

# Charting the Course: Saudi Pro League's quest to join the World's Elite Football Leagues






## AN AVALON PERSPECTIVE

The Kingdom of Saudi Arabia is making giant strides in the global football landscape, orchestrating a remarkable transformation with visionary structural reforms and enticing world-class footballers like Cristiano Ronaldo and Neymar to the Saudi Premier League (SPL).

In this article, we dissect the multi-faceted strategy adopted by the Saudi Arabian Football Federation to propel their footballing ambitions and compare their approach with other successful leagues globally. We further explore the growth areas that could catapult them from **27th world ranking<sup>1</sup>** to a coveted **top-5 position**.

European and South American leagues, steeped in rich traditions and history dating back to the 19th century, consistently attract top-tier talent and boast of a global audience. Emerging football leagues such as those in Japan and the United States progressively nurture their football traditions and have shown commendable progress. The failed efforts of the Chinese league that pursued rapid expansion with significant investments and marquee player signings provide valuable lessons from their unsuccessful experiment.

## Driving Force behind KSA's Football Aspirations

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**Vision 2030** prioritizes enhancing the quality of life in the KSA, spotlighting sports as a critical component for growth and diversification beyond oil sectors and tourism promotion.
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 The Ministry of Sports is advocating for improved financial performance and governance within football clubs, aiming to **attract private-sector involvement** and investment in the league.
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 Football is the most popular sport in Saudi Arabia. According to government statistics, 80% of Saudis either play, attend or follow football. Consequently, harnessing the potential of this sport presents a significant **opportunity for engagement & economic advancement** in the kingdom.

## Recent Developments in Saudi Pro League

Top clubs in SPL have undergone significant ownership changes, attracting global superstars and propelling growth in viewership and sponsors.



Public Investment Fund (PIF) acquired 75% ownership in top SPL clubs like **Al-Hilal, Al-Nassr, Al-Ahli and Al-Ittihad**. Notably, they acquired an 80% stake in Premier League club Newcastle United in 2021.



Four other Saudi Pro League clubs undergo ownership changes; Aramco, Diriyah Gate Development Authority, Al-Ula Governorate Commission, and NEOM acquired stakes in Al Qadsiah, Al Diriyah, Al Ula, and Al Suqoor FC respectively.



Saudi Pro League clubs signed around **100 global stars** and emerging talents, spending ~€880 million in the transfer window, second only to the English Premier League.



Saudi Pro League has experienced a 75% growth in number of sponsors this season & expanded its reach with 38 broadcast partners in 140 countries and a social media surge of 1.5 million new followers.<sup>2</sup>



**Fig 1.** Football Clubs under PIF portfolio

## Financial roadmap to become a Top League

### Revenue sources:

In 2022, the SPL generated **€109 million** in revenue, with the top three clubs claiming 85% of the total. The Kingdom aims to reach **1.8 billion riyals (€460 million)**<sup>3</sup> in revenue by 2030 and has already achieved a 650% increase in revenues in the first month of current season<sup>4</sup>. To put it into perspective, the English Premier League generated an impressive €6.4 billion<sup>5</sup> in revenue in the same year, highlighting the journey the SPL still has ahead to match the financial success of leading global leagues.

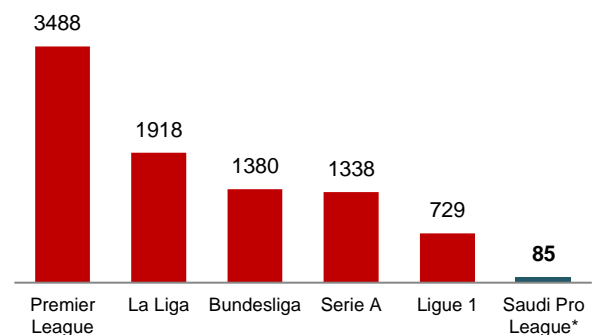
### Broadcasting Revenue

The Broadcasting revenues for the European top leagues were greater than **€1 billion** for the last year; the Saudi league's broadcasting revenues are expected to be around **€85 million**<sup>6</sup> for the ongoing year, a 6x increase over previous year.

### Matchday Revenue

Saudi clubs lag European leagues in matchday earnings. While top European leagues amass more than **€200 million** per season, attracting, on average, 30,000 fans per game, the current SPL season starts with an average attendance of 8.8k fans per match<sup>7</sup>, slightly lower than last season's 10k. This is attributed to intense seasonal heat. However, PIF-owned clubs notably buck this trend, showing a surge in attendance and showcasing a promising trajectory for their fan engagement strategies.

**Broadcasting Revenue 2022 (Mn Euro)**



**Fig 2.** International broadcasting revenue of SPL is still minimal compared to the top 5 leagues<sup>5</sup>

**Note:** \*Saudi Pro League Broadcasting revenue is 2023 estimate

## Commercial Sponsorships

Top 5 European leagues secure over **€650 million<sup>5</sup>** in annual sponsorship revenue. While the Saudi league is making significant progress in growth and popularity, attracting corporate sponsors and investors on the scale witnessed in European leagues will likely require several more years. The arrival of global superstars has also led to lucrative merchandising agreements with major sportswear brands such as Adidas, Nike, and Puma, primarily benefiting the top 4 clubs.

## Transfer fees received

The transfer income from player sales for all teams in SPL has been minuscule compared to the more established football leagues. Clubs like Ajax and Porto in European leagues often record multi-million transfer revenues; Saudi clubs have yet to experience success in generating revenue from player sales and have historically been a net spender.

Saudi Pro League teams contend with modest revenue compared to top-tier leagues. Near term goal should be to surpass the revenues of top Asian leagues like J-League

## Cost sources:

### Wage cost

The Saudi Pro League has lured top European and South American players and managers with lucrative salaries. However, this has a substantial financial impact, with **wages often surpassing club revenues**. In contrast, the Premier League clubs maintain a healthy wage-to-revenue ratio of 0.67<sup>8</sup>.

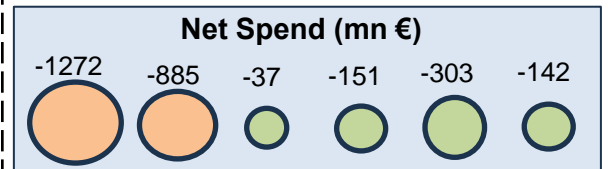
### Transfer fees paid

The Saudi Pro League has **three of the top five highest-paid footballers** globally and spent nearly a billion Euros on signing new players this season. The Saudi League is only second to the English Premier League in terms of transfer spending this season. Out of the €885 million net spend, PIF clubs account for a staggering **93%**.

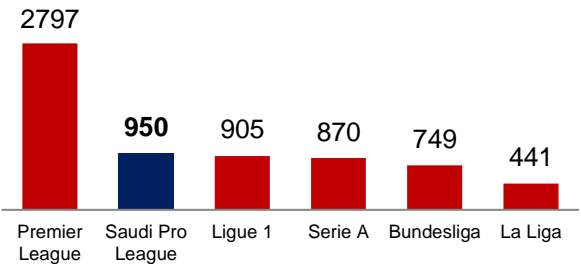
### Infrastructure cost

To match the robust infrastructure found in the premier European leagues, **substantial capital investment** is necessary in the SPL for revamping existing stadiums and building new ones. This investment is essential for improving the matchday experience by increasing stadium capacities, eliminating running tracks, enhancing hospitality services, and transitioning to air-conditioned stadiums to cope with the scorching temperature in KSA.

High spending by PIF clubs could raise sustainability concerns in the long run and potentially deter institutional investors. To achieve enduring stability, it is crucial to prioritize the league's profitability once it gains initial impetus.



### Overall transfer expenditure (mn €)



**Fig 3.** SPL's transfer outlay was surpassed only by EPL in this summer transfer window <sup>9</sup>

### Top 10 Annual Wages- SPL 2023/2024

	<b>1. RONALDO</b>	€200M
	<b>2. BENZEMA</b>	€200M
	<b>3. NEYMAR</b>	€160M
	<b>4. KANTE'</b>	€100M
	<b>5. MAHREZ</b>	€52M
	<b>6. HENDERSON</b>	€42M
	<b>7. MANE</b>	€40M
	<b>8. KOULIBALY</b>	€35M
	<b>9. BROZOVIC</b>	€25M
	<b>10. FABINHO</b>	€22M

**Fig 4.** Top SPL superstars earn significantly higher than in European Leagues

## Key Focus Areas to create a self-sustainable league

While significant efforts should be made to draw in more domestic audience to boost matchday attendance and viewership, enticing global audience is also equally imperative for SPL to achieve the top league status. This is because the ceiling for growth in the domestic market is limited by population and the extent to which football has already penetrated the market.

European and South American fans possess deeply ingrained football culture and developed domestic setups, and enticing their viewership towards Saudi football is a formidable challenge.

Therefore, the primary global audience target should be the countries from **Asian and African subcontinents**, which boast of significant and passionate football fanbase but are constrained by incompatible time zones for European games. Moreover, their local leagues often lack the appeal and presence of star players.

### Expanding the Global Fanbase



#### Improve Accessibility

To expand its reach, SPL can provide **free game broadcasts** for fans in Asia and Africa, enabling broader access. By prioritizing global reach and marketing over immediate broadcasting revenue, the league can position itself as an inclusive platform, ultimately fostering growth and engagement among a wider audience.



#### Recruit talent from the growing markets

Saudi clubs' appeal to global talents from Africa and Asia is rooted in shared cultural values, football passion, robust resources, and opportunities for personal and career growth. As FIFA plans to expand the World Cup, Saudi scouts can seize the chance to sign young talents seeking elite competition.

Saudi Arabia can position itself as a key **stepping stone for aspiring talents** aiming for European football's top tiers, offering world-class mentorship and an enticing lifestyle.



#### Leverage the celebrities reach

OTT platforms like Amazon and Netflix have redefined sports entertainment by offering unprecedented access to top football teams like Manchester City, Bayern Munich, Barcelona, and Arsenal. A similar series featuring a popular SPL club, such as Al Hilal or Al Nassr, would create excitement among global fans and further serve as an excellent platform to showcase Saudi football culture, lifestyle, and local rivalries. Featuring global superstars like Ronaldo and Neymar in such docuseries is poised to attract substantial viewership from across the globe.



#### Foster the fan culture

Over 90% of top football club fans support their teams from afar, highlighting the importance of the global fan base adopting club colors. To engage and expand this audience, the SPL should prioritize seamless OTT and TV accessibility, fan festivals, and tailored broadcasts. Collaboration with local and global football influencers can promote fan passion and rivalries beyond player transfers.

In the short term, inviting prominent clubs for friendly tournaments, like the successful PSG vs. Al Nassr exhibition match, can create fan enthusiasm and boost the league's global profile. Over the long term, exploring a competitive super league tournament involving top clubs in Asia and Africa could further solidify the league's reach and appeal.



### Focus on Social media and Online Presence

The official Saudi Pro League channel faces challenges in building a robust online presence, with match highlights often attracting minimal views. The league should focus on content personalization, including multi-language commentary and engaging behind-the-scenes content.

There are untapped opportunities in diversifying content formats, such as creating short video clips, matchday posters, and banners, to enhance engagement and resonate with a broader audience.

### Improving the Domestic viewership

Saudi Arabia fans' remarkable support for its national team during the 2022 World Cup contrasts with the disparity in levels of matchday attendance. Top clubs attract over 20,000 spectators, while others draw as few as few hundred attendees. Most clubs outside the top four average less than 2,000 attendees per game, revealing the disparity in popularity of different clubs even from same regions.

Geographical challenges, including extreme temperatures and significant distances between football cities like Dammam, Jeddah, and Riyadh, contribute to varying match attendance. Saudi football enthusiasts are passionate, but these factors affect the in-person support for local clubs.



### Enhance Stadium Infrastructure

Saudi football infrastructure needs significant investment to rival top leagues. While King Abdullah Sports City stands out, other club stadiums have much smaller capacities and require substantial investment.

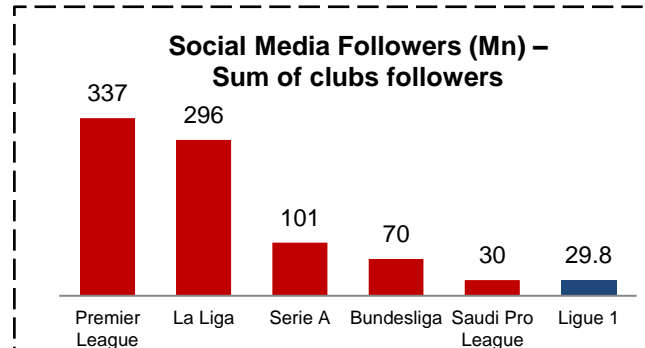
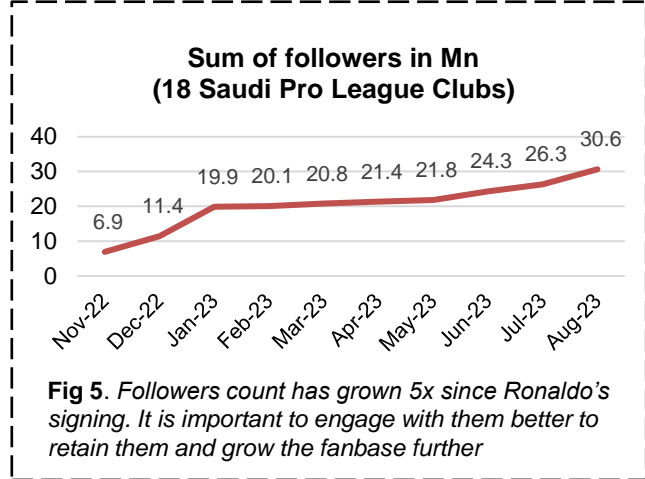
As a short-term solution, stadium sharing can be explored between clubs to ensure a minimum of 1 or 2 world-class stadiums in major cities like Riyadh, Dammam, and Jeddah. With KSA hosting the AFC 2027 and almost confirmed to host the 2034 World Cup, significant upgrades would be needed, including improvements in pitches, seating, lighting, and hospitality amenities.



### Consolidate the league

The football culture in Saudi Arabia is very different from Europe where even the lower tier leagues have significant following. In SPL, most of clubs outside the top 4 lack a significant fanbase. For ex: Al Riyadh, a SPL club in capital city of Riyadh with a population of 8 million, has an average attendance of only 2000 this season.

Consolidating the number of teams to create a super league could be explored, factoring in geographical locations and regional rivalries.



**Fig 6.** SPL has already surpassed Ligue 1 follower count propelled by transfers of global superstars



**Fig 7.** Most of the top performing SPL clubs hail from major cities – Riyadh, Jeddah and Dammam



### Develop grassroots culture and long-term vision

Saudi has a considerable proportion of its population (63%) under the age of 30<sup>10</sup> & has the potential to set up a network of football clubs/academies from school to college to pro level.

To ensure the league's sustainable growth, celebrity players should boost its appeal while giving priority to youth development. Saudi Arabia has the potential to position itself as a key stepping stone for aspiring talents aiming for the highest tiers of European football, offering them the opportunity to play alongside world-class footballers and experience an attractive lifestyle.

Recently SPL introduced a mandate requiring clubs to include 8 "homegrown" players who have graduated from their academies within their 25-player main roster, with 4 being direct club graduates & inclusion of other six under 21 players in the registered 35-player squad, which is a good step in this direction. This would encourage increased participation of young players and coaches.



**Fig 8:** Saudi U-20 Football Squad

In conclusion, the recent developments in the SPL have successfully placed the league in the global spotlight. Its rapid rise in rankings aided by structural changes and star player influx demonstrates that they are on a promising path to realizing their ultimate objective of joining the ranks of the top 5 leagues worldwide.

If financial sustainability is also ensured, SPL is poised to leave a lasting imprint on the global football landscape.

# Our Values – The Avalon EDGE

## E

### ENTREPRENEURSHIP

Enterprising ownership to transform ideas into pragmatic and profitable solutions

## D

### DEDICATION TO EXCELLENCE

Commitment to premier quality and highest standards in everything we do

## G

### GREAT VALUE CREATION

Focus on delivering maximum client impact through innovation and collaboration

## E

### ETHICAL APPROACH

Respect, fairness and transparency in all our interactions

**Premchand Chandrasekharan | Partner**

[premchand.c@consultavalon.com](mailto:premchand.c@consultavalon.com) | +91 9841069590

**Shasank Singh | Senior Consultant**

[shasank.singh@consultavalon.com](mailto:shasank.singh@consultavalon.com) | +91 7004725611

**Krishnaprasad Gajaraj | Senior Consultant**

[krishnaprasad.gajaraj@consultavalon.com](mailto:krishnaprasad.gajaraj@consultavalon.com) | +91 9940069379

#### MUMBAI

Embassy 247 Park, 13B107, 13th Floor,  
Lal Bahadur Shastri Rd, Gandhi Nagar,  
Vikhroli West, Mumbai – 400079,  
Maharashtra  
Phone : +91 73045 29720 / 21  
E-mail : [mumbai@consultavalon.com](mailto:mumbai@consultavalon.com)

WeWork, Raheja Platinum, Sag Baug Road, off,  
Andheri – Kurla Rd, Marol,  
Andheri East, Mumbai,  
Maharashtra 400059  
Phone : +91 73045 29720 / 21  
E-mail : [mumbai@consultavalon.com](mailto:mumbai@consultavalon.com)

#### BANGALORE

WeWork, Prestige Atlanta,  
80 Feet Main Road, Koramangala 1A Block,  
Bengaluru 560034  
Phone : +91 9886348187  
E-mail : [bangalore@consultavalon.com](mailto:bangalore@consultavalon.com)

#### DELHI

Eldeco Centre, Block A, Shivalik Colony,  
Malviya Nagar, Delhi, New Delhi, Delhi  
110017  
Phone : +91 74286 24664  
E-mail : [delhi@consultavalon.com](mailto:delhi@consultavalon.com)

WeWork, 5th Floor Two Horizon Centre DLF,  
DLF Phase 5, Gurugram,  
Haryana 122002  
Phone : +91 74286 24664  
E-mail : [delhi@consultavalon.com](mailto:delhi@consultavalon.com)

#### SINGAPORE

65 Chulia Street,  
#38-02/03 OCBC Centre  
Singapore 049 513  
Phone : +65 3138 2042  
Email : [admin@apex-avalon.sg](mailto:admin@apex-avalon.sg)

#### CHENNAI

Spaces Olympia, Olympia Technology Park,  
9th Floor, Citius Block, 1-SIDCO Industrial  
Estate, Guindy, Chennai - 600 032,  
Tamil Nadu  
Phone : +91 7305152869 / +91 7305189261  
E-mail : [chennai@consultavalon.com](mailto:chennai@consultavalon.com)



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