



# Exploring New Potential Trends in Foreign Football Club Ownership: Japanese Investment

Bárbara Marin & Chungmi Lee

Graduate School of Comprehensive Human Sciences, University of Tsukuba

## Introduction

- The process of globalisation, which has led the world to become increasingly interconnected (Wheatley, 2012), and the existence of a global marketplace of football (Poli, 2010) have led to a surge in the phenomenon of foreign ownership of football clubs (Jones, 2014)
- For a long time, football has been a European ‘monopoly’. During the last decade, however, Asia has been gaining more presence and influence in the global football business, a process called ‘Asianisation’ of football (Chadwick, 2016).
- Japan has been a strong player in the process of ‘Asianisation’ of football (The Asian Football Industry, 2019).
- Asian investment into foreign football is set to increase (Macchi and Centola, 2019). The expected trend is investment from Asia into Europe.
- However, there seems to be a gap in the literature regarding Asian investment in ownership of football clubs, including coming from Japan.
- Further understanding of the motivations and implications of this investment can be useful for prospective or current club owners, club managers or regulators, in an industry where Japan and Asia in general are gaining increasingly more influence.

To investigate the reasons and perceived returns on Japanese investment in ownership of foreign football clubs, in order to add to the knowledge of the foreign ownership phenomenon in football.

## Methods

- **Data Collection** Document analysis and Semi-structured interviews
- **Subjects** High-position businesspeople in Japanese companies which own foreign football clubs, as they can explain the reasons for the investment, having been responsible for making this decision or been involved in the decision-making process.
- **Document Analysis** Regarding one company, through the use of keywords in Japanese (acquisition, investment, DMM.com, Belgian club, Sint-Truiden, football club ownership) six sources (Kurihara, 2019; Asano, 2018; Kurihara, 2018; Iwata and Hamamoto, 2019; Tanaka, 2018; Nakata, 2018) were selected, analysed and cross-checked.
- **Semi-Structured Interviews** Interviews were carried out with 4 companies, in English or Japanese. All interviews were digitally recorded, with permission, and conducted in person. The method of snowball sampling was used.

Japanese Investor	Location of clubs	Age	Nationality	Date of interview
Soltilo Co. Ltd	Cambodia; Uganda	30-40	Japanese	June 21, 2019
Niigata Sogo Gakuin Group	Singapore	50-65	Japanese	July 5, 2019
Forward Inc.	Cambodia; Nigeria	40-50	Japanese	Nov 22, 2019
Mikasa Engineering Design Co. Ltd	Cambodia; Nigeria	40-50	Japanese	Nov 22, 2019

➤ **Data Analysis** Interpretation of interview transcripts, manually coding of the data, and extraction of themes. Similarly, the document analysis also consisted of coding the data into themes. A deductive coding method was used: relevant parts of the documents and of the transcripts were identified, organising the data in order to successfully develop the themes, as to provide a more comprehensive analysis of aspects of the data specifically related to the research questions.

## Results

• **RQ1: What are the reasons for Japanese companies to invest in ownership of foreign football clubs?**

Reason for Investment	Japanese Investor
Nurturing players to sell at a profit	DMM.com Soltilo Forward
Developing Japanese football	DMM.com Niigata Sogo Gakuin Group
Developing local football and community	Soltilo
Internationalising brand	Niigata Sogo Gakuin Group
Personal ambitions	Forward
Personal and business connections	Mikasa

• **RQ2: What was their perceived return on this investment?**

Return on Investment	Japanese Investor
No return	Soltilo Forward Mikasa
Low return	DMM.com
Surplus	Niigata Sogo Gakuin Group

## Discussion

- Investment in a European club (more recognised and established league) seemed to present higher opportunity for short term returns.
- Regarding the reasons to invest, most reasons given coincide with previous literature: Investment motivated by developing local football and developing the local community appeared once, in the case of Soltilo, owner of Cambodian and Ugandan clubs, and contributes to the study of ownership focused on the social value (Sartori, 2020a), from the perspective of a foreign owner.
- In relation to the returns on investment, since most of them had low to no return, it is important to consider why they keep investing
  - In smaller companies (Forward, Mikasa, Soltilo), business decisions are likely mostly on the hands of the CEO, and therefore, ultimately it is the CEO’s ambition that will guide the decision. In unlisted companies, there are no stockholders to answer to.
  - Longevity and stability of investment seem to be of relevance, as exemplified by the surplus indicated by NSG Group.
- For DMM.com and NSG Group, a differential is how they use their football clubs for **synergy effect** (Dejonghe, 2006). NSG Group’s club in Singapore cooperates with NSG’s educational business, while DMM.com has initiatives such as the Connected Stadium business (cooperation with other companies to provide new sports experiences in Japan) which helps to obtain new financial resources in relation to their football club in Belgium.
  - Therefore, creating synergy with the football club seems to present good prospects for investment in ownership.

Given the limited information on Asian and specifically Japanese investment in foreign football, this study may show significance in creating a pathway for companies to understand more about this investment from Japan, and in adding to the existing literature regarding investment in football club ownership.