

SHORTSTOP

FIFA: President, Sepp Blatter has called for stricter rules on foreign ownership of clubs, both in England and abroad. Speaking at the European Parliament, Blatter said, "Something has to be done about these billionaire owners. Something is wrong and that is why I am asking the European Union to act."

European Tour: According to the tour's director of international policy Keith Waters, it will not be affected by the current global financial crisis. "The two real major pillars in terms of confirming financial support for the 2009 were all worked out about 12 or 14 months ago. We have been very lucky considering how the world's financial situation has developed", Waters told Reuters.

Sochi 2014: Russia appointed Dmitry Kozak as a new deputy prime minister with special responsibility for the 2014 Winter Olympics in Sochi.

Australian Open: Officials in Sydney have announced plans to build a state-of-the-art tennis precinct, bringing into question where the Australian Open will be played in future. Although the tournament is contracted to Melbourne until 2016, the new facility in Sydney is an attempt to win the tournament when the contract expires.

Super 14: A Japanese team may be added to the Super 14 competition according to reports in the Australian press. When SANZAR officials meet in Sydney on Wednesday, they will advocate the move as a way of softening the effects of the global economic crisis. It is believed that, by adding a Japanese team, the competition will make its TV rights a far more appealing proposition.

Football governance: The UK government made a long-awaited intervention in the running of English football, calling on the game's authorities to respond to a variety of threats to its long-term future. Culture secretary, Andy Burnham, said that while the Premier League is "the world's most successful domestic sporting competition," it risks becoming too predictable on the field, not developing sufficient home-grown players, and, more broadly, "losing further touch with its traditional supporter base" if it continues on its current path.

Tour of Germany: Next year's Tour of Germany has been cancelled following the latest spate of cyclists testing positive for drugs. Organisers, said: "Due to the current developments in professional cycling we are no longer in a position to successfully finance and market the event".



Banks feel the squeeze - Getty Images Sport

CREDIT CRUNCH: THE EURO VIEW

Matthew Glendinning and Kevin McCullagh ask sports specialists to read the runes on the economic crisis.

AFTER ANOTHER MONTH of crisis in the financial markets, rights-holders, agencies and sponsor brands may be inclined to further revise their already negative expectations of the credit crunch's impact on the sports sector.

So what will happen next? According to William Fenton of the Brussels-based Sponsorship Ideas agency, there will be a drop in sponsorship activity in the short term. "There can be no doubt though that as discretionary spending declines, as it must with recession and inflation working together, that sports bodies will be squeezed from both ends," he says.

"There will be poorer consumers and the sponsors will be changing the way they buy sponsorship. Not only this but the industry sectors most hit (cars, banks, airlines) happen to be the biggest sponsors, and we are also seeing consolidation in banking (HBOS and Lloyds) and brewing (Anheuser Busch and InBev) reducing the sponsor pool."

Although sport can claim that in a recession people still look for sport and entertainment, says Fenton, the sponsorship market, in which sports holds an 80 per cent plus share, will inevitably come under pressure.

"In my opinion sponsors will behave the same way as everyone

else, that is to pull in the belt and try and do more with less. I think there will be less buying of new sponsorships and more activation of existing sponsorships to squeeze every drop out of them.

"It will be hard to find sponsorship managers who are sure of their budgets and it could be these people will be less keen to be locked into the long term. According to The World Sponsorship Monitor produced by Sports Marketing Surveys, a three-year sponsorship is now an industry average and maybe this will come down, for a time in any case.

"It will take longer to sell sponsorships, and sponsors will be even more demanding and will want discounts and deals on every part of the inventory. Even more than ever, people who take the time to propose a specific business solution to a sponsor, rather than just talking about their event or sport will be rewarded for doing that."

Investment in sport across the board has shrivelled in line with other sectors, according to industry analyst San Datta, who has worked with the boutique sports investment advisory firm Hermes Sports Partners.

The same problems that are afflicting other industries, namely a lack of liquidity from banks and high-net worth individuals having

less cash to spend, are hitting sports industry investment, says Datta.

Where money is going into sport, whether through broadcast rights, sponsorship, investments in properties such as competitions or teams, or other areas, Datta predicts a "flight to quality".

The very top end properties are likely to benefit, whereas lower-value ones will struggle. However Datta emphasises that you have to look at the sports industry on a case-by-case basis. "Certain sports sectors will be affected more than others. For example, Sky Sports would be unlikely to have to pay any less for English Premier League rights if they were up for sale."

Datta agrees that the changing landscape of the financial services industry could hit the big sponsorship revenues that have come out of the sector in recent years. However he says that the return on investment in sports sponsorship for these companies will always be attractive.

"Sports sponsorships offer an easy route into the consumer marketplace. You don't see a brand like AIG on the High Street, and it is unlikely that you will see them pulling their Manchester United shirt sponsorship," Datta said.

And as William Fenton adds, the banks have an image problem to address. "Will the banks and the wider financial industry have to be more humble when they re-emerge from the cauldron?"

"Will they use sponsorship to show us a new side and to win back trust and confidence? That sounds to me like a job that sponsorship could be well placed to do."

Of course, the recent flurry of ownership changes among Premier League clubs is one obvious bucking of the trend of shrinking investment in sport.

But Datta says non-financial reasons go some way towards explaining the deals.

"I can't see the economic rationale for the Manchester City deal, not like I could have for buying Liverpool or Manchester United, which are much bigger brands. The motivations behind such investments must be personal vanity, and a desire by foreign business to enter the British market and to uplift home markets."