

The World Cup

By Dónal Thompson



The Trophy

It's 64 games of soccer in 12 stadiums featuring 32 countries to decide who is to be considered the best football team in the world. But the sporting aspect of the tournament is nothing compared to the business side of things.

The television rights alone will accrue €1,000,000,000 and the money made from marketing, €400,000,000 will be double that made on tickets to the game. The governing body of the 'sport' FIFA (Fédération Internationale de Football Association—World Football Federation), think that football supporters will but about €2,000,000 worth of merchandise related with the World Cup. This is an important figure for FIFA as they will be taking a 15 - 20% cut. Not bad for an entity registered in Switzerland as a 'not-for-profit' organisation. FIFA pays only 4.25% in business taxes. That makes most people's Declaracion de la Renta look like a signed confession.

Being a sponsor of an event such as the World Cup is an enormous money spinner. In Germany 2006 there are the usual suspects -

the sports equipment manufacturer Adidas, the sweet drink maker Coca Cola and the hamburger seller MacDonalds. I'm not sure how world class sport and the last two sponsors go together but business is, I am told, business.

Sponsors are treated like kings. And why not? They are paying a lot of money for the privilege. Many of the football stadiums have been altered to include special VIP boxes where the sponsors can enjoy their free tickets and entertain clients.

The World Cup is an enormous event for the German economy. Nobody has paid much notice to Germany since the Berlin Wall was demolished some 16 years ago. With unemployment at 12 % and no real growth in the last quarter of the year 2005, Germany needs a world showcase to illustrate its efficiency and seriousness as a business destination.

The German government has launched a 'Land of Ideas' campaign to attract foreign investors. It rightly boasts of being a nation of innovation. Germany sells more goods to the world than any other nation. So the World Cup is a tremendous opportunity to stop the recent backslides in other economic indicators.

But is the World Cup euphoria justified? There are some voices of gloom and doom inside Germany who say that the economic benefits of the tournament will not be as high as some have hoped - maybe as little as 0.25% growth!

Whoever raises the World Cup Trophy on July 9th one thing is certain. The business winners will be FIFA. They will have made staggering 25% more money than they did in the last world cup. After all, theirs is business that always gets the goals!