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To the Victor, the Spoils - Leicester City Adds US$135 million to Brand Value

- **Leicester's brand value is up 132%, making it the fastest growing football club brand**
- **Manchester United remains the most valuable football brand, worth £1.17bn, despite failing to qualify for the Champions League**
- **Real Madrid, fresh from Champions League victory and with a lucrative new kit deal, is just US$22m behind United**

Every year, brand valuation and strategy consultancy Brand Finance conducts a unique study, calculating the brand strength and value of the world's leading football club brands. The results are published in the Brand Finance Football 50.

Manchester United tops the table again with a brand value of US$1.17bn (£793 million). A relatively weak, fifth place league finish meant failure to qualify for the Champions League and saw Louis Van Gaal sacked. However a first FA Cup triumph in over a decade and forecasts of continuing revenue growth softened the blow. The new Premier League broadcasting deal saw the rights to the next three seasons' games divided between Sky and BT Sport for over £5.1 billion, a 71% increase on the previous period, boosting the brand values of all premier leagues clubs and keeping United just ahead of a resurgent Real Madrid.

United may be number one, but Leicester have even more to celebrate. The Foxes' remarkable on-pitch performance has translated into a commercial fairy tale too. In just one year, the club's brand strength score has increased by 13 points, while brand value is up 132%. Its brand value of US$237 million (£160 million) puts Leicester 16th globally, up from 42nd in 2015. At the beginning of the decade Leicester languished in the third tier of English football. As recently as 2012, sponsorship revenue stood at just £5.2 million. Revenues were £32 million in 2013/14 and £104 million in 2014/15, reflecting the cachet of Leicester's newfound Premier League status. This year's unprecedented title win, it is estimated, will see Leicester receive an additional £150 million.

A club's brand value is calculated by combining brand strength with revenue data across three major streams; commercial, broadcasting and matchday. With a capacity of 32,000, Leicester's King Power stadium is one of the Premier League's smallest, so matchday revenues are likely to grow only slightly. The same can be said for commercial revenues from merchandise as, despite Leicester's Thai ownership and success this year, clubs such as Liverpool, Manchester United and Chelsea still hold sway in Thailand and wider Asia. In the short term, Leicester newfound riches will flow from sponsors thronging to the club to capitalise on the club's global visibility and heroic story as well as vast broadcasting revenues from the Premier League and Champions League, which will deliver a minimum of £20 million and likely significantly more.

Brand Finance Chief Executive David Haigh comments, "Leicester's success is something their existing sponsors will only have dreamed of and their return on investment has been spectacular. Armed with a thorough understanding of what its brand is really worth to potential sponsors, Leicester will now need to carefully manage the flood of offers and opportunities it receives to both maximise revenue and create partnerships that will reinforce the club's brand as well as its bottom line."

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Real Madrid's brand value is also in the ascendant after the club claimed yet another Champions League title, "La Undécima". In his short tenure, Zinedine Zidane has delivered on-pitch success, but just as significantly, is a fan favourite whose presence reinforces Real's image as the natural home of football's biggest stars. Though no longer a player, he is undoubtedly a Galactico. The forthcoming renegotiation of La Liga's TV rights, a massive €140m / year kit deal with Adidas and an AAA+ brand whose strength continues to grow, mean that Real's brand value is up £251 million to US$1.15 billion (€1.06 billion).

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Note to Editors

For more information on the performance of the world's most valuable football club brands, including versions of the full table in GBP and EUR, please see the Brand Finance Football 50 report. If you have more detailed questions then please get in touch.

Brand values are calculated as at 1/6/2016. Percentage changes vary depending on the currency in which brand values are presented, reflecting the change of exchange rates over the course of the year.

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Methodology

Brand Finance calculates the values of the brands in its league tables using the 'Royalty Relief approach'. This approach involves estimating the likely future sales that are attributable to a brand and calculating a royalty rate that would be charged for the use of the brand, i.e. what the owner would have to pay for the use of the brand if it were not already owned.

1 Calculate brand strength on a scale of 0 to 100: the BSI captures the ability of clubs to drum up popular interest and then convert interest into support and custom. The BSI covers three broad topics of brand investment, equity in the form of emotional connection harboured by a brand, and bottom line commercial performance. Brands are assigned a letter grade similar to a credit rating from D to AAA+, reflecting their BSI score.

2 As brand has differing effects on each source of income, we then split revenues down into three streams: match-day, broadcasting and commercial. As brands have differing effects on different revenue streams, these will each have their own respective royalty rate applicable to them. The royalty rates are derived by looking at comparable agreements and through in-house analysis.

3 Calculate royalty rate. The brand strength score is applied to the royalty rate range to arrive at a royalty rate. For example, if the royalty rate range in a brand's sector is 0-5% and a brand has a brand strength score of 80 out of 100, then an appropriate royalty rate for the use of this brand in the given sector will be 4%.

4 Determine brand specific revenues estimating a proportion of parent company revenues attributable to a specific brand.

5 Determine forecast brand specific revenues using a function of historic revenues, equity analyst forecasts and economic growth rates.

6 Apply the royalty rate to the forecast revenues to derive brand revenues.

7 Brand revenues are discounted post tax to a net present value, equal to the brand value.