

The real impact of COVID on the football players' transfer market

Drs Raffaele Poli, Loïc Ravenel and Roger Besson

1. Introduction

Since the propagation of COVID, speculations on the consequences of the virus on the professional football economy have been widespread. For the first time, this report studies the real impact of the pandemic on the footballers' transfer market.

The study compares the transactions carried out during the last transfer period by the teams of the five major European championships (Premier League, Liga, Serie A, Bundesliga and Ligue 1) with those concluded since January 2010. The comparison covers three areas: the volume of investments, the typology of transfers (permanent, temporary, free, paid, etc.) and the price of players.

2. Volume of investments

This chapter retraces the evolution of the sums spent on transfer indemnities (including add-ons) by the big-5 league teams since January 2010. The analysis by calendar year gives an initial idea of the impact of COVID on the volume of investments. The value measured in 2020 is indeed 30% lower than that observed in the record year of 2019.

By isolating the summer transfer windows, the same analysis shows even more clearly the effect of the pandemic on the volume of investments. In this case, the drop in comparison with summer 2019 is 43%. Though a record amount for the winter transfer periods was invested in 2020, the spending incurred for big-5 league teams during the last transfer window was down at the level recorded in 2016.

The analysis of the sums spent on the transfer market during the summer period per league shows the particular status of the Premier League: its clubs constantly are the most extravagant. Moreover, the drop recorded between 2019 and 2020 in the English top division was significantly lower than that observed in the other four big-5 league championships: -10% in comparison to an average of -54%.

Figure 1: transfer indemnities paid by big-5 league teams (€ Billion)

Year	Winter	Summer	Total
2010	0.15	1.39	1.54
2011	0.52	1.81	2.33
2012	0.29	1.67	1.96
2013	0.39	2.32	2.71
2014	0.39	2.51	2.90
2015	0.48	3.37	3.85
2016	0.50	3.73	4.23
2017	0.79	5.29	6.08
2018	1.04	4.80	5.84
2019	0.81	5.82	6.63
2020	1.31	3.31	4.62

Figure 2: summer transfer indemnities paid by teams in the big-5, by league (€ Million)

Year	ENG	ITA	FRA	ESP	GER
2010	430	363	149	291	161
2011	550	515	197	389	160
2012	635	411	206	164	252
2013	783	455	377	435	272
2014	1,091	391	169	555	303
2015	1,323	716	335	573	421
2016	1,502	745	245	579	659
2017	1,819	1,115	916	758	679
2018	1,609	1,131	512	1,031	516
2019	1,649	1,246	755	1,397	776
2020	1,492	667	474	348	333

3. Transfer typology

A second way of studying the actual impact of COVID on the transfer market consists of comparing the recruitment methods for players signed by big-5 league teams. In this vein, we have calculated the percentage of paid transfers among players signed permanently.

During the last transfer window, 32.3% of players signed by big-5 league teams were recruited without paying a transfer fee. During the summer 2019 transfer period, this percentage was only 26.2%. The increase in the proportion of free transfers among new signings after the COVID crisis was particularly strong in the Spanish Liga and the German Bundesliga.

The pandemic has also reinforced the tendency for teams from the top five European championships to take on players based on a loan formula. During the last transfer window, 30.0% of new players of big-5 league clubs were recruited temporarily. In the summer of 2019, this proportion was only 23.1%.

Figure 3: % of free transfers among signings, per league

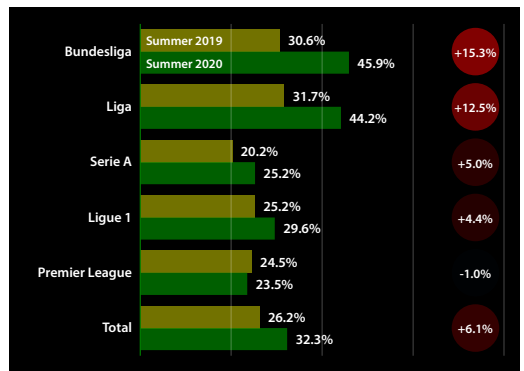
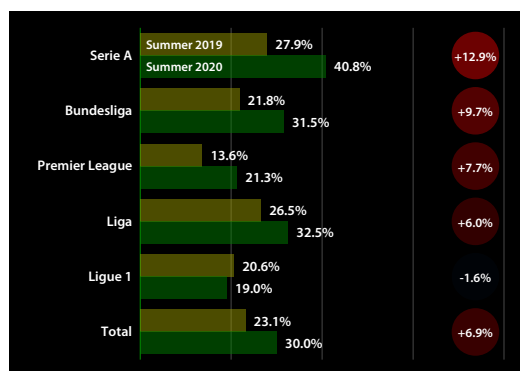


Figure 4: % of players recruited on loan by teams in the big-5, per league



4. Price of players

Due to the lack of incomes related to COVID, a recurring hypothesis stated that transfer indemnities would have been negotiated to lower levels than in the past. This hypothesis can be verified thanks to the algorithm for transfer values exclusively developed by the CIES Football Observatory research group.

Indeed, among the numerous variables included into this algorithm, there is one for the season in which the transfer took place. From this variable, we can follow the evolution over time of prices, all things being equal. Contrary to the hypotheses of many experts, this analysis shows that COVID has not led to a drop in the level of fees for players transferred.

During the last transfer window, big-5 league clubs invested about 6% more than in summer 2019 to sign footballers with the same characteristics. From this point of view, the pandemic will only have served to put a little brake on the galloping inflation observed between 2015 and 2019 (15% per year on average).

While prices all things being equal continued to increase despite the COVID crisis, the latter has reinforced the importance of conditional payments in the transfer of players. This strategy allows buyer clubs to lower the risks associated with transfers by spending additional money only if the player gives satisfaction or if the results obtained are positive.

Together with the recourse to add-ons, we have observed a generalisation of the trend to include a sell-on percentage for the future transaction, sometimes even when the transfer is carried out without indemnity following a breach of contract. This strategy permits seller clubs to obtain substantial profits also on the successive transfer of a player released and, in a context of limited cash flow, it is also interesting for recruiting clubs to lower the up-front purchase price.

5. Conclusion

As predicted, the COVID pandemic has brought a considerable drop in the level of investments on the transfer market. In comparison to summer 2019, the drop observed during the last transfer window for the five top European championships was 43%, with a minimal fall in England (-10%) and a maximum in Spain (-75%).

During the last transfer window, the percentage of free transfers among all of the players taken on permanently by big-5 league clubs has significantly increased in comparison to summer 2019 (from 26.2% to 32.2%). The biggest rise was observed in Bundesliga (+15%), while the proportion remains stable in Premier League (-1%). The percentage of players recruited on loan out of all signings went also up (from 23.1% to 30.0%).

The COVID crisis has thus strongly impacted the probability that players are subject to a paid transfer. However, if a transfer takes place, the hypothesis according to which the price would have been negotiated to a lower level than before the pandemic does not hold true. Footballers signed for money by big-5 league teams during the last transfer window were paid on average about 6% more than players with similar characteristics during the summer 2019.

With regard to the price of players, the most marking impact of the pandemic resides in the slowing down of the rampant inflation observed between 2015 and 2019 (on average 15% per year with a peak of 26% for 2017). The COVID crisis has also reinforced the tendency for teams to integrate conditional payments and sell-on percentages into the transactions.