The Beckham Effect: Football shirt sales at Paris Saint-Germain

Man Isha Kaur, Keith Newman, Lee Fawcett, Newcastle University

In the closing moments of the January 2013 transfer window, David Beckham made the dramatic move from American team *LA Galaxy* to French team *Paris Saint-Germain*. But when you buy David Beckham to play on your football team, you get more than just a highly skilled player – you get someone who attracts millions of pounds worth of advertising and merchandising revenue. We take a look at why signing Beckham may be worth the costly investment.

Paris Saint-Germain (PSG) is a top French football club established in 1970. It plays in *Ligue 1* (the top French football league), is the second most popular football team in France and one of the most popular French football clubs in the world. As is the case for most top football clubs, PSG earns a very healthy revenue from merchandising. From items of the kit to household products branded with the club logo, there is a huge variety of products the club sells as PSG merchandise. PSG concentrates mainly on its kit merchandise, selling the shirts worn by the players during the club games as a part of distinctive football teamkit. At the beginning of the year, it was calculated that each shirt sold as merchandise earned the club about £45.

On the 31st of January 2013, PSG signed international football star David Beckham on a five month loan. Beckham has played in top football clubs all over the world and is regarded as one of, if not *the*, most popular football players in the world. The signing was a tactical move from PSG, and merchandise sales increased as soon as Beckham joined the club. The highest selling item was undoubtedly and unsurprisingly Beckham's no. 32 shirt, which increased the average sale of a shirt to £50. PSG had sold 10,000 football shirts during January 2013, but sales of their football shirts doubled during February, straight after Beckham was signed.

David Beckham hit the headlines when he joined Paris Saint-Germain, taking the number 32 shirt and pledging to donate his entire salary to a children's charity.

> "We've decided my salary will go towards a local children's charity in Paris and that's one of the things we're very excited and proud to do."
>
> — David Beckham

PSG manufactures their merchandise in their personal factory, located on the outskirts of Paris. A particular building in the factory is allocated solely to the production of shirts to be sold as merchandise. To maintain this building in the factory and finance the production of shirts, PSG incur certain costs. Every month, PSG pays an average of £150,000 for heating, electricity, building maintenance, and other associated overheads in running the factory. In addition, the production costs sum up to a total of £15 per unit sold.

In their accounts and reports, it is always essential for PSG managers to know their 'break-even' points: the number of shirts sold by the club that earns revenue equal to the overall costs incurred to produce that quantity of shirts. Hence, this is the point at which the club makes neither a profit nor a loss. When the club makes more shirts than the break-even point, revenue is higher than costs and a profit can be made.

The number of shirts sold each month, and the corresponding profits on these sales, are shown in Table 1 below for the rest of 2013.

Month	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Shirts sold (thousands)	26.8	23.1	21.3	24.1	22.7	10.2	18.9	20.2	20.2	19.2
Profit (£thousand)	630	606	544	627	594	210	432	503	469	447

Table 1: Number of PSG replica shirts sold, by month, in 2013; also shown are the corresponding monthly profits.

Possible ideas to investigate

Revenue and costs

1. As more football shirts are sold, more revenue is created from these sales – think about modelling the relationship between these. Could the overall costs associated with producing the shirts be modelled in a similar way?
2. Are there any ways you can visually represent your models so they are easier to understand?

Profit

1. Based on the information given in the case study write-up, can you produce monthly linear profit functions for the months immediately before, and after, the signing of David Beckham?
2. How do the data in Table 1 compare to your linear profit functions? Think about finding a *statistical* model based on the data.
3. Think about the differences between your functions in (1) and your statistical model in (2).