of excellence, which reflects the brand's risk level and long-term commercial resilience.

Having explained the income categories and the BSI concept, it is now important to understand the method Brand Finance uses to determine the brand's monetary value (Brand Value). Through the Relief-from-Royalty method, Brand Finance structures the valuation process into four sequential phases⁵⁹:

- 1) Brand Impact: an analysis of comparable licensing agreements is conducted to determine a benchmark royalty range for the sector. This preliminary phase identifies the economic contribution and profitability that the use of the brand brings to operations within the sports and entertainment sector, defining the minimum r_{min} and maximum r_{max} limits for royalty rates that could theoretically be negotiated between independent third parties.
- 2) Brand Strength: the competitive strength of an individual club's brand is assessed on a numerical scale from 0 to 100 using the Brand Strength Index (BSI) framework. This index reflects the entire brand value chain, synthesizing the effectiveness of upstream investments made by the company (Brand Inputs), levels of awareness, familiarity, and reputation perceived by stakeholders (Brand Perceptions), and behavioral and economic demand outcomes (Customer Behaviours); a corresponding qualitative rating (ranging from D to AAA+) is assigned based on this assessment.
- 3) Brand Impact x Brand Strength (Determination of the royalty rate): the BSI score obtained by the club is applied to the sector's royalty range to derive the specific royalty rate (r_b). Mathematically, this correspondence is obtained through a linear interpolation of the BSI score within the observable contractual range:

⁵⁹ Brand Finance. (2025). *Football 50 2025: The world's most valuable & strongest football club brands*. Brand Finance Plc, pp 98-99
<https://brandirectory.com/football>

$$r_b = r_{\min} + \left(\frac{\text{BSI}}{100}\right) \times (r_{\max} - r_{\min})$$

where:

- $r_{\min}$ and $r_{\max}$ represent, respectively, the lower and upper limits of the royalty range observed in the relevant market;
- BSI is the numerical score (ranging from 0 to 100) assigned to the club during the brand strength assessment. For example, as illustrated by Brand Finance, if the royalty range identified for the sector varies between 0% and 5% and the club achieves a BSI score of 80 out of 100, the royalty rate applicable to revenues will be 4% ($0\% + [80/100] \times [5\% - 0\%] = 4\%$).
- 4. Forecast Brand Value Calculation: the royalty rate determined in this manner is applied to the club's forecast revenues to isolate the portion of turnover specifically attributable to the brand (brand revenues). The resulting theoretical savings on licensing fees are adjusted for the effect of corporate taxation (t_{tax}) and discounted to a net present value (discounted, post-tax present value) using the Weighted Average Cost of Capital (WACC). At the end of the explicit analytical forecast period (n), a perpetual Terminal Value is estimated to reflect the brand's nature as an asset with an indefinite useful life:

$$\text{Brand Value} = \sum_{t=1}^n \frac{\text{Revenues}_t \times r_b \times (1 - t_{\text{tax}})}{(1 + \text{WACC})^t} + \frac{\text{Terminal Value}}{(1 + \text{WACC})^n}$$

where:

- Revenues_t indicates the total volume of gross operating revenues (Commercial, Matchday, and Broadcasting) estimated for financial year;
- r_b is the specific royalty rate calculated in the previous step;

- t_{tax} represents the applicable ordinary corporate tax rate, ensuring that the cash flows from saved royalties are measured on a post-tax basis;
- WACC is the financial discount rate commensurate with the operational and systematic risk profile of the sector and the intangible asset;
- Terminal Value quantifies the brand's ability to continue generating economic benefits indefinitely beyond the explicit forecast horizon n , by capitalizing the normalized flow in perpetuity according to the Gordon model:

$$\text{Terminal Value} = \frac{\text{Revenues}_{n+1} \times r_b \times (1 - t_{\text{tax}})}{\text{WACC} - g}$$

where g represents the expected long-term sustainable nominal economic growth rate.

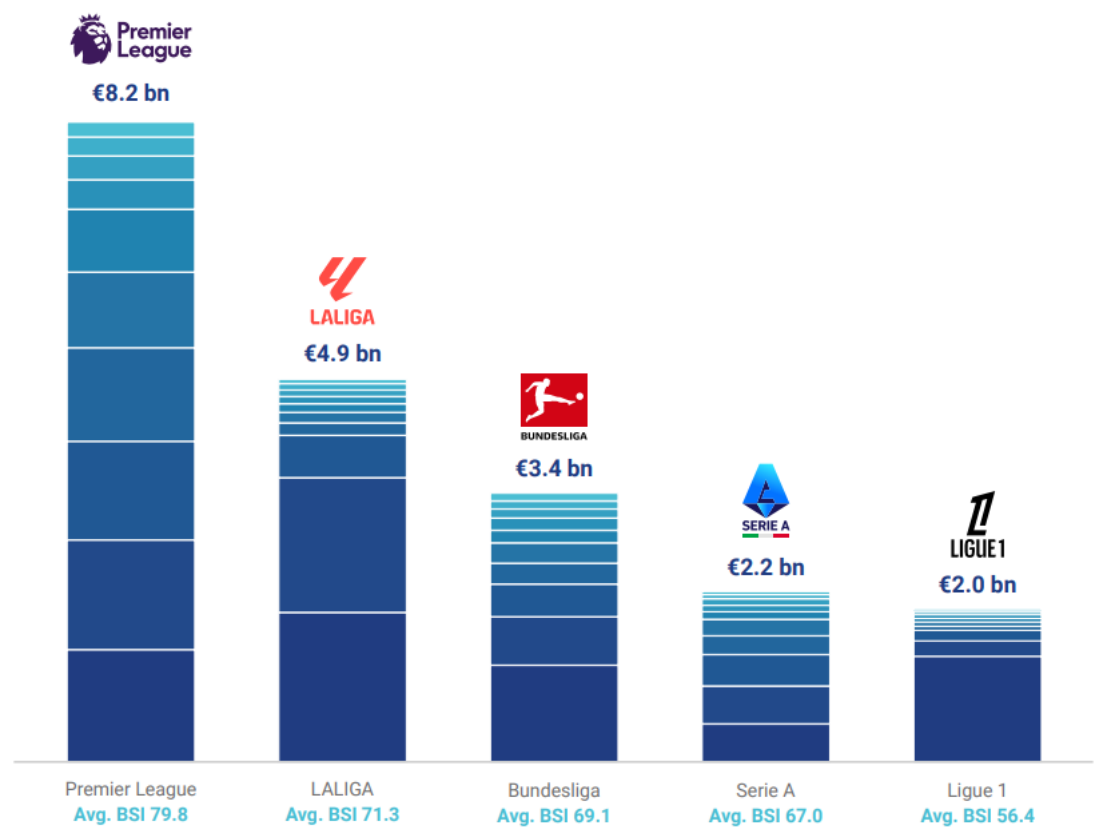
It is evident, therefore, that applying the valuation method just described yields empirical results concerning the international football industry. The annual “Football 50” 2025 report published by Brand Finance provides a quantitative summary of this valuation process, translating fan awareness and loyalty into comparable, measurable monetary values. The results are presented below at both national and international levels, highlighting the economic and financial drivers behind the valuations of top European clubs and the positioning of Italian clubs within the capital market.

As a first point of the empirical analysis, attention is focused on the distribution of Brand Value by league.

According to the Brand Finance report (2025), the total value of the world's top 50 football brands has reached €21.9 billion (up 5.5% compared to 2024). This steady growth

demonstrates how the brand has become fundamental for attracting investment, increasing revenue (sponsorships and merchandising), and mitigating volatility linked to sporting results.

Figure 19: Top 10 Most Valuable Football Brands by League 2025 (EUR bn)



Source: Brand Finance. (2025). *Football 50 2025: The world's most valuable & strongest football club brands*. Brand Finance Plc, pp 12-13

Among the major leagues, the English Premier League confirms its status as the undisputed leader in terms of economic value and commercial strength; its top 10 clubs account for a total of €8.2 billion (37% of the value of the entire Top 50), while the 16

English teams included in the ranking reach a combined €9.0 billion, with an average BSI of 79.8. Value is distributed evenly across several top clubs (Manchester City, Liverpool, Manchester United, Arsenal, Chelsea, and Tottenham Hotspur), creating a highly competitive ecosystem.

This model contrasts with the marked polarization seen in other continental leagues, where value is concentrated in very few clubs:

- LaLiga (€4.9 bn; average BSI 71.3): Real Madrid and FC Barcelona alone account for 70% of the total value of Spanish clubs (€5.2 billion overall).
- Bundesliga (€3.4 bn; average BSI 69.1): Bayern Munich's brand value is double that of Borussia Dortmund.
- Serie A (€2.2bn; average BSI 67.0): it records a total value of €2.2 billion for its top clubs, with an average brand strength index of 67.0.
- Ligue 1 (€2.0bn; average BSI 56.4): it displays the highest level of concentration, with Paris Saint-Germain (€1.4 billion) valued at more than seven times that of the second-ranked French club, Olympique de Marseille (€197 million).

As highlighted by Brand Finance, this concentration widens the gap between the global elite and the rest of the sector, transforming brand value from a mere reflection of sporting success into an essential requirement for economic sustainability.

Following the general overview by league, the analysis examines the specific clubs occupying the top ten positions globally.

Figure 20: Top 10 Most Valuable Football Club Brands 2025

#1		Real Madrid CF	€1.9 bn	+14%
#2		FC Barcelona	€1.7 bn	+11%
#3		Manchester City FC	€1.4 bn	-11%
#4		Liverpool FC	€1.4 bn	+2%
#5		Paris Saint-Germain	€1.4 bn	+13%
#6		FC Bayern Munich	€1.3 bn	+1%
#7		Manchester United FC	€1.2 bn	-11%
#8		Arsenal FC	€1.2 bn	+21%
#9		Chelsea FC	€1.0 bn	+15%
#10		Tottenham Hotspur FC	€0.8 bn	-8%

Source: Brand Finance. (2025). *Football 50 2025: The world's most valuable & strongest football club brands*. Brand Finance Plc, pp 16-17

- #1- Real Madrid CF (€1.9bn, +14%) is confirmed as the most valuable football brand in the world; the 14% growth highlights the brand's resilience, as it generated record revenues for two consecutive seasons despite the 2024/2025 campaign ending without major trophies.
- #2- FC Barcelona (€1.7bn, +11%) claims second place globally thanks to a domestic treble (Supercopa, Copa del Rey, and LaLiga), placing two Spanish clubs at the top of the rankings for the first time since 2021. Overcoming past financial difficulties coincides with the anticipated return to the renovated Spotify Camp Nou for the 2025/2026 season.

- #3- Manchester City FC (€1.4bn, -11%) slips to third place after five years of continuous growth (2020–2024), impacted by a third-place finish in the Premier League and an early exit from the UEFA Champions League. Nevertheless, brand perception remains stronger abroad (89.1/100) than in the domestic British market (87.7/100).
- #4- Liverpool FC (€1.4bn, +2%) retains fourth place with a 2% increase, driven by winning the 2024/2025 Premier League under new manager Arne Slot, bringing the Reds to a total of 20 domestic titles.
- #5- Paris Saint-Germain (€1.4bn, +13%) climbs two places to enter the global top 5, driven by a historic treble (Ligue 1, Coupe de France, and the club's first-ever UEFA Champions League title). This success validates the new strategic direction implemented by Luis Enrique and Luis Campos, which prioritizes high-potential young talent over the individual superstars of the past.
- #6- FC Bayern Munich (€1.3bn, +1%) remains Germany's top club (sixth globally), reclaiming the Bundesliga title after a trophyless season; the club boasts a strong international following, with 32% of Bundesliga fans abroad identifying as Bayern supporters.
- Other English clubs in the Top 10: the ranking of the top ten brands includes Manchester United FC (#7, €1.2bn, -11%), Arsenal FC (#8, €1.2bn, +21%), Chelsea FC (#9, €1.0bn, +15%), and Tottenham Hotspur FC (#10, €0.8bn, -8%)⁶⁰.

⁶⁰ Source: Brand Finance. (2025). *Football 50 2025: The world's most valuable & strongest football club brands*. Brand Finance Plc, pp 12-13
<https://brandirectory.com/football>

Focusing finally on Italy, the Italian Serie A is undergoing a phase of structural transformation. Despite possessing significant historical and sporting assets, the Italian league stands out negatively among Europe's "Top Five" as the only one without a single club brand valued at over €1 billion, highlighting a commercial competitiveness gap compared to its main continental rivals.

As noted by Lorenzo Coruzzi (Valuation Director at Brand Finance Italy), following a peak in the 2022/2023 season, Serie A has seen a contraction in broadcasting revenue, driven by fewer matches played in the latter stages of European competitions and stagnant domestic TV rights sales⁶¹.

Figure 20: Top 10 Most Valuable Italian Football Club Brands 2025

#1		Juventus FC	€505 m	-13%
#2		FC Internazionale Milano	€479 m	+5%
#3		AC Milan	€401 m	0%
#4		SSC Napoli	€240 m	+11%
#5		AS Roma	€206 m	+15%
#6		Atalanta	€99 m	0%
#7		ACF Fiorentina	€82 m	-4%
#8		SS Lazio SpA	€81 m	+3%
#9		Bologna FC 1909	€55 m	+9%
#10		Torino	€41 m	-19%

Source: Brand Finance. (2025). *Football 50 2025: The world's most valuable & strongest football club brands*. Brand Finance Plc, pp 12-13

⁶¹ Source: Brand Finance. (2025). *Football 50 2025: The world's most valuable & strongest football club brands*. Brand Finance Plc, pp 34-35
<https://brandirectory.com/football>

- Juventus FC (#1 in Italy, €505m, -13%): while remaining the strongest and most valuable Italian brand, it has experienced a decline due to underperformance on the pitch and a drop in commercial revenue.
- FC Internazionale Milano (#2, €479m, +5%) and AC Milan (#3, €401m, 0%): Inter has narrowed the gap with the leader thanks to its European campaign, which culminated in the Champions League final.
- Milan retains a strong link to tradition (57% of respondents associate the club with a solid historical legacy), although both Milanese clubs show a slowdown in their Brand Strength index due to lower fan engagement.
- To adapt to the evolving global market, Italian clubs have turned to rebranding to align modernity with identity: Napoli (€240m, +11%) launched the "Be Napoli" campaign during the 2024/2025 season, coinciding with their league title victory.
- Roma (€206m, +15%), the fastest-growing Italian club, has reinstated its historic ASR monogram to strengthen the bond of identity and emotion shared with its supporters.
- Fiorentina (€82m, -4%) revamped its image with the "Play to Be Different" slogan (2022/2023), following a path similar to the one adopted by Lega Serie A itself starting in 2021.

Finally, the broader sporting landscape is affected by the performance of the Italian national team: failure to qualify for the last two FIFA World Cups and elimination in the Round of 16 at UEFA Euro 2024 have impacted fan confidence. Brand Finance data indicates that only 24% of Italian residents perceive the national team as ambitious, which is the lowest figure among major European federations, and this highlights a sector-wide

context that compels clubs to invest in brand innovation to regain appeal in international markets.

In a nutshell, the analysis confirms the effectiveness of the Relief-from-Royalty method combined with the Brand Strength Index for valuing sports brands in accordance with ISO and IFRS standards. The data demonstrate that Brand Value is a crucial asset for stabilizing corporate revenues, mitigating the inherent volatility of on-field results. The Premier League's leadership, the resilience of top clubs like Real Madrid, and Serie A's commercial lag highlight how investing in brand equity and club identity has become an essential lever for increasing Enterprise Value and attracting international investors in capital markets.

Conclusion

This thesis analyzed the strategic and financial role of brand valuation within the global football industry, demonstrating that brand equity is a primary asset for generating enterprise value and mitigating risk in capital markets.

First, the study highlighted that typical operating revenues, such as ticketing, prize money, and capital gains from player transfers, are structurally volatile and dependent on on-field outcomes. In this context, a strong, internationally recognized brand acts as a crucial economic stabilizer, securing multi-year commercial and sponsorship revenues that remain independent of specific seasonal sporting results.

Secondly, regarding accounting and valuation, the prohibition under IAS 38 against recognizing internally generated brands on the balance sheet creates a significant gap between book equity and actual market value. By overcoming the limitations of cost-based and pure income-based approaches, the Relief-from-Royalty model, calibrated using the Brand Strength Index (BSI), emerges as the most neutral and objective methodology, fully compliant with IFRS 13 and ISO 10668 international standards.

Lastly, empirical evidence from Brand Finance's "Football 50 2025" report reveals a distinct geographical polarization:

- The Premier League dominates the sector, accounting for over 40% of total global value thanks to a balanced model distributed across multiple top-tier clubs.
- Value is highly concentrated in continental leagues; the case of Real Madrid (€1.92 billion) is emblematic, as its resilience demonstrates a decoupling of economic value from immediate competitive success.

- Italy's Serie A suffers from a commercial and infrastructural gap that leaves it without any brands valued above €1 billion, making rebranding and internationalization strategies essential levers for regaining competitiveness. In conclusion, brand value now accounts for 30–40% of the total enterprise value of modern clubs. For sports management and institutional investors, the valuation and accurate measurement of brand equity are fundamental prerequisites for ensuring financial sustainability and attracting stable capital in global markets.

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